



# **BOARD OF DIRECTOR'S MEETING**

**TO BE HELD AT**

the offices of

Wohlforth, Brecht, & Cartledge

900 West 5th Avenue, Ste. 600

Anchorage, Alaska

**SEPTEMBER 4, 2014**

**9:30 AM**

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

Offices of Wohlforth, Brecht, & Cartledge, 900 West 5<sup>th</sup> Ave., Ste. 600  
Anchorage, Alaska

**September 4, 2014 at 9:30 a.m.**

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Minutes of the May 7, 2014 Meeting of the Board of Directors held in Sitka, AK**
- VI. General Business**
  - A. Loan Application - City & Borough of Juneau**
  - B. Loan Application - City & Borough of Sitka**
  - C. Loan Application - City of Saxman**
  - D. Resolution 2014-03 Authorizing Issuance of the 2014 Series Three New Money & Refunding Bonds**
  - E. Updates to the AMBBA Investment Policy, Investment Committee Action**
  - F. MCDC Initiative Discussion – DRAFT Resolution**
  - G. Series 2014 Two Post Sale Summary**
  - H. 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, 900 West 5<sup>th</sup> Avenue, Suite 600, Anchorage, Alaska, on September 4, 2014 at 9:30 a.m. Alaska Standard Daylight Time. The meeting will include, but is not limited to, the following agenda items:

City & Borough of Juneau Loan Request  
City & Borough of Sitka Loan Request  
City of Saxman Loan Request  
Resolution 2014-03 authorizing issuance of 2014 Series Three New Money and Refunding Bonds  
Post Sale Summary 2014 Two Bond Issue  
MCDC Initiative Discussion  
Proposed Updates to the AMBBA Investment Policy  
Executive Directors Report

The public is invited to attend. Individuals who may need special modifications to participate should call 907-465-2893 prior to the meeting.

Dated August 18, 2014  
Deven Mitchell, Executive Director

## Notice of Meeting - Alaska Municipal Bond Bank

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### Attachments, History, Details

#### Attachments

None

#### Revision History

Created 8/18/2014 4:24:22 PM by soalexander  
Modified 8/18/2014 4:24:33 PM by soalexander

#### Details

Department: Revenue  
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Sub-Category:  
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Project/Regulation #:  
  
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Archive Date: 9/5/2014

Events/Deadlines:



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

May 7, 2014

I. CALL TO ORDER

Mark Pfeffer called the meeting to order on at 2:00 p.m. Members participated at the offices of The City & Borough of Sitka, 100 Lincoln Street, Sitka, Alaska and by telephone.

II. ROLL CALL

Michael Lamb  
Pam Leary  
Mark Pfeffer  
Greg Gurse  
Absent- Luke Wells

OTHERS IN ATTENDANCE

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Ryan Williams, Operational Research Analyst, Alaska Bond Bank
- Cindy Cartledge, Bond Counsel, Wohlforth, Brecht, Cartledge & Brooking
- Chip Pierce, Financial Advisor, Western Financial Group
- Bob Newell, City of Ketchikan Finance Director
- Gary Hennigh, City of King Cove Manager
- Mike Jones, Bank of New York, Mellon Trust

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

The agenda was approved without objection

V. MINUTES of January 9, 2014 Board of Directors Meeting

The January 9, 2014 minutes were amended to correct the second million in the final paragraph on page 5 to billion. The amended minutes were approved without objection.

VI. GENERAL BUISNESS

*City of Ketchikan Loan Requests*

Mr. Pierce highlighted the City of Ketchikan's two general obligation loan requests are analyzed in one loan analysis that was included in the Board's meeting packet. Mr. Pierce then presented an overview of the revenue bond loan request to the Board. The City submitted an application for a \$43.0 million general obligation bond for improvements to the Ketchikan Medical Center and a \$3.0 million general obligation bond loan for improvements to the City's Bar Harbor South. The requested term of the loans is 30 years for the hospital and 20 years for the harbor. The security for the loan comes from a full faith and credit pledge of the City. Total Bond Bank Annual Debt Services with the City including the proposed loan is \$9.7 million, which compared to the Borough's state-shared revenues of \$45.2 million provides coverage of 4.67 times.

Estimated Borrower Savings were calculated to be \$4.49 million for the hospital and \$272 thousand for the harbor on a gross basis, and \$2.67 million and \$189 thousand respectively on a present value basis. Mr. Pierce then reviewed the trend in KP'B's Central Peninsula Hospital financial position including general fund revenue sources from 2007-2012. Mr. Pierce noted that there has been a general trend in the reduction of the annual ending general fund balance amounts. He also highlighted the increase in assessed property values from 2000 through 2014. He then described the blah, blah, blah, and also mentioned the words, words, words. Mr. Pierce was pleased to announce that the statement of no litigation had been received. Given his analysis Mr. Pierce recommended Board approval of the loan. Mr. Gursey made a motion to approve the \$46 million general obligation bond loan for the City of Ketchikan and Ms. Leary

seconded the motion. Mr. Lamb asked about the relatively high debt load of Ketchikan at \$9.7 million annually, especially when compared to a general fund budget that is in the \$20 million range. Mr. Mitchell indicated that in part the capacity issue was offset by the fact that the City of Ketchikan borrows for a number of enterprise activities including their port and consolidated utility. These enterprises lead to a much larger annual debt service amount than communities that don't borrow for these purposes and the offsetting revenue streams are not included in the general fund budget. Mr. Newell also pointed out the \$5.6 million hospital sales tax fund that is in place as an operating reserve of the hospital. Following additional discussion Mr. Mitchell conducted a roll call vote and the motion passed with four yes votes.

#### *City of King Cove Loan Update*

Mr. Mitchell provided an overview of the proposed use of the loan approval from October 2013 to fund a portion the cost of the Waterfall Creek hydroelectric project and refinance the existing USDA Loan. With the approval from the fall we continue to believe that full funding of the project is possible, but The City of King Cove is continuing to pursue grant options that will lead them into January of 2015 before they will have a final plan of finance. Mr. Hennigh explained the updated project implementation plan of the City for the Board. Mr. Mitchell let the Board know that prior to any additional issuance of bonds for loans to the City that the credit would be re-evaluated by Chip and presented to the Board for action.

#### *Resolution 2014-02 authorizing the issuance of 2014 Two Bond Issue*

Ms. Cartledge introduced resolution 2014-02, authorizing the issuance of a principal amount of not to exceed \$49 million dollars in General Obligation Bonds. Ms. Cartledge noted that the Board packet contained the resolution, the form of loan agreement, an example sizing, and a financing schedule. This bond issue will provide for three purposes: 1. to make a loan to the City of Ketchikan for improvements to their hospital and harbor, 2. to make a loan to the City of King Cove for their electric utility, 3. To the extent needed provide for a deposit into the 2005 reserve fund. The bonds will be sold on a competitive basis, the redemption features associated with the bonds will be determined at the time of the sale. Ms. Cartledge highlighted that the board's meeting packet contains forms of the loan agreements, and the preliminary official statement. Ms. Cartledge noted that the bonds are expected to close June 19, 2014. Ms. Leary

made a motion to approve the Resolution 2014-01, Mr. Gurse seconded the motion. The motion passed with four yes votes.

*Post Sale Summary 2014 One Bond Issue*

Mr. Pierce discussed the summary of the sale of the 2013 Two Series A and Series B Bonds. The bonds were sold by negotiated sale to RBC Capital as senior manager of the tax exempt Series A and JP Morgan as senior manager of the taxable series B on February 6, 2014. The true interest cost achieved on the 12.374 year average life tax-exempt Series A bonds was 3.5484% and on the 4.318 year average life taxable Series B bonds was 2.52%. The bonds compare relatively well with recent sales as compared to the MMD scale of the day. The transaction generated an estimated \$5,069,000 of savings for the three communities. Closing took place on February 20, 2014.

*Executive Director's Report*

Mr. Mitchell reported the following items to the Board:

*Quarterly compilation report* – was received for the 2<sup>nd</sup> quarter of FY 2014 and a summary of the 3<sup>rd</sup> quarter has been provided.

*January 10, 2014* – Mark signed the annual reserve certifications to the Governor, President of the Senate and Speaker of the House of Representatives. The letters are attached.

*January 31, 2014* – Standard & Poor's released their rating report on the Bond Bank with a AA+ rating. A copy of the rating report is attached.

*February 18, 2014* – In conjunction with the 2014 One Series A and B closing I directed the transfer of \$2,726,273.79 from the custodial account at the First National Bank Alaska to the 2005 Reserve fund at the Bank of New York Mellon. The letter is attached.

*March 13, 2014* – The North Slope Borough closed on their \$62.2 million Service Area 10 Water and Wastewater Facility Revenue Bonds, Series 2014. The Borough backstopped the bonds with a moral obligation structure and was able to achieve a rating of A- from Standard & Poor's. The bonds were underwritten at a cost of approximately \$10 per \$1,000 by KeyBanc Capital Markets Inc.

*April 15, 2015* – I provided the quarterly report ethics report the Department of Law. No violations were reported.

*Wildflower Court* – I received notification from the City and Borough of Juneau and Wildflower Court that they may have an issue with meeting their rate covenant for calendar year 2013. The CFO may have been calculating the coverage incorrectly.

*Legislation* – Senate Bill 218 was the bill that Senate Finance sponsored to increase the Bond Bank's borrowing limit. We had asked for a \$250 million increase in the borrowing limit and elimination of the annual transfer of excess earnings of the "Reserve Fund" to the State's general fund. What the final version of the bill accomplishes is a \$500 million increase in the Bond Bank borrowing limit, new authority to lend to the University of Alaska, new additional cap specifically for the University of Alaska of \$87.5 million, and authorized the University of Alaska to issue \$157.5 million of Revenue bonds.

*AGFOA Spring Conference* - Ryan Williams and I are attended the AGFOA conference May 5-7 in Sitka. We presented to the group on May 6.

*Heads Up* – Greg Gurse's current term expires on July 15, 2015.

*Next Bond Issue* – the City and Borough of Juneau Finance Director, Bob Bartholomew has indicated that they will be requesting a \$12 million general obligation loan to be funded in the August to October time frame. We will work to identify any other communities that are on this same schedule.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

There were none.

IX. ADJOURNMENT

Mr. Pfeffer adjourned the meeting without objection at 4:00 p.m.

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Mark Pfeffer, Chairman

Alaska Municipal Bond Bank  
Application Credit Review Summary Page

Applicant:	City and Borough of Juneau (the "CBJ")
Loan Amount:	Approximately \$13,100,000
Project Type:	Miscellaneous public infrastructure improvements.
Project Description:	The CBJ will apply the proceeds of the Bond Bank loan to a variety of capital projects throughout the Borough. These include renovations to the airport terminal, improvement to Aurora Harbor, renovations to the Capital Transit maintenance shop, construction and equipping of a new learning center at Eaglecrest Ski Area and improvement to a number of parks throughout the City and Borough of Juneau
Term of Loan:	20 years
Revenues Pledged to Loan:	property taxes
Most Recent FY Pledged Revenues:	\$28.8 million
Estimated Maximum Annual Debt Service:	\$890 thousand
Total Bond Bank Fiscal Year 2015 Debt Service:	\$14.7 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$91.66 million
Debt Service Coverage of AMBB DS from SSR:	6.25x
Loan Subject to State Debt Service Reimbursement:	No
Estimated Borrower Savings (Gross):	\$1.746 million
Estimated Borrower Savings (Present Value):	\$1.255 million
No Litigation Letter Received:	Yes

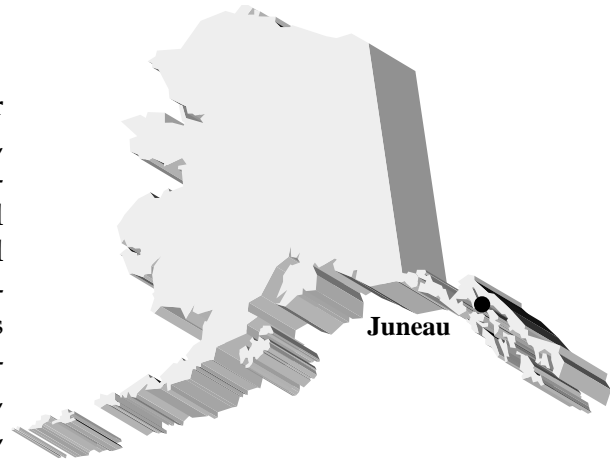
# Loan Application Evaluation City and Borough of Juneau

## Introduction

The City and Borough of Juneau (the “CBJ”) has previously submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for loans totaling approximately \$25,000,000. This is the second installment under that application and will be used by the CBJ to finance various improvements throughout the Borough.

## The Projects

CBJ will use the Bond Bank’s loan for renovations and construction of CBJ facilities, including renovation of 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.

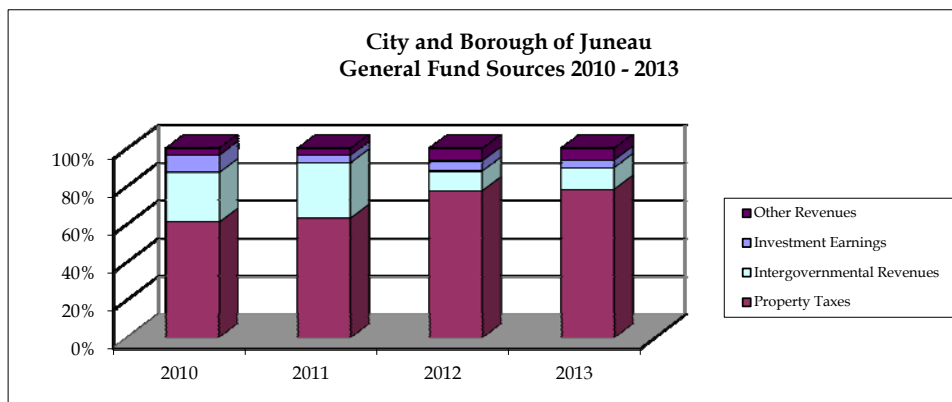


Voters authorized the sale of the bonds for the school projects at an election held on October 2, 2012. The bond measure passed by a margin of 50.5% to 49.5%.

## Juneau Financial Position

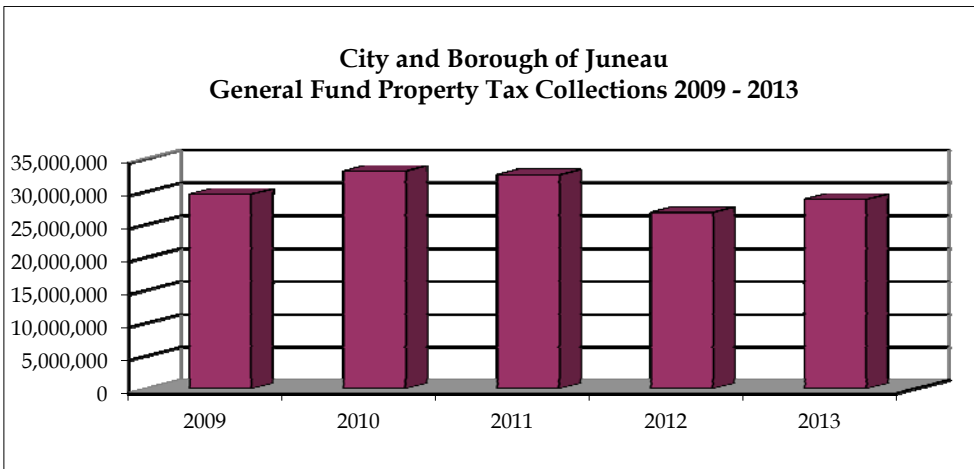
The General Fund derives its revenues primarily from ad valorem property taxes (78.3% in fiscal year 2013), intergovernmental revenues (11.5% in 2013) and investment earnings (3.9% in 2013). The four-year averages are 68.4% for property taxes, 20.9% for intergovernmental revenues and 5.9% for investment earnings. The 2013 increase in property taxes and decline in intergovernmental revenues as a percentage of total General Fund revenues reflects an accounting change in fiscal year 2012. CBJ now accounts for state debt service reimbursement amounts in the Debt Service Fund rather than in the General Fund. This results in an overall decline in General Fund revenues, thereby increasing property tax as a percentage of all General Fund revenues.

The graph below presents the Borough’s relatively stable General Fund revenue distribution over the past four years. Property taxes have consistently been the primary source of General Fund revenue.



As the graph below shows, the primary source of General Fund revenues, ad valorem property taxes, are lower than their peak early in this decade. This trend has been offset by a decline in General Fund expenditures. The amount of property taxes allocated to the General Fund fell from approximately \$32.6 million in 2011 to \$26.8 million in 2012, a decrease of 17.7%. This is the result of a shift in property taxes from the General Fund to other property tax-dependent funds. Property tax collections grew approximately 7.49% from 2012 to 2013. The stable trend in property taxes reflects stable growth in the assessed value of property within the Borough, which grew 7.16% over the past two years.

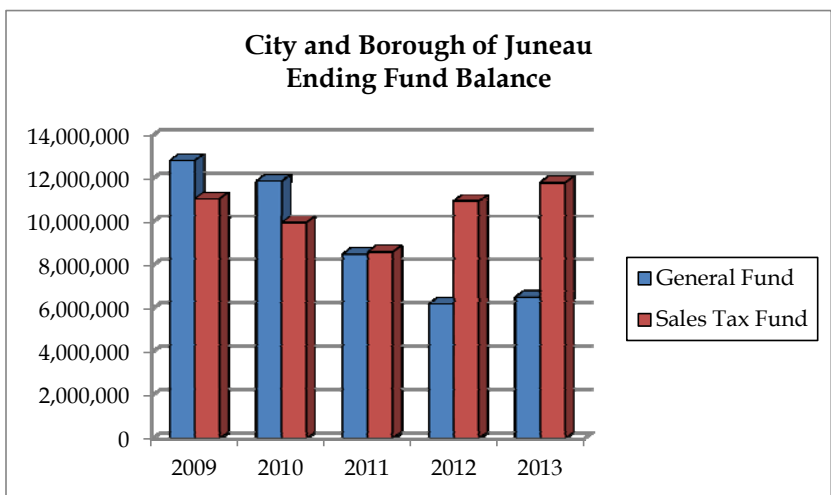
During the period from fiscal year-end 2005 to the end of fiscal year 2009, the General Fund year end balance grew from \$5.2 million to \$12.8 million. Subsequently, the year end General Fund balance fell to \$6.16 million by the end of fiscal year 2012, a



decline of 52% from 2009 levels. The General Fund ending balance in 2013 amounted to \$6.5 million. The General Fund balance remains at a satisfactory level of 17.9% of General Fund expenditures and transfers. The growth in the General Fund balance in the 2009 was primarily a result of healthy CBJ financial results combined with the receipt of federal stimulus funds. The full impact of the recession was not felt by CBJ until 2011, primarily in the form of lower sales tax receipts and sharply lower investment earnings. CBJ implemented budget reductions in fiscal year 2013 and increased property taxes in FY 2014 by .11 mils.

The CBJ also maintains a Sales Tax Budget Reserve that is funded from Sales Tax collections. As of the end of fiscal year 2013 that fund held \$11.8 million. The CBJ target is to fund the reserve at a \$10 million level.

In 2011 the Mayor of CBJ formed a task force to review the CBJ's reserve policies. This task force was charged with identifying the appropriate size of and uses for the CBJ's unassigned General Fund balance and the Sales Tax rainy day fund. The Task Force recommended to the Assembly that reserves equal to 2 months of general governmental operation revenues be set aside each year. For fiscal year 2013 that amounts to \$16.6 million.



The graph above presents the year end balances for the General Fund and Sales Tax Fund from 2009 through 2013.



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

### Future Capital Plans

CBJ has submitted an application to the Bond Bank for a loan totaling approximately \$36,000,000 for a project involving the installation of two new floating concrete docks for cruise ships. The project also includes related uplands work and improvements to portions of the water front Seawalk. The Bond Bank has financed approximately \$6 million of that loan request. Additional bonds for this project are expected to be issued by the Bond Bank within the next year.

### 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 fiscal year 2015 debt service on the proposed and outstanding loans from the Bond Bank.

Shared Taxes and Fees	\$4,662,940
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$14,120,698
Education Support Funding	\$43,189,712
Matching Grants	\$27,646,880
Community Jails	\$0
PILT Transfers	\$0
Revenue Sharing	\$2,034,988
Total Revenue Subject to Intercept	\$91,655,218
 Fiscal Year 2015 Debt Service	 \$14,668,651
<b>Debt Service Coverage</b>	<b>6.25</b>

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

### Estimated Borrower Savings

Savings to the CBJ as a result of borrowing through the Bond Bank are estimated at approximately \$1.75 million or \$1.26 million on a present value basis. These savings estimates are based on issuance of the entire \$25 million under current conditions. 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 "I have no knowledge of any 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 CBJ 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 pledge thereof, or the loan agreement between the CBJ and Bond Bank, or contesting the power of the CBJ or its authority with respect to the bonds. "

## Summary

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

I recommend approval of this loan for inclusion in the Bond Bank's next bond financing. If you have any questions related to the preceding report, please do not hesitate to call me at (503) 719-6113.

For Western Financial Group, LLC

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

Chip Pierce

## Juneau Economic and Demographic Information

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

The area was a fish camp for the indigenous Tlingit Indians. In 1880, nearly 20 years before the gold rushes to the Klondike and Nome, Joe Juneau and Richard Harris were led to Gold Creek by Chief Kowee of the Auk Tribe. They found mother lode deposits upstream, staked their mining claims, and developed a 160 acre incorporated city they called Harrisburg. The City of Juneau was formed in 1900. The state capital was transferred from Sitka to Juneau in 1906 while Alaska was a U.S. Territory. The Treadwell and Ready Bullion mines across the channel on Douglas Island operated from 1882 to 1917. In 1916, the Alaska-Juneau gold mine was built on the mainland, and became the largest operation of its kind in the world. Fishing, canneries, transportation and trading services, and a sawmill contributed to Juneau's growth through the early 1900s. The A-J Mine closed in 1944, after producing over \$80 million in gold. In 1970, the City of Juneau and City of Douglas were unified into the City & Borough of Juneau.

As the state capital, Juneau is supported largely by State and Federal employment, and by tourists cruising the Inside Passage. It is the third largest community in Alaska. About one-third of residents live downtown or on Douglas Island; the remaining two-thirds live elsewhere along the roaded area. Juneau has a Tlingit history with a strong historical influence from the early prospectors and boom town that grew around full-scale gold mining operations. According to the 2010 U.S. Census, there are 13,055 total housing units and 868 were vacant. The unemployment is estimated at 5.17% for the first 12 months of calendar year 2011, well below the national average. Median household income in 2010 was \$75,517, per capita income was \$34,923, and 6.5% of residents lived below the poverty level.

The municipal water supply is obtained from the Last Chance Basin well field on Gold Creek and the Salmon Creek Reservoir, and is treated and piped to over 90% of Juneau households. The CBJ is seeking funds to construct a million-gallon reservoir near South Lena Loop to serve the area north of Lena and Tee Harbor. The Borough's piped sewage system serves almost 80% of residents, and receives secondary treatment. Sludge is incinerated. North Douglas Island residents use individual septic tanks, and funds have been provided to begin planning a sewer main extension to this area. Refuse collection, the landfill and incinerator are owned by a private firm, Arrow Refuse. Juneau has a hazardous waste collection facility, and local organizations also provide recycling programs. Electricity is provided by Alaska Electric Light & Power Company. AEL&P receives the majority of its power from the state-owned Snettisham Hydroelectric Facility south of town. 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. The U.S. Geological Survey and AEL&P are collecting stream-gauging data at Dorothy Lake for hydroelectric potential.

There are 14 schools located in the community, attended by approximately 5,100 students.

The State, City & Borough of Juneau, and federal agencies provide nearly 45% of the employment in the community. Juneau is home to State Legislators and their staff during the legislative session between January and May. Tourism is a significant contributor to the pri-

vate sector economy during the summer months, providing a \$130 million income and nearly 2,000 jobs. The national recession has resulted in a decline to approximately 865,000 passengers in 2010 from approximately 1,000,000 prior to the recession that began in 2007. CBJ reports that approximately 920,000 cruise passengers visited Juneau in 2012 and 2013 and forecasts that that number will remain stable in 2014.

The Mendenhall Glacier, Juneau Icefield air tours, Tracy Arm Fjord Glacier, State Museum, and Mount Roberts Tramway are local attractions. Support services for logging and fish processing contribute to the Juneau economy, and 314 residents hold commercial fishing permits. DIPAC, a private non-profit organization, operates a fish hatchery which increases the local salmon population. The Kennecott Green's Creek Mine produces gold, silver, lead and zinc, and is the largest silver mine in North America.

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 300 people, about 50% of whom are from southeast Alaska. The Kensington mine commenced commercial production on July 3, 2010. The mine is accessed by a horizontal tunnel and utilizes conventional and mechanized underground mining methods. Ore is processed in a flotation mill that produces a concentrate which is sold to third party smelters. Waste material is deposited in an impoundment facility on the property or combined with cement and used as backfill in the mine. Power is supplied to the site by on-site diesel generators. Access to the project is either by air or boat. 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. The underground paste backfill plant is in operation, the mine's electrical infrastructure was upgraded, and new surface facilities - including a new administrative building, warehouse, worker dormitory, and expanded kitchen and dining facilities - are completed. Underground development continues to advance. 2012 production at Kensington is expected to be 82,750 to 84,750 ounces of gold. Kensington's proven and probable reserves were 1.3 million contained ounces of gold at year-end 2011.

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



May 23, 2014

Mr. Deven Mitchell  
Alaska Municipal Bond Bank Authority  
Department of Revenue  
PO Box 110405  
Juneau, AK 99801-0405

Dear Mr. Mitchell:

I am writing to request to sell the second installment of GO bonds Juneau voters and the CBJ Assembly authorized in 2012. We submitted an application for the first installment on the \$25 million GO bond authorization in December 2012. The application was for \$3 million and the bonds were sold in March 2013. Chip Pierce, Western Financial Group stated that the initial credit review was for the full \$25 million. We would like to work with AMBBA for a second debt installment of \$12 million to be sold this fall.

CBJ would like to work with KeyBanc Capital Markets as the underwriter. Please let me know what you need from us or the next steps in the process.

I appreciate your assistance.

Sincerely

A handwritten signature in black ink, appearing to read "Robert N. Bartholomew". The signature is fluid and cursive.

Robert N, Bartholomew

CC: Cynthia Weed

## Mitchell, Deven J (DOR)

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**From:** Chip Pierce <perce@westernfinancialgroup.com>  
**Sent:** Monday, August 04, 2014 10:41 AM  
**To:** 'Bob Bartholomew'; Mitchell, Deven J (DOR); 'Urbina, Geoff A'; 'Weed, Cynthia'; 'Salas, Kerry E.'  
**Subject:** RE: CBJ GO Bond Proceeds Update

Bob,

No problem increasing the amount from my perspective. I'll up the project deposit to \$13,050,000.

Chip Pierce  
3300 NW 185<sup>th</sup> Ave., #270  
Portland, OR 97229  
Western Financial Group, LLC  
(503) 719-6113

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**From:** Bob Bartholomew [[mailto:Bob Bartholomew@ci.juneau.ak.us](mailto:Bob_Bartholomew@ci.juneau.ak.us)]  
**Sent:** Friday, August 01, 2014 3:25 PM  
**To:** Mitchell, Deven J (DOR); Chip Pierce; 'Urbina, Geoff A'; Weed, Cynthia; 'Salas, Kerry E.'  
**Subject:** CBJ GO Bond Proceeds Update

Hello – CBJ is hoping to sell bonds to generate \$13.05 million in project proceeds in the upcoming AMBBA 2014-3 bond sale. Attached is a schedule that shows the proceeds by project in the “Tent. Oct. 2014 Bond Sale” column. Let me know if you have any questions or if it is too late to increase the dollar amount.

Thanks - Bob

Bob Bartholomew  
Director of Finance  
City and Borough of Juneau  
907.586.0300

Alaska Municipal Bond Bank  
Application Credit Review Summary Page

Applicant:	City and Borough of Sitka (“Sitka”)
Loan Amount:	Approximately \$19,000,000
Project Type:	electric system improvements
Project Description:	Sitka will use the Bond Bank loan to continue the expansion of the Blue Lake Hydroelectric Project. The Bond Bank financed the first phase of this project in 2010. In July 2012 the Sitka opened bids for the major construction contract. Those bids were far in excess of the consulting engineer’s estimates. This project involves adding a third turbine in the Blue Lake powerhouse, raising the height of the Blue Lake Dam and making other improvements to the project.
Term of Loan:	35 years
Revenues Pledged to Loan:	Electric system revenues
FY 2013 Pledged Net Electric System Revenues:	\$5.83 million
FY 2014 Forecast Pledged Net Electric System Revenues:	\$6.42 million (reflects rate increase implemented in FY 2013)
Fiscal Year 2013 Debt Service:	\$3.45 million (Amount reflects federal interest subsidy associated with Sitka’s 2010 loan from the Bond Bank).
Total Bond Bank Annual Debt Service:	\$11.77 million
Most Recent FY Debt Service Coverage Ratio:	1.69x
Most Recent FY State-Shared Revenues (SSR):	\$61.73 million
Debt Service Coverage of AMBB DS from SSR:	5.25x
Loan Subject to State Debt Service Reimbursement:	no
Estimated Borrower Savings (Gross):	\$14.22 million
Estimated Borrower Savings (Present Value):	\$6.87 million
No Litigation Letter Received:	yes

# Loan Application Evaluation

## City and Borough of Sitka

### Introduction

In 2012 the City and Borough of Sitka (“Sitka”) submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a Revenue Bond Loan totaling approximately \$80,500,000. To date Sitka has issued \$61.15 million against that application authorization. This loan will be used to continue the work on the Blue Lake hydroelectric project and upgrade Sitka’s stand-by diesel generation facilities. The following is our overview of the security provisions associated with the loan.

### The Project

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

The Sitka Blue Lake hydroelectric project includes the following improvements: 1) increase the elevation of the Blue Lake dam spill from 342 feet above sea level to 425 feet; 2) construct a new powerhouse containing three 5.3 megawatt units; 3) install new intake works and a surge chamber; 4) modify the power conduit to accommodate higher hydraulic pressure and connect new and relocated project features. The total authorized capacity of the project will increase from 7.5 megawatts to 16.9 megawatts.

The estimated cost of the Blue Lake project now stands at \$158 million. Sitka issued \$48.7 million of bonds through the Bond Bank in 2010, which included a refunding component as well as \$21 million towards project construction. In addition, Sitka issued \$35.53 million through the Bond Bank’s 2013 One series of bonds and \$25.6 million through the Bond Bank’s 2013 Three series. The proceeds of from the Bond Bank’s 2014 Three issue will provide the final component of financing needed for completion of the Blue Lake hydroelectric project.



### Electric Enterprise Operations

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

Sitka’s electric system financial operations have been stable in recent years. During



fiscal years 2008 through 2013 operating revenues have ranged from \$10.9 million to \$12.6 million, with operating expense during those years ranging from \$8.0 to \$9.9 million. Fiscal year 2012 is the first year that Sitka paid debt service on its 2010 loan from the Bond Bank. In fiscal year 2012, Sitka had substantial diesel fuel costs. Coverage increased in fiscal year 2013 as a result of a large reduction in operating expenses due to the fact that Sitka did not have to supplement electricity production from the dams by running diesel turbines. Sitka moved a substantial portion of the fiscal year 2013 surplus revenue into the Rate Stabilization Fund.

Sitka approved an electric system rate increase on April 1, 2013 of 15% which went into effect on July 1, 2013. A subsequent rate increase of 10% was implemented on July 1, 2014.

Fiscal Year	2008	2009	2010	2011	2012	2013
Operating Revenues	10,939,726	11,846,117	10,850,845	11,701,043	12,210,232	12,569,950
Operating Expenses	7,968,834	8,418,969	8,354,588	9,113,390	9,890,402	8,724,334
Add-Back Depreciation	2,024,708	1,998,438	1,994,177	1,987,588	1,971,739	1,986,195
Net Revenues	4,995,600	5,425,586	4,490,434	4,575,241	4,291,569	5,831,811
2010 Net Debt Service					3,107,545	3,449,735
Debt Service Coverage	N/A	N/A	N/A	N/A	1.38	1.69

### Security and Repayment

Sitka’s loan will be secured with net revenues from its electric enterprise system. Sitka was not be able to complete the project within the covenant constraints established in 2010, and the Bond Bank was not in a position to waive any of those covenants without first obtaining bondholder consent, which was not practical. Consequently, the new ordinance requires that payment of the 2013 One, 2013 Three and 2014 Three loans issued for the Blue Lake project will be subordinate to the payments on the 2010 loan.

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

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

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

Lastly, Sitka will be required to deposit with the Bond Bank’s trustee a debt service reserve fund equal to the maximum allowed under federal tax rules. The reserve requirement equals the maximum annual debt service on the combined debt service of the 2013 One, 2013 Three and 2014 Three loans. Sitka will fund the reserve with proceeds of this Bond Bank loan.

### State Aid Intercept

The Bond Bank has the authority to intercept state revenues that would otherwise flow to an underlying borrower in the event that a borrower failed to make timely payment on a

Bond Bank loan. The Bond Bank has never had to utilize this credit feature. The state aid intercept is, however, a significant credit strength. The table below presents Sitka’s revenues subject to intercept compared to fiscal year 2015 debt service, including the 2014 loan and Sitka’s other outstanding general obligation and electric system revenue debt, all of which is held by the Bond Bank.

Shared Taxes and Fees	\$1,641,483
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$2,519,241
Education Support Funding	\$15,254,347
Matching Grants	\$40,710,278
Community Jails	\$694,660
PILT Transfers	\$0
Revenue Sharing	\$905,101
<b>Total Revenue Subject to Intercept</b>	<b>\$61,725,110</b>
Fiscal Year 2015 Debt Service	\$11,768,293
<b>Debt Service Coverage</b>	<b>5.25</b>

**Future Capital Plans**

Sitka does not have any immediate plans for capital projects that will require bonding.

**Estimated Borrower Savings**

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

**Statement of No Litigation**

Accompanying the application from Sitka prior to the issuance of the 2014 Three Bonds Sitka submitted a letter from Robin Koutchak, the City and Borough of Sitka Attorney, stating that “to my knowledge, there is no litigation pending or threatened... affecting the corporate existence... or seeking to restrain or enjoin the issuance, sale, or delivery of the Bonds ... or the right of (Sitka) to establish and collect rates and charges for (Sitka’s) Electric System pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds or the loan agreement proposed to be entered into between the applicant and the Bond Bank or contesting the power of (Sitka) with respect to the Bonds.”

**Summary**

Based on our assessment, the security offered by Sitka, as set forth in Sitka’s loan application and supplemental materials, provides sufficient security to justify approval of the application. This approval is contingent on the receipt of a report from a qualified con-

sultant hired by Sitka that demonstrates that the additional bonds test related to forecast debt service coverage has been met.

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

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

For Western Financial Group, LLC

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

Chip Pierce

## Sitka Economic and Demographic Information

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

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

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

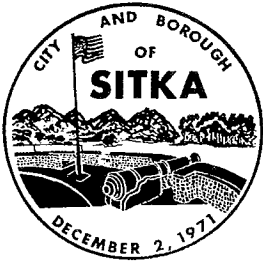
Sitka has year-round access to outdoor recreation in the Gulf of Alaska and Tongass National Forest. According to Census 2010, there were 4,102 housing units in the community and 3,545 were occupied. Its population was 16.8 percent American Indian or Alaska Native; 65.3 percent white; 0.5 percent black;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

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

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

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

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



# City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

*Coast Guard City, USA*

July 15, 2014

Mr. Deven Mitchell  
Alaska Municipal Bond Bank Authority  
State of Alaska, Department of Revenue  
P.O. Box 110405  
Juneau, Alaska 99811-0405

Dear Mr. Mitchell:

Pursuant to our recent conversations, the City and Borough of Sitka (CBS) respectfully wishes to request that the process of issuance and sale of the remaining electric revenue bonds, approved previously by the Board of Directors of the Alaska Municipal Bond Bank Authority (AMBBA), be commenced. In conjunction with this request, CBS is hereby submitting an updated bonding application.

The AMBBA Board previously authorized up to \$80,500,000 in bonds to be issued, of which the CBS has issued \$61,145,000 in par value revenue bonds in two series. Of the remaining \$19,355,000 in issuance authority, the CBS wishes to issue \$18,500,000 in a third series of revenue bonds.

The City and Borough of Sitka is grateful for all of the support and kind consideration the AMBBA, and its Board of Directors, has provided in support of the Blue Lake Dam Hydroelectric Project.

Sincerely,

Mark Gorman  
Municipal Administrator



## 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

**A. Name of Governmental Unit (Applicant):**  
 City and Borough of Sitka, Alaska

**B. Type of government (home rule, first class, authority, etc.):**  
 Unified Home Rule Municipality

**C. Contact Person for the government:**

Name: John P. Sweeney III		Title: Finance Director	
Address: 100 Lincoln Street		City: Sitka	State: AK
Phone: (907)-747-1836	Fax: (907)-747-0536	E-mail: jay@cityofsitka.com	
		Zip: 99835	

**D. Applicant's Bond Counsel:**

Name: David Thompson		Title: Attorney, K&L Gates, LLP	
Address: 925 Fourth Avenue, Suite 2900		City: Seattle	State: WA
Phone: (206)-370-6191	Fax: (206)-370-6191	E-mail: david.thompson@klgates.com	
		Zip: 98104	

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

Name: Alan Dashen		Title: President, A. Dashen & Associates	
Address: 800 Bellevue Way NE, Suite 400		City: Bellevue	State: WA
Phone: (425)-452-9550	Fax: (425)-452-9552	E-mail: alan@adashen.com	
		Zip: 98004	

### II. Issue Information

**A. Total amount of bond purchase request:**  
 \$18,500,000

**B. Total term of requested loan:** 35 years

**C. Preferred principal and interest payment months:** Aug <sup>principle</sup> / interest Feb <sup>only</sup>

**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:
		%

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

The Municipality intends to use revenue from the sale of electricity as the primary source of repayment of the bonds

**E. Will you need interim financing?** Anticipate 2 or 3 issues Through the AMBBA

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.**

1. Are engineering and specifications completed?  Yes  No
2. If not, when are they projected for completion? \_\_\_\_\_
3. Have construction bids been awarded?  Yes  No
4. Are there additional state or local approvals required?  Yes  No
5. Describe timing/scheduling plan: \_\_\_\_\_

6. What is the projected completion date? June, 2015

**G. Sources of uses of funds**

Sources of Funds		Uses of Funds	
Bonds (this application)	\$18,500,000	Construction	\$130,452,000
Federal Funds*	\$	Engineering	\$18,975,000
State Funds*	\$60,625,000	Contingency	\$5,128,000
Applicant's Funds		Cost of Issuance	\$3,500,000
Other (specify)	\$82,390,000	Other	\$3,460,000
<b>Total:</b>	<b>\$161,515,000</b>	<b>Total:</b>	<b>\$161,515,000</b>

\*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:  
Approximately 62.5% of all costs.

**III. Credit Information**

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds.  Attached All outstanding bonds are currently issued through the AMBBA.

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues?  Yes  No See Attached  
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  
If yes, please attach details.  Attached School bond debt reimbursement for general obligation bonds.

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  
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  
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. Harbor revenue bonds.

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

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

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

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



Year	Population	Source
2013	9,039	State of Alaska, Dept. of Labor
2012	9,058	State of Alaska, Dept. of Labor
2011	9,025	State of Alaska, Dept. of Labor
2010	8,881	State of Alaska, Dept. of Labor
2009	8,730	State of Alaska, Dept. of Labor

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

M. Provide your audited financial statements from the last two years (provide your unaudited statement if audit hasn't been preformed). Attached

N. Provide your current year's budget. Attached

O. Provide your capital improvement plan. Attached

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 in any

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.

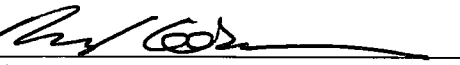
B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.

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

Mark Gorman   
 Name (print)

Municipal Administrator  
 Title

  
 Signature

July 15, 2014  
 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 of Saxman
Loan Amount:	Approximately \$175,000
Project Type:	Repair to the City's Seaport Warehouse
Project Description:	The City will use Bond Bank loan to make critical repairs to the City's Seaport Warehouse. The City received a \$750,000 grant from the State to replace the warehouse roof in 2012. In the course of completing that project, the City discovered that the warehouse walls had significant rot and water damage as a result of water infiltration and years of deferred maintenance. The Bond Bank loan will pay for repairs to the Seaport Warehouse walls and allow the City to continue to utilize the warehouse.
Term of Loan:	20 years
Loan Security:	Seaport Fund Revenues
Revenues Expected to Repay Loan:	FY 2014 Net Revenues (unaudited) \$45.9 thousand
Estimated Annual Debt Service:	Approximately \$15 thousand
Total Bond Bank Annual Debt Service:	Approximately \$15 thousand
Debt Service Coverage Ratio based on Most Recent FY:	Approximately 3.0 times
Most Recent FY State-Shared Revenues (SSR):	\$372 thousand
Debt Service Coverage of AMBB DS from SSR:	24.8x
Loan Subject to State Debt Service Reimbursement:	no
Estimated Savings (Gross):	\$115 thousand
Estimated Savings (Present Value):	\$83 thousand
No Litigation Letter Received:	yes

# Loan Application Evaluation

## City of Saxman

### Introduction

The City of Saxman (the “City”) has submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a revenue loan in an amount totaling approximately \$175 thousand. The City will use the Bond Bank loan to address structural repairs needed at the City’s Seaport Warehouse. The loan will repair exterior walls and make minor office space improvements. The following is our overview of this application and the security provisions associated with the loan.

### The Project

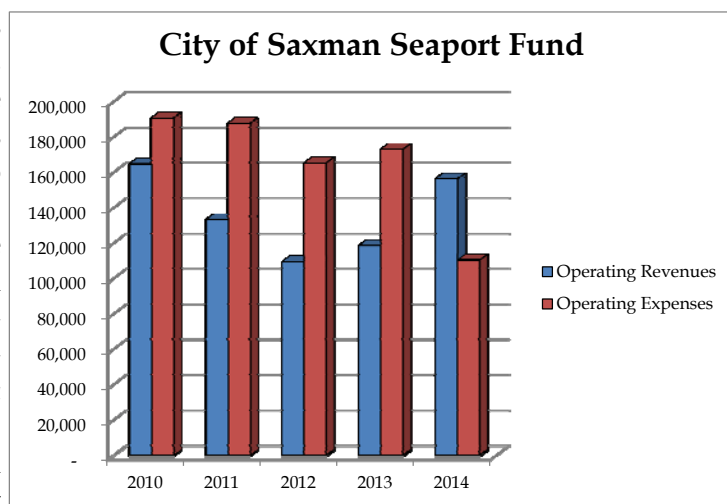
During the replacement of the Seaport Warehouse roof, the City discovered extensive damage to the warehouse’s south-west, west and east walls as a result of long-term exposure to rain water.

The project will involve the removal and replacement of rotten plywood sheathing, replacement of some wall studs, replacement of some windows, installation of a vapor barrier, and installation of new metal siding. In addition, repairs will be made to the office space on the second floor of the warehouse. The total cost of the project is estimated at approximately \$173 thousand. A state grant of \$750 thousand was used to replace the warehouse roof in 2012. The warehouse project was approved by the voters in October 2013 by a 60% to 40% margin.



### Seaport Fund Financial Position

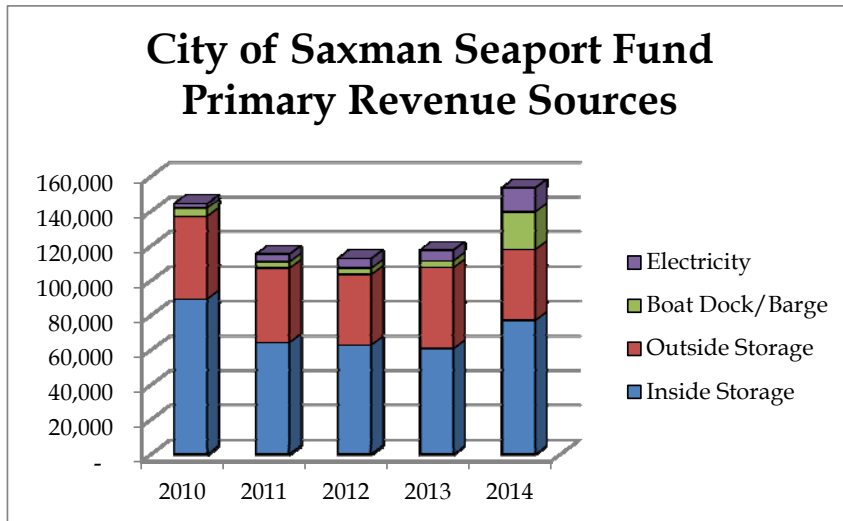
The Seaport Fund’s revenues are derived primarily from leases and rentals of City property. The City owns the Seaport Warehouse as well as Building B, which houses two large bays for lease. The City also leases nine boat slips for pleasure craft. City staff report that there is a waiting list for boat slips. The Seaport Fund charges tenants for electricity supplied by Ketchikan Public Utilities. The City also leases a barge to OceansAlaska which operates a mariculture research and training



facility, conducting research related to oyster and geoduck development. Algae production is underway for the purpose of feeding the oyster and geoduck as they grow to farm ready size.

The operating expenses of the Seaport Fund have exceeded operating revenues for four of the past five years. The City, however, no longer employs full-time staff supported by the Seaport fund. As a result, expenses have fallen significantly from fiscal year 2013 to fiscal year 2014. In addition, Seaport Fund revenues have recovered from the steep decline that resulted the loss of rental income while repairs were being made to the warehouse.

The graph to the right presents the primary sources of revenue for the Seaport Fund over the past five years. As the graph demonstrates, revenues from inside storage were negatively impacted by the roof replacement at the warehouse, but have since recovered. In addition, the Seaport Fund saw a significant increase in 2014 in both boat dock/barge revenues as well as electricity revenues. Boat dock/barge revenues grew from approximately \$3,900 in fiscal year 2013 to \$21,700 in 2014. Electricity revenues increased from \$6,100 to \$13,800 over that same period. Boat dock revenues have increased as a result of the large lease to OceansAlaska which commenced in July 2013. That lease totals more than \$17,000 annually. The increase in electric revenues is also a result of the Oceans-Alaska lease.



### Security and Repayment

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

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

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

The 2014 bonds will be the first issued under the bond resolution. The City is also required to obtain Bond Bank consent prior to the issuance of bonds secured by seaport enterprise system revenues.

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

The bond resolution requires the City to fund a debt service reserve in an amount equal to the lesser of 1) 10% of the par amount of the bonds; 2) 125% of average annual debt service; or 3) 100% of maximum annual debt service. In the case of the bonds to be issued for this project, based on current rates and the City's desired 20-year term of the bonds, the reserve fund will likely be funded at maximum annual debt service, or approximately \$16 thousand.

## Future Capital Plans

The City has no current plans to seek additional voter authorization for bond financed projects. The City is in the preliminary stages of building a boat harbor to address the high demand for boat dock space in the Ketchikan/Saxman area. Preliminary design for the boat harbor has been completed and the City will be approaching the State legislature for funding.

## Estimated Borrower Savings

Savings to the City as a result of borrowing for the seaport warehouse project through the Bond Bank are estimated at approximately \$115 thousand or \$83 thousand on a present value basis. Savings are a result of lower interest rates and lower costs of issuance that the City will face as a result of issuing through the Bond Bank rather than on its own.

## Statement of No Litigation

Accompanying the application from the City is a letter from Scott Brandt-Erichsen, the City Attorney, stating that "to my knowledge, there is no litigation pending or threatened in any court in any way... affecting the corporate existence of City... or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or challenging the validity or enforceability of Ordinance #08-2014-51, which authorizes the issuance of the Bonds, or the right of the City to establish and collect rates and charges of Saxman Seaport 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 of enforceability of the Bonds or the loan agreement proposed to be entered into between the applicant and the Bond Bank, or contesting the power of the City with respect to the Bonds..."

## 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. This loan will be the City's first borrowing from the Bond Bank.

The table below presents the City's revenues subject to intercept compared to FY 2015 annual debt service, which is entirely comprised of the 2014 loan from the Bond Bank.

Shared Taxes and Fees	\$0
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$0
Education Support Funding	\$0
Matching Grants	\$256,925
Community Jails	\$0
PILT Transfers	\$0
Revenue Sharing	\$115,329
Total Revenue Subject to Intercept	\$372,254
 Fiscal Year 2015 Debt Service	 \$3,272
<b>Debt Service Coverage</b>	<b>113.78</b>

## Summary

Based on our assessment, the security offered by the City, as set forth in the City's loan application and supplemental materials, provides sufficient security to justify approval of the seaport warehouse project application. This security provided by the pledge of the City's Seaport Fund, while not particularly strong, is significantly enhanced by the state-shared revenue intercept. The financial condition of the Seaport Fund was negatively impacted by the disruption caused by the roof replacement. The City has subsequently taken actions to improve the financial performance of the fund. The combination of the enhanced condition of the Seaport Fund and interceptable revenues, in addition to the funding of the debt service reserve, is sufficient to secure the contemplated loan.

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 and cursive, with a long horizontal line extending to the right.

Chip Pierce

## Saxman Economic and Demographic Information

Saxman is located on the west side of Revillagigedo Island, 2 miles south of Ketchikan on the South Tongass Highway. Saxman lies in the maritime climate zone noted for its warm winters, cool summers, and heavy precipitation. Average summer temperatures range from 46 to 59 °F; average winter temperatures range from 29 to 48 °F.

In 1886, Tlingits from the old villages of Tongass and Cape Fox wanted a new site to construct a central BIA school and Presbyterian church. The village was subsequently named for Samuel Saxman, a Presbyterian teacher who was lost at sea with a Cape Fox elder while searching for the new site. By 1894, the new village site was chosen, ideally located on a protected harbor off the Tongass Narrows. A small sawmill was built, and construction of the school and houses began immediately. Fishing and cutting lumber for the growing towns of Saxman and Ketchikan were the economic mainstays of the new village. By 1900, 142 people were living in Saxman. In 1929, the community incorporated as a city. During the 1930s, many totem poles and ceremonial artifacts, such as carvings and masks, were retrieved by the Civilian Conservation Corps from the abandoned villages at Cape Fox, Tongass, Cat Island, and Pennock Island. Totem poles were restored and relocated to Saxman as part of a U.S. Forest Service program. A rail-barge terminal at the Saxman Seaport was completed in 1967; it serves as the Ketchikan's major cargo container terminal.

Saxman and Ketchikan are connected by the South Tongass Highway. Dock and commercial barge off-loading facilities are available at the Saxman Seaport. The community relies on Ketchikan for its boat moorage and state ferry services. Electric power is provided by Ketchikan Public Utilities. The City operates its own water utility.

Local businesses in Saxman are limited. The State of Alaska lists three active business licenses in Saxman. Tourism, however, is an important activity in Saxman. Cape Fox Corporation operates Cape Fox tours, which includes a Saxman Native Village tour. Saxman contains the largest collection of standing totem poles in the Pacific Northwest as well as a Beaver Clan house, a carving shed and a gift shop.

Regularly-scheduled jet services offer air service out of Ketchikan. The state-owned, Borough-operated Ketchikan International Airport has a paved, lighted 7,500 foot long by 150 foot wide asphalt runway. The airport lies on Gravina Island, a 10-minute ferry ride from Ketchikan's waterfront. Ketchikan is a regional transportation hub, with numerous air taxi services to surrounding communities. There are four major float plane landing facilities: Tongass Narrows, Peninsula Point, Ketchikan Harbor, and Murphy's. The Inter-Island Ferry Authority operates a once-daily, year-round ferry service between Ketchikan and Hollis.

**City of Saxman**  
Route 2 Box 1 - Saxman  
Ketchikan, AK 99901

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August 1, 2014

Deven Mitchell  
Alaska Municipal Bond Bank Authority  
Department of Revenue  
PO Box 110405  
Juneau, AK 99901

Mr. Mitchell:

Please find the City of Saxman's Revenue Bond Application. As you will see from the attached materials, the revenue from this bond issuance will be used for repairs to the physical plant of the Saxman Seaport Warehouse facility. The Saxman Seaport is the cornerstone of Saxman's economy and is a significant regional asset.

The attached materials are largely self-explanatory with the possible exception of contractor selection for this job. In 2012, The City of Saxman received a \$750,000 legislative appropriation to perform and emergency replacement of the Seaport Warehouse roof. City of Saxman staff and Council used a competitive bidding process for the roof replacement and Marble Construction was selected as the contractor for the job. In the course of completing their work on the roof, Marble Construction identified additional urgent maintenance issues with the exterior walls and office area. Because the repairs were relatively minor and because Marble had so much recent experience working on the building, the Saxman City Council decided to extend their contract with Marble to include the additional repairs that will be completed using the bond funds being applied for in this application. If you need further clarification on this matter or on any of the attached materials, please do not hesitate to contact us.

Thanks in advance for your careful consideration of the attached materials. Also, we are working closely with David Thompson of K & L Gates, so you can contact him on matters of a legal or technical nature.

Sincerely,



Maxwell Mercer  
Grant Development Coordinator





## 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			
A. Name of Governmental Unit (Applicant):			
City of Saxman: Saxman Seaport			
B. Type of government (home rule, first class, authority, etc.):			
second class city			
C. Contact Person for the government:			
Name:		Title:	
Leona Haffner		City Administrator	
Address:		City: State: Zip:	
Route 2 Box 1 Saxman		Kethikan	AK 99901
Phone:		Fax:	E-mail:
907-225-4166			<a href="mailto:cityclerksaxman@kpunet.net">cityclerksaxman@kpunet.net</a>
D. Applicant's Bond Counsel:			
Name:		Title:	
David Thompson		Partner	
Address:		City: State: Zip:	
K&L Gates LLP, 925 4th Ave. #2900		Seattle	WA 98104
Phone:		Fax:	E-mail:
206-370-8395		206-370-6191	<a href="mailto:david.thompson@klgates.com">david.thompson@klgates.com</a>
E. Applicant's Financial Advisor or Underwriter (if applicable):			
Name:		Title:	
Address:		City: State: Zip:	
Phone:		Fax:	E-mail:

**II. Issue Information**

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

\$175,000

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

**C. Preferred principal and interest payment months:** December / principal / interest June 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
53	35	%

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

**Seaport revenue is pledged to payment of this revenue bond.**

**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. N/A

**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.**

- 1. Are engineering and specifications completed? **YES**
- 2. If not, when are they projected for completion? \_\_\_\_\_
- 3. Have construction bids been awarded? **YES**
- 4. Are there additional state or local approvals required? **NO**

5. Describe timing/scheduling plan: **After acquiring bond financing, we anticipate the repair work will begin within two months and be completed within one year.**

6. What is the projected completion date ? **June 2015**

**G. Sources of uses of funds**

Sources of Funds		Uses of Funds	
Bonds (this application)	\$ 175,000	Construction	\$ 174,000
Federal Funds*	\$	Engineering	\$
State Funds*	\$	Contingency	\$
Applicant's Funds	\$	Cost of Issuance	\$ 1000
Other (specify)	\$	Other	\$
<b>Total:</b>	<b>\$ 175,000</b>	<b>Total:</b>	<b>\$ 175,000</b>

\*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:

**Bond proceeds will be used for construction costs associated with capital improvements to the Seaport warehouse (\$174,000) and legal council costs for bond document preparation (\$1000)**

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds. **SEE ATTACHED**

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? **YES : See Attached**

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**

If yes, please attach details. **SEE 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. N/A

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. N/A

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.) **SEE ATTACHED COMMUNITY AND ECONOMIC SUMMARY**

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
2009	364	ADOLWD, US Census
2010	411	ADOLWD, US Census
2011	437	ADOLWD, US Census
2012	432	ADOLWD, US Census
2013	411	ADOLWD, US Census

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. **NO PROPERTY TAXES ASSESSED IN SAXMAN**

M. Provide your audited financial statements from the last two years (provide your unaudited statement if audit hasn't been performed). **SEE ATTACHED AUDITED FINANCIAL STATEMENTS**

N. Provide your current year's budget. **SEE ATTACHED BUDGET**

O. Provide your capital improvement plan. **SEE ATTACHED DEVELOPMENT CALENDAR**

P. Provide any other financial or economic information that will assist evaluation of your application. **SEE ATTACHED SEAPORT BALANCE SHEETS 2012 and 2013**

#### **IV. Legal Information**

- A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened in
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

Leona Haffner

Name (print)

City Administrator: City of Saxman

Title

Carroll Curran for L. Haffner

Signature

1-Aug-14

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

August 1, 2014

## **Section II Materials**

### **Question F & G**

1. Description of Project: Seaport Urgent Repairs
2. Cost Estimate by Marble Construction, LLC.



July, 2014

# Saxman Seaport: Urgent Repairs

Harvey Shields. – Mayor

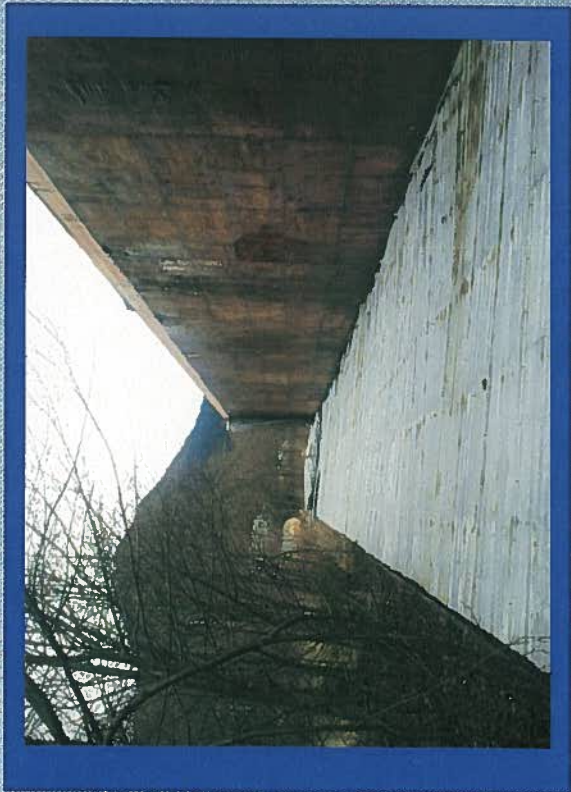
City Administrator – Leona Haffner

P: 907-225-4166 x 15

E: [cityclerksaxman@kpunet.net](mailto:cityclerksaxman@kpunet.net)



*Rotten plywood sheathing on facility walls.*



*Siding on East Wall, blown off during high winds.*





# Summary

**Vision:** Preserve and enhance the City of Saxman's position as owner and operator of the Saxman Seaport – the cornerstone of Saxman's economy, and a significant regional asset.

**Objective:** Complete essential repairs to the Saxman Seaport Warehouse's exterior walls and minor office space improvements. Repairing the walls and office will preserve the building and allow the City of Saxman to fully benefit from 100% of the commercial lease space available within the warehouse.

# Scope of Work

As you can see from attached pictures, the Southwest, West, and East walls all have extensive damage secondary to long-term water intrusion. Additionally, the 2<sup>nd</sup> Floor office space is in need of repairs to make it usable for its intended purpose.

## SCOPE OF REPAIR WORK (Exterior Walls)

1. Remove and replace rotten plywood sheathing
2. Remove and replace wall studs where necessary
3. Replace selected damaged windows
4. Install vapor barrier (never installed on original facility!)
5. Install new metal siding

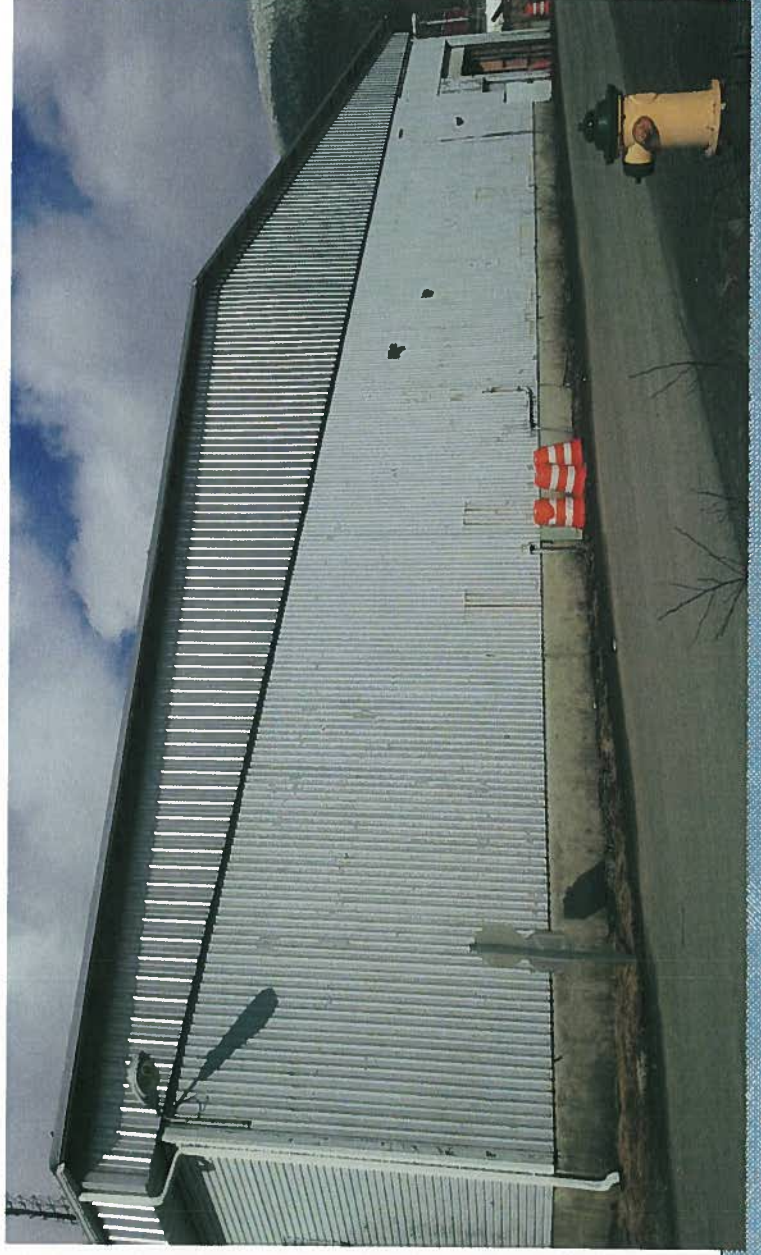
## SCOPE OF REPAIR WORK (2<sup>nd</sup> Floor Office Space)

1. Demolition of damaged sheetrock, wall planks
2. Removal and repair of exposed conduit
3. Removal and replacement (doors, toilet, sink)
4. Finish work including sheetrock, lights, data drops, floors



## New Roof complete 2012

In 2012, the City of Saxman contracted with Marble Construction, LLC of Ketchikan to complete a \$750,000 replacement of the warehouse roof. The replacement of the roof led to significant **improvements to the revenue stream** generated by the warehouse, as it allowed for a greater portion of the building to be used for commercial leasing. Marble Construction was selected following a competitive bidding process.





## Project Status

- During the roof construction process in 2012, the City became aware of severe deterioration of the facility's siding and walls— the result of years of water infiltration and deferred maintenance.
- Marble construction (the roof contractor) performed a thorough inspection of the building's condition and provided a cost quote for completing essential repairs to the exterior walls and office space. The Saxman City Council decided to award the additional repair work to Marble based on their familiarity with the building and based on the urgency of needed repairs.
- It is essential that the City address deteriorating walls and damage to office space, to preserve the functionality of the building and allow the City to fully benefit from one of its most cost effective assets. The repairs proposed in this document will allow the city to utilize 100% of the available space in the warehouse.





December, 2012 – Metal siding blows off of East Wall during a period of high winds, collapsing in a single sheet. Plywood sheathing is water-logged due to years of water infiltration and deferred maintenance. Vapor barrier was never installed on facility wall.

Contact: 907-225-4166 or [cityclerk@kpn.net](mailto:cityclerk@kpn.net)





Detail of rotten plywood sheathing: West Wall.

Contact: 907-225-4166 or [cityclerkxman@kpunet.net](mailto:cityclerkxman@kpunet.net)



Siding falling from West Wall.



Detail of rotting wall stud



Facility West Wall and SW corner is displaying severe rot and decay. Siding has begun falling from exterior of building. Wooden sheathing and wall studs are demonstrating advanced deterioration.



# Request Amount / Breakdown

• Cost summary: Provided by Marble Construction, LLC.

• East Wall -	\$26,959
• West Wall -	\$82,160
• SW Corner -	\$8,000
• 2 <sup>nd</sup> Floor office improvements	\$40,032
• Contingencies @ 10%	<u>\$15,715</u>
	<b>\$172,867</b>



**Saxman Seaport Warehouse Building Improvements**  
**5/16/2014**



**West Wall Scope of Work:**

- Remove all Existing Siding & Plywood Sheathing (Excluding SW Corner Entrance)
- Remove all Windows
- Replace (4) Office Windows Only. (2) Windows above Sectional Doors will be patched back with plywood sheathing
- Replace Approximately 3" x 8" Wall Studs as needed
- Install New Plywood Sheathing & Felt Throughout (Excluding SW Corner Entrance)
- Install New Metal Siding and Trim Out Around all Windows, Doors, Penetrations, Etc. (Excluding SW Corner Entrance)

DESCRIPTION:	QUANTITY:	UNIT	LABOR RATE:	MATERIAL UNIT:	SHIPPING OR SUB:	SUB TOTAL:
Materials - Plwood Sheathing, Felt, Studs, Caulking, Paint, etc.	1	LS	\$ -	\$ 7,140.00	\$ 1,250.00	\$ 8,390.00
Materials - Windows	1	LS	\$ -	\$ 5,350.00	\$ 750.00	\$ 6,100.00
Materials - Metal Siding, Exterior Window & Door Trim	1	LS	\$ -	\$ 8,250.00	\$ 1,300.00	\$ 9,550.00
Existing Plywood & Siding Removal	60	MH	\$ 75.00	\$ -	\$ -	\$ 4,500.00
Selected Wood Stud Replacement	60	MH	\$ 75.00	\$ -	\$ -	\$ 4,500.00
Windows Removal/Install of (4) Each Office Windows Only	80	MH	\$ 75.00	\$ -	\$ -	\$ 6,000.00
Interior Sheetrock Repair @ Window Replacement	60	MH	\$ 75.00	\$ -	\$ -	\$ 4,500.00
SW Corner Interior Sheetrock Repair	60	MH	\$ 75.00	\$ -	\$ -	\$ 4,500.00
Plywood Install	80	MH	\$ 75.00	\$ -	\$ -	\$ 6,000.00
Felt Install	50	MH	\$ 75.00	\$ -	\$ -	\$ 3,750.00
Siding Install & Metal Trimout Around all Penetrations	120	MH	\$ 75.00	\$ -	\$ -	\$ 9,000.00
City Landfill - 20 Yard Dumpsters Haul Off Fee	2	Dumpster	\$ -	\$ 60.00	\$ -	\$ 120.00
City Landfill - 20 Yard Dumpsters Weight in Dumpster Fee	10000	LBS	\$ -	\$ 0.06	\$ -	\$ 600.00
City Landfill - 20 Yard Dumpsters Weekly Charge On Site	4	Weeks	\$ -	\$ 100.00	\$ -	\$ 400.00
Mobilization/Demobilization	50	MH	\$ 75.00	\$ -	\$ -	\$ 3,750.00
Manlift Rental	1.5	MONTH	\$ -	\$ 3,500.00	\$ -	\$ 5,250.00
Forklift Rental	1.5	MONTH	\$ -	\$ 3,500.00	\$ -	\$ 5,250.00

Subtotal \$ 82,160.00

DESCRIPTION:	QUANTITY:	UNIT	LABOR RATE:	MATERIAL UNIT:	SHIPPING OR SUB:	SUB TOTAL:
Materials - Plwood Sheathing, Felt, Roof, Siding Metal, etc.	1	LS	\$ -	\$ 2,250.00	\$ 500.00	\$ 2,750.00
Existing Plywood, Siding & Roof Removal	16	MH	\$ 75.00	\$ -	\$ -	\$ 1,200.00
Plywood Install	16	MH	\$ 75.00	\$ -	\$ -	\$ 1,200.00
Felt Install	6	MH	\$ 75.00	\$ -	\$ -	\$ 450.00
Siding Install	16	MH	\$ 75.00	\$ -	\$ -	\$ 1,200.00
Roof Install	16	MH	\$ 75.00	\$ -	\$ -	\$ 1,200.00

Subtotal \$ 8,000.00

DESCRIPTION:	QUANTITY:	UNIT	LABOR RATE:	MATERIAL UNIT:	SHIPPING OR SUB:	SUB TOTAL:
Materials - Plywood, Felt, 6x8 PT, 2x12PT, Z Flashing	1	LS	\$ -	\$ 4,782.93	\$ 1,000.00	\$ 5,782.93
Materials - Metal Siding, Trim	1	LS	\$ -	\$ 6,836.96	\$ 1,300.00	\$ 8,136.96
Existing Plywood Removal	48	MH	\$ 65.00	\$ -	\$ -	\$ 3,120.00
New Plywood Install	60	MH	\$ 65.00	\$ -	\$ -	\$ 3,900.00
Felt Install	32	MH	\$ 65.00	\$ -	\$ -	\$ 2,080.00
New 6x8 PT Bottom Plate Install	32	MH	\$ 65.00	\$ -	\$ -	\$ 2,080.00
New 2x12 PT Bottom Side Plate Install	20	MH	\$ 65.00	\$ -	\$ -	\$ 1,300.00
Siding Install - Marble Construction's Responsibility	96	MH	\$ -	\$ -	\$ -	NO CHARGE
City Landfill - 20 Yard Dumpsters Haul Off Fee	1	Dumpster	\$ -	\$ 60.00	\$ -	\$ 60.00
City Landfill - 20 Yard Dumpsters Weight in Dumpster Fee	5000	LBS	\$ -	\$ 0.06	\$ -	\$ 300.00
City Landfill - 20 Yard Dumpsters Weekly Charge On Site	2	Weeks	\$ -	\$ 100.00	\$ -	\$ 200.00

\$ 26,959.89

DESCRIPTION:	QUANTITY:	UNIT	LABOR RATE:	MATERIAL UNIT:	SHIPPING OR SUB:	SUB TOTAL:
Demolition - Flooring, Wood Wall Planks, Damaged Sheetrock, etc.	48	MH	\$ 75.00	\$ -	\$ -	\$ 3,600.00
Electrical Work - Remove Exposed Conduit - Install New Lights, Data Drops, etc.	1	LS	\$ -	\$ -	\$ 9,250.00	\$ 9,250.00
Vinyl Plank Floor Throughout w/ Rubber Base	900	SF	\$ 3.50	\$ 6.00	\$ -	\$ 8,550.00
Provide & Install New Sheetrock as Needed	1200	SF	\$ 1.00	\$ 1.00	\$ -	\$ 2,400.00
Tape, Bed & Paint All Walls Throughout	2970	SF	\$ 1.25	\$ 1.00	\$ -	\$ 6,682.50
Provide & Install (2) New Accordian Doors	2	EACH	\$ 250.00	\$ 750.00	\$ -	\$ 2,000.00
Remove Old & Provide & Install New Toilet & Sink	1	LS	\$ -	\$ -	\$ 3,200.00	\$ 3,200.00
New Mirror	1	LS	\$ -	\$ 350.00	\$ -	\$ 350.00
Replace (4) Each Doors/Frames & Hardware	4	EACH	\$ 250.00	\$ 750.00	\$ -	\$ 4,000.00

Subtotal \$ 40,032.50

	\$ 157,152.39
Profit % 10.0%	\$ 15,715.24
Lump Sum Total	\$ 172,867.63

**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2014-03**

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

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

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

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

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

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

Section 101 - Series Resolution.

This Series Resolution (the "2014 Series Three Resolution") is adopted in accordance with the provisions of the Resolution and pursuant to the authority contained in the Act.

Section 102 - Definitions.

In this 2014 Series Three Resolution and with respect to the 2014 Series Three Bonds:

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

(2) "Amendatory Loan Agreement" shall mean, collectively, the agreements:

(a) by and between the Bank and Municipality of Anchorage, Alaska, amending certain terms of the loan agreement entered into by the parties and dated September 1, 2004;

(b) by and between the Bank and City of Adak, Alaska, amending certain terms of the loan agreement entered into by the parties and dated December 1, 2004;

(c) by and between the Bank and City of Nome, Alaska, amending certain terms of the loan agreement entered into by the parties and dated October 1, 2005;

(d) by and between the Bank and City of Seward, Alaska, amending certain terms of the loan agreement entered into by the parties and dated October 1, 2005;

(e) by and between the Bank and Haines Borough, Alaska, amending certain terms of the loan agreement entered into by the parties and dated October 1, 2005;

(f) by and between the Bank and the Kenai Peninsula Borough, Alaska, amending certain terms of the loan agreement entered into by the parties and dated June 1, 2006;

(g) by and between the Bank and Northwest Arctic Borough, Alaska, amending certain terms of the loan agreement entered into by the parties and dated October 1, 2005;

(h) by and between the Bank and City of Petersburg, Alaska, amending certain terms of the loan agreement entered into by the parties and dated October 1, 2005; and

(i) by and between the Bank and City of Seward, Alaska, amending certain terms of the loan agreement entered into by the parties and dated June 1, 2006.

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

(4) "Beneficial Owner" shall mean the person in whose name a 2014 Series Three Bond is recorded as the beneficial owner of such 2014 Series Three Bond by the respective systems of Depository Trust Company and the Depository Trust Company

Participants or the registered owner of the 2014 Series Three Bond if the 2014 Series Three Bond is not then held in book-entry form under Section 206.

(5) "Bond Purchase Contract" shall mean the agreement by and between the Bank and Underwriters, providing for the purchase and sale of the 2014 Series Three Bonds.

(6) "Bond Year" shall mean each one-year period that ends on an anniversary of the date of issue of the 2014 Series Three Bonds.

(7) "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).

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

(9) "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 Three Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

(10) "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.

(11) "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.

(12) "Escrow Agent" shall mean The Bank of New York Mellon Trust Company, N.A.

(13) "Escrow Agreement" shall mean the agreement entered into by and between the Bank and the Escrow Agent, dated the date of issuance of the 2014 Series Three Bonds, securing payment for the Refunded Bonds.

(12) "Excess Investment Earnings" shall mean the amount of investment earnings on gross proceeds of the 2014 Series Three Bonds determined by the Bank to be required to be rebated to the United States of America under the Code.

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

(14) "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.

(15) "Loan Agreement" shall mean, together, the agreements (i) by and between the Bank and the City and Borough of Juneau, Alaska; (ii) by and between the Bank and the City and Borough of Sitka, Alaska; and (iii) by and between the Bank and the City of Saxman, Alaska, each pertaining to the repayment of a Loan to the Governmental Unit as provided for herein.

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

(17) "Refunded Bonds" shall mean the maturities, or portion thereof, of the 2004 Series B Revenue Bonds, the 2004 Series D Bonds, the 2005 Series One Bonds, the 2005 Series C Bonds, and the 2006 Series One Bonds that the Executive Director designates to be refunded pursuant to Section 304 of this 2014 Series Three Resolution.

(18) "Underwriters" shall mean RBC Capital Markets, LLC and KeyBanc Capital Markets Inc. , together with any other financial institution authorized by the Bank.

(19) "2004 Series B Bonds" shall mean the \$4,255,000 principal amount of the outstanding Revenue Bonds, 2004 Series B, maturing in the years 2015 through 2024, inclusive, 2029 and 2034.

(20) "2004 Series D Bonds" shall mean the \$910,000 principal amount of the outstanding General Obligation Bonds, 2004 Series D, maturing in the years 2015 through 2024, inclusive.

(21) "2005 Series One Bonds" shall mean the \$3,340,000 principal amount of the outstanding General Obligation Bonds, 2005 Series One, maturing in the years 2016 through 2025, inclusive.

(22) "2005 Series C Bonds" shall mean the \$18,035,000 principal amount of the outstanding General Obligation and Refunding Bonds, 2005 Series C, maturing in the years 2016 through 2025, inclusive.

(23) "2006 Series One Bonds" shall mean the \$4,605,000 principal amount of the outstanding General Obligation Bonds, 2006 Series One, maturing in the years 2017 through 2026, inclusive.

(24) "2014 Series Three Bonds" shall mean the Bonds authorized by Article II hereof.

ARTICLE II  
AUTHORIZATION OF 2014 SERIES THREE BONDS

Section 201 - Principal Amount, Designation and Series.

Pursuant to the provisions of the Resolution, a series of Bonds designated as "Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2014 Series Three" is hereby authorized to be issued in the aggregate principal (par) amount of not to exceed Sixty-Seven Million and No/100 dollars (\$67,000,000.00). The Executive Director is hereby authorized to change the designation to allow for the sale of the 2014 Series Three Bonds to be combined and sold with other Bonds authorized by a Series Resolution and approved by the Board of Directors of the Bank.

Section 202 - Purposes.

The purposes for which the 2014 Series Three Bonds are being issued are (i) making Loans to the Governmental Units to the extent and in the manner provided in Article III, (ii) the refunding of the maturities, or portions thereof, of the 2004 Series B Revenue Bonds, the 2004 Series D Bonds, the 2005 Series One Bonds, the 2005 Series C Bonds, and the 2006 Series One Bonds that the Executive Director designates to be refunded pursuant to Section 304 of this 2014 Series Three Resolution, and (iii) making a deposit, if any, in the Reserve Fund as provided in Article III of this 2014 Series Three Resolution.

Section 203 - Date, Maturities and Interest Rates.

The 2014 Series Three Bonds shall be dated the date the 2014 Series Three Bonds are delivered to the Underwriters. Subject to adjustment as provided for in this Section 203, the 2014 Series Three Bonds shall mature, or have Sinking Fund Installments due, on the 1st day of October in each of the years, in the respective principal amounts as set forth below:

<u>Maturity (October 1)</u>	<u>Principal Amount</u>	<u>Maturity (October 1)</u>	<u>Principal Amount</u>
2015	\$1,210,000	2033	\$1,865,000
2016	3,175,000	2034	1,945,000
2017	3,265,000	2035	595,000
2018	3,385,000	2036	625,000
2019	3,530,000	2037	655,000
2020	3,725,000	2038	690,000
2021	3,905,000	2039	725,000
2022	4,085,000	2040	760,000
2023	4,295,000	2041	800,000
2024	4,525,000	2042	840,000
2025	4,180,000	2043	890,000
2026	1,345,000	2044	930,000
2027	1,420,000	2045	975,000
2028	1,490,000	2046	1,030,000
2029	1,565,000	2047	1,080,000
2030	1,640,000	2048	1,140,000
2031	1,725,000	2049	1,195,000
2032	1,795,000		

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

#### Section 204 - Interest Payments.

The 2014 Series Three Bonds shall bear interest from their dated date. The first interest payment date shall be April 1, 2015 (or such other date as may be fixed and determined by the Chairman or the Executive Director); thereafter, interest on the 2014 Series Three Bonds shall be payable on the 1st days of October and April (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 Three Bonds shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of the 2014 Series Three Bonds authorized herein. The 2014 Series

Three Bonds shall be numbered serially with any additional designation that the Bank deems appropriate.

Section 206 - Securities Depository.

(1) The 2014 Series Three Bonds shall be registered initially in the name of "Cede & Co.," as nominee of Depository Trust Company ("DTC"), and shall be issued initially in the form of a single bond for each maturity in the amount of such maturity. Registered ownership of the 2014 Series Three Bonds or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository or such substitute depository's successor; or (iii) to any person as provided in paragraph (4) below.

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

(3) In the case of any transfer pursuant to clause (i) or (ii) of paragraph (1) above, the Trustee shall, upon receipt of all Outstanding 2014 Series Three Bonds, together with a written request of an Authorized Officer and a supply of new 2014 Series Three Bonds authenticate a single new 2014 Series Three Bond for each maturity of 2014 Series Three Bonds then Outstanding, registered in the name of such successor or such substitute depository, or its nominee, as the case may be, all as specified in such written request.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Bank determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, the ownership of 2014 Series Three Bonds may then be transferred to any person or entity as provided in the Resolution and such 2014 Series Three Bonds shall no longer be held in book-entry form. An Authorized Officer shall deliver a written request to the Trustee to issue 2014 Series Three Bonds as provided in the Resolution in any authorized denomination, together with a supply of definitive Bonds. Upon receipt of all then Outstanding 2014 Series Three Bonds by the Trustee, together with a written request of an Authorized Officer to the Trustee, new 2014 Series Three Bonds shall be issued and authenticated in such denominations and registered in the names of such persons as are requested in such written request.



(5) For so long as the 2014 Series Three Bonds are held in book-entry form under this Section, the Bank and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2014 Series Three Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such 2014 Series Three Bonds, selecting such 2014 Series Three Bonds, or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution (except as otherwise provided pursuant to Section 508 or this 2014 Series Three Resolution), registering the transfer of such 2014 Series Three Bonds and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Bank nor the Trustee shall be affected by any notice to the contrary. Neither the Bank nor the Trustee shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2014 Series Three Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner, with respect to the accuracy of any records maintained by DTC or any DTC Participant; the payment by DTC or any Depository Trust Company Participant of any amount in respect of the principal or Redemption Price of or interest on the 2014 Series Three Bonds, any notice which is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any Depository Trust Company Participant of any person to receive payment in the event of a partial redemption of the 2014 Series Three Bonds, or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from money available under the Resolution all principal and Redemption Price of and interest on 2014 Series Three Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Bank's obligations with respect to the principal or Redemption Price of and interest on the 2014 Series Three Bonds to the extent of the sum or sums so paid.

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

For so long as all Outstanding 2014 Series Three Bonds are registered in the name of Cede & Co. or its registered assigns, payment of principal and interest thereon shall be made as provided in the Letter of Representations and the operational arrangements referred to therein as amended from time to time. (Details regarding the current DTC Book-Entry-Only Issuance practices are included in Exhibit A attached hereto.) In the event that the 2014 Series Three Bonds are no longer registered in the name of Cede & Co. or its registered assigns, (i) payment of interest on the 2014 Series Three Bonds will be made by check or draft mailed by first class mail to the registered owner, at the address appearing on the bond register on the Record Date of the Bank kept at the corporate trust office of the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2014 Series Three Bonds received at least 15 days prior to an interest payment date, by wire transfer in

immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal of the 2014 Series Three Bonds will be payable at the corporate trust office of the Trustee upon surrender of the 2014 Series Three Bonds representing such principal. Both principal of and interest on the 2014 Series Three Bonds are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

#### Section 208 - Optional Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to determine the optional redemption provisions, if any, for the 2014 Series Three Bonds and shall cause any such provisions to be included in the form of the 2014 Series Three Bonds.

#### Section 209 - Mandatory Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to determine the mandatory redemption provisions, if any, for the 2014 Series Three Bonds and shall cause any such provisions to be included in the form of the 2014 Series Three Bonds.

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

The 2014 Series Three Bonds shall be sold at negotiated sale to the Underwriters pursuant to the terms of the Bond Purchase Contract. The Chairman or the Executive Director are, and each of them is, hereby authorized to execute the Bond Purchase Contract with the Underwriters regarding the sale of the 2014 Series Three Bonds upon his approval of the sale details of the 2014 Series Three Bonds, including, but not limited to, the aggregate principal amount of the 2014 Series Three Bonds, the purchase price of the 2014 Series Three Bonds, the maturity and the interest payment dates of the 2014 Series Three Bonds, and the redemption provisions and interest rate of each maturity of the 2014 Series Three Bonds. Provided, however, the aggregate principal amount of the 2014 Series Three Bonds shall not exceed Sixty-Seven Million and No/100 Dollars (\$67,000,000.00), the true interest cost on the 2014 Series Three Bonds shall not exceed five percent (5%), and the Underwriters' discount shall not exceed three-quarters of one percent (.75%) of the par value of the 2014 Series Three Bonds. 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 Three Bonds.

The authority granted to the Chairman and the Executive Director under this Section 210 shall expire 120 days from the date of approval of this 2014 Series Three Resolution.

Section 211 - Official Statement.

The Chairman or the Executive Director are, and each of them is, hereby authorized to approve the final form of, and the distribution to prospective purchasers and other interested persons of, the preliminary Official Statement of the Bank for the 2014 Series Three Bonds in the form submitted to and part of the records of the meeting, with such changes as the Chairman or the Executive Director shall deem advisable. The Chairman and the Executive Director are hereby further authorized to approve the final form of the Official Statement. The distribution of the preliminary Official Statement and the Official Statement, as approved by the Chairman or the Executive Director, in connection with the offering of the 2014 Series Three Bonds is hereby ratified, confirmed and approved.

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

ARTICLE III  
DISPOSITION OF BOND PROCEEDS

Section 301 - Disposition of Proceeds for Loan and Refunding Purposes.

(a) Upon the delivery of the 2014 Series Three Bonds the Bank shall, in accordance with Article V of the Resolution, apply a portion of the proceeds derived from the sale of the 2014 Series Three Bonds to the making of a (i) Loan to the City and Borough of Juneau, Alaska, in the principal amount not to exceed \$13,050,000, to be used to finance miscellaneous governmental capital improvements; (ii) Loan to the City and Borough of Sitka, Alaska, in the principal amount not to exceed \$18,500,000 to be used to finance certain electrical utility capital improvements; and (iii) Loan to the City of Saxman, Alaska, in the principal amount not to exceed \$175,000 to be used to finance certain seaport warehouse capital improvements.

(b) Certain of the proceeds of the 2014 Series Three Bonds shall be used to purchase direct, non-callable (prior to the date of scheduled application) obligations of the United States of America, the principal of and the interest on which when due will provide moneys which, together with cash, if any, shall be sufficient and available to pay when due the redemption price of the Refunded Bonds, and the interest to become due on such bonds prior to and on the first optional redemption date; provided, however,

that such amounts shall be applied only with respect to maturities that the Executive Director designates to be Refunded Bonds pursuant to Section 304.

#### Section 302 - Reserve Fund Deposit.

Upon the delivery date of the 2014 Series Three Bonds, the Bank shall deposit into the Reserve Fund cash or a portion of the proceeds derived from the sale of the 2014 Series Three Bonds sale, subject to Section 201 hereof. The Chairman or the Executive Director are each hereby authorized to determine whether it is in the best interest of the Bank to use available cash or proceeds from the 2014 Series Three Bonds for purposes of making a deposit into the Reserve Fund, which amount, together with other available funds, if any, will be the amount necessary to make the total amount in the Reserve Fund equal to the Required Debt Service Reserve upon delivery of the 2014 Series Three Bonds.

#### Section 303 - Disposition of Remainder of Bond Proceeds.

The balance of the proceeds of the sale of the 2014 Series Three Bonds representing any premium received over the principal amount of the 2014 Series Three Bonds after deducting the amounts to be paid for costs of issuing the 2014 Series Three Bonds, amounts necessary to ensure the deposit to the Reserve Fund equals the Required Debt Service Reserve, and after deducting the amount allocable to the Reserve Obligations, if any, which amount shall be deposited in the Reserve Fund, shall be deposited with the Governmental Units and applied towards costs of issuance and debt service payments due and owing on their respective Municipal Bonds (as such term is defined in the Loan Agreement or Amendatory Loan Agreement) or such other permitted purpose.

#### Section 304 - Designation of Refunded Bonds.

The Executive Director is hereby authorized to designate which, if any, of the 2004 Series B Revenue Bonds, the 2004 Series D Bonds, the 2005 Series One Bonds, the 2005 Series C Bonds, and the 2006 Series One Bonds shall be refunded, eliminating from the category of Refunded Bonds municipal bonds whose terms have not been amended by the Governmental Unit to conform to the terms of the refunding authorized by this 2014 Series Three Resolution as of the date of delivery of the 2014 Series Three Bonds. Provided, however, the Refunded Bonds so designated by the Executive Director must realize an aggregate debt service savings of at least three percent (3%) of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

Section 305 - Escrow Agreement.

The Executive Director is hereby authorized and directed to enter into the Escrow Agreement with the trustee for the Refunded Bonds providing for the use and disposition of moneys, if any, and direct, non-callable obligations of the United States of America for the purpose set forth in Section 301(b) of this 2014 Series Three Resolution.

Section 306 - Election for Redemption of Refunded Bonds.

The Executive Director is hereby authorized to direct the trustee of the Refunded Bonds to redeem such bonds on the first available payment date in accordance with the terms of the respective authorizing resolution for the Refunded Bonds.

ARTICLE IV  
EXECUTION AND FORM OF 2014 SERIES THREE BONDS

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

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

ALASKA MUNICIPAL BOND BANK  
GENERAL OBLIGATION AND REFUNDING BONDS, 2014 SERIES THREE

INTEREST RATE: \_\_\_\_\_%                      MATURITY DATE: \_\_\_\_\_, 20\_\_                      CUSIP NO.: \_\_\_\_\_

Registered Owner: CEDE & Co.

Principal Amount: \_\_\_\_\_ and No/100 Dollars

Alaska Municipal Bond Bank (herein called the "Bank"), a public body corporate and politic, constituted as an instrumentality of the State of Alaska, organized and existing under and pursuant to the laws of the State of Alaska, acknowledges itself indebted to, and for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum specified above on the Maturity Date specified above, and to pay to the registered owner hereof interest on such principal sum from the date hereof to the date of maturity of this Bond at the rate per annum specified above, payable \_\_\_\_\_ 1, 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 San Francisco, California, 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 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 Three Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal will be payable upon presentation and surrender hereof at the corporate trust office of the Trustee. Interest shall be computed on the basis of a 360-day year composed of twelve thirty-day months. Both principal of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

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

This Bond is one of a series of Bonds (the "2014 Series Three Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_ under the Resolution of the Bank and a series resolution of the Bank, adopted \_\_\_\_\_, 2014, and entitled: "A Series Resolution Authorizing the Issuance of General Obligation and Refunding Bonds, 2014 Series Three, of the Alaska Municipal Bond Bank" (said resolutions being herein collectively called the "Resolutions").

Copies of the Resolutions are on file at the office of the Bank and at the corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made

for a description of the pledges and covenants securing the 2014 Series Three Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2014 Series Three Bonds with respect thereto; and the terms and conditions upon which the Bonds are issued and may be issued thereunder; to all of the provisions of which the registered owner of this Bond, by acceptance of this Bond, consents and agrees. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Bank, with the written consent of the registered owners of at least two-thirds in principal amount of the Bonds then outstanding and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the registered owners of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding.

The 2014 Series Three Bonds are subject to redemption prior to their respective scheduled maturities as set forth below.

The 2014 Series Three 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 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 Three Bonds maturing on \_\_\_\_\_ 1, 20\_\_ (the "Term Bonds") are subject to redemption on \_\_\_\_\_ 1 of the following years and in the following principal amounts at 100% of the principal amount of the 2014 Series Three Bonds to be redeemed plus accrued interest, if any, to the redemption date.

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

<u>Year</u>	<u>Sinking Fund Requirement</u>
-------------	---------------------------------

Notice of redemption will be mailed to owners of 2014 Series Three Bonds called for redemption not less than 30 days nor more than 60 days before the redemption date. Interest on any 2014 Series Three Bonds called for redemption will cease on the redemption date.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Bank kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered 2014 Series Three Bond or Bonds in the same aggregate principal amount and of the same maturity, in authorized denominations,

shall be issued to the transferee in exchange therefor as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed.

The 2014 Series Three Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of 2014 Series Three Bonds maturing in the year of maturity of the Bond for which the denomination of the Bond is to be specified. Subject to such conditions and upon payment of such charges, if any, 2014 Series Three Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered 2014 Series Three Bonds of any other authorized denominations, of the same maturity.

The Bank is obligated to pay the principal of and interest on the 2014 Series Three Bonds only from revenues or funds of the Bank, and the State of Alaska is not obligated to pay such principal of or interest on the 2014 Series Three Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged to the payment of the principal of or the interest on the 2014 Series Three Bonds.

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

Neither a member of the Bank nor any person executing the 2014 Series Three Bonds shall be liable personally on the 2014 Series Three Bonds by reason of the issuance thereof.

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

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



modification of, or amendment to, the Resolution as Holder of such Bonds at the time such Bonds are issued.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Alaska and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 2014 Series Three Bonds, together with all other indebtedness of the Bank, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Alaska Municipal Bond Bank has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Executive Director all as of the \_\_\_\_ day of \_\_\_\_\_ 2014.

ALASKA MUNICIPAL BOND BANK

[ S E A L ]

\_\_\_\_\_  
Chairman

A T T E S T:

\_\_\_\_\_  
Executive Director

#### TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 2014 Series Three Bonds of the Alaska Municipal Bond Bank.

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

Date of Authentication:

\_\_\_\_\_  
Authorized Officer

ARTICLE V  
MISCELLANEOUS

Section 501 - Paying Agent.

The Bank of New York Mellon Trust Company, N.A., San Francisco, California, or its successor or assigns, is appointed paying agent for the 2014 Series Three Bonds.

Section 502 - Arbitrage Rebate.

Within 30 days after the end of every fifth Bond Year, and within 60 days of the date when all of the 2014 Series Three Bonds have been retired (or at such other time or times as may then be required by the Code and the applicable Income Tax Regulations), the Bank shall determine the Excess Investment Earnings and pay rebate amounts due the United States of America with respect thereto, as provided in Section 148(f) of the Code and the applicable Income Tax Regulations.

Section 503 - 2014 Series Three Debt Service Account.

There is hereby established as a special account in the Debt Service Fund the "2014 Series Three Debt Service Account," for the purpose of receiving amounts in the Debt Service Fund allocable to the 2014 Series Three Bonds. Such amounts and the earnings thereon shall be deposited and held, and separately accounted for, in the 2014 Series Three Debt Service Account.

Section 504 - Tax Exemption and General Tax Covenant.

The Bank intends that interest on the 2014 Series Three Bonds shall be excludable from gross income for federal income tax purposes pursuant to Section 103 and 141 through 150 of the Code, and the applicable regulations. The Bank covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on the 2014 Series Three Bonds to be included in gross income, as defined in Section 61 of the Code, for federal income tax purposes.

Section 505 - Arbitrage Covenant.

The Bank shall make no use or investment of the gross proceeds of the 2014 Series Three Bonds which will cause the 2014 Series Three Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code. The Bank hereby covenants that so long as any of the 2014 Series Three Bonds are outstanding, the Bank, with respect to the gross proceeds of the 2014 Series Three Bonds, shall comply with all requirements of said Section 148 and of all regulations of

the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

Section 506 - Resolution Clarification.

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

Section 507 - Loan Agreement and Amendatory Loan Agreement.

The Chairman or the Executive Director are each hereby authorized to execute the Loan Agreement and Amendatory Loan Agreement between the Bank and the herein referred to Governmental Units, in a form similar to the forms submitted to and part of the records of the meeting of September 4, 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 Three Resolution, failure of the Bank to comply with the Continuing Disclosure Certificate shall not be considered a default of the Bank's obligations under this 2014 Series Three Resolution, the Resolution or the 2014 Series Three Bonds; however, the Beneficial Owner of any Bond may bring an action for specific performance, to cause the Bank to comply with its obligations under this Section.

Section 509 - Chairman and Executive Director.

The Chairman and the Executive Director are each hereby authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this 2014 Series Three Resolution and to effectuate the issuance and delivery of the 2014 Series Three Bonds. 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 Three Resolution shall take effect immediately on the date hereof (September 4, 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 be applicable  
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 and Refunding Bonds, 2014 Series Three (the "Bonds"). The Bonds are being issued under the General Bond Resolution of the Bank entitled "A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof," adopted July 13, 2005, as amended August 19, 2009 (the "General Bond Resolution"), and Series Resolution No. 2014-03 adopted on September \_\_, 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, 2015, 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 C 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 in all material respects with 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 October 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]"):

WITNESSETH:

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. 2014-03, approved on September \_\_, 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 and Refunding Bonds, 2014 Series Three (the "2014 Series Three 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: \_\_\_\_\_

DRAFT

**EXHIBIT A**

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

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

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

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

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

**EXHIBIT B**

DRAFT

**FORM OF  
AMENDATORY LOAN AGREEMENT**

THIS AMENDATORY LOAN AGREEMENT, dated as of the \_\_\_\_ day of October 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 \_\_\_\_\_, a duly constituted \_\_\_\_\_ of the State (the "[City] [Borough]"):

WITNESSETH:

WHEREAS, pursuant to the Act, the Bank is authorized to issue bonds and loan money (the "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 was authorized to accept a Loan from the Bank, evidenced by its municipal bond; 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, and or refinance, municipal Loans, the Bank adopted its general obligation bond Resolution on July 13, 2005, as amended August 19, 2009 (the "General Bond Resolution"); and

WHEREAS, the Bank made a Loan to the [City] [Borough] from proceeds of the Bank's \_\_\_\_\_ Bonds, \_\_\_\_\_ Series \_\_ ("\_\_\_\_\_ Series \_\_ Bonds") in the amount of \$ \_\_\_\_\_, evidenced by a Loan Agreement dated \_\_\_\_\_, \_\_\_\_\_ (the "Loan Agreement") between the Bank and the [City] [Borough]; and

WHEREAS, the Bank's \_\_\_\_\_ Series \_\_ Bonds were issued pursuant to the terms of the Bank's General Bond Resolution, adopted May 27, 1976, as amended and supplemented by a series resolution [WHEREAS, the Bank's \_\_\_\_\_ Series \_\_ Bonds were issued pursuant to the terms of the Bank's General Bond Resolution, adopted July 13, 2005, as amended and supplemented by a series resolution]; and

WHEREAS, as security for repayment of the Loan, the [City] [Borough] issued its \_\_\_\_\_ Bond, \_\_\_\_\_ Series \_\_ of the [City] [Borough], dated \_\_\_\_\_ 1, \_\_\_\_\_ (the "Municipal Bond") of which the Bank is the registered owner; and

WHEREAS, the Bank has determined that refunding a portion of the \_\_\_\_\_ Series \_\_ Bonds will result in a debt service savings thereon and on the Municipal Bond; and

WHEREAS, pursuant to the terms of the General Bond Resolution the Bank adopted Series Resolution No. 2014-03, approved on September \_\_, 2014 (the "Series



Resolution" and, together with the General Bond Resolution, the "Bond Resolution") authorizing the issuance of its General Obligation and Refunding Bonds, 2014 Series Three (the "Refunding Bonds") to, in part, refund a portion of the \_\_\_\_ Series \_\_ Bonds; 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; and

WHEREAS, to effect the proposed refunding and resulting debt service savings on the \_\_\_\_ Series \_\_ Bonds and the Municipal Bond, and to conform the terms of the Loan Agreement to the current practices of the Bank, it is necessary to amend the terms of the Loan Agreement and the Municipal Bond as provided herein.

NOW, THEREFORE, the parties agree as follows:

1. The Bank will refund a portion of the outstanding \_\_\_\_ Series \_\_ Bonds as provided in the Series Resolution. The amounts of the principal installments of the Municipal Bond corresponding to the refunded maturities of the \_\_\_\_ Series \_\_ Bonds, and the interest payable thereon, shall be adjusted pro rata in accordance with the debt service payable on the Refunding Bonds. The Municipal Bond henceforth shall mature in the principal amounts and bear interest at the rates per annum as stated on Exhibit A appended hereto.

2. The refunding Municipal Bond shall be subject to optional prepayment prior to maturity on and after the same date, and on the same terms as the Refunding Bonds may be subject to optional redemption.

3. Section 14 of the Loan Agreement is amended to include the following:

The [City] [Borough] further agrees that if the outstanding principal amount of its bonds held by the Bank under the General Bond Resolution equals or exceeds ten percent of the outstanding principal of all bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement for purpose 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 \_\_ under the heading "Summaries of Borrowers Representing 10% in More of Outstanding Principal of Bonds Issues Under the 2005 Bond Resolution" to the Official Statement and attached hereto as Exhibit B.

4. A new section \_\_\_\_ is added to the Loan Agreement to include the following:

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 Bank upon request.

5. A new section \_\_\_ is added to the Loan Agreement to include the following:

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. The [City] [Borough] further agrees that the yield on amounts held in such debt service reserve account shall be restricted to a yield not in excess of \_\_\_\_\_ percent.

6. A new Section \_\_\_ is added to the Loan Agreement to include the following:

(a) The [City] [Borough] hereby certifies that all Municipal Bond proceeds, except for those proceeds that are accounted for as transferred proceeds in the arbitrage certificate for its refunding Municipal Bond, have been expended prior to the date hereof.

(b) The [City] [Borough] hereby certifies that all required rebate calculations relating to the Municipal Bond have been timely performed and the [City] [Borough] has remitted any necessary amount(s) to the Internal Revenue Service.

(c) The [City] [Borough] hereby certifies that the Municipal Bond, or any portion thereof, has not previously been advance refunded.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Loan Agreement as of the date first set forth above.

ALASKA MUNICIPAL BOND BANK

By: \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

[CITY] [BOROUGH], ALASKA

By: \_\_\_\_\_

Its: \_\_\_\_\_

DRAFT

**EXHIBIT A**

\_\_\_\_\_, Alaska  
\_\_\_\_\_, \_\_\_\_ Series \_\_, As Amended on \_\_\_\_\_, 20\_\_

Principal Sum of \$ \_\_\_\_\_

Principal Payment Date  
( \_\_\_\_\_ 1, 20\_\_ )

Principal  
Amount

Interest  
Rate

DRAFT

**EXHIBIT B**

DRAFT

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 11, 2014**

**New Issue  
Book-Entry Only**

**Fitch Rating: Applied for  
Standard & Poor'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 2014 Series Three Bonds is excludable from gross income of owners thereof for federal income tax purposes. Interest on the 2014 Series Three Bonds is not treated as a tax preference item for purposes of either the individual or corporate alternative minimum tax. However, interest on the 2014 Series Three Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein.*

**\$57,565,000\***

**Alaska Municipal Bond Bank  
General Obligation and Refunding Bonds, 2014 Series Three**

**Dated: Date of Delivery**

**Due: As shown on inside cover**

The Alaska Municipal Bond Bank (the "Bond Bank") is issuing \$57,565,000\* principal amount of General Obligation and Refunding Bonds, 2014 Series Three (the "2014 Series Three Bonds"). The 2014 Series Three Bonds initially will be issued as fully registered bonds, in book-entry only form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will serve as depository for the 2014 Series Three Bonds. Individual purchases of the 2014 Series Three Bonds will be made in principal amounts of \$5,000 or integral multiples thereof within a single maturity. Purchasers of the 2014 Series Three Bonds will not receive certificates representing their beneficial ownership interests in the 2014 Series Three Bonds. Interest on the 2014 Series Three Bonds will accrue from the date of delivery of the 2014 Series Three Bonds, or from the most recent interest payment date to which interest has been paid, and is payable on each April 1 and October 1, commencing April 1, 2015.

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

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

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

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

The 2014 Series Three Bonds are offered when, as and if issued, subject to the approving legal opinion of Wohlforth, Brecht & Cartledge 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 Three Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York, on or about October \_\_, 2014.

RBC Capital Markets

KeyBanc Capital Markets Inc.

\* - Preliminary, subject to change.

*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.*

**\$57,565,000\***  
**Alaska Municipal Bond Bank**  
**General Obligation and Refunding Bonds**  
**2014 Series Three**

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

Due October 1	Amount	Interest Rate	Yield	CUSIP Number <sup>(1)</sup> 01179R	Due October 1	Amount	Interest Rate	Yield	CUSIP Number <sup>(1)</sup> 01179R
2015	\$	%	%		2033	\$	%	%	
2016					2034				
2017					2035				
2018					2036				
2019					2037				
2020					2038				
2021					2039				
2022					2040				
2023					2041				
2024					2042				
2025					2043				
2026					2044				
2027					2045				
2028					2046				
2029					2047				
2030					2048				
2031					2049				
2032									

\$ \_\_\_\_\_ . % Term Bond due October 1, 20\_\_; yield \_\_. \_\_ %  
 CUSIP Number 01179R \_\_\_\_

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\* - Preliminary, subject to change.



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

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

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

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

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

**Board of Directors**

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

**Executive Director**

Deven J. Mitchell

**Bond Counsel**

Wohlforth, Brecht & Cartledge, APC  
Anchorage, Alaska

**Trustee**

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

**Municipal Advisor**

Western Financial Group, LLC  
Portland, Oregon

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

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## **OFFICIAL STATEMENT**

**\$57,565,000\***

### **ALASKA MUNICIPAL BOND BANK GENERAL OBLIGATION AND REFUNDING BONDS 2014 SERIES THREE**

#### **INTRODUCTION**

This Official Statement is furnished by the Alaska Municipal Bond Bank (the "Bond Bank") to provide information regarding the Bond Bank in connection with the sale of its \$57,565,000\* principal amount of General Obligation and Refunding Bonds, 2014 Series Three (the "2014 Series Three Bonds"). The Bond Bank was created pursuant to Alaska Statutes 44.85.005 – 44.85.420, as amended (the "Act"), for the primary purpose of lending money to Governmental Units in the State of Alaska (the "State") including the purchase of Municipal Bonds issued by such Governmental Units. Certain capitalized terms used in this Official Statement, and not otherwise defined herein, are defined under "DEFINITIONS."

All references herein to agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the 2014 Series Three Bonds are further qualified by reference to the information with respect thereto contained in the 2005 General Obligation Bond Resolution, adopted by the Board of Directors of the Bond Bank on July 13, 2005, as amended on August 19, 2009 (the "2005 General Bond Resolution"), and Series Resolution No. 2014-\_\_ adopted by the Board of Directors of the Bond Bank on September 4, 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 THREE BONDS**

##### **Authorization and Purpose**

The 2014 Series Three Bonds are being issued pursuant to the terms of the Bond Resolution, and are the thirtieth series of Bonds issued under the 2005 General Bond Resolution.

The 2014 Series Three Bond proceeds are being used for the following purposes: (i) to make two loans to Governmental Units for new money purposes; (ii) to refund bonds previously issued by the Bond Bank; and (iii) to pay a portion of the costs of issuance of the 2014 Series Three Bonds. A portion of the proceeds of the 2014 Series Three Bonds will be loaned: (a) to the City and Borough of Juneau to fund various capital improvements; and (b) to the City and Borough of Sitka to fund improvements to Sitka's hydroelectric system.

A portion of the proceeds of the 2014 Series Three Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank (the "Refunded Bonds"). The Bond Bank will refund and redeem the Refunded Bonds listed in the table on the following page.

\* - Preliminary, subject to change.

## DETAILS OF THE REFUNDING CANDIDATES

<u>Series Designation</u>	<u>Principal Amount</u> <sup>1</sup>	<u>Maturities</u>	<u>Redemption Date</u>
2004 Series B Revenue	\$4,255,000	2015 to 2034, inclusive	October __, 2014
2004 Series D General Obligation	910,000	2015 to 2024, inclusive	November 1, 2014
2005 Series C General Obligation	18,035,000	2016 to 2025, inclusive	October 1, 2015
2005 Series One General Obligation	3,340,000 <sup>2</sup>	2016 to 2025, inclusive <sup>2</sup>	June 1, 2015
2006 Series One General Obligation	4,605,000	2017 to 2026, inclusive	June 1, 2015

(1) All Refunded Bonds subject to call are callable at a price of par on the redemption date.

(2) Reflects partial redemption of certain maturities.

### Refunding Plan

A portion of the net proceeds from the sale of the 2014 Series Three Bonds will be deposited in a redemption account (the "Redemption Account") and used, together with other legally available funds, to deposit cash and to purchase Escrow Obligations (as defined below) to be held by The Bank of New York Trust Company, N. A., San Francisco, California, (the "Escrow Agent") under an escrow deposit agreement (the "Escrow Deposit Agreement"), dated the date of delivery of the 2014 Series Three Bonds, between the Bond Bank and the Escrow Agent. Funds deposited in the Redemption Account will be used to purchase direct obligations of, or obligations on which the principal and interest are unconditionally guaranteed by, the United States of America (the "Escrow Obligations"). The Escrow Obligations will mature at such times and pay interest in such amounts so that, with other available funds held by the Escrow Agent under the Escrow Deposit Agreement, sufficient moneys will be available to pay the interest on the Refunded Bonds coming due on and prior to their respective redemption or purchase dates and to pay the redemption price of the Refunded Bonds on their redemption dates. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

### Sources and Uses of Funds

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

#### Sources of Funds:

Par Amount of 2014 Series Three Bonds	\$
Net Original Issue Premium/(Discount)	
Alaska Municipal Bond Bank Contribution	
Total Sources of Funds	\$

#### Uses of Funds:

Deposit to Redemption Account	\$
Loan to the City and Borough of Juneau	
Loan to the City and Borough of Sitka	
Deposit to the Bond Bank Reserve Fund	
Costs of Issuance	
Underwriters' Discount	
Total Uses of Funds	\$

# DESCRIPTION OF THE 2014 SERIES THREE BONDS

## General Description

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

## 2014 Series Three Bonds

The 2014 Series Three Bonds mature on the dates and bear interest at the rates set forth on the inside cover page of this Official Statement. The 2014 Series Three Bonds are issuable in denominations of \$5,000 or any integral multiple thereof within a single maturity, are dated as of the date of delivery and bear interest from their date payable on April 1, 2015, and semiannually thereafter on each October 1 and April 1 to their date of maturity or prior redemption, whichever may occur first.

## Optional Redemption

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

## Mandatory Redemption

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

<u>Date</u>	<u>Principal Amount</u>
October 1, 20__	\$
October 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 Three Bonds are to be redeemed, the Trustee will mail a notice of redemption to the registered owner of any 2014 Series Three Bond all or a portion of which is to be redeemed, at the owner’s last address appearing on the registration books of the Bond Bank kept by the Trustee. When all of the 2014 Series Three Bonds are held under the DTC book-entry system, such notice will be sent to DTC, and any notice to the beneficial owners of the 2014 Series Three Bonds will be the responsibility of DTC Participants. Neither the Bond Bank nor the Trustee will provide redemption notices to the beneficial owners.



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

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

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## SECURITY FOR THE 2014 SERIES THREE BONDS

### General

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

As of September 1, 2014, not taking into account the issuance of the 2014 Series Three Bonds, the Bond Bank has outstanding \$52,655,000 of general obligation bonds issued under its 1976 General Bond Resolution, \$841,385,000 of Bonds issued under its 2005 General Bond Resolution and \$4,295,000 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 Three Bonds and other Bonds issued under the 2005 General Bond Resolution, the Bond Bank has established a common Reserve Fund. See "SECURITY FOR THE 2014 SERIES THREE BONDS – 2005 General Bond Resolution Reserve Fund." The Act provides that in order to ensure the maintenance of the Reserve Fund Requirement, the Chair of the Bond Bank is annually required (before each January 30) to make and deliver to the Governor and to the State Legislature a certificate stating the amount, if any, required to restore the Reserve Fund to the amount of the Reserve Fund Requirement. Money received by the Bond Bank from the State pursuant to such certification will, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Reserve Fund Requirement, be deposited in the Reserve Fund. The State Legislature is legally authorized, but not legally obligated, to appropriate such sums during the then current State fiscal year. This provision of the Act does not create a debt obligation on behalf of the State or a legally enforceable obligation of the State.

Beginning in 2009, and continuing through the current fiscal year 2015, the Bond Bank has been obligated to seek and has obtained a standing appropriation within the State's annual operating budget to replenish the Reserve Fund, if necessary. No such replenishment from State appropriation has been necessary. If the Bond Bank must draw on the Reserve Fund because of a default by a Governmental Unit, an amount equal to the amount drawn from the Reserve Fund is appropriated from the State's General Fund to the Reserve Fund. There is no guarantee that the Bond Bank will be able to secure future standing appropriations within the State's operating budget for replenishment of the Reserve Fund.

### Pledge Effected by the 2005 General Bond Resolution

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

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

## **Municipal Bonds**

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

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

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

## **2005 General Bond Resolution Reserve Fund**

The 2005 General Bond Resolution established the Reserve Fund to be held by the Trustee and maintained at an amount equal to the Reserve Fund Requirement. The Reserve Fund Requirement is equal to the least of the following: (i) 10% of the initial principal amount of each Series of Bonds then Outstanding; (ii) Maximum Annual Debt Service with respect to all Bonds Outstanding; (iii) 125% of Average Annual Debt Service on all Bonds Outstanding; or (iv) such lower amount as may be required by law. See “DEFINITIONS – Required Debt Service Reserve.” The Reserve Fund has been funded with Bond proceeds and cash deposits from the Bond Bank. The Reserve Fund does not contain any surety policies or other forms of liquidity facility. The Reserve Fund Requirement may, however, be satisfied entirely, or in part, by a letter of credit, line of credit, credit facility, surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds. As of August 31, 2014, the amortized valuation of the Reserve Fund was approximately \$\_\_\_ million (unaudited), an amount sufficient to satisfy the Reserve Fund Requirement. As of that date, approximately \_\_\_% 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 Fund 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 2015, the State has included in its operating budget a standing appropriation to replenish the Reserve Fund, if necessary. The 28th Alaska Legislature passed the State's annual operating budget (for fiscal year 2015) which includes a standing appropriation to replenish the Bond Bank's Reserve Fund for fiscal year 2015. While the Bond Bank has been obligated to seek and has obtained such a standing appropriation within the State’s annual operating budget, the State is not obligated, legally or otherwise, to include the appropriation in its annual operating budget. This credit feature is in addition to the moral obligation feature discussed below.

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

to the Reserve Fund Requirement. 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 Reserve Fund Requirement 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 Reserve Fund Requirement. The Bond Bank has never reported a deficiency in any of the reserve funds held by the Bond Bank.

*Custodian Account.* Money not held by the Trustee in the Reserve Fund or in reserves for bonds issued under other bond resolutions is maintained by the Bond Bank in an account herein referred to as the Custodian Account (the “Custodian Account”). The Custodian Account contains direct and indirect State appropriations, prior year retained earnings not subject to the statutory annual earnings transfer, and current year investment earnings. As of June 30, 2013, the Custodian Account cash and cash equivalents and investments at fair value balance (audited) totaled \$23,365,797. As of August 30, 2014 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 2015, all fiscal year earnings due to the State’s general fund by statute have been appropriated to the Bond Bank’s Custodian Account. The State Legislature may, but is under no legal obligation to, appropriate statutory earnings back to the Bond Bank. The entire Custodian Account balance is available for appropriation, at any time, by the State Legislature.

### **State Payments**

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

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

### **Pledge of the State**

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

# THE ALASKA MUNICIPAL BOND BANK

## Organization

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

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

## Board of Directors

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

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

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

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

## **Management**

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

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

## **Future Financing Plans**

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

The 28th Alaska Legislature passed Senate Bill 218 ("SB 218"), which authorizes the Bond Bank to make a loan(s) to the University of Alaska in a principal amount not to exceed \$87.5 million for purposes of financing a portion of the design, construction, acquisition and construction of a new heat and power plant located at the University of Alaska Fairbanks.

The total amount of Bond Bank bonds and notes outstanding at any one time may not exceed \$1.5 billion. As of September 1, 2014, the total principal amount of the Bond Bank's bonds and notes outstanding, not including the 2014 Series Three Bonds, was \$913,066,329.

## **Debt Payment Record**

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

## **BONDS OUTSTANDING**

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

### **1976 General Bond Resolution**

As of September 1, 2014, the Bond Bank has issued \$721,985,000 of general obligation bonds under the 1976 General Bond Resolution, \$52,655,000 of which remain outstanding.

### **2005 General Bond Resolution**

The 2014 Series Three Bonds are the thirtieth issue of Bonds under the 2005 General Bond Resolution. As of September 1, 2014, the Bond Bank has issued \$970,785,000 of general obligation bonds under the 2005 General Bond Resolution (not including the principal amount of the 2014 Series Three Bonds), \$841,385,000 of which remains outstanding.

### **2010 Municipal Obligation Bond Resolution**

On November 2, 2010, the Bond Bank's Board of Directors approved the 2010 Municipal Obligation Bond Resolution (the "2010 Resolution"). Bonds issued pursuant to the terms of the 2010 Resolution are general obligation bonds, equally and ratably secured by a pledge and assignment of all obligations acquired by the Bond Bank under the 2010 Resolution. As of September 1, 2014, the Bond Bank has issued \$4,765,000 of general obligation bonds under the 2010 Resolution, \$4,295,000 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. As of the date of this Official Statement there are no Authority revenue bonds outstanding. As of September 1, 2014, \$4,255,000 of revenue bonds issued by the Authority remains outstanding. Those bonds will be refunded with proceeds of the 2014 Series Three Bonds.

### **Coastal Energy Impact Program**

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

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

The CEIP loans are administered directly by NOAA without involvement of the Bond Bank. Bonds issued for the CEIP are not secured by a pledge of any amounts held by or payable to the Bond Bank under the 2005

General Bond Resolution, including the Reserve Fund, nor are they secured directly or indirectly by any reserve account created under the Act.

### **Direct Loans**

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

As of September 1, 2014, the Bond Bank holds \$1,632,330 of City of Galena Utility Revenue Bonds and \$177,557 of City of Galena appropriation obligations in its financial portfolio. The loans to the City of Galena are the result of Legislative appropriation to the Bond Bank specifically for this purpose.

### **Loans from the State of Alaska**

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

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

	<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
I. Total 2005 General Bond Resolution G.O. Bonds <sup>(1)</sup>	\$1,028,350,000 <sup>(1)</sup>	\$891,005,000 <sup>(1)</sup>
II. Total 1976 General Bond Resolution G.O. Bonds	721,985,000	33,710,000 <sup>(1)</sup>
III. Total 2010 Resolution G.O. Bonds	4,765,000	4,295,000
IV. Coastal Energy Impact Loan Program	35,456,046	10,581,495

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

Debt Limit (Section 44.85.180 of the Act)		\$1,500,000,000 <sup>(2)</sup>
Less Outstanding Bonds		
General Obligation Bonds		
1976 General Bond Resolution	\$33,710,000	
2010 Resolution	4,295,000	
2005 General Bond Resolution	891,005,000 <sup>(1)</sup>	\$929,010,000 <sup>(1)</sup>
Coastal Energy Loan Program		<u>10,476,329</u>
Total Outstanding Debt		\$939,486,329 <sup>(1)</sup>
Remaining Debt Capacity		<u>\$560,513,671<sup>(1)</sup></u>

(1) Includes the 2014 Series Three Bonds. Total is subject to change. Total reflects the redemption and defeasance of the Refunded Bonds.

(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 THREE BONDS<sup>(1)</sup>  
(Fiscal Years Ending June 30)**

Fiscal Year	Existing Debt Service <sup>2</sup>	2014 Series Three Principal	2014 Series Three Interest	Total Debt Service
2015	83,050,761	\$	\$	\$
2016	83,644,125			
2017	81,311,448			
2018	83,746,976			
2019	79,774,085			
2020	75,781,434			
2021	72,524,064			
2022	69,415,022			
2023	71,322,832			
2024	64,719,769			
2025	55,004,623			
2026	50,468,534			
2027	49,603,353			
2028	50,429,487			
2029	45,660,345			
2030	37,294,821			
2031	36,314,212			
2032	31,418,548			
2033	30,908,353			
2034	23,020,147			
2035	16,041,760			
2036	16,059,481			
2037	11,710,302			
2038	11,434,160			
2039	9,820,053			
2040	8,001,550			
2041	8,002,450			
2042	8,005,950			
2043	8,011,100			
2044	8,012,450			
2045	5,429,500			
2046	5,429,750			
2047	5,428,500			
2048	2,155,000			
2049	2,152,500			
2050				
	\$1,301,107,443	\$	\$	\$

(1) Totals may not foot due to rounding. The 2014 Series Three Bonds are the thirtieth Series of Bonds issued under the 2005 General Bond Resolution. Preliminary, subject to change.

(2) Reflects early redemption of Refunded Bonds to first call date for each respective series.

## **SUMMARY OF THE 2005 GENERAL BOND RESOLUTION**

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

### **2005 General Bond Resolution Constitutes Contract**

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

### **Obligation of Bonds**

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

### **Pledge**

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

### **Power to Issue Bonds and Make Pledges**

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

### **General**

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

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

### **Waiver of Laws**

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

### **Loan Agreement Provisions**

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

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

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

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

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

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

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

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

### **Modification of Loan Agreement Terms**

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

### **Enforcement of Municipal Bonds**

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

### **Funds and Accounts**

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Security for Deposits**

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

## **Payment of Bonds**

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

## **Fees and Charges**

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

## **Issuance of Additional Obligations**

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

- (a) the aggregate principal amount of Bonds and Notes Outstanding at the time of issuance and delivery of such additional Bonds including the principal amount of such additional Bonds, will not exceed any limit thereon imposed by State law;
- (b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the 2005 General Bond Resolution or any Series Resolution to be paid into the Debt Service Fund and into the Reserve Fund;
- (c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds, will not be less than the Required Debt Service Reserve; and
- (d) the maturities of, or Sinking Fund Installments for, the additional Bonds representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds, will be equal to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

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

## **Defeasance**

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

## **Supplements and Amendments**

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

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



## Events of Default and Remedies

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

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

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

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

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

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

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

(b) by bringing suit upon the Bonds;

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

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

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

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

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

### **Excess Earnings**

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

### **Modifications to the 2005 General Bond Resolution**

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

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

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

## **LITIGATION**

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

## **CERTAIN LEGAL MATTERS**

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

Certain legal matters will be passed upon for (i) the Municipality of Anchorage, the City and Borough of Sitka, Haines Borough and the City and Borough of Juneau by its bond counsel, K&L Gates LLP of Seattle, Washington, (ii) the City of Nome, Petersburg Borough and the Northwest Arctic Borough by their bond counsel, Birch, Horton, Bittner & Cherot of Anchorage, Alaska, (iii) the City of Seward and Kenai Peninsula Borough by their bond counsel Wohlforth, Brecht & Cartledge APC of Anchorage, Alaska and (iv) the City of Adak by its co-bond counsel, Foster Pepper PLLC of Seattle, Washington, and the Levesque Law Group, LLC of Anchorage, Alaska.

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

The firm of Foster Pepper PLLC, of Seattle, Washington has secured the consent of the Underwriters and the City of Adak regarding the multiple representations of clients in this transaction.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

\_\_\_\_\_, independent certified public accountants, will verify the mathematical accuracy of certain computations provided by the Underwriter regarding (a) the adequacy of the maturing principal amounts of and interest on the Escrow Obligations, together with an initial cash deposit, to pay the redemption price of and interest on the Refunded Bonds and (b) the actuarial yields on the 2014 Series Three Bonds and the Escrow Obligations. Such verifications have been relied upon by the Bond Bank's Bond Counsel to support its conclusion that the 2014 Series Three Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986.

## **UNDERWRITING**

The 2014 Series Three Bonds are to be purchased by RBC Capital Markets, LLC and KeyBanc Capital Markets, Inc. (the "Underwriters") from the Bond Bank at an aggregate purchase price of \$ (equal to the aggregate principal amount of the 2014 Series Three Bonds, plus a net original issue premium of \$ , less Underwriters' discount of \$ \_\_\_\_\_), subject to the terms of a Bond Purchase Contract between the Bond Bank and the Underwriters. The Bond Purchase Contract provides that the Underwriters will purchase all of the 2014 Series Three Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Contract, including the approval by counsel of certain matters.

The initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement may be changed from time to time by the Underwriters without prior notice to any person after the date of the sale of the 2014 Series Three Bonds. The Underwriters may offer and sell the 2014 Series Three Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement.

## **MUNICIPAL ADVISOR**

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

## **FINANCIAL STATEMENTS**

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

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

## **TAX MATTERS**

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

determining adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

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

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

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

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

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

Original Issue Discount. The 2014 Series Three Bonds maturing October 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 Three Bonds.

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

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

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

Original Issue Premium. The 2014 Series Three Bonds maturing October 1, 20\_\_ through and including October 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 Three Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2014 Series Three Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2014 Series Three Bonds or the market value thereof would be impacted thereby. Purchasers of the 2014 Series Three Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2014 Series Three Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2014 Series Three Bonds, the Bond Bank may have different or conflicting interests from the Owners. Public awareness of any future audit of the 2014 Series Three Bonds could adversely affect the value and liquidity of the 2014 Series Three Bonds during the pendency of the audit, regardless of its ultimate outcome.

## RATINGS

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

## CONTINUING DISCLOSURE UNDERTAKING

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

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

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

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

relating to any such actions, other than in accordance with its terms; (f) appointment of a successor or additional trustee or the change in name of the Trustee for the 2014 Series Three Bonds.

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

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

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

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

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

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

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

### **Prior Compliance with Continuing Disclosure Undertakings Under the Rule**

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



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

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

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

## SOURCES OF CERTAIN INFORMATION

As of the date of this Official Statement, the Governmental Units which have loan obligations in an amount of ten percent (10%) or greater in the pool of loans financed with proceeds of Bonds are the City and Borough of Sitka (15.74%), the Kenai Peninsula Borough (14.35%), the City and Borough of Juneau (12.67%), the City of Ketchikan (12.55%), and the Kodiak Island Borough (10.51%). These Governmental Units are considered "Obligated Persons" under the Rule and have provided the information appearing in Appendix D of this Official Statement.

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

## DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**"Reserve Fund Requirement"** — The amount required to be on deposit in the 2005 General Bond Resolution Reserve Fund is the least of the following: (i) 10% of the initial stated principal amount of each Series of Bonds then Outstanding; (ii) maximum annual principal and interest requirements on all Bonds then Outstanding; (iii) 125% of average annual principal and interest requirements on all Bonds then Outstanding; or (iv) such lesser amount as shall be required by law. The Reserve Fund Requirement may be satisfied entirely, or in part, by Credit

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

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

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

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

## **MISCELLANEOUS**

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

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

## **PRELIMINARY OFFICIAL STATEMENT**

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

## **OFFICIAL STATEMENT**

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

### **ALASKA MUNICIPAL BOND BANK**

/s/

\_\_\_\_\_  
Deven J. Mitchell  
Executive Director

APPENDIX A

Form of Legal Opinion

## APPENDIX B

### State Payments to Governmental Units

## Appendix B

### State Payments to Governmental Units

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

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

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

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

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

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

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

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

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

## Alaska Municipal Bond Bank Capability to Intercept Funds

	FY 2013 Shared Taxes & Fees one time transfers for 7 categories of tax and license type (updated in December annually)	FY 2015 DOT Reimbursement Program transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2015 Projected School Debt Reimbursement transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2015 Projected Education Support transferred in 12 level monthly installments during fiscal year (current year annual appropriation)	Matching Grants as of August 1, 2014 will be drawn down as projects are completed (current and past year capital grant appropriations) (1)	FY 2015 Community Jails - Transferred in 12 level monthly payments during fiscal year (current year annual appropriation)	FY 2014 PILT transfers	Revenue Sharing FY 2015 disbursed at one time by October of fiscal year (current year annual appropriation)	Total Intercept Capability	Fiscal Year 2015 Total Debt Service (2)	Coverage Ratio
<b>Boroughs</b>											
Aleutians East Borough	\$2,082,874	\$468,794	\$712,598	\$510,514	\$7,167,369	0	\$0	\$386,351	\$11,328,500	\$2,606,701	4.35
Municipality of Anchorage (3)	0	0	51,372,307	364,486,109	492,211,183	0	0	14,642,219	\$922,711,818	\$77,199	11,952.42
Haines Borough (3)	486,904	0	908,729	2,906,456	37,144,574	383,440	0	598,985	\$42,429,088	1,557,372	27.24
City & Borough of Juneau (3)	4,662,940	0	14,120,698	43,189,712	27,646,880	0	0	2,034,988	\$91,655,218	14,668,651	6.25
Kenai Peninsula Borough (3)	1,473,978	0	3,084,544	88,600,671	20,973,000	0	0	2,124,472	\$116,256,665	14,135,880	8.22
Ketchikan Gateway Borough	2,639,506	0	2,804,199	25,976,159	15,233,181	0	0	625,356	\$47,278,401	5,930,298	7.97
Kodiak Island Borough	1,222,846	932,676	4,190,420	28,835,618	8,537,000	0	0	699,804	\$44,418,364	7,858,622	5.65
Lake & Peninsula Borough	\$386,805	\$0	1,901,415	9,018,966	312,191	0	0	427,173	\$12,046,550	2,421,820	4.97
Northwest Arctic Borough (3)	6,695	0	4,228,145	37,807,275	13,376,093	944,172	0	427,738	\$56,790,118	6,314,385	8.99
Petersburg Borough (3)	1,056,400	0	492,518	6,151,396	13,761,675	308,020	512,947	534,072	\$22,817,028	1,569,523	14.54
City & Borough of Sitka (3)	1,641,483	0	2,519,241	15,254,347	40,710,278	694,660	0	905,101	\$61,725,110	11,768,293	5.25
Municipality of Skagway	3,485,620	0	0	789,803	12,891,013	0	0	430,183	\$17,596,619	493,810	35.63
City & Borough of Wrangell	409,023	0	205,940	3,592,431	7,650,935	578,010	0	595,505	\$13,031,844	364,675	35.74
<b>Cities</b>											
Adak (3)	\$256,322	\$0	\$0	\$0	\$0	\$0	\$0	\$109,309	\$365,631	106,798	3.42
Bethel*	\$3,937	\$0	\$0	\$0	\$31,894,450	\$0	\$804,164	\$391,252	\$33,093,803	\$295,225	112.10
Cordova	1,517,031	350,120	966,117	3,795,643	11,792,912	240,080	393,230	204,262	19,259,395	1,677,311	11.48
Dillingham	419,943	0	823,059	7,471,673	2,416,160	641,300	422,987	208,636	12,403,758	1,176,090	10.55
Hoonah	756,778	0	68,819	2,315,721	17,781,885	0	137,204	133,530	21,193,937	110,075	192.54
Homer*	197,140	0	0	0	7,943,000	753,410	0	337,544	9,231,094	287,350	32.12
Ketchikan*	2,465,255	0	0	0	31,224,726	0	0	486,957	34,176,938	9,263,665	3.69
Kenai*	363,172	0	0	0	13,669,600	0	14,252	436,824	14,483,848	176,198	82.20
King Cove*	524,085	0	0	0	1,061,040	0	0	139,926	1,725,051	263,927	6.54
Kodiak*	1,371,504	0	0	0	31,629,022	1,208,290	0	394,074	34,602,890	971,604	35.61
Nome (3)	54,785	0	222,509	9,776,384	24,635,000	0	438,945	268,081	35,395,704	714,120	49.57
North Pole*	61,605	0	0	0	2,906,821	0	0	199,888	3,168,314	104,800	30.23
Palmer*	151,713	0	0	0	13,640,852	0	0	382,175	14,174,740	266,450	53.20
Sand Point*	365,756	0	0	0	2,681,252	0	0	143,876	3,190,884	180,580	17.67
Saxman* (3)	0	0	0	0	256,925	0	0	115,329	372,254	3,272	113.78
Seward*	869,806	0	0	0	35,613,179	655,470	0	212,963	37,351,418	3,507,759	10.65
Soldotna*	46,057	0	0	0	10,743,145	0	0	297,475	11,086,677	216,905	51.11
Unalaska	8,542,195	367,445	688,179	5,081,413	2,043,498	762,050	763,584	318,779	18,567,143	3,764,804	4.93
Valdez	485,678	213,188	1,685,751	5,116,179	11,016,057	630,250	703,602	288,868	20,139,573	355,569	56.64
Wasilla*	252,454	0	0	0	17,877,620	0	0	489,403	18,619,477	422,263	44.09

\* 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 associated with bonds sold under the Bond Bank's 1976 Resolution.

(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 SEPTEMBER 1, 2014**  
**(Does Not Include 2014 Series Three Bonds)**

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	132,515,000	15.74%
Kenai Peninsula Borough	120,795,000	14.35%
City and Borough of Juneau	106,620,000	12.67%
City of Ketchikan	105,685,000	12.55%
Kodiak Island Borough	88,505,000	10.51%
Ketchikan Gateway Borough	39,665,000	4.71%
City of Seward	38,905,000	4.62%
City of Unalaska	33,870,000	4.02%
Northwest Arctic Borough	27,890,000	3.31%
Aleutians East Borough	26,925,000	3.20%
Lake & Peninsula Borough	18,225,000	2.16%
City of Cordova	14,325,000	1.70%
City of Kodiak	13,390,000	1.59%
City of Dillingham	11,905,000	1.41%
City of Petersburg	8,940,000	1.06%
City of Nome	5,295,000	0.63%
Municipality of Skagway	5,215,000	0.62%
City of Homer	3,605,000	0.43%
City of Bethel	2,790,000	0.33%
City of Valdez	2,725,000	0.32%
City of Sand Point	2,560,000	0.30%
City of King Cove	2,315,000	0.27%
City of Soldotna	2,120,000	0.25%
City of Wasilla	1,880,000	0.22%
City of Kenai	1,695,000	0.20%
City of Hoonah	1,135,000	0.13%
Haines Borough	1,140,000	0.14%
City of Palmer	860,000	0.10%
City of North Pole	820,000	0.10%
City and Borough of Wrangell	290,000	0.03%
Reserve Obligations	19,225,000	2.28%
<b>Total Outstanding Par</b>	<b>\$841,830,000</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 2015-2024  
(Includes 2014 Series Three Bonds)**

**(Table reflects Loan Payments through fiscal year 2024. Debt service on bonds issued under the 2005 Resolution continues to fiscal year 2050.)**

Borrower	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City of Ketchikan Utility - 2005 Loan	\$1,330,180	\$1,331,680	\$1,332,480							
City of Nome - 2005 Loan	199,500									
Kenai Peninsula Borough Cent. Em. Svcs. Dist. - 2006 Loan	124,400	124,800								
City of Seward - 2005 Port Loan	78,750									
City of Seward - 2005 Refunding	288,750									
City of Seward - 2006 Port Loan	227,000	223,600								
City of Ketchikan Port - 2006 Loan	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	2,539,525
City of Nome - 2007 Refunding	181,397	179,894	177,419	180,247	182,859	180,619	178,609			
Northwest Arctic Borough - 2007 Refunding	256,094	255,856	1,259,844	1,249,172	1,248,350	1,248,825	1,245,163			
City of Petersburg - 2007 Refunding	147,131	141,944	145,919	140,159	144,391	143,681	147,991			
City of Seward - 2007 Refunding	243,859	235,606	241,044	241,709	237,394	238,363	234,525	239,994		
City and Borough of Sitka - 2007 Refunding	845,341	847,319	848,781	851,672	849,219					
City of Wasilla - 2007 Refunding	422,263	420,819	421,681	423,241	424,588					
Kenai Peninsula Borough - 2007 Loan	316,725	313,225	312,625							
City of Petersburg - 2007 Loan	88,925	91,431	88,544	90,778	92,894	90,100	92,356	89,425	91,297	92,906
Aleutians East Borough - 2007 Refunding	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	2,271,750
South Kenai Peninsula Hospital - 2007 Refunding	145,300	144,700	144,100	143,500	142,825	146,950	789,450	788,250	784,350	787,325
City and Borough of Juneau - 2007 III Dock Loan	748,813	747,175	749,575	746,875	749,125	745,500	746,000	745,500	748,875	746,125
City of Bethel - 2007 III Court Facility Loan	295,225	291,838	293,038	294,125	295,125	290,750	291,000	290,750	290,000	293,625
Kenai Peninsula Borough South Hospital Service Area	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	1,119,819
City of Kodiak M&P Loan	126,221	128,671	125,971	128,121	125,121	127,521	125,287	127,878	125,313	127,593
City of Kodiak Lift Loan	244,530	240,330	240,980	241,330	241,380	242,030	243,271	244,186	244,804	245,126
Kodiak Island Borough 2008 One Loan	624,210	622,460	624,960	620,160	624,960	623,960	621,323	623,048	623,360	622,210
City of Dillingham 2008 One Loan	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	1,174,515
Kodiak Police Station 2008 One Loan	531,240	531,990	532,240	529,040	505,640	507,840	509,128	504,990	505,365	505,015
City of Seward Long Term Care 2008 One Loan	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	1,968,725
City and Borough of Sitka 2008 Two Loan	562,045	565,245	562,845	564,725	564,625	564,005	562,355	564,645	565,610	565,423
Municipality of Skagway 2008 Two Loan	391,235	393,035	394,435	395,210	391,110	395,330	393,630	396,210	392,815	393,803
City of Seward 2008 Two Loan	393,886	393,886	393,686	393,151	394,751	393,151	391,176	393,816	395,826	392,276
City of Unalaska 2009 One Loan	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	1,900,694
City of Kodiak 2009 One Boat Lift Loan	69,613	68,713	67,713	71,588	70,338	69,088	67,838	71,463	69,963	68,425
City of Unalaska 2009 Two Loan	559,025	558,775	558,800	563,588	560,413					
Kodiak Island Borough 2009 Two Loan										
City of Cordova 2009 Two Loan	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	1,371,719
City of Nome 2009 Two Loan	53,263	52,138	51,075	55,044	53,694	52,269	55,769	54,019	52,181	55,300
City and Borough of Juneau - 2009 Three Loan	1,493,075	1,500,650	1,485,600	1,495,800	1,444,800	1,468,800				0
Ketchikan Gateway Borough-2009 Four Loan	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	1,694,654
Kenai Peninsula Borough-2009 Four Loan	1,055,600									
City of Kenai-2010 One Loan	176,198	178,798	175,398	176,998	178,398	172,704	172,011	171,018	164,725	163,433
Ketchikan Gateway Borough-2010 One Loan	722,050	729,800	725,800	731,000	730,000	728,000				0
Northwest Arctic Borough-2010 One Loan	282,465	283,565	283,165	282,565	281,765	280,765	284,565	281,315	276,127	275,640
City of Petersburg-2010 One Loan	236,269	238,044	239,094	234,494	234,794	234,894	234,794	238,694	235,849	232,010
City of Unalaska-2010 One Loan	425,999	425,149	427,149	428,749	424,949	425,949	426,549	424,299	424,017	417,835

Table Continues on Following Page.

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

Table Continues on Following Page.

City of Petersburg 2012 Three	103,925	101,525	104,838	103,050	105,000	101,500	102,875	104,000	104,875	105,500
Kenai Peninsula Borough (Bear Creek Fire) 2013 One	94,020	97,420	95,620	93,820	97,020	94,520	97,520	95,320	93,120	95,920
City and Borough of Juneau (Bartlett Hospital) 2013 One	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	1,667,513
City and Borough of Juneau 2013 One	204,610	201,010	202,410	203,610	199,610	204,610	200,210	200,810	201,210	201,410
Ketchikan Gateway Borough 2013 One	610,150	608,150	610,550	607,150	608,150	608,400	607,600	611,000	608,400	0
Kodiak Island Borough 2013 One	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	1,690,190
City of Sand Point 2013 One	180,580	183,180	180,580	182,980	180,180	181,680	183,680	180,480	182,280	183,880
City and Borough of Sitka (Harbor) 2013 One	310,700	310,300	309,700	308,900	307,900	310,150	308,550	311,750	309,550	312,150
City and Borough of Sitka (Electric) 2013 One	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	1,757,360
City of Homer 2013 Two	287,350	289,750	292,050	287,850	288,650	289,300	293,300	291,900	290,300	293,500
City of Ketchikan 2013 Two	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	1,077,250
Kodiak Island Borough 2013 Two	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	1,367,288
Municipality of Skagway 2013 Two	67,550	66,950	71,350	70,300	69,250	68,200	71,800	70,200	68,600	72,000
City and Borough of Juneau 2013 Three	905,504	902,325	902,475	903,650	905,450	903,650	902,125	902,000	905,000	902,000
Kenai Peninsula Borough	1,627,504	1,628,725	1,627,300	1,626,550	1,625,550	1,626,600	1,627,325	1,628,500	1,627,675	1,630,175
Lake and Peninsula Borough 2013 Three	1,421,220	1,424,450	1,420,088	1,421,950	1,419,850	1,423,900	1,423,250	1,424,250	1,423,500	1,422,000
City and Borough of Sitka 2013 Three	1,547,678	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975
Kenai Peninsula Borough 2014 One	2,959,268	2,958,056	2,956,280	2,956,670	2,960,067	2,960,062	2,959,103	2,955,849	2,957,500	2,955,500
Kodiak Island Borough 2014 One	1,776,185	1,775,663	1,777,113	1,774,713	1,772,713	1,775,113	1,772,113	1,776,363	1,773,113	1,772,613
City and Borough of Juneau 2014 One	403,859	403,188	403,838	407,838	404,838	406,538	403,138	404,638	405,638	406,138
City of Ketchikan Hospital (G.O.) 2014 Two	1,666,015	1,753,700	1,753,700	2,553,700	2,553,700	2,551,700	2,552,700	2,556,450	2,557,700	2,556,450
City of Ketchikan Harbor (G.O.) 2014 Two	199,048	207,500	203,900	205,300	205,550	205,550	205,300	204,800	209,050	207,800
City of King Cove Electric 2014 Two	160,873	165,250	160,650	161,050	160,050	163,800	42,050	41,050	40,050	39,050
City and Borough of Juneau 2014 Three	216,203	886,700	889,100	889,325	885,300	886,575	884,825	886,950	887,825	887,450
City and Borough of Sitka 2014 Three	352,879	1,049,200	1,049,950	1,049,500	1,046,700	1,051,200	1,048,950	1,051,075	1,047,575	1,048,450
City of Saxman 2014 Three	3,272	12,750	12,650	12,525	12,350	12,125	11,875	11,625	16,250	15,750
City of Adak Refunding 2014 Three	14,723	104,400	107,950	106,075	108,350	104,750	105,625	101,375	102,000	102,375
Municipality of Anchorage Refunding 2014 Three	77,199	317,700	319,950	316,450	316,450	319,675	316,800	313,675	315,175	321,050
Haines Borough Refunding 2014 Three	179,145	427,100	1,204,250	1,199,400	1,205,700	1,202,250	1,197,750	1,201,000	1,201,750	1,195,125
Kenai Peninsula Borough Refunding 2014 Three	27,222	64,900	178,750	180,800	181,500	180,750	184,000	181,875	179,500	186,625
City of Nome Refunding 2014 Three	37,834	268,400	264,800	270,150	268,400	269,375	268,875	267,875	266,375	264,375
Northwest Arctic Borough Refunding 2014 Three	67,069	159,900	447,000	449,600	453,800	449,375	452,625	450,000	446,625	447,375
Petersburg Borough Refunding 2014 Three	60,043	143,150	405,500	403,800	399,250	401,500	406,500	400,750	399,375	402,125
City of Seward 2005 Refunding 2014 Three	14,764	99,550	103,200	106,375	103,750	105,250	106,125	106,750	107,125	102,375
City of Seward 2006 Refunding 2014 Three	47,062	112,200	315,150	314,950	317,400	312,375	315,750	318,375	315,375	316,750
Total Loan Obligation DS	\$82,082,425	\$84,535,950	\$85,434,173	\$83,579,076	\$83,526,997	\$79,685,596	\$76,902,782	\$73,938,897	\$73,592,632	\$69,086,000

## APPENDIX D

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

[to be updated]

<b>Kenai Peninsula Borough - General Fund</b>						
<b>General Obligation Financial Summary</b>						
<b>Municipal Financial Position</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Average</b>
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Municipal Levy	\$26,779,449	\$28,875,124	\$29,058,274	\$30,419,493	\$30,823,497	\$58,500,541.80
Current Year's Collections	\$26,431,968	\$28,375,677	\$28,630,610	\$29,946,804	\$30,382,636	\$57,650,845
Current Collection Rate	98.70%	98.27%	98.53%	98.45%	98.57%	98.55%
Total Year's Collections	\$26,773,902	\$28,863,520	\$29,005,996	\$30,353,606	\$30,382,636	\$58,383,843.40
Total Collection Rate	99.98%	99.96%	99.82%	99.78%	98.57%	99.80%
<b>General Fund</b>						
Total Ending Fund Balance	\$ 25,138,217	\$ 23,025,423	\$ 21,705,814	\$ 21,466,583	\$ 23,310,985	
Unreserved Ending Fund Balance	\$ 24,604,294	\$ 22,864,839	\$ 21,454,058	\$ 21,268,520	\$ 16,296,148	\$40,527,575
Expenditures	\$ 69,119,691	\$ 70,829,556	\$ 72,163,558	\$ 71,347,868	\$ 72,452,478	\$129,385,561
Fund Balance/Expenditures	36%	32%	30%	30%	22%	30%
Total Revenues	\$ 69,797,834	\$ 68,716,762	\$ 70,799,893	\$ 71,108,637	\$ 74,255,493	\$129,722,052
Intergovernmental Revenues	\$ 9,477,866	\$ 8,987,813	\$ 8,538,331	\$ 9,749,464	\$ 10,392,037	\$16,271,826
Percentage Intergovernmental	14%	13%	12%	14%	14%	13%
<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)	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	
Total Revenue and General Obligation Debt	\$ 17,904,000	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	
Governmental GO Debt/Assessed Value (mry)	0.30%	0.32%	0.53%	0.46%	0.40%	
Enterprise GO Debt / Assessed Value (mry)	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Revenue and GO Debt/A.V. (mry)	0.30%	0.32%	0.53%	0.46%	0.40%	
General Obligation Debt Per Capita	\$338	\$380	\$612	\$536	\$473	
Total Revenue and GO Debt Per Capita	\$338	\$380	\$612	\$536	\$473	
<b>General Economic and Demographic Data</b>						
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Annual Growth Rate</b>
Population	52,990	53,578	55,400	56,369	56,756	0.69%
Assessed Value	\$ 5,966,757,000	\$ 6,369,098,000	\$ 6,393,531,000	\$ 6,633,241,000	\$ 6,716,010,000	1.25%
Assessed Value Per Capita	\$ 112,602	\$ 118,875	\$ 115,407	\$ 117,675	\$ 118,331	
Top 10 Tax Payers as a % of Total Assessed Value	15.77%	15.23%	14.38%	16.18%	15.80%	

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

**Kenai Peninsula Borough  
Central Peninsula General Hospital  
Financial Summary**

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



**CITY AND BOROUGH OF SITKA  
GENERAL OBLIGATION FINANCIAL SUMMARY**

<b>Municipal Financial Position</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</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
Municipal Levy	\$5,735,000	\$5,768,331	\$5,799,400	\$5,904,617	\$5,957,735	\$5,833,017
Current Year's Collections	\$5,689,030	\$5,735,962	\$5,753,039	\$5,874,918	\$5,893,452	\$5,789,280
Current Collection Rate	99.20%	99.44%	99.20%	99.50%	98.92%	99.25%
Total Year's Collections	\$5,746,123	\$5,801,822	\$5,807,869	\$5,909,321	\$5,893,452	\$5,831,717
Total Collection Rate	100.19%	100.58%	100.15%	100.08%	98.92%	99.98%
<b>General Fund</b>						
Unreserved Ending Fund Balance	\$ 7,193,254	\$ 8,853,936	\$ 11,508,475	\$ 13,584,873	\$ 14,268,394	\$ 11,081,786
Expenditures	\$ 23,817,458	\$ 23,597,203	\$ 23,260,649	\$ 24,075,729	\$ 23,691,912	\$ 23,688,590
Fund Balance/ Expenditures	30%	38%	49%	56%	60%	46.77%
Total Revenues	\$ 25,925,306	\$ 24,882,306	\$ 24,709,916	\$ 26,584,728	\$ 25,953,885	\$ 25,611,228
Intergovernmental Revenues	\$ 2,393,157	\$ 2,219,501	\$ 2,380,298	\$ 2,659,323	\$ 2,693,860	\$ 2,469,228
Percentage Intergovernmental	9%	9%	10%	10%	10%	9.63%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 50,517,063	\$ 48,467,078	\$ 68,807,401	\$ 68,593,411	\$ 106,145,822	
Revenue Debt - Governmental Funds	\$ 185,250	\$ 175,500	\$ 165,750	\$ 156,000	\$ 146,250	
General Obligation Debt - Governmental Funds	\$ 34,410,000	\$ 32,550,000	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 34,410,000	\$ 32,550,000	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	
Total Revenue and General Obligation Debt	\$ 85,112,313	\$ 81,192,578	\$ 105,273,151	\$ 101,039,411	\$ 137,312,072	
Governmental GO Debt/Taxable Assessed Value	3.65%	3.42%	3.69%	3.26%	3.10%	
Total Revenue and GO Debt/A.V.	9.04%	8.52%	10.69%	10.20%	13.72%	
General Obligation Debt Per Capita	\$3,989	\$3,665	\$4,138	\$3,607	\$3,415	
Total Revenue and GO Debt Per Capita	\$9,866	\$9,142	\$12,000	\$11,287	\$15,116	
<b>General Economic and Demographic Data</b>						
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012</b>	<b>Annual Growth Rate</b>
Population	8,627	8,881	8,773	8,952	9,084	1.47%
Taxable Assessed Value	\$ 941,464,880	\$ 953,574,685	\$ 985,073,129	\$ 990,930,238	\$ 1,001,066,784	0.59%
Assessed Value Per Capita	\$ 109,130	\$ 107,372	\$ 112,285	\$ 110,694	\$ 110,201	
Top 10 Tax Payers as a % of Assessed Value	8.36%	8.21%	7.64%	7.57%	7.57%	

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

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

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

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

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

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

<b>Municipal Financial Position</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Average</b>
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$10.37	\$10.60	\$10.51	\$10.55	\$10.55	\$10.52
Municipal Levy	\$40,446,577	\$41,048,853	\$40,739,944	\$41,751,673	\$44,252,019	\$41,647,813
Current Year's Collections	\$40,159,018	\$40,691,450	\$40,329,083	\$41,431,682	\$43,987,108	\$41,319,668
Current Collection Rate	99.29%	99.13%	98.99%	99.23%	99.40%	99.21%
Total Year's Collections	\$40,159,018	\$40,691,450	\$40,329,083	\$41,431,682	\$43,987,108	\$41,319,668
Total Collection Rate	99.29%	99.13%	98.99%	99.23%	99.40%	99.21%
<b>General Fund</b>						
Unassigned Plus Emergency Operating Res (GASB#54)	\$ 5,479,594	\$ 5,714,731	\$ 1,729,385	\$ 3,438,792	\$ 4,374,670	\$ 4,147,434
Expenditures	\$ 48,556,036	\$ 49,158,125	\$ 50,540,314	\$ 51,283,781	\$ 50,497,977	\$ 50,007,247
Fund Balance/Expenditures	11.29%	11.63%	3.42%	6.71%	8.66%	8.34%
Total Revenues	\$ 67,503,826	\$ 66,541,842	\$ 66,008,466	\$ 50,055,357	\$ 52,089,033	\$ 60,439,705
Intergovernmental Revenues	\$ 14,141,624	\$ 12,389,683	\$ 14,313,000	\$ 15,464,700	\$ 15,281,700	\$ 14,318,141
Percentage Intergovernmental	21%	19%	22%	31%	29%	24.30%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 47,552,969	\$ 46,370,845	\$ 45,208,341	\$ 43,679,682	\$ 41,906,067	
Revenue Debt - Governmental Funds	\$ 2,888,891	\$ 2,718,662	\$ 3,599,575	\$ 2,861,747	\$ 2,091,457	
General Obligation Debt - Governmental Funds	\$ 142,543,000	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 142,543,000	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	
Total Revenue and General Obligation Debt	\$ 192,984,860	\$ 205,445,507	\$ 197,108,916	\$ 179,987,429	\$ 175,382,524	
Governmental GO Debt/Taxable Assessed Value	3.60%	3.98%	3.72%	3.28%	3.07%	
Total Revenue and GO Debt/A.V.	4.87%	5.22%	4.94%	4.42%	4.10%	
General Obligation Debt Per Capita	\$4,641	\$4,999	\$4,742	\$4,133	\$4,069	
Total Revenue and GO Debt Per Capita	\$6,284	\$6,569	\$6,302	\$5,574	\$5,431	
<b>General Economic and Demographic Data</b>						
Population	30,711	31,275	31,275	32,290	32,290	3.25%
Taxable Assessed Value	\$ 3,964,306,237	\$ 3,933,364,442	\$ 3,989,344,944	\$ 4,071,713,732	\$ 4,275,067,217	7.16%
Assessed Value Per Capita	\$ 129,084	\$ 125,767	\$ 127,557	\$ 126,098	\$ 132,396	
Top 10 Tax Payers as a % of Assessed Value	9.60%	10.52%	13.78%	13.73%	13.82%	

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

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

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

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

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

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

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

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

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

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



**Kodiak Island Borough  
FINANCIAL SUMMARY  
General Governmental Fund**

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

**Kodiak Island Borough  
Municipal Solid Waste and Disposal  
FINANCIAL SUMMARY**

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

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

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

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

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

**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 Three Bonds. The 2014 Series Three Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2014 Series Three Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from Standard & Poor's of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

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

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

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



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

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

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

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

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

Key to Participants:

- AMBB = Alaska Municipal Bond Bank
- FA = Financial Advisor (Western Financial Group)
- BC = Bond Counsel (Wohlforth, Brecht & Cartledge)
- UND = RBC (Senior), Keybank (Co)
- WG = Working Group (All of the Above)

Tue-Aug-19-14	Distribute 2nd draft of POS to WG, Bond Resolution	FA, BC
Mon-Aug-25-14	Comments on 2nd draft of POS, Bond Resolution	WG
Tue-Aug-26-14	Trustee to provide 2005 Resolution Reserve Valuation (as of 9/1/14)	Trustee
Wed-Aug-27-14	Distribute POS, Bond Resolution, Loan Summaries to rating agencies	FA, BC
Wed-Aug-27-14	Loan Summaries, Bond Resolution and draft POS to AMBB for Board Distribution	FA, BC
Wed-Aug-27-14	Distribute 3rd draft of POS to WG	FA
Tue-Sep-2-14	Comments due on 3rd draft of POS	WG
<b>Thu-Sep-4-14</b>	<b>AMBB Board Meeting to approve Resolution, review loans</b>	<b>WG</b>
Wed-Sep-10-14	Receive ratings	FA
Thu-Sep-11-14	Post POS to internet	WG
<b>Tue-Sep-23-14</b>	<b>Pre-Pricing</b>	<b>AMBB, FA, UW</b>
<b>Wed-Sep-24-14</b>	<b>Pricing</b>	<b>AMBB, FA, UW</b>
Mon-Sep-29-14	Distribute draft Final OS	FA
Mon-Sep-29-14	Transcript preparation begins	BC
Tue-Sep-30-14	Comments due on Final OS	FA
Thu-Oct-2-14	Closing documents distributed to WG	BC
Fri-Oct-3-14	FOS posted	BC
<b>Wed-Oct-29-14</b>	<b>PRE-CLOSING IN SEATTLE</b>	<b>WG</b>
<b>Thu-Oct-30-14</b>	<b>CLOSING IN SEATTLE</b>	<b>WG</b>

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

**Alaska Municipal Bond Bank**

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**Municipality of Anchorage**

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**City of Adak**

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# **Alaska Municipal Bond Bank Authority Investment Policy**

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## **1.0 Statutory Authority**

Listed below is a brief summary of the statutes regarding the Alaska Municipal Bond Bank Authority's creation, authority and responsibility. These statutes provide that the Authority: 1) has the power to invest its funds, and 2) has the powers and responsibilities established in AS 37.10.07 (the prudent investor rule) with respect to the investment of amounts held by the Authority.

AS 44.85.005 - 44.85.420 create and control the Alaska Municipal Bond Bank Authority (Bond Bank).

AS 44.85.020. CREATION OF ALASKA MUNICIPAL BOND BANK AUTHORITY. The bond Bank is a public corporation and government instrumentality within the Department of Revenue but having a legal existence independent of and separate from the state and has continuing succession until its existence is terminated by law.

AS 44.44.85.080. GENERAL POWERS. In addition to other powers granted in this chapter, the Authority may:

- (13) invest funds or money of the Bond Bank Authority not required at the time of investment for loan to political subdivisions for the purchase of municipal bonds, in the same manner as permitted for investment of funds belonging to the state, except as otherwise provided in this chapter.

## **2.0 Delegation of Authority**

Overall management responsibility for the investment program is retained by the Bond Bank's Board of Directors with certain powers delegated to the Executive Director and the Investment Committee. The Investment Committee consists of a designated representative of the Board, the Executive Director and the Financial Advisor. The Executive Director chairs the Investment Committee and establishes meeting dates and times. The Investment Committee has primary responsibility for oversight of investments and recommends updates to investment policy. The Investment Committee can modify authorized investments for up to 90 days or until the next scheduled board meeting.

### **3.0 Management**

The purpose of the Bond Bank is to provide Alaskan municipalities, the Alaska Municipal League Joint Insurance Association and the University of Alaska access to low cost funds for capital projects. The Bond Bank has achieved this goal since 1975 primarily by issuing bonds and purchasing community bonds at the same interest rate. Since 2005 the Bond Bank has only sold general obligation bonds that are secured by a full faith and credit pledge of the Bond Bank, a pledge of the underlying borrowing municipal loans, a statutory moral obligation pledge of the state, a pledge of a Bond Bank level reserve, an ability to intercept revenues of the borrower, and starting in fiscal year 2009, an annual State appropriation of an unlimited amount of general funds in the operating budget to replenish Bond Bank reserves if there is a default. Bond Bank bonds are currently rated AA+ by both Standard & Poor's Ratings Services, and Fitch Ratings.

The Bond Bank consolidates bond issues through master resolutions which provide for periodic bond issues to be authorized through series resolutions on a parity basis. Each series resolution authorizes bonds of the Bond Bank to be issued and loans to a single or multiple communities to be entered into. All bonds issued under a master resolution are secured, in part, by a pooled debt service reserve fund. The current master resolution is called the 2005 program, and all issues but a lease backed transaction in 2010 have been sold through the 2005 program. Prior to the 2005 program the Bond Bank sold general obligation bonds through the 1976 resolution, and revenue bonds on a stand-alone basis. The last stand-alone revenue bond is expected to be refinanced into the 2005 program in 2014, and the 1976 program is expected to close out when the last bonds are paid off in 2017.

The Bond Bank's assets are contained within three general types of funds: 1) those held in reserves as required by bond resolution; 2) the funds in the Custodian Account of the Bond Bank; and 3) the Bond Bank payments of municipalities received seven days prior to debt service payments. The Bond Bank's investment manager manages the majority of the funds in the reserves and the funds in the custodian account, but not those in the debt service payment accounts.

The investment earnings of the Bond Bank pay for debt service on reserve obligations of the Bond Bank and funding the annual operating budget of the Bond Bank. When earnings exceed these needs there is a statutory sweep of those earnings to the State of Alaska's General Fund (which have been appropriated back to the Bond Bank for the last seven years). When earnings are less than these expenses net assets of the Bond Bank are used to fund these costs. As a result of extraordinarily low yields on shorter dated allowed investments in fiscal year 2013, and expected in fiscal year 2014, earnings were less than expenses of the Bond Bank.

#### **A. Funds and Accounts**

##### **1. Custodian Account (held by Bond Bank's custodian bank)**

This account holds unrestricted funds of the Bond Bank and is used to pay operating costs, provide for reserve fund deposits when required due to authorization with new money bond issues or as reserve obligations mature, and make annual transfers of any excess earnings of



appropriated funds to the State. Any excess earnings generated by, or releases due to a diminished reserve requirement of the Bond Bank's reserve funds are transferred to the custodian account as required by resolution. There are no federal arbitrage yield limitations on the custodian account. The Custodian Account balance has been somewhat volatile over the Bond Bank's life and the recent history of balances is shown in Exhibit D. The Custodian Account balance, and future projected cash outflows are a critical component in determining the investment policy of this account.

In the current interest rate environment it is anticipated that until the Custodian Account balance reduces to \$10 million, funds will be transferred from the Custodian Account to be placed in Bond Reserves as required by additional bond issues. A review of anticipated bond issuances reserve funding requirements, reserve obligation debt service, and operating budget impact shall be documented and provided to the Investment Committee annually. Generally, projecting forward, a continuation of the gradual trend of increasing outstanding par amount of bonds is expected.

Per AS 44.85.270(i) the Bond Bank may borrow excess funds from the State of Alaska's general fund at the discretion of the Commissioner of the Department of Revenue. The Bond Bank has used this authority in 2010, and again in 2011. The loans carried a variable rate based on the return on the general fund and were expected to last for a term of less than five years. This authority to borrow from the State's general fund provides additional flexibility for future cash flow needs of the Bond Bank and additional borrowing from the general fund may be undertaken.

## 2. Bond Reserve Funds (held by Trustee Bank)

There are four funds (*expected to be three as of October 2014*) under the control of bond resolutions referred to as "Reserve Funds." The reserves are part of the security structure provided to bond purchasers and are available in the case of a deficiency in a Debt Service Fund in accordance with the bond resolutions. The use and investment of these funds are restricted by the applicable bond resolution. The funds' earnings are capped by the arbitrage yield limit on the bonds they secure. While earnings subject to rebate can exceed the applicable arbitrage yield limit, any cumulative excess return calculated on a five-year rolling schedule will be rebated to the Internal Revenue Service. All Bond Reserve Funds are valued quarterly by the trustee using an accreted methodology rather than a mark to market eliminating the impact of interest rate volatility on unrealized gains and losses. Excess amounts are transferred to the Custodian Account and deficiencies must be made up from the Custodian Account.

### (a) 1976 General Bond Resolution, adopted May 27, 1976

Provided authorization for issuing all general obligation bonds of the Authority prior to 2005. The 1976 Resolution created a Reserve Fund, consisting of a special reserve account funded with custodial account transfers and an ordinary reserve account funded with reserve obligation proceeds. The 1976 Reserve Fund ordinary reserve consists of one illiquid US Treasury SLGS that matures on December 1, 2017, but was not funded from borrowed money. The balance of the 1976 Reserve Fund is held in the Special Account. Since the 1976 resolution is no longer

used, the reserve requirement will gradually diminish to zero as outstanding bonds mature, or are refunded into the 2005 program and the correlated reserve requirement diminishes. The investment of the 1976 special and ordinary reserves should take into consideration the expected trend of principal balance.

(b) 2005 General Bond Resolution, adopted July 13, 2005

Provides authorization for issuing the majority of general obligation bonds of the Authority to fund both general obligation and revenue bond loans to municipalities. The 2005 Resolution's Reserve Fund allows the reserve requirement to be met with any combination of Bond Bank assets, borrowed funds, or surety policies. The 2005 Reserve Fund balance is anticipated to be stable with continued growth and the longest projected life of all Bond Bank Reserve Funds.

(c) 2010 General Bond Resolution, adopted October 19, 2010

Provides authorization for issuing general obligation bonds of the Authority to fund lease obligations of municipalities. The 2010 Resolution creates a Reserve Fund with funding flexibility similar to the 2005 Resolution. There has only been one series of bonds sold through the 2010 Resolution, and no additional issues are planned or known of at this time. The Reserve Fund is expected to remain static for the foreseeable future.

(d) Revenue Bond Resolutions (the "Revenue Bond Resolutions")

Consist of one remaining series of bonds as of June 30, 2014, and it is anticipated that this issue will be refinanced into the 2005 Resolution in October 2014.

Investment of moneys and funds held in the 1976 Reserve Fund, 2005 Reserve Fund, and 2010 Reserve Fund is controlled by Resolution. Permitted investments are limited to the following securities:

1. Direct obligations of or obligations insured or guaranteed by the United States of America or agencies or instrumentalities of the United States;
2. Money market funds, that are SEC registered, in which the securities of the fund consist of obligations listed in item 1 of this section.
3. Interest-bearing time deposits or certificates of deposit of a bank or trust company continuously secured and collateralized by obligations of the type described in item 1 of this section, or by general obligations of the State having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is not insured by the Federal Deposit Insurance Corporation or any successor thereto.

-Included in Exhibit B are excerpts from the 2005 General Bond Resolutions defining "Investment Securities."

(e) Municipal Debt Payments (held by Trustee/Paying Agent)

Per bond resolutions, debt service payments are made seven business days in advance of debt service coming due. Investment of these funds is limited by the bond resolutions. Due to the short duration, these funds will be held in a US Treasury backed money market fund.

*UPDATED as of June 30, 2014*

	<b>Total Cash</b>	<b>Market Value</b>
Custody Account	\$1,032,534	\$17,773,506
1976 Ord. Reserve	-	487,107
1976 Special Reserve	26,032	5,965,708
2005 Reserve	1,259,426	48,447,356
2010 Reserve	28,984	404,677
2004 B Revenue	18,639	344,215
<b>Total</b>	<b>\$2,365,615</b>	<b>\$73,422,569</b>

#### **4.0 Prudence**

As established by 37.10.071 (c) the management and investment of assets by the Bond Bank shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor would use in the conduct of an enterprise of a like character and with like aims. This is commonly known as the “Prudent Investor Standard”.

- A. The Prudent Investor Standard shall be applied by the Bond Bank in the context of managing an overall portfolio. Investment officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action taken to control adverse developments.

#### **5.0 Investment Objectives**

There are distinct investment objectives associated with the Custodian Account, Reserve Funds, and Municipal Debt Payments. The objectives for these three classes of funds are listed below in order of priority.

A. The Custodian Account

1. Minimum Fund Balance: As the means of providing for the ongoing operation of the Bond Bank a minimum balance of \$5 million shall be targeted. The account shall be analyzed each June 30 and if the balance is projected to be reduced to \$10 million in the coming 18 months the

entire Board of Directors shall be advised of the projections and strategies implemented to ensure the minimum balance target is maintained.

2. Return on Investment: The Custodian Account investment portfolio shall be designed with the objective of attaining the highest market rate of return subject to the required uses of the Account. An annual analysis of risk profile and historical benefit must be undertaken by the Investment Committee and Bond Bank staff to determine the reasonable length of investment horizon and how it relates to the current Custodian Account balance, known cash transfers, and reasonably projected liquidity needs.

3. Liquidity: The Custodian Account is managed to provide sufficient liquidity to meet annual operating requirements, paying the prior fiscal year's state dividend, transfers to reserves as needed for bond issuance activity, and all or part of reserve obligation debt service. The annual operating budget was set at \$845,800 for FY 2015. The FY 2015 statutory sweep to the State's general fund has been appropriated back to the Custodian Account, as it has for the last six years. The liquidity requirement for the operating budget, or any required transfer to the State are predictable from year to year while transfers from the Custodian Account to fund reserves are more difficult to predict as they are based on future borrowing activity. Reserve obligations are limited to the 2005 Reserve fund and need to be tracked to provide funds to pay them off as when they mature. A schedule of the 2005 Reserve debt service payments is depicted on Exhibit C.

To ensure liquidity is assessed properly: 1) the annual budget and annual audit shall be provided to the investment manager when available to detail anticipated expenditures during the fiscal year; 2) the investment manager shall be included in distribution lists for bond issues and informed of anticipated transfers to reserve funds; and 3) the Executive Director or assigns shall provide the Investment Manager with annual updates on the schedule of reserve obligations of the 2005 reserve, and if those debt service payments are anticipated to be funded with cash from the Custodian Account.

4. Preservation of Principal: Long-term preservation of principal is the third objective of the Custodian Account's investment program. Investments shall be undertaken in a manner that minimizes the probability of principal loss.

#### B. The Bond Reserve Funds

1. Preservation of Principal: Preservation of Principal is the foremost objective of the Reserve Funds' investment program. These funds shall be managed to ensure that the corpus is preserved. These funds are valued quarterly with excess flowing to the Custody Account and any deficiencies funded from the Custody Account.

2. Liquidity: These funds are in place to provide for debt service on reserve obligations in the event of underlying community default, but are expected to reside in the reserve for the life of the bonds until release upon the final maturity of the bond issue they secure. There has been no failure to pay during the Authority's history, indicating a low probability of expending these funds due to failed payment. The Bond Bank would have up to seven days' notice of an

impending draw upon one of the reserve funds, and based on the dispersion of borrowers and payment dates any potential draw, even due to default, is anticipated to be limited to less than 10% of the total reserve.

3. Return on Investment: Due to IRS restrictions, there is a limit to maximizing return that is correlated to the interest rate of the bonds that the reserve secures. Generally, the IRS code requires arbitrage rebate payments when investment returns exceed a bond yield. It is anticipated that the Reserve Funds cumulative average return should target the blended arbitrage yield limit of the bond issues secured. With significant negative arbitrage resulting from reinvestment in taxable Treasury and Agency securities since 2009, the arbitrage rebate limit is significantly higher on select series of bonds for their remaining life. An annual review of the Treasury and Agency environment shall be undertaken by the Investment Committee to show the relationship between rebate limits on outstanding loans and what can be reasonably achieved on the open market.

#### C. Municipal Debt Payments

1. Preservation of Principal and Liquidity: Preservation of principal and liquidity are the foremost objectives of the Municipal Debt Payments investment program, as these funds will be expended within seven business days of receipt.

2. Return on Investment: Return on investment is a benefit of holding these funds for the advance payment period, but not the focus of investing the funds.

### **6.0 Investment Policy**

This section outlines the investment policy for the Custodian Account, Reserve Funds, and the Municipal Debt Payments.

#### A. Custodian Account

The Custodian Account funds shall be invested as follows:

Risk Tolerance	Moderate
Investment Objective	Minimal exposure to principal loss. Maximize current income with moderate risk tolerance. Medium to High liquidity requirement to match cash flow transfer needs of the Bond Bank.
Time Horizon	At least a \$750,000 market value shall be maintained at all times for cash and cash equivalents (money market, Three-month U.S. Treasury Bills, targeting U.S. Treasuries or

Agencies with maturities of less than three months).

Up to \$1,000,000 shall be used for longer term, 5 year to 10 year U.S. Treasury and Agency securities.

The balance of the fund shall target one day to 5 year U.S. Treasury and Agency securities according to current and projected cash flow needs of the Bond Bank.

**Special Considerations** No arbitrage rebate restrictions. Some of this account's earnings are used to calculate the state's general fund payment. Target near term cash flows to match annual budget and payment to state's general fund.

Effective June 30, 2014, the Alaska Municipal Bond Bank Authority's investment policy for the Custodian Account is:

**5% +/- 2%      Money Market Fund (no less than \$750,000)**  
**95% +/- 3%      Government Agencies and U.S. Treasuries**

Alaska Municipal Bond Bank's shall track the following benchmarks for annual review by the Investment Committee; however, due to the targeted nature of the fund to invest in short to long dated maturities, and match the cash flow needs, there is not a performance benchmark that directly mirrors the objectives of the funds.

**5% +/- 2%      Three-month U.S. Treasury Bill**  
**95% +/- 3%      Barclays 1-5 Year Gov't Bond Index; Barclays US Aggregate**

#### B. Bond Reserve Funds

The 2005 Reserve fund shall be invested as follows:

**Risk Tolerance**              Low to Moderate

**Investment Objectives**      Low exposure to principal loss. While much of the money in the fund will be expended over an intermediate to long time horizon, material loss would affect outstanding obligations. Intermediate liquidity requirement. Arbitrage yield limitations

reduce the benefit of obtaining higher yields.

**Time Horizon** While the anticipated time horizon is intermediate (one to ten years) there may be a need for cash quickly in the event of a payment delinquency. The reserves may have only as much as a seven days' notice of the need for a draw on the reserve. The expectation is that much of the money will be spent as scheduled for debt repayment or returned to the Custodian Account in greater than five years. Anticipated and unanticipated liquidity needs should be funded from the portion of the portfolio invested in the shorter term maturities to the extent allowed by portfolio limits.

**Special Considerations** Bond Resolutions limit allowed investment of these funds, investment risk should be examined on an annual basis to ensure that no greater than the minimum level of risk required to achieve the highest probability of earning the arbitrage yield limit on the bonds is incurred.

Effective June 30, 2014, the Alaska Municipal Bond Bank Authority's investment policy for the 2005 Reserve Fund is:

**90% Government Agencies and U.S. Treasuries with Maturities of less than 5**  
**+/- years**  
**10%**

**10% Government Agencies and U.S. Treasuries with Maturities of more than 5**  
**+/- years and less than 10 years**  
**10%**

Effective June 30, 2014, the Alaska Municipal Bond Bank's performance benchmark for the 2005 Reserve Fund is:

**90% Barclays US 1-5 Year Government / Credit Float Adjusted Index**

**10% Barclays US Aggregate Float Adjusted Index**

The 2010 Reserve fund shall be invested as follows:

**Risk Tolerance** Low to Moderate

Investment Objectives    Low exposure to principal loss. While the money in the fund will be expended over an intermediate to long time horizon, material loss would affect outstanding obligations. Intermediate liquidity requirement. Arbitrage yield limitations reduce the benefit of obtaining higher yields.

Time Horizon                While the anticipated time horizon is intermediate (one to ten years) there may be a need for cash quickly in the event of a payment delinquency. The reserves may have only as much as a seven days' notice of the need for a draw on the reserve. The expectation is that much of the money will be spent as scheduled for debt repayment or returned to the Custodian Account in greater than five years. Anticipated and unanticipated liquidity needs should be funded from the portion of the portfolio invested in the shorter term maturities to the extent allowed by portfolio limits.

Special Considerations    Bond Resolutions limit allowed investment of these funds. Investment risk should be examined on an annual basis to ensure that the minimum level of risk required to achieve the highest probability of earning the arbitrage yield limit on the bonds is maintained.

Effective June 30, 2014, the Alaska Municipal Bond Bank Authority's investment policy for the 2010 Reserve Fund is:

**90%**     **Government Agencies and U.S. Treasuries with Maturities of less than 5**  
**+/-**     **years**  
**10%**

**10%**     **Government Agencies and U.S. Treasuries with Maturities of more than 5**  
**+/-**     **years and less than 10 years**  
**10%**

Effective June 30, 2014, the Alaska Municipal Bond Bank's performance benchmark for the 2010 Reserve Fund is:

**90%**    **Barclays US 1-5 Year Government / Credit Float Adjusted Index**

**10%**    **Barclays US Aggregate Float Adjusted Index**

The 1976 Reserve fund shall be invested as follows:



Risk Tolerance	Low
Investment Objectives	Low exposure to principal loss. The money in the fund will be expended over a short time horizon, material loss would affect outstanding obligations. High liquidity requirement. Arbitrage yield limitations reduce the benefit of obtaining higher yields.
Time Horizon	While the anticipated time horizon is short (one to three years) there may be a need for cash quickly in the event of a payment delinquency. The reserves may have only as much as a seven days' notice of the need for a draw on the reserve. The expectation is that much of the money will be spent as scheduled for debt repayment or returned to the Custodian Account in the next three years.
Special Considerations	Bond Resolutions limit allowed investment of these funds, investment risk should be examined on an annual basis to ensure that the minimum level of risk required to achieve the highest probability of earning the arbitrage yield limit on the bonds is maintained.

Effective June 30, 2014, the Alaska Municipal Bond Bank Authority's investment policy for the 1976 Reserve Funds is:

**100% Government Agencies and U.S. Treasuries with Maturities of 3 years or less.**

Effective June 30, 2014, the Alaska Municipal Bond Bank's performance benchmark for the 1976 Reserve Funds is:

**100% Barclays US 1-3 Year Government / Credit Float Adjusted Index**

### C. Municipal Debt Payments

These funds will be invested with the following in mind:

Risk Tolerance	Low. All of the money will be expended within seven business days. Material loss would affect outstanding obligations.
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Investment Objectives    Low exposure of principal loss. High liquidity requirement.

Time Horizon              Short. All of the money is expected to be spent in less than seven business days

Other Constraints         Bond resolutions limit investments

Effective June 30, 2014, the Alaska Municipal Bond Bank's performance benchmark for the Municipal Debt Payments is:

**100%    Money market fund**

Effective June 30, 2014, the Alaska Municipal Bond Bank Authority's performance benchmark for the Municipal Debt Payments is:

**100%    Three-month U.S. Treasury Bill**

## **7.0    Diversification, Concentration & Subsequent Events:**

See Exhibit A for a list of the Permitted Investments associated with the Custodian Account.

## **8.0    Safekeeping and Custody:**

All security transactions, including collateral for repurchase agreements, entered into by the Bond Bank shall be conducted on a delivery versus payment basis. Securities will be held by a third party custodian designated by the Executive Director and evidenced by safekeeping receipts and statements

## **9.0    Reporting:**

A monthly report shall be prepared by the Custodian as well as by the Investment manager summarizing investment activity in the portfolios. Performance reporting will be prepared and presented to the Executive Director on a quarterly basis.

## EXHIBIT A

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### CUSTODIAN ACCOUNT Permitted Investments

Investment of funds and money held in the Custodian Account are limited to:

- a. Money market investments comprising:
  - Repurchase agreements collateralized only by U.S. Treasury obligations, including bills, notes, and bonds, and only when the collateral carries a market value equal to or greater than 102% of the amount of the repurchase agreements, and only when the custodial bank appointed by retirement funds will take custody of the collateral;
  - Negotiable certificates of deposit and bankers acceptances; provided that an issuing bank must have total assets in excess of \$5 billion.
  - US Treasury or US Government Agency
- b. United States Treasury obligations including bills, notes, bonds, and other debt obligations issued by the United States Treasury, and backed by the full faith and credit of the U.S. Government.
- c. Other full faith and credit obligations of the U.S. Government.
- d. Securities issued or guaranteed by agencies and instrumentalities of the U.S. Government, but not explicitly backed by the full faith and credit of the U.S. Government.
- e. Investment grade corporate debt securities comprising:
  - Mortgage-Backed Securities (MBS's) and Collateralized Mortgage Obligations (CMO's) comprising:
    - Agency MBS investments issued by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association;
    - CMO investments securitized by agency MBS's issued by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or the Governmental National Mortgage Association; provided that permissible CMO investments include only sequential class CMO's or type I planned amortization class CMO's.

## **Investment Practices and Investment Restrictions**

### 1. Prohibited Transactions

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

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

## EXHIBIT B

### Excerpts from the 2005 General Bond Resolution

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

- (1) Governmental Obligations;
- (2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself);
  - (a) *Farmers Home Administration* ("FmHA") Certificates of Ownership;
  - (b) *Federal Housing Administration* ("FHA") Debentures;
  - (c) *General Services Administration* Participation certificates;
  - (d) *Government National Mortgage Association* ("GNMA" or "Ginnie Mae") GNMA-guaranteed mortgage-backed bonds or GNMA-guaranteed pass-through obligations (participation certificates);
  - (e) *United States Maritime Administration* Guaranteed Title XI financing;
  - (f) *United States Department of Housing and Urban Development* ("HUD") *Project Notes Local Authority Bonds*;
- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following government agencies (stripped securities are only permitted if they have been stripped by the agency itself);
  - (a) *Federal Home Loan Bank System*. Senior debt obligations (Consolidated debt obligations);
  - (b) *Federal Home Loan Mortgage Corporation*. ("FHLMC" or "Freddie Mac") rated AAA by Standard & Poor's and Aaa by Moody's Participation Certificates (Mortgage-backed securities) Senior debt

obligations;

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

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

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

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

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

(5) Certificates of Deposit ("CD") secured at all times by collateral described in (a) and/or (b) above. CD's must have a one-year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated "A-1+" or better by S&P, and "Prime-1" or better by Moody's. The collateral must be held by a third party and the third party must have a perfected first security interest in the collateral;

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

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

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

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

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

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

## EXHIBIT C

### Total Reserve Obligations by Maturity

December 1, 2013	133,362.50	December 1, 2017	124,312.50
January 1, 2014	0.00	January 1, 2018	0.00
February 1, 2014	508,643.75	February 1, 2018	54,868.75
March 1, 2014	133,168.75	March 1, 2018	49,468.75
April 1, 2014	89,837.50	April 1, 2018	1,113,587.50
May 1, 2014	0.00	May 1, 2018	0.00
June 1, 2014	133,362.50	June 1, 2018	504,312.50
July 1, 2014	0.00	July 1, 2018	0.00
August 1, 2014	555,143.75	August 1, 2018	54,868.75
September 1, 2014	133,168.75	September 1, 2018	49,468.75
October 1, 2014	89,837.50	October 1, 2018	52,787.50
November 1, 2014	0.00	November 1, 2018	0.00
December 1, 2014	133,362.50	December 1, 2018	522,912.50
January 1, 2015	0.00	January 1, 2019	0.00
February 1, 2015	477,943.75	February 1, 2019	499,868.75
March 1, 2015	468,168.75	March 1, 2019	49,468.75
April 1, 2015	89,837.50	April 1, 2019	52,787.50
May 1, 2015	0.00	May 1, 2019	0.00
June 1, 2015	133,362.50	June 1, 2019	103,450.00
July 1, 2015	0.00	July 1, 2019	0.00
August 1, 2015	384,743.75	August 1, 2019	539,300.00
September 1, 2015	128,143.75	September 1, 2019	229,468.75
October 1, 2015	494,837.50	October 1, 2019	52,787.50
November 1, 2015	0.00	November 1, 2019	0.00
December 1, 2015	133,362.50	December 1, 2019	103,450.00
January 1, 2016	0.00	January 1, 2020	0.00
February 1, 2016	54,868.75	February 1, 2020	464,400.00
March 1, 2016	543,143.75	March 1, 2020	44,968.75
April 1, 2016	896,737.50	April 1, 2020	52,787.50
May 1, 2016	0.00	May 1, 2020	0.00
June 1, 2016	133,362.50	June 1, 2020	103,450.00
July 1, 2016	0.00	July 1, 2020	0.00
August 1, 2016	54,868.75	August 1, 2020	26,875.00
September 1, 2016	121,918.75	September 1, 2020	44,968.75
October 1, 2016	73,587.50	October 1, 2020	52,787.50
November 1, 2016	0.00	November 1, 2020	0.00
December 1, 2016	208,362.50	December 1, 2020	593,450.00
January 1, 2017	0.00	January 1, 2021	0.00
February 1, 2017	54,868.75	February 1, 2021	26,875.00
March 1, 2017	121,918.75	March 1, 2021	44,968.75
April 1, 2017	73,587.50	April 1, 2021	52,787.50
May 1, 2017	0.00	May 1, 2021	0.00
June 1, 2017	481,487.50	June 1, 2021	93,343.75
July 1, 2017	0.00	July 1, 2021	0.00
August 1, 2017	54,868.75	August 1, 2021	26,875.00
September 1, 2017	3,506,918.75	September 1, 2021	279,968.75
October 1, 2017	73,587.50	October 1, 2021	52,787.50
November 1, 2017	0.00	November 1, 2021	0.00



## Total Reserve Obligations by Maturity

December 1, 2021	213,343.75
January 1, 2022	0.00
February 1, 2022	26,875.00
March 1, 2022	39,093.75
April 1, 2022	52,787.50
May 1, 2022	0.00
June 1, 2022	90,793.75
July 1, 2022	0.00
August 1, 2022	26,875.00
September 1, 2022	1,194,093.75
October 1, 2022	52,787.50
November 1, 2022	0.00
December 1, 2022	90,793.75
January 1, 2023	0.00
February 1, 2023	26,875.00
March 1, 2023	10,218.75
April 1, 2023	1,137,787.50
May 1, 2023	0.00
June 1, 2023	490,793.75
July 1, 2023	0.00
August 1, 2023	26,875.00
September 1, 2023	195,218.75
October 1, 2023	28,375.00
November 1, 2023	0.00
December 1, 2023	81,293.75
January 1, 2024	0.00
February 1, 2024	491,875.00
March 1, 2024	5,362.50
April 1, 2024	28,375.00
May 1, 2024	0.00
June 1, 2024	81,293.75
July 1, 2024	0.00
August 1, 2024	14,087.50
September 1, 2024	5,362.50
October 1, 2024	28,375.00
November 1, 2024	0.00
December 1, 2024	81,293.75
January 1, 2025	0.00
February 1, 2025	14,087.50
March 1, 2025	5,362.50
April 1, 2025	28,375.00
May 1, 2025	0.00
June 1, 2025	81,293.75
July 1, 2025	0.00
August 1, 2025	14,087.50
September 1, 2025	5,362.50
October 1, 2025	28,375.00
November 1, 2025	0.00

December 1, 2025	81,293.75
January 1, 2026	0.00
February 1, 2026	14,087.50
March 1, 2026	5,362.50
April 1, 2026	28,375.00
May 1, 2026	0.00
June 1, 2026	416,293.75
July 1, 2026	0.00
August 1, 2026	14,087.50
September 1, 2026	5,362.50
October 1, 2026	28,375.00
November 1, 2026	0.00
December 1, 2026	243,756.25
January 1, 2027	0.00
February 1, 2027	14,087.50
March 1, 2027	5,362.50
April 1, 2027	28,375.00
May 1, 2027	0.00
June 1, 2027	70,037.50
July 1, 2027	0.00
August 1, 2027	14,087.50
September 1, 2027	5,362.50
October 1, 2027	28,375.00
November 1, 2027	0.00
December 1, 2027	70,037.50
January 1, 2028	0.00
February 1, 2028	14,087.50
March 1, 2028	5,362.50
April 1, 2028	1,163,375.00
May 1, 2028	0.00
June 1, 2028	490,037.50
July 1, 2028	0.00
August 1, 2028	14,087.50
September 1, 2028	200,362.50
October 1, 2028	0.00
November 1, 2028	0.00
December 1, 2028	744,537.50
January 1, 2029	0.00
February 1, 2029	504,087.50
March 1, 2029	0.00
April 1, 2029	0.00
May 1, 2029	0.00
June 1, 2029	44,125.00
July 1, 2029	0.00
August 1, 2029	0.00
September 1, 2029	0.00
October 1, 2029	0.00
November 1, 2029	0.00

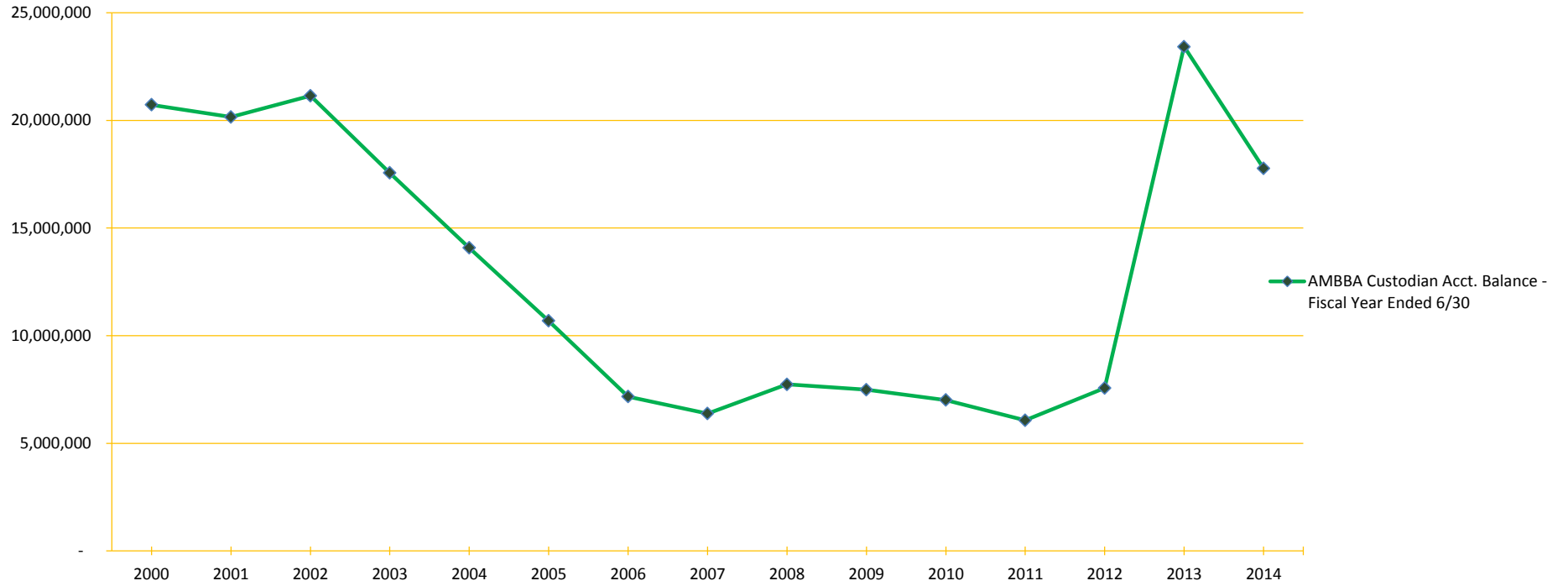
## Total Reserve Obligations by Maturity

December 1, 2029	44,125.00
January 1, 2030	0.00
February 1, 2030	0.00
March 1, 2030	0.00
April 1, 2030	0.00
May 1, 2030	0.00
June 1, 2030	44,125.00
July 1, 2030	0.00
August 1, 2030	0.00
September 1, 2030	0.00
October 1, 2030	0.00
November 1, 2030	0.00
December 1, 2030	44,125.00
January 1, 2031	0.00
February 1, 2031	0.00
March 1, 2031	0.00
April 1, 2031	0.00
May 1, 2031	0.00
June 1, 2031	44,125.00
July 1, 2031	0.00
August 1, 2031	0.00
September 1, 2031	0.00
October 1, 2031	0.00
November 1, 2031	0.00
December 1, 2031	44,125.00
January 1, 2032	0.00
February 1, 2032	0.00
March 1, 2032	0.00
April 1, 2032	0.00
May 1, 2032	0.00
June 1, 2032	44,125.00
July 1, 2032	0.00
August 1, 2032	0.00
September 1, 2032	0.00
October 1, 2032	0.00
November 1, 2032	0.00
December 1, 2032	44,125.00
January 1, 2033	0.00
February 1, 2033	0.00
March 1, 2033	0.00
April 1, 2033	0.00
May 1, 2033	0.00
June 1, 2033	44,125.00
July 1, 2033	0.00
August 1, 2033	0.00
September 1, 2033	0.00
October 1, 2033	0.00
November 1, 2033	0.00

December 1, 2033	44,125.00
January 1, 2034	0.00
February 1, 2034	0.00
March 1, 2034	0.00
April 1, 2034	0.00
May 1, 2034	0.00
June 1, 2034	44,125.00
July 1, 2034	0.00
August 1, 2034	0.00
September 1, 2034	0.00
October 1, 2034	0.00
November 1, 2034	0.00
December 1, 2034	44,125.00
January 1, 2035	0.00
February 1, 2035	0.00
March 1, 2035	0.00
April 1, 2035	0.00
May 1, 2035	0.00
June 1, 2035	44,125.00
July 1, 2035	0.00
August 1, 2035	0.00
September 1, 2035	0.00
October 1, 2035	0.00
November 1, 2035	0.00
December 1, 2035	1,809,125.00
<b>Total Obligations</b>	<b>28,082,094</b>

## EXHIBIT D

### AMBBA Custodian Acct. Balance - Fiscal Year Ended 6/30



**ALASKA MUNICIPAL BOND BANK AUTHORITY  
RESOLUTION NO. 2014-\_\_**

**RESOLUTION OF THE ALASKA MUNICIPAL BOND BANK  
AUTHORITY AUTHORIZING ALL NECESSARY ACTION IN  
CONNECTION WITH THE SECURITIES AND EXCHANGE  
COMMISSION'S MUNICIPALITIES CONTINUING DISCLOSURE  
INITIATIVE; AND PROVIDING FOR RELATED MATTERS**

WHEREAS, on March 10, 2014, the Securities and Exchange Commission ("SEC") announced a cooperative initiative, referred to as Municipalities Continuing Disclosure Cooperation Initiative ("MCDC"), to encourage issuers and underwriters of municipal securities to self-report possible violations involving materially inaccurate statements relating to prior compliance with continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule"); and

WHEREAS, the period to self-report for issuers expires on December 1, 2014; and

WHEREAS, staff is in the process of reviewing prior continuing disclosure obligations and related filings to determine whether it is in the best interests of the Alaska Municipal Bond Bank Authority ("Authority") to participate in MCDC; and

WHEREAS, there has been presented at this meeting a memorandum setting forth the recommended action to be taken by the Authority in connection with MCDC ("Memorandum").

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

Section 1. Authorization. The recommendations described in the Memorandum attached hereto as Exhibit 1 are hereby accepted and approved, and that the consequences of self-reporting, if necessary, are acknowledged and understood, and the Executive Director, upon consultation with counsel as he deems appropriate, is hereby authorized to take all actions necessary to timely self-report under the MCDC if determined such reporting to be in the best interests of the Authority.

Section 2. Chairman and Executive Director. The Chairman or the Executive Director of the Authority, or any other person authorized by the Authority, are hereby authorized to execute and deliver for and on behalf of the Authority any and all

additional certificates, documents, opinions or other papers and perform all such other acts as they may deem necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution No. 2014-\_\_.

Section 3. Recitals. The recitals to this Resolution No. 2014-\_\_ are herein incorporated, and are made a part of, this Resolution No. 2014-\_\_.

Section 4. Effective Date. This Resolution No. 2014-\_\_ shall become effective immediately upon its passage and approval.

DATED this \_\_\_\_ day of \_\_\_\_\_ 2014.

DRAFT

## Exhibit 1

**To:** Board of Directors  
Alaska Municipal Bond Bank

**From:** Deven Mitchell, Executive Director

**Date:** \_\_\_\_\_, 2014

**Subject:** Securities Exchange Commission Municipal Continuing Disclosure  
Cooperative Initiative

### **RECOMMENDATION:**

Authorize the Executive Director to take all necessary actions to timely self-report under the Municipal Continuing Disclosure Cooperative Initiative (Initiative) in consultation with bond counsel and the office of the Attorney General pursuant to Resolution No. 2014-\_\_ (the "Resolution").

### **BACKGROUND:**

Securities and Exchange Commission (SEC) Rule 15c2-12 (Rule) generally requires that before a local government can issue municipal bonds to investors in a public sale, the bond underwriters must reasonably determine that the issuer has undertaken to provide certain updated disclosure information to the Municipal Securities Rulemaking Board after the issuance of the bonds. This information is to be contained in a continuing disclosure agreement and includes annual financial and operating data, audited financial statements and notices of certain listed events. In addition, the Rule requires that final official statements must disclose any material failure to comply with a continuing disclosure undertaking during the previous five years

The SEC has the ability to file enforcement actions against issuers who inaccurately state in final official statements that they have complied with their continuing disclosure undertakings. In July 2013, for example, the SEC brought an enforcement action against West Clark Community Schools, an Indiana school district, for affirmatively stating in offering documents that it had not failed to comply with its continuing disclosure obligations when it had in fact failed to make any continuing disclosure filings in the preceding five years. Without admitting or denying the SEC's findings, the school district and underwriter each consented to, among other things, a cease and desist order for making false statements and/or omitting relevant information. In addition, the underwriter agreed to pay almost \$600,000 in fines.

On March 10, 2014, the SEC Division of Enforcement (Division) announced the Initiative with the intention of addressing violations of the Rule. Under the Initiative, the Division will recommend the following standardized settlement terms for issuers who

self-report possible violations of the Rule and comply with all other requirements of the Initiative.

The Initiative requires that:

1. The issuer consent to the institution of a cease-and-desist proceeding by the SEC in which the issuer neither admits nor denies the findings;
2. The issuer establish appropriate policies and procedures regarding continuing disclosure and implement training within 180 days of the institution of proceedings;
3. The issuer comply with its existing continuing disclosure undertakings, including updating past delinquent filings within 180 days of the institution of proceedings;
4. The issuer cooperate with any subsequent investigation by the Division regarding the violations disclosed in the self-report;
5. The issuer disclose its settlement terms in any final official statement for a bond offering made in the five years following initiation of the proceedings; and
6. The issuer provides the SEC with a compliance certificate regarding the issuer's undertakings within one year of the institution of the proceedings.

So long as the SEC accepts the settlement terms recommended by the Division, the SEC will not assess financial penalties against the issuer who complies with the Initiative. The Initiative does not provide any assurances to individuals, such as staff of the issuer. The Division may recommend enforcement actions against any such individuals, and the SEC will decide whether to seek remedies against individuals on a case-by-case basis based on the level of intent, culpability and other factors, such as cooperation by the individual.

Underwriters of municipal bonds must similarly self-report in order to be recommended for a settlement under the Initiative. For underwriters, however, the Division will recommend a cash settlement.

The SEC has stated that the Division will likely recommend financial sanctions against issuers who have materially violated their continuing disclosure undertakings and failed to disclose those violations, but do not self-report under the Initiative.

## **DISCUSSION/ANALYSIS:**

Any issuer that entered into a continuing disclosure undertaking and subsequently issued bonds involving a final official statement within the past five years is a candidate for the Initiative. The Alaska Municipal Bond Bank ("Bond Bank") has entered into numerous continuing disclosure certificates over the years. Therefore, it is fiscally responsible for the Bond Bank to review its disclosure and applicable filings under the Rule and potentially take advantage of the Initiative after consultation with appropriate counsel.

The following steps have been recommended to determine how to respond to the Initiative:

1. **Review Continuing Disclosure:** Staff, will review all disclosure filings made from FY 2004 through FY 2013. Once the review is complete, staff will discuss any findings with counsel to review materiality and determine whether it is recommended that the Bond Bank self-report.
2. **Contact Bond Underwriters:** Staff will begin contacting all underwriters that have purchased Bond Bank bonds from FY 2004 through FY 2013 to determine if any underwriter intends to self-report. Due to the number of bond issues undertaken by the underwriters and the relatively short timeframe available for self-reporting, the review process is onerous. The underwriter penalty cap, as set forth in the Initiative, incentivizes underwriters to thoroughly disclose all possible inaccurate statements in connection with any issuances they have underwritten in the preceding five years.
3. **Affirm Policies and Procedures:** Staff understands the importance of its disclosure responsibilities. The Bond Bank's existing policy includes procedures for ongoing disclosure including the designation of key staff to review and file disclosures. If determined to be in the best interests of the Bond Bank, the Bond Bank may contract with an outside entity to fulfill its continuing disclosure obligations.
4. **Confer with Appropriate Attorney and Governing Body:** Self-reporting under the Initiative is an important decision that carries legal consequences. After the comprehensive review of the disclosure has been completed and discussed with bond counsel and the members of the Attorney General's office, the decision to complete the Initiative's



Questionnaire for Self-Reporting Entities (attached hereto as Exhibit A) can be made. The current deadline for self-reporting under the Initiative is 5:00 p.m. (Eastern time), December 1, 2014.

**CONCLUSION:**

Staff will review the audit results, and, if determined necessary or in the best interests of the Bond Bank, will self-report by 5:00 p.m. (Eastern time) on December 1, 2014. Staff will provide an update at the next meeting of the Bond Bank Board of Directors.

Attachment:

Exhibit A: MCDC Questionnaire for Self-Reporting



**U.S. SECURITIES AND EXCHANGE COMMISSION  
DIVISION OF ENFORCEMENT**

**MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE  
QUESTIONNAIRE FOR SELF-REPORTING ENTITIES**

NOTE: The information being requested in this Questionnaire is subject to the Commission's routine uses. A list of those uses is contained in [SEC Form 1662](#), which also contains other important information.

1. Please provide the official name of the entity that is self-reporting ("Self-Reporting Entity") pursuant to the MCDC Initiative along with contact information for the Self-Reporting Entity:
  - Individual Contact Name:
  - Individual Contact Title:
  - Individual Contact telephone:
  - Individual Contact Fax number:
  - Individual Contact email address:
  - Full Legal Name of Self-Reporting Entity:
  - Mailing Address (number and street):
  - Mailing Address (city):
  - Mailing Address (state):
  - Mailing Address (zip):
  
2. Please identify the municipal bond offering(s) (including name of Issuer and/or Obligor, date of offering and CUSIP number) with Official Statements that may contain a materially inaccurate certification on compliance regarding prior continuing disclosure obligations (for each additional offering, attach an additional sheet or separate schedule):
  - State:
  - Full Name of Issuing Entity:
  - Full Legal Name of Obligor (if any):
  - Full Name of Security Issue:
  - Initial Principal Amount of Bond Issuance:
  - Date of Offering:
  - Date of final Official Statement (format MMDDYYYY):
  - Nine Character CUSIP number of last maturity:

3. Please describe the role of the Self-Reporting Entity in connection with the municipal bond offerings identified in Item 2 above (select Issuer, Obligor or Underwriter):

- Issuer
- Obligor
- Underwriter

4. Please identify the lead underwriter, municipal advisor, bond counsel, underwriter's counsel and disclosure counsel, if any, and the primary contact person at each entity, for each offering identified in Item 2 above (attach additional sheets if necessary):

Senior Managing Underwriting Firm:

Primary Individual Contact at Underwriter:

Financial Advisor:

Primary Individual Contact at Financial Advisor:

Bond Counsel Firm:

Primary Individual Contact at Bond Counsel:

Law Firm Serving as Underwriter's Counsel:

Primary Individual Contact at Underwriter's Counsel:

Law Firm Serving as Disclosure Counsel:

Primary Individual Contact at Disclosure Counsel:

5. Please include any facts that the Self-Reporting Entity would like to provide to assist the staff of the Division of Enforcement in understanding the circumstances that may have led to the potentially inaccurate statements (attach additional sheets if necessary):

On behalf of

I hereby certify that the Self-Reporting Entity intends to consent to the applicable settlement terms under the MCDC Initiative.

By: \_\_\_\_\_

Name of Duly Authorized Signer:

Title:

DRAFT

Series Name	Original Principal	Date of Bonds	Date of Final OS	Final Maturity	Final Maturity CUSIP	Lead Underwriter
2004 Series D	13,925,000	December 1, 2004	November 16, 2004	11/1/2024	01179P HZ3	Wells Fargo
2005 Series A	32,655,000	March 22, 2005	March 10, 2005	10/1/2020	01179P KK2	UBS
2005 Series B	27,625,000	May 4, 2005	April 20, 2005	5/1/2025	01179P LC9	UBS
2005 Series C	32,060,000	October 4, 2005	September 13, 2005	10/1/2025	01179P MG9	Morgan Stanley
2006 Series A	19,255,000	February 9, 2006	January 24, 2006	2/1/2026	01179P NY9	Merrill Lynch (BAML)
2005 Series One	18,700,000	October 20, 2005	October 6, 2005	6/1/2025	01179P NC7	LaSalle Financial (BAML)
2006 Series One	7,390,000	June 21, 2006	June 13, 2006	6/1/2026	01179P PU5	BAML
2006 Series Two	40,265,000	July 26, 2006	July 13, 2006	12/1/2035	01179P QS9	RBC
2007 Series One	26,735,000	January 31, 2007	January 18, 2007	12/1/2026	01179P RM1	UBS
2007 Series Two	24,860,000	April 5, 2007	March 7, 2007	12/1/2028	01179P SV0	UBS
2007 Series Three	14,715,000	July 10, 2007	June 25, 2007	9/1/2032	01179P UL9	JP Morgan
2007 Series Four	15,625,000	August 28, 2007	August 14, 2007	9/1/2027	01179P VG9	Hutchinson Shockey
2007 Series Five	6,000,000	December 4, 2007	November 20, 2007	9/1/2037	01179P WM5	BAML
2008 Series One	62,355,000	April 15, 2008	March 18, 2008	4/1/2038	01179P XL6	Morgan Stanley
2008 Series Two	19,700,000	July 30, 2008	July 22, 2008	6/1/2038	01179P YS0	Hutchinson Shockey
2009 Series One	26,730,000	January 21, 2009	January 8, 2009	9/1/2037	01179P ZR1	Merrill Lynch (BAML)
2009 Series Two	30,295,000	April 9, 2009	March 18, 2009	2/1/2029	01179P HZ3	Merrill Lynch (BAML)
2009 Series Three	13,390,000	October 1, 2009	September 21, 2009	8/1/2019	01179P C70	Merrill Lynch (BAML)
2009 Series Four	29,120,000	December 3, 2009	December 18, 2009	2/1/2039	01179P E45	Merrill Lynch (BAML)
2010 Series One	27,835,000	March 11, 2010	February 23, 2010	9/1/2030	01179P J24	Piper Jaffray
2010 Series Two	14,790,000	June 2, 2010	May 20, 2010	8/1/2029	01179P K89	RBC
2010 Series Three	11,430,000	September 16, 2010	August 31, 2010	10/1/2030	01179P N37	Keybank
2010 Series Four	78,665,000	December 9, 2010	November 22, 2010	8/1/2030	01179P P84	BAML
2010 Municipal Obligation Resolution 2010 Series A	4,765,000	December 21, 2010	December 9, 2010	6/1/2035	01179P T23	Piper Jaffray
2011 Series One	8,635,000	March 1, 2011	February 15, 2011	3/1/2031	01179P U62	Piper Jaffray
2011 Series Two	12,130,000	May 10, 2011	April 27, 2011	4/1/2027	01179P W52	R.W. Baird
2011 Series Three	78,115,000	September 15, 2011	August 25, 2011	9/1/2036	01179P Z34	Morgan Stanley
2012 Series One	18,495,000	March 6, 2012	February 27, 2012	12/1/2025	01179P 2H9	RBC
2012 Series Two	52,795,000	May 24, 2012	May 2, 2012	9/1/2031	01179P 3C9	RBC
2012 Series Three	21,190,000	October 18, 2012	October 10, 2012	7/1/2033	01179P 6Z5	RBC
2013 Series One	96,045,000	March 12, 2013	February 26, 2013	2/1/2047	011798 LC7	RBC
2013 Series Two	36,255,000	June 19, 2013	June 4, 2013	6/1/2033	01179R BL6	JP Morgan
2013 Series Three	72,045,000	November 14, 2013	October 31, 2013	8/1/2048	01179R CG6	RBC
2014 Series One	61,205,000	February 20, 2014	February 6, 2014	3/1/2039	01179R DR1	RBC
2014 Series Two	45,275,000	June 19, 2014	June 10, 2014	6/1/2044	01179R EQ2	RBC

**From:** Aranda, Adam [mailto:Adam.Aranda@morganstanley.com]  
**Sent:** Friday, August 15, 2014 3:37 PM  
**To:** Mitchell, Deven J (DOR); Williams, Ryan Sparks (DOR)  
**Cc:** pierce@westernfinancialgroup.com; Backstrom, Margie; Pandey, Richa  
**Subject:** RE: AMBBA - SEC's MCDC Initiative Request for Information Sent 7/2/2014

Deven and Ryan,

Please find attached the results of our review of your disclosure pursuant to the SEC's MCDC initiative for AMBBA. As indicated on page 1, we were unable to find AMBBA's annual report for FY 2009 and 2010, which we believe is required to meet the Continuing Disclosure Agreement's requirement to provide certain Governmental Unit statistics. Please let us know if you have any information indicating that these filings were made so that we can correct our spreadsheets before sending to the SEC.

The only other issues we found relate to delayed filings of rating changes for AMBBA and numerous insurer rating changes. Note that we could not find rating changes for FSA, so again let us know if this has indeed been posted so we can correct our records. Please let us know of any questions or if you would like to discuss over the phone.

Thank you,

Adam

Adam C. Aranda  
**Morgan Stanley | Fixed Income**  
555 California Street, Suite 2200 | San Francisco, CA 94104  
Phone: +1 415 576-2087  
Fax: +1 415 591-4524  
[adam.aranda@morganstanley.com](mailto:adam.aranda@morganstanley.com)

**8/2014 Continuing Disclosure Review**

**Issuer Deal Date CUSIP Annual Deadline**

Alaska Municipal Bond Bank  
 General  
 Obligation and  
 Refunding  
 Bonds, 2011  
 Series Three 9/15/2011 01179PY92 210 Days from June 30

<b>Annual Filings</b>	<b>6/30/2006</b>	<b>6/30/2007</b>	<b>6/30/2008</b>	<b>6/30/2009</b>	<b>6/30/2010</b>	<b>Insurance</b>
Deadlines	1/26/2007	1/26/2008	1/26/2009	1/26/2010	1/26/2011	
Annual Report	1/25/2007***	12/4/2007***	1/21/2009***	12/8/2009***	12/21/2010***	
Financial Statements & Auditor's Report	1/02/07	12/18/07	1/26/09	12/21/09	11/30/10	

\*\*\*Information included in subsequent Official Statements for new bond issues, though the information is not linked to prior bond issues' CUSIPs

**Sources**

\*FY 06-08 obtained from Disclosure USA  
 \*FY 09-10 obtained from EMMA

**From OS**

The Bond Bank is in compliance with all of its prior undertakings pursuant to the Rule.

-  - Filed On Time
-  - Filed Late
-  - Missing

8/2014 Continuing Disclosure Review

Issuer	Deal	Date	CUSIP
Alaska Municipal Bond Bank	General Obligation and Refunding Bonds, 2011 Series Three	9/15/2011	01179PY92

Underlying Rating Changes

Issuer	Rating Agency	Rating	Date of Rating Change	Date Filed	Days Late
Alaska Municipal Bond	Moody's	Upgraded from Aa3 to Aa2	11/22/2010	5/21/2013	901
	Fitch	Upgraded from AA to AA+	1/7/2013	1/11/2013	On Time
	Standard & Poor's	Upgraded from A+ to AA	1/5/2012	1/11/2012	On Time
	Standard & Poor's	Upgraded from AA to AA+	1/31/2014	2/5/2014	On Time

Bond Insurer Rating Changes

MBIA 2003G, 2004A, 2004B, 2005B, 2005C, 2005-1, 2006-1, 2006-2, 2007-1, 2007-3, 2007-5  
 Ambac 2004A, 2006A, 2007-2, 2008-1  
 FSA 2004C  
 Capital Assurance 2004D, 2007-4  
 FGIC 2005A

Bond Insurer	Rating Agency	Change	Date of Rating Change	Date Filed	Days Late
Ambac Assurance Corp	Fitch	Downgraded from "AAA" to "AA"	1/18/2008	5/21/2013	1940
Ambac Assurance Corp	Standard & Poor's	Downgraded from "AAA" to "AA"	6/5/2008	5/21/2013	1801
Ambac Assurance Corp	Moody's	Downgraded from "Aaa" to "Aa3"	6/19/2008	5/21/2013	1787

Bond Insurer	Rating Agency	Change	Date of Rating Change	Date Filed	Days Late
FGIC	Fitch	Downgraded from "AAA" to "AA"	1/30/2008	5/21/2013	1928
FGIC	Standard & Poor's	Downgraded from "AAA" to "AA"	1/31/2008	3/6/2008	25
FGIC	Moody's	Downgraded from "Aaa" to "A3"	2/14/2008	5/21/2013	1913

Bond Insurer	Rating Agency	Change	Date of Rating Change	Date Filed	Days Late
MBIA	Fitch	Downgraded from "AAA" to "AA"	4/4/2008	5/21/2013	1863
MBIA	Standard & Poor's	Downgraded from "AAA" to "AA"	6/5/2008	5/21/2013	1801
MBIA	Moody's	Downgraded from "Aaa" to "A2"	6/18/2008	5/21/2013	1788

Bond Insurer	Rating Agency	Change	Date of Rating Change	Date Filed	Days Late
XL Capital Assurance	Fitch	Downgraded from "AAA" to "A"	1/24/2008	5/21/2013	1934
XL Capital Assurance	Standard & Poor's	Downgraded from "AAA" to "A"	2/25/2008	5/21/2013	1902
XL Capital Assurance	Moody's	Downgraded from "Aaa" to "A3"	2/7/2008	3/6/2008	16

Bond Insurer	Rating Agency	Change	Date of Rating Change	Date Filed	Days Late
FSA	Fitch	Downgraded from "AAA" to "AA+"	5/11/2009	-	MISSING
FSA	Moody's	Downgraded from "Aaa" to "Aa3"	11/21/2008	-	MISSING

- Filed On Time
- Filed Late
- Missing



August 12<sup>th</sup>, 2014

ALASKA ST MUNI BOND BANK AUTH  
333 WILLOUGHBY AVE, 11TH FL, PO BOX 110405  
JUNEAU, AK 99801

Re. SEC Municipalities Continuing Disclosure Cooperation Initiative – Baird Findings

Dear Issuer:

As you are aware, the SEC recently announced a Municipalities Continuing Disclosure Cooperation Initiative (the “MCDC”) to address violations of representations made by issuers in official statements about past compliance with continuing disclosure requirements. The MCDC encourages underwriters and issuers (including borrowers and obligated persons) to review official statements for prior offerings and to submit a report to the SEC identifying official statements that were materially inaccurate in terms of describing or failing to describe instances of non-compliance with continuing disclosure obligations as required by SEC Rule 15c2-12. Underwriters who participate in the MCDC are required to submit a report to the SEC no later than September 10, 2014, identifying and providing information on all municipal securities offerings they underwrote since September 2009 in which the representations made in the official statement about past compliance or instances of non-compliance with continuing disclosure obligations were inaccurate. However, the deadline for issuers seeking to participate in the MCDC in which to submit to reports to the SEC is December 1, 2014. Underwriters and issuers who participate in the MCDC will also be required to consent to standardized settlement terms.

As we previously informed you, Baird has elected to participate in the MCDC. Accordingly, over the past several weeks, Baird has reviewed the official statements for all of your municipal bond offerings that Baird underwrote since September 2009 (the “Reviewed Offerings”) in order to determine whether those official statements accurately described instances over the five years prior to the date of those official statements in which you and/or obligated persons failed to comply in all material respects with any previous continuing disclosure undertaking. Our review process for each Reviewed Offering generally involved the following:

1. We reviewed the official statement for the Reviewed Offering to determine whether that offering was subject to the Rule and/or the Rule required the official statement to include a description of prior instances of non-compliance with previous continuing disclosure requirements. If the Reviewed Offering did not require disclosure in the official statement of instances of non-compliance with previous continuing disclosure requirements, we will not be reporting that offering to the SEC under the MCDC.
2. If the official statement for the Reviewed Offering was required by the Rule to include a description of prior instances of non-compliance with previous continuing disclosure requirements, we reviewed the official statement to determine what the official statement disclosed in that regard. If the official statement did not contain any disclosures about past compliance with continuing disclosure requirements, we assumed that meant you did not have any prior instances within the past five years of non-compliance with previous continuing disclosure requirements or you were not subject to any previous continuing disclosure requirements.
3. We reviewed official statements for your offerings that were completed before the Reviewed Offering (“Prior Offerings”) to determine the continuing disclosure requirements for the Prior Offerings, including when annual financial information was required to be filed.

4. We searched EMMA to determine whether information was filed and when, with respect to the continuing disclosure requirements for the Prior Offerings; for filings made before EMMA became available in July 2009, we searched Disclosure USA to see if you used it to make the submissions with the four NRMSIRs in effect at that time; if you did not use Disclosure USA we searched two of the NRMSIRs (Bloomberg and DPC Data) but did not search S&P or IDC because their databases are no longer available.
5. We also determined whether there were any downgrades in the ratings of your bonds on Prior Offerings or in the ratings of any insurers of those bonds prior to December 2010 and upgrades or downgrades after December 2010 and then looked to see if you timely filed material event notices for those downgrades.

Accompanying this letter is an attachment that sets forth the results of our review. The report identifies each of your offerings underwritten by Baird since September 2009 and whether Baird believes, based on our review to date, that the representation made in the official statement about past compliance with continuing disclosure requirements may be accurate or inaccurate. Baird intends to include in its report to the SEC under the MCDC all offerings for which we believe the official statement may be not accurate in describing prior instances of non-compliance with previous continuing disclosure requirements. We used the following criteria to determine whether a continuing disclosure representation may be inaccurate and non-compliant:

- If we found that annual information for any year was not submitted within 10 days from the date on which it was supposed to be submitted, we are deeming that to be non-compliant.
- If we found that a rating downgrade prior to December 2010 was not submitted within 30 days from the date of the event or a rating downgrade or upgrade after December 2010 was not submitted within 10 days of the event (the due date), we are deeming that to be non-compliant.
- If a filing required to be made prior to EMMA could not be found on Disclosure USA prior to July 2009, we are deeming that to be non-compliant. Moreover, if we could not find a filing on Disclosure USA but found it on Bloomberg and DPC Data, we intend to report those offerings because we cannot ascertain that the filings were on the other two NRMSIRs, S&P and IDC.

The attachment to this letter also shows offerings for which the official statements may be accurate in their descriptions of past compliance or non-compliance with previous continuing disclosure requirements, based on our review.

You may want to double check our work by conducting your own reviews of your offerings or retaining counsel to assist you. Your review should include not only the offerings for which the official statements, in our judgment, may not accurately describe instances of non-compliance with previous continuing disclosure requirements, but it should also cover offerings that we have noted as appearing accurate, as we may have missed something. Please contact Baird if you have information to disprove our results. Because Baird will need to report our findings to the SEC by September 10, 2014, we would appreciate it if you could review your offerings and get back to us before that date, so as to avoid a possible inconsistency in our respective reports.

You will need to make your own decision as to whether you should participate in the MCDC, as Baird cannot provide any legal advice. Clients should contact their own counsel with any questions they may have about the MCDC or our results.

Baird has established a special telephone number to handle questions you may have about the results of our review of your offerings we underwrote. If you call 1-800-925-5999, a Baird representative will assist you.

Baird appreciates your understanding of, and attention to, this matter.

Sincerely,

ROBERT W. BAIRD & CO. INCORPORATED

EXHIBIT

ISSUER NAME: ALASKA ST MUNI BOND BANK AUTH

Base Cusip	Deal Reference Number	Deal Description	Date of OS	Cusip of Last Maturity	Official Statement May Be Accurate (EMMA & Disclosure USA)	Official Statement May be Inaccurate	May Have No Prior CDU Undertaking, No Official Statement on current offering, Upon Request Filer, or Not Subject to 15c2-12
01179P	32	AK MUN BD BK-SER 2 MUN BD BK AUTH SER TWO	4/27/2011	01179PW94		x	

Definitions:	
<b>Official Statement May Be Accurate (EMMA &amp; Disclosure USA)</b>	The Official Statement language was reviewed and compared against the MSRB's EMMA system (EMMA) post July 1, 2009 and Disclosure USA ( <a href="http://www.disclosureusa.org">www.disclosureusa.org</a> ) pre July 1, 2009. Based upon a review of EMMA and Disclosure USA, the reviewer was able to prove the financial filings were made to EMMA post July 1, 2009 and all four NRMSIRS through Disclosure USA pre July 1, 2009 within 10 days of the due date. For rating changes, the reviewer was able to prove the filings were made post December 1, 2010 within 10 days of the material event and prior to December 1, 2010 within 30 days of the material event.
<b>Official Statement May Be Inaccurate</b>	The Official Statement language was reviewed and compared against the MSRB's EMMA system (EMMA) post July 1, 2009 and Disclosure USA ( <a href="http://www.disclosureusa.org">www.disclosureusa.org</a> ) or Bloomberg or DPC Data pre July 1, 2009. Based upon a review of EMMA, Disclosure USA, Bloomberg and DPC Data the reviewer was not able to prove the filings were made on-time, to all four NRMSIRS, or within the 10 day period after the required filing date. For rating changes, the reviewer was not able to prove the filings were made post December 1, 2010 within 10 days of the material event and prior to December 1, 2010 within 30 days of the material event.
<b>May Have No Prior CDU Undertaking, No Official Statement on current offering, Upon Request Filer, Not Subject to 15c2-12</b>	The Issuer had no prior CDU undertaking, no official statement on this offering, or was required to provide financial and operating continuing disclosure upon request.

**From:** James.T.Cook@wellsfargo.com [mailto:James.T.Cook@wellsfargo.com]

**Sent:** Thursday, July 24, 2014 3:55 PM

**To:** Williams, Ryan Sparks (DOR)

**Cc:** Nicholas.Fluehr@wellsfargo.com; Julie.Burger@wellsfargo.com; pierce@westernfinancialgroup.com; Mitchell, Deven J (DOR); James.T.Cook@wellsfargo.com

**Subject:** WFS - SEC's MCDC Initiative Request for Information

Ryan –

Thank you for your letter dated July 2, 2014 regarding the SEC's MCDC Initiative. Wells Fargo Securities is not currently aware of any information that would lead us to include any municipal securities offerings by the Alaska Municipal Bond Bank in a report to the SEC under the MCDC Initiative. If that changes for any reason, we would intend to contact you. We also respectfully request that you contact us by August 15, 2014 if you plan to, or are made aware of an underwriting firm's plan to, submit a report to the SEC regarding any of your municipal securities offerings for which Wells Fargo Securities was an underwriter. We also appreciate your stated intent to contact us in advance of any self-report the Alaska Municipal Bond Bank plans to make pursuant to the MCDC Initiative regarding any offerings for which Wells Fargo Securities was an underwriter.

Thank you,

Jim

**James Cook**

Analyst | Public Finance

Transportation and Structured Finance

Wells Fargo Securities

2363 Gulf-to-Bay Boulevard, 2<sup>nd</sup> Floor | Clearwater, FL 33765

Office: 727.953.1082 | Cell: 646.628.2581 | MAC H3200-020

[james.t.cook@wellsfargo.com](mailto:james.t.cook@wellsfargo.com)

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This email is subject to a disclaimer, please click on the following link or cut and paste the link into the address bar of your browser.  
<https://www.wellsfargo.com/com/disclaimer/mpd1>

August 14, 2014

Deven Mitchell  
Alaska Municipal Bond Bank  
333 Willoughby Avenue  
Juneau, AK 99811-0405

Re: SEC's MCDC Initiative

Issue: Alaska Municipal Bond Bank  
General Obligation Bonds, 2010A Series One  
Dated: 3/11/2010

As you may be aware, the Securities and Exchange Commission's Division of Enforcement (the SEC) recently announced the Municipal Continuing Disclosure Cooperation Initiative (the Initiative). The SEC has been concerned that municipal bond issuers and obligors may in the past have failed to adequately disclose material violations of past continuing disclosure agreements in their Official Statements and that underwriters may have failed to appropriately address the issue through their due diligence responsibilities. The Initiative allows municipal bond issuers and obligors like yourself and underwriters to voluntarily self-report to the SEC failures to disclose material violations of past continuing disclosure agreements in Official Statements. Self-reporting under the Initiative allows underwriters, issuers and obligors to enter into settlement agreements with the SEC under more favorable terms than what they might be able to expect for transactions not reported under the Initiative.

Piper Jaffray has made a preliminary determination to participate in the Initiative. We have reviewed the Official Statement disclosure relative to compliance with previous continuing disclosure obligations for the above-referenced bonds issued by you or respecting which you were the obligor. **We have made a determination not to report this transaction as part of our filing with the SEC relative to the Initiative.** Our determination was based on our assessment of the transaction in consultation with our legal advisors and should not be relied on by you in deciding whether to participate in the Initiative. We encourage you to provide any information you may have that might be relevant to our preliminary assessment by September 5<sup>th</sup>, particularly if you have done your own analysis and disagree with our assessment. For underwriters, the deadline for self-reporting under the MCDC Initiative expires after September 9, 2014. The deadline for issuers and obligors for self-reporting has been extended to December 1, 2014. Up until that time, we encourage you to continue to provide us with any information about your intention to report your transactions for which we were your underwriter. Please contact us if you have information or questions about this matter. We appreciate your business and hope that this client communication is helpful to you as you determine the best course of action for your organization.

For questions about this letter, please contact Frank Fairman at (612) 303-6657.

Sincerely Yours,

Frank Fairman

Cc: Cynthia Cartledge - Wohlforth, Johnson, Brecht, Cartledge & Brooking, P.C.  
Chip Pierce - Western Financial Group, LLC

*Piper Jaffray is not recommending any action and is not acting as an advisor to you and does not owe a fiduciary duty to you pursuant to Section 15B of the Exchange Act with respect to the information and material contained in this letter. Piper Jaffray is acting for its own interests, and any recipient of this information should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.*



Deven Mitchell, Executive Director  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

Tel: (907) 465-3409  
Fax: (907) 465-2902  
deven.mitchell@alaska.gov

July 3, 2014

Ms. Nancy Meier, Compliance Officer  
Hutchinson Shockey Erley & Co.  
1702 East Highland Avenue, Suite 316  
Phoenix, AZ 85016

RE: SEC Division of Enforcement's MDCDC Initiative - Request for Information from Senior Underwriters

Dear Ms. Meier,

As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

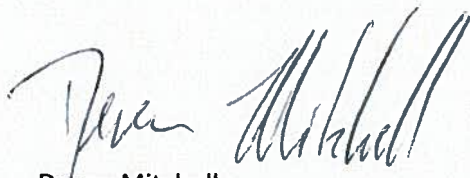
The SEC has set a September 9, 2014, 8:00 PM, Alaska Daylight Time deadline for both municipal issuers and bond underwriters to voluntarily report any materially inaccurate statements made in official statements over the past five years regarding issuer compliance with continuing disclosure obligations.

Although the Alaska Municipal Bond Bank Authority has long-established policies and procedures regarding authority compliance with its secondary market disclosure obligations, we are nevertheless evaluating whether there may have been instances where we did not achieve perfect compliance. To facilitate the collection and evaluation of this information, we are requesting that firms who have served as senior book-running underwriter on either a competitive or negotiated sale of bonds by the Alaska Municipal Bond Bank Authority share any findings that they have discovered regarding instances of disclosure non-compliance by the Alaska Municipal Bond Bank Authority over the past ten years. Given the SEC's early September deadline, we would request that this information be shared with us, in writing, by no later than Friday, August 15, 2014, so that we have adequate time to review and evaluate these findings.

Please find enclosed a list of all series of bonds sold through public offering by the Alaska Municipal Bond Bank Authority over the past ten years. The book-running senior managers are identified for each issue, and where a firm has merged or changed names we have provided the current firm's name.

Thank you for your assistance in this effort. If you have any questions about this request for information, please do not hesitate to call me at (907) 465-3750.

Sincerely,

A handwritten signature in black ink, appearing to read "Deven Mitchell". The signature is fluid and cursive, with the first name "Deven" written in a smaller, more compact script than the last name "Mitchell".

Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority

Enclosure

Cc: Leo Valdez, Hutchinson Shockey Erley & Co.  
Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA





Deven Mitchell, Executive Director  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

Tel: (907) 465-3409  
Fax: (907) 465-2902  
deven.mitchell@alaska.gov

July 2, 2014

Mr. Nicholas Fluehr  
Wells Fargo Securities – Public Finance  
375 Park Avenue, 6<sup>th</sup> Floor  
MAC J0127-060  
New York, NY 10152

RE: SEC Division of Enforcement's MCDC Initiative - Request for Information from Senior Underwriters

Dear Nick,

As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

The SEC has set a September 9, 2014, 8:00 PM, Alaska Daylight Time deadline for both municipal issuers and bond underwriters to voluntarily report any materially inaccurate statements made in official statements over the past five years regarding issuer compliance with continuing disclosure obligations.

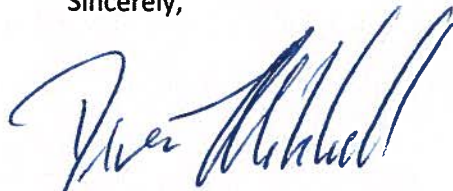
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Thank you for your assistance in this effort. If you have any questions about this request for information, please do not hesitate to call me at (907) 465-3750.

Sincerely,

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Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority

Enclosure

Cc: Julie Burger, Wells Fargo Securities  
Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA



Deven Mitchell, Executive Director  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

Tel: (907) 465-3409  
Fax: (907) 465-2902  
deven.mitchell@alaska.gov

July 2, 2014

Mr. Tom Yang, Managing Director  
RBC Capital Markets  
Two Embarcadero Center, Suite 1200  
San Francisco, CA 94111

Ms. Laura K. Janke, Vice President  
RBC Capital Markets  
60 South Sixth Street, 15<sup>th</sup> Floor  
Minneapolis, MN 55402-4422

RE: SEC Division of Enforcement's MCDC Initiative - Request for Information from Senior Underwriters

Dear Tom & Laura,

As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

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Sincerely,

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Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority

Enclosure

Cc: Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA





Deven Mitchell, Executive Director  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

Tel: (907) 465-3409  
Fax: (907) 465-2902  
deven.mitchell@alaska.gov

July 2, 2014

Mr. Dick Schober & Ms. Lindsay Sovde  
Piper Jaffray & Co., Public Finance

RE: SEC Division of Enforcement's MCDC Initiative - Request for Information from Senior Underwriters

Dear Dick & Lindsay,

As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

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Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority

Enclosure

Cc: Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA



Deven Mitchell, Executive Director  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

Tel: (907) 465-3409  
Fax: (907) 465-2902  
deven.mitchell@alaska.gov

July 2, 2014

Mr. Adam C. Aranda &  
Ms. Margie Backstrom  
Morgan Stanley  
555 California Street, Suite 4400  
San Francisco, CA 94101

RE: SEC Division of Enforcement's MCDC Initiative - Request for Information from Senior Underwriters

Dear Adam & Margie,

As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

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Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority

Enclosure

Cc: Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA



Deven Mitchell, Executive Director  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

Tel: (907) 465-3409  
Fax: (907) 465-2902  
deven.mitchell@alaska.gov

July 2, 2014

Mr. Geoff Urbina & Mr. John Urbina  
KeyBanc Capital Markets, Inc.  
1301 5<sup>th</sup> Avenue, 23<sup>rd</sup> Floor  
Seattle, WA 98101

RE: SEC Division of Enforcement's MCDC Initiative - Request for Information from Senior Underwriters

Dear Geoff & John,

As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

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Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority

Enclosure

Cc: Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA



Deven Mitchell, Executive Director  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

Tel: (907) 465-3409  
Fax: (907) 465-2902  
deven.mitchell@alaska.gov

July 2, 2014

Mr. Alan S. Jaffe, Executive Director  
J.P. Morgan  
383 Madison Avenue, 8<sup>th</sup> Floor  
New York, NY 10179

RE: SEC Division of Enforcement's MCDC Initiative - Request for Information from Senior Underwriters

Dear Alan,

As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

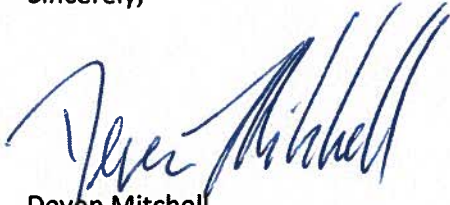
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Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority

Enclosure

Cc: Isaac Sine, J.P. Morgan  
Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA



Deven Mitchell, Executive Director  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

Tel: (907) 465-3409  
Fax: (907) 465-2902  
deven.mitchell@alaska.gov

July 2, 2014

Mr. Greg Sundberg  
Bank of America Merrill Lynch  
800 Fifth Ave, Suite 35  
Seattle, WA 98104

RE: SEC Division of Enforcement's MCDC Initiative - Request for Information from Senior Underwriters

Dear Greg,

As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

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Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority

Enclosure

Cc: Eric Whaley, BAML  
Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA



**Deven Mitchell, Executive Director**  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99811-0405

**Tel: (907) 465-3409**  
**Fax: (907) 465-2902**  
**deven.mitchell@alaska.gov**

**July 7, 2014**

**Ms. Erica Willems, Senior Vice President**  
**Robert W. Baird & Co.**  
777 E Wisconsin Avenue, Floor 25  
Milwaukee, WI 53202

**RE: SEC Division of Enforcement's MCDC Initiative - Request for Information from Senior Underwriters**

**Dear Ms. Willems,**

**As you are aware, the Securities and Exchange Commission Division of Enforcement will recommend "favorable" settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.**

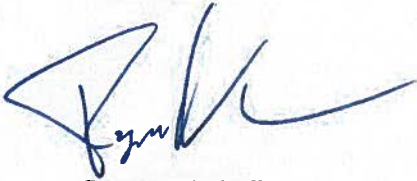
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**Deven Mitchell**  
**Executive Director**  
**Alaska Municipal Bond Bank Authority**

For

Enclosure

Cc: Mr. Brian Kelso, Director, Robert W. Baird  
Chip Pierce, Western Financial Group, LLC  
Ryan Williams, AMBBA



**\$45,275,000 Series 2014 Two Bonds**

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

June 23, 2014

Dear Deven:

With the sale of the Alaska Municipal Bond Bank's General Obligation Bonds, 2014 Series Two Bonds on June 10, 2014 I have prepared this summary of the sale results.

The bonds were sold by competitive sale to RBC Capital Markets. The Bond Bank received a total of 8 bids for the Bonds, which were sold via the Parity internet platform. The Bonds carry a true interest cost of 3.7806%. This TIC reflects the low interest rates that continue to characterize the fixed-income markets. RBC Capital Markets purchased the Bonds with an underwriter cost of \$2.75/\$1,000. That was the lowest level of underwriter compensation on a competitive bond sale in recent memory, and helped RBC to secure the lowest bid by approximately 4.4 basis points below the cover bid. For comparison, the table below summarizes the true interest costs, average life and underwriter costs of recent Bond Bank issues.

Issue	TIC	Average Life	Underwriter Cost (per \$1,000)
2014 Two	3.7806%	18.742	\$ 2.75
2014A One	3.5484	12.374	2.94
2014B One	2.2643	4.318	2.52
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



The table below summarizes the bids submitted on the morning of June 10<sup>th</sup>.

Firm	TIC Bid
RBC	3.800%
Robert W. Baird	3.848%
Hutchinson	3.862%
Wells Fargo	3.868%
Barclays	3.886%
BAML	3.906%
Morgan Stanley	3.977%
JP Morgan	3.979%

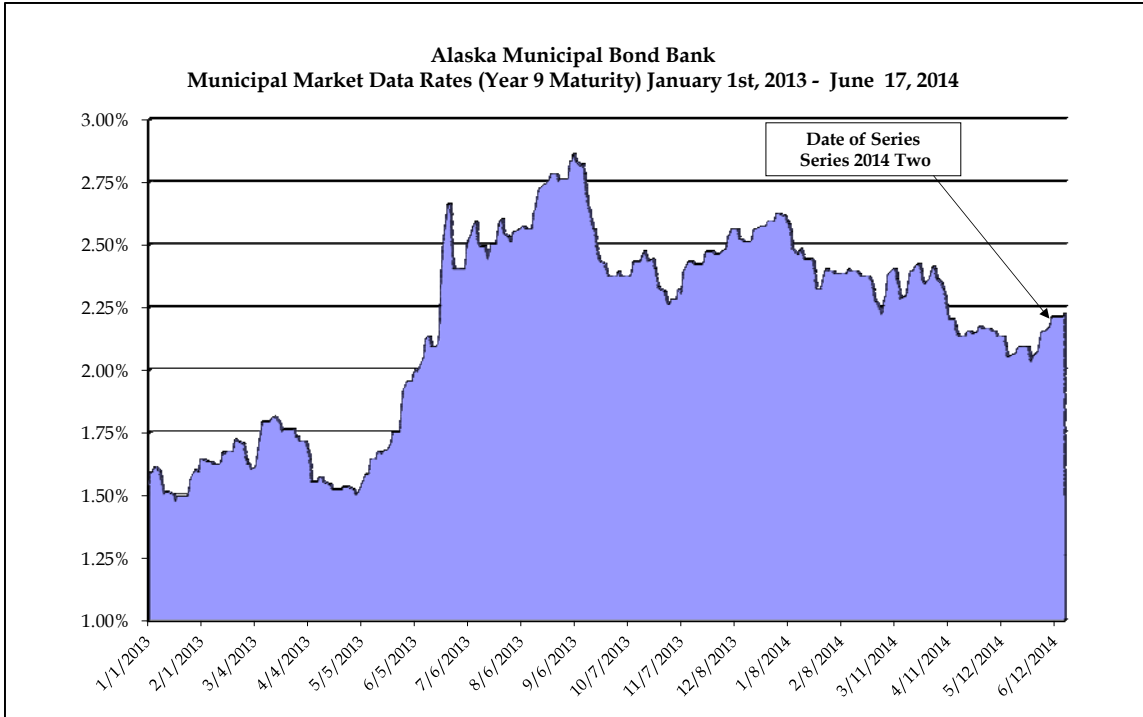
The Bonds were re-offered to the public at yields that ranged from 0.24% in 2015 to 4.15% for the 2044 term bond. The re-offering yields generated a premium of \$2,251,869.20. The reoffering yields ranged from 10 to 75 basis points higher than the Municipal Market Data AAA rate scale for the market close on June 10<sup>th</sup>. The table below presents the AMBB and MMD scales for sample maturities of the 2014 Series Two Bonds with comparisons to the spread to MMD of AMBB issues dating back to the 2012 Two Bonds:

	MMD (6/10/14)	AMBB (2014II Bonds)	Difference (2014II Bonds)	Difference (2014A I Bonds)	Difference (2013 III Bonds)	Difference (2013 II Bonds)	Difference (2013 I Bonds)	Difference (2012 III Bonds)	Difference (2012 II Bonds)
Year 1	0.14	0.24	.10	.05	.03	.13	-.02	.11	.31
Year 3	0.62	0.77	.15	.10	.09	.15	.13	.20	.45
Year 5	1.28	1.47	.19	.14	.10	.25	.25	.23	.47
Year 8	2.03	2.27	.24	.24	.29	.34	.38	.31	.50
Year 12	2.54	2.80	.26	.59	.63	.77	.61	.95	.585
Year 14	2.73	3.19	.46	.73	.75	.92	.81	.94	
Year 15	2.82	3.31	.49	.76	.76	.96	.84		

As the table demonstrates, the spread to MMD on the 2014 Two Bonds was fairly close to the spread on the 2014 One Bonds through year 8, but the spread on the 2014 Two Bonds tightened beyond that point by as many as 33 basis points relative to the 2014 One spread.

The tone of the municipal bond market leading up to the sale was fairly solid following a year of significant swings in tax-exempt interest rates. 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, then Federal Reserve Chairman Ben Bernanke's statement in June 2013 that the Federal Reserve intended to reduce bond purchases associated with its quantitative easing program caused a nearly 50 basis upward adjustment in rates. 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, falling approximately 50 basis points from the levels of early September on diminished concerns that the Fed planned to reduce its bond purchase program. Rates gradually moved lower from early 2014 through the sale of the 2014 Two Bonds. In the weeks leading up to the sale, municipal rates, particularly in the mid-maturity range around 10 years, had increased approximately 15 basis points after a rally from the beginning of the year that resulted in rates declining by more than 60 basis points in some mid-range maturities. Rates have remained very stable in the two weeks following the sale.



The proceeds of the 2014 Two Bonds sale were provided to the City of Ketchikan and the City of King Cove. Ketchikan used the proceeds of the Bond Bank loan to fund two projects: hospital construction and harbor improvements. King Cove used the Bond Bank loan to retire an outstanding USDA loan and to partially fund construction of new hydroelectric resources.

Borrower	Gross Savings	Present Value Savings
City of Ketchikan	5,162,000	3,196,000
City of King Cove	345,000	266,000

The bond sale closed on June 19<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:** August 22, 2014

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

Following are updates on items not covered in the September 4, 2014 Agenda:

*FY 2014 activity* – FY 2014 ended up being the largest issuance year by new money par and loaned proceeds that the Bond Bank has had with \$178.5 million of par and \$191.4 million of proceeds funding 11 projects. The Bond Bank's participation generated \$12.7 million of present value savings. This level of activity did put pressure on the operating budget and we ended up within \$3,000 of our total spending authority, highlighting a need for closer monitoring.

*FY 2014 Financial Statements and Audit* – ERM is working on the financial statements and BDO is engaged in the audit process for the fiscal year ended June 30, 2014. We have extended our relationship with ERM as compiler of our financial statements for the coming two years.

*July 2, 2014* – I provided the quarterly report ethics report the Department of Law. No violations were reported.

*June 2014* – In conjunction with the 2014 Two closing I directed the transfer of \$3,451,696.82 from the custodial account at the First National Bank Alaska to the 2005 Reserve fund at the Bank of New York Mellon. The letters directing the transfer are attached.

*AGFOA* - I am travelling to Spokane from September 17-19 to participate in the Washington Finance Officers Association Conference as the AGFOA representative. Ryan Williams and I are planning to attend the AGFOA Fall conference November 16-19 in Anchorage. I am planning on recommending Ryan for a board assignment at the annual business meeting.

*Next Bond Issues* – Depending upon municipal election results I expect a winter bond issue in the December-January time frame followed by a spring/summer issue in May-June.

*Investment Manager RFP* – we are in the process of issuing a request for proposals for the Bond Bank’s investment manager due to the current contract’s expiration. We will be looking for the investment committee and Ryan Williams to serve on the evaluation committee.

*Arctic Infrastructure Finance* –I would like to discuss scheduling a working group meeting of the Board to review the changing landscape in Alaska’s arctic, the pressing needs for infrastructure, and if the Bond Bank is a viable option for financing the needed improvements.

# MEMORANDUM

## State of Alaska Department of Law

TO: Kimberly Halstead  
Litigation Assistant  
Department of Law  
Opinions, Appeals, & Ethics Section

DATE: July 1, 2014

TEL. NO.: 907-465-3750

FAX: 907-465-2902

FROM: Deven Mitchell  
Executive Director

SUBJECT: Executive Branch Ethics Act, AS  
39.52 Quarterly Report  
April 1, 2014 to June 30, 2014

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

June 16, 2014

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

Dear Ms. Kehr,

Please amend the amount of the wire transfer from the Custodial Account to the Bank of New York scheduled for June 18, 2014 to \$3,451,696.82. The wire transfer amount was increased from \$3,353,179.65 identified on June 12, 2014 due to a change in the 2005 reserve valuation by the Bank of New York. The revised transfer amount will satisfy the increased 2005 reserve requirement due to the issuance of the 2014 Series Two 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 2014 One  
Attn: Gordon Fung, Phone – 415-263-2090

Sincerely,

Deven Mitchell  
**Executive Director**

Cc: Gordon Fung  
Bert Wagnon  
Chip Pierce  
Cindy Cartledge  
Pam Leary  
Scott Jones

June 12, 2014

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

Dear Ms. Kehr,

Please wire transfer \$3,353,179.65 from the Custodial Account to the Bank of New York on Wednesday June 18, 2014 to satisfy the increased 2005 reserve requirement due to the issuance of the 2014 Series Two 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 2014 One  
Attn: Gordon Fung, Phone - 415-263-2090

Sincerely,

Deven Mitchell  
**Executive Director**

Cc: Gordon Fung  
Bert Wagnon  
Chip Pierce  
Cindy Cartledge  
Pam Leary  
Scott Jones