

**ALASKA MUNICIPAL BOND BANK
AUTHORITY**

BOARD OF DIRECTOR'S MEETING

**TO BE HELD AT
The Offices of Wohlforth, Brecht, & Cartledge
900 West 5th Avenue, Suite 600
Anchorage, Alaska**

August 11, 2015

9:30 A.M. ADT





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

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

AGENDA FOR BOARD OF DIRECTOR'S MEETING

Offices of Wohlforth, Brecht, & Cartledge
900 West 5th Avenue, Suite 600
Anchorage, Alaska

August 11, 2015 at 9:30 a.m. ADT

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Election of Officers (First Meeting of Fiscal Year 2016)**
- V. Approval of Agenda**
- VI. Minutes of the June 15, 2015 Meeting of the Board of Directors**
- VII. General Business**
 - A. City of Klawock – Discussion**
 - B. Haines Borough – Loan Application and Analysis**
 - C. Kodiak Island Borough – Loan Application and Analysis**
 - D. City of King Cove - Summary Review of Project - Previous AMBBA Authorization**
 - E. Resolution 2015-04 – Authorizing the Issuance of the 2015 Series Three Bonds**
 - F. Budget Discussion - Fiscal Year 2015 & 2016**
 - G. Executive Director's Report**
- VIII. Public Comments**
- IX. Board Comments**
- X. Adjournment**

The Alaska Municipal Bond Bank Authority Meeting

The Alaska Municipal Bond Bank Authority Meeting

The Alaska Municipal Bond Bank Authority will hold a meeting in the Offices

of Wohlforth, Brecht, & Cartledge,

900 West 5th Avenue, Suite 600,

Anchorage, Alaska,

on August 11, 2015 at 9:30 AM ADT.

The meeting will include, but is not limited to, the following agenda items:

Haines Borough – Loan Application and Analysis

City of Klawock – Loan Application and Analysis

Kodiak Island Borough – Loan Application and Analysis

City of King Cove - Summary Review of Project - Previous AMBBA Authorization

Resolution 2015-04 – Authorizing the Issuance of the 2015 Series Three Bonds

Executive Director’s Report

The public is invited to attend. Individuals who may need special modifications to participate should

call (907) 465-3750 prior to the meeting.

Dated July 13, 2015

Deven Mitchell, Executive Director

Attachments, History, Details

Attachments

None

Revision History

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Details

Department:	Revenue
Category:	Agency Meetings
Sub-Category:	
Location(s):	Statewide
Project/Regulation #:	

Publish Date: 7/13/2015

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Events/Deadlines:



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

June 15, 2015

I. CALL TO ORDER

Mark Pfeffer called the meeting to order at 1:03 PM, Alaska Daylight Time. Members participated at the State Office Building, 11th Floor Commissioner's Conference Room, 333 Willoughby Avenue, Juneau, AK, and by telephone.

II. ROLL CALL

Mark Pfeffer
Michael Lamb
Luke Wells
Pam Leary
Greg Gursey

OTHERS IN ATTENDANCE

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Ryan Williams, Finance Director, Alaska Municipal Bond Bank
- Cindy Cartledge, Bond Counsel, Wohlforth, Brecht & Cartledge
- Shirley Rich, Legal Assistant, Wohlforth, Brecht & Cartledge
- Chip Pierce, Financial Advisor, Western Financial Group
- Myron Dosch, Controller, University of Alaska
- Michael Newman, SVP, FirstSouthwest, LLC

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. The public notice was officially published on 5/26/2015.

IV. APPROVAL OF AGENDA

The agenda was reviewed by the board and approved without objection.

V. MINUTES of the April 9, 2015 Board of Directors Meeting

The April 9, 2015 minutes were reviewed by the board and approved as written without objection.

VI. GENERAL BUISNESS

University of Alaska – Credit Review Summary

Mr. Pierce presented an evaluation of the University of Alaska's loan request for not to exceed \$87,500,000 for major upgrades to the Atkinson Heat and Power Plant. Mr. Pierce provided a general description of the size of the heat and power plant, which provides electricity and heating and cooling to 3 million square feet of academic, research, office and housing space. The requested term of the loan is 30 years, and the security for the loan comes from general revenues of the University. The University's most recent state-shared revenues of \$385.9 million, and estimated maximum annual debt service (including 2015 Bond Bank loan and parity University Bonds including the upcoming 2015 Series) of \$24.4 million, provides coverage of approximately 69.6 times. One of the major cost components of the upgrades includes replacement of the original boilers (est. 1964), with new boilers projected to generate approximately 17 megawatts. New boilers prevent higher maintenance costs over time as well as failure risk. Additionally, the new heat and power plant is estimated to show a marked decrease in regulated emissions, providing for energy needs for an estimated fifty years or more, at the same time limiting future power purchases from the Golden Valley Electric Association. Total project costs consist of \$245 million, with sources of funding approved by the Alaska Legislature of University-issued bonds of \$70 million, a combination of State capital and operating appropriations

of \$87.5 million, and the current consideration of \$87.5 million from the Bond Bank. Project completion and operation of the upgraded plant is anticipated for the end of 2018. The main sources of revenues for the University are student tuitions and fees, and federal, state and private grants and contracts. Mr. Pierce noted that the State Legislature annually authorizes the University to spend Receipts, which includes revenues pledged to the payment of its debt service (including debt service on the proposed Bond Bank loan) and are derived from student tuition and fees, facilities and administrative cost recovery, sales and services of educational departments, and net auxiliary enterprise revenues. Mr. Pierce provided a table summarizing University revenues, including debt service and coverage ratios. Mr. Pfeffer asked for clarification on student tuition, and what is netting against gross student tuition revenues as depicted in the table. Mr. Pierce answered that net tuition factors in University scholarships, grants and related program activities for students. Mr. Pierce then went over a table showing the University's 2014 revenues and senior lien debt service, as well as new debt service associated with the power plant project. Mr. Mitchell provided a summary on the background of SB 218, enacted in the 2014 legislative session which gave the University authority to obtain a loan through the Bond Bank. Mr. Mitchell explained that a resolution authorizing a specific series of bonds would come at a later date as an issuance is anticipated for September 2015 (2015 Series Three). Mr. Mitchell noted that credit reports from Moody's Investors Service and S&P Ratings Services is included in the board packet behind Mr. Pierce's credit review summary. Mr. Pierce added that the Bond Bank's loan to the University will be funded with bonds issued under the Bond Bank's 2005 General Obligation Resolution. As a result, the reserve requirement for the 2005 Resolution reserve is expected to increase by approximately \$6-7 million. The University has agreed to reimburse the Bond Bank for any added reserve requirement resulting from their loan. At this time, it's anticipated that the next series of bonds will use a surety policy to address any resulting reserve requirements. Mr. Pierce mentioned that a statement of no litigation has been received from the University's general counsel. Based on the security offered by the University, as well as the significant security provided by the Bond Bank's ability to intercept state-shared revenues, Mr. Pierce recommended approval of the University's loan application. Mr. Welles made a motion to approve the loan application from the University of an amount not to exceed \$87,500,000, and Mr. Gursey seconded the motion. Mr. Mitchell conducted a roll call vote, and the motion passed unanimously with five yes votes.

2015 Two Post Sale Summary

Mr. Pierce presented his analysis, in summary, on AMBBA's 2015 Two bond issuance. These bonds were sold by negotiated sale on May 13, 2015, to RBC Capital Markets as sole manager on the 2015 B Bonds, and as senior manager and JP Morgan as co-manager on the 2015 A Bonds. The bonds carry a true interest cost of 3.6255%. Mr. Pierce went on to note that the bonds were purchased with an underwriter cost of \$3.03 / \$1,000, which remains on the lower end of underwriter compensation in recent memory. The results of the 2015 Two sale continued a trend that began with the 2015 One Bonds in which Bond Bank bonds have traded on a wider basis compared to the MMD AAA index, as is the case with all municipal credits in the past three months. Since mid-January rates have increased 50-70 basis points in reaction to an improving economy and the consequent concerns about coming Federal Reserve rates actions. The proceeds of the 2015 Series Two Bond sale were provided to three borrowers (Cordova, Juneau, and Skagway) for new money purposes. Three borrowers also participated in the 2015 Two Bond sale to achieve debt service savings through the refunding of prior Bond Bank or stand-alone bonds. The following are estimates of present value savings by participant: City of Cordova (Civic Center) \$192,600, Municipality of Skagway (Public Safety) \$924,000, City and Borough of Juneau (CBJ) (Dock) \$3,014,900, Municipality of Skagway (Port) \$610,200, CBJ (2005 Refund) \$182,669, CBJ (2007 Refund) \$340,112, and Kenai Peninsula Borough (2007 Refund) \$400,399.

Executive Director's Report

Mr. Mitchell reported the following items to the Board:

SB 46 approved by the Legislature – On May 27, 2015 Governor Walker signed SB 46 into law. The bill expands the Bond Bank's powers by allowing lending funds to regional health organizations. The legislation also provided technical clean-up of some statutes.

AGFOA – April 28 through May 1, 2015 Ryan and I attended the Spring AGFOA Conference in Fairbanks, Alaska.

Blue Lake Expansion Project Dedication – Unfortunately Mark and I were unable to attend the May 7, 2015 dedication of the Blue Lake Expansion Project in Sitka. We sent our thanks, and congratulations.

Underwriting Pool – We are in the process of reviewing proposals for the underwriting pool and are scheduled to make a final selection of firms by June 19th.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

There were none.

IX. ADJOURNMENT

Mr. Pfeffer adjourned the meeting without objection at 1:37 p.m.

Mark Pfeffer, Chairman



Application for Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue or

I. General Information

A. Name of Governmental Unit (Applicant):

City of Klawock

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

1st Class City

C. Contact Person for the government:

Name:		Title:	
Leslie Isaacs		City Administrator	
Address:		City:	State: Zip:
550 Summit Street		Klawock	AK 99925
Phone:	Fax:	E-mail:	
(907) 755-2261	(907) 755-2403	lisaacs@cityofklawock.com	

D. Applicant's Bond Counsel:

Name:		Title:	
David Thompson		Partner	
Address:		City:	State: Zip:
925 Fourth Avenue Suite 2900		Seattle	WA 98104
Phone:	Fax:	E-mail:	
(206) 370-8395	(206) 370-6191	david.thompson@klgates.com	

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

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

II. Issue Information

A. Total amount of bond purchase request:

\$1,200,000

B. Total term of requested loan: 20 years

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

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

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 of the additional security. Attached

Yes, Lease Revenue from the Alaska Court System

E. Will you need interim financing?

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

- Are engineering and specifications completed? Yes No
- If not, when are they projected for completion? July 1, 2015
- Have construction bids been awarded? Yes No
- Are there additional state or local approvals required? Yes No
- Describe timing/scheduling plan: We plan to have this construction RFP advertised in July 2015 with an anticipated bid award date in September 2015.

6. What is the projected completion date? Construction is planned to be completed in 2015

G. Sources of uses of funds

Sources of Funds		Uses of Funds	
Bonds (this application)	\$ 1,200,000	Construction	\$ 890,000
Federal Funds*		Engineering	\$ 90,000
State Funds*		Contingency	
Applicant's Funds		Cost of Issuance	\$ 20,000
Other (specify)		Other	\$ 200,000
Total:	\$ 1,200,000	Total:	\$ 1,200,000

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

1. Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds:
We will also retire existing USDA debt of approximately \$200,000

III. Credit Information

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

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? Yes No

If yes, provide amount of financed, purpose and principal amount outstanding. \$

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

If yes, please attach details. Attached

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

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.

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.

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? If yes, provide an explanations. Attached

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

Year	Population	Source
2010	755	Alaska Population Estimates DCCED
2011	808	Alaska Population Estimates DCCED
2012	798	Alaska Population Estimates DCCED
2013	785	Alaska Population Estimates DCCED
2014	802	Alaska Population Estimates DCCED

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 way:

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

Donald Marvin

Name (print)

Mayor

Title



Signature

25-Jun-15

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

- A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds.
-
- B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues?
- No, but we do have two Local Improvement District financed projects.
- 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, Mary Jackson Subdivision LID's
 - Electrical LID's – Property Owner fee
 - Water/Sewer LID's – Property Owner fee
- 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
- E.
- F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued.
- None authorized
- 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.
- There are no plans at this time to issue future bonds.
- 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.)
- The economy in Klawock has remained rather stable, even increasing over the last seven (7) years as evidenced by the amount of sales tax remitted to the City of Klawock from our businesses. The following is a chart of sales tax collected by Fiscal Year:

• FY2014	\$ 608,566.71
• FY2013	\$ 573,926.89
• FY2012	\$ 589,534.31
• FY2011	\$ 556,231.01
• FY2010	\$ 558,572.96
• FY2009	\$ 511,046.04
• FY2008	\$ 594,009.27
 - Are any of the community's major employers expected to make changes in work force or operations?
 - SEARHC – Critical Access Hospital Expansion will add another 88 year round positions to their already existing 83 positions as of 2013. The projected annual increase in payroll is approximately \$5,000,000.

- I.
- J.
- K.
- L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years.
 - We do not assess property tax within the City limits of Klawock. The State of Alaska has assessed the real property in Klawock at the following amounts for the last five years:

• FY2014	\$ 54,071,400
• FY2013	\$ 54,109,700
• FY2012	\$ 55,775,700
• FY2011	\$ 51,898,400
• FY2010	\$ 53,604,400
• FY2009	\$ 53,607,400
- M. Provide your audited financial statements from the last two years (provide your unaudited statement if audit hasn't been preformed).
 - Our FY13 audit is attached
 - Our FY14 will be done by the end of July 2015
- N. Provide your current year's budget
 - Our FY15 2nd revision and FY16 Budget is attached
- O. Provide your capital improvement plan.
 - We have attached our Comprehensive Community Plan from 2007.
- P. Provide any other financial or economic information that will assist evaluation of your application.

Alaska Municipal Bond Bank
Application Credit Review Summary Page

Applicant:	Haines Borough
Loan Amount:	\$1,375,000
Project Type:	School improvements
Project Description:	The Borough has received voter authorization for two separate school-related projects. The first relates to mechanical upgrades to the vocational education building at Haines High School. The second relates to the replacement of air handling units at Haines High School.
Term of Loan:	20 years
Revenues Pledged to Loan:	property taxes
Most Recent FY Pledged Revenues:	\$2.3 million
Estimated Annual Debt Service:	\$100 thousand
Total Bond Bank Annual Debt Service:	\$1.9 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$42.5 million
Debt Service Coverage of AMBB DS from SSR:	22.30x
Loan Subject to State Debt Service Reimbursement:	Reimbursement at a rate of 70%.
Estimated Borrower Savings (Gross):	\$122 thousand
Estimated Borrower Savings (Present Value):	\$87 thousand
No Litigation Letters Received:	no

Loan Application Evaluation Haines Borough

Introduction

Haines Borough (the “Borough”) has submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for General Obligation Bond Loans totaling \$1,375,000. The loan proceeds will be used for renewal and replacement projects at Haines High School, specifically replacement of an air handling unit and mechanical systems upgrades at the vocational education building.

Use of the Bond Bank Loan

The vocational building project includes general mechanical, plumbing, electrical, safety, and environmental improvements. The heating and ventilation systems will be upgraded and refurbished, and the mechanical control system replaced with controls to interface with the controls installed in the main building. Hazardous materials identified will be abated and/or removed. Electrical distribution panels and feeders will be replaced, and lighting will be upgraded throughout.

The other project relates to the high school air handling units. These supply and exhaust fans are 40 years old and have reached the end of their service life. A condition survey performed in 2004 designated these fans as having 5-10 years life left. During a school construction project completed in 2008, the planned refurbishment to extend the life of these fans was eliminated for budget reasons. New supply and return fans will provide for a quieter application and a more efficient means of ventilation.

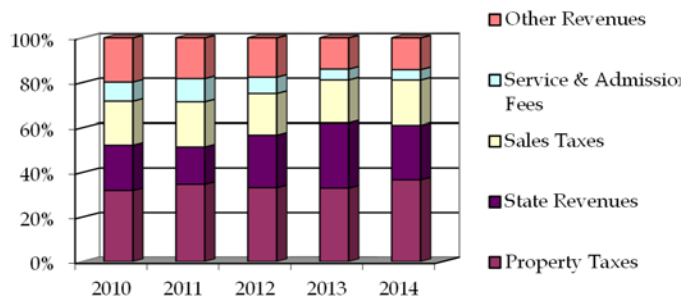
Both the vocational building project and air handling unit project were approved by Borough voters at an election held on October 7, 2014. The vocational building proposition was approved by a margin for 59.4% to 40.6% and the air handling units proposition was approved by a margin of 62.5% to 37.5%.



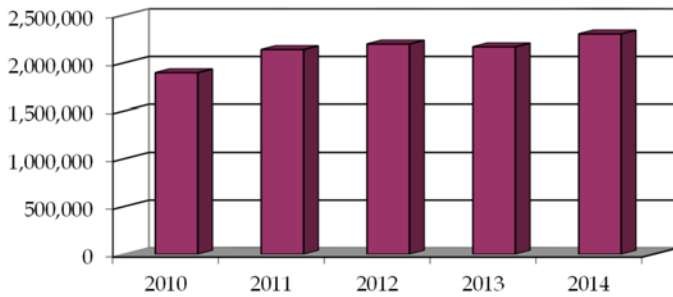
Borough Financial Position

The Haines Borough General Fund derives its revenues primarily from ad valorem property taxes (36.7% in fiscal year 2014), state-shared revenues (24.3% in 2014) and sales taxes (20.1% in 2014). The graph to the right presents the Borough’s relatively stable General Fund revenue distribution over the past five fiscal years. This graph shows that property taxes have consistently been the primary source of General Fund

Haines Borough
General Fund Sources 2010 - 2014



**Haines Borough
Property Tax Collections 2010 - 2014**



revenue, accounting for approximately 33.9% of total General Fund resources over the past five years. State-shared revenues are next in importance, averaging approximately 22.9% over the past five fiscal years. Sales tax revenues have averaged 19.4% over the past five years.

The graph to the left demonstrates that the primary source of general fund revenues, ad valorem property taxes, increased from approximately \$1.9 million in 2010 to \$2.3 million in 2014, an increase of approximately 17.7%.

The property tax rate was increased .23 mills in FY 2016 in order to allow the Borough to maintain a fund balance of just less than 6 months operating reserve

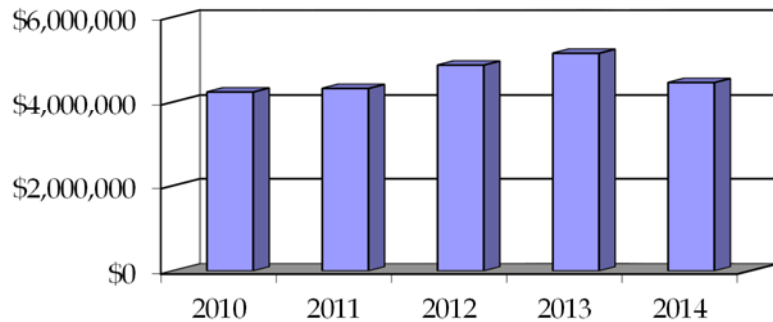
Over the past five years the Borough has maintained the General Fund balance in the range from \$4.2 million to \$5.1 million. As of fiscal year end 2014 the balance stood at \$4.5 million, \$2.4 million of which is unassigned.

The Borough maintains a Permanent Fund which represents the cumulative net proceeds from the sale of municipal lands less construction of public improvements within local improvement districts. The principal balance of the fund cannot be spent and must be held in trust for the benefit of future residents of the Borough. Only income of the fund may be spent.

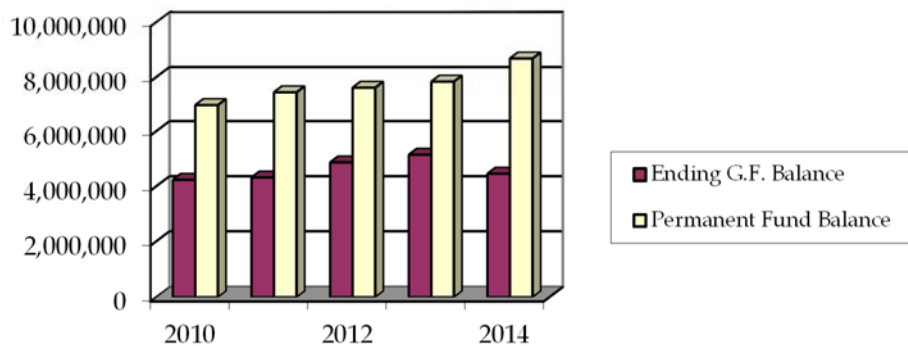
The Borough Assembly provides for the protection of the fund principal from the effects of inflation and may appropriate any remaining income for Borough expenses.

The graph to the right presents the year end balances for the General Fund and for the Permanent Fund from 2010 through 2014.

**Haines Borough
General Fund Ending Balance 2010 - 2014**



**Haines Borough
Year End Balance 2010 - 2014 General Fund and Permanent Fund**



Future Capital Plans

At the time of that the vocational building and air handling projects were approved, voters rejected a \$1.8 million bond issue for replacement of the high school roof. However, the Borough subsequently received a grant from the State to complete necessary repairs to the roof. Borough staff report that there are no current plans for capital project that will require the issuance of 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. The table below presents the Borough's revenues subject to intercept compared to maximum annual debt service, including the 2014 loan and the Borough's other outstanding general obligation debt held by the Bond Bank

Shared Taxes and Fees	\$591,211
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$908,729
Education Support Funding	\$2,906,456
Matching Grants	\$37,144,574
Community Jails	\$383,440
PILT Transfers	\$0
Revenue Sharing	\$598,985
Total Revenue Subject to Intercept	\$42,533,395
Fiscal Year 2015 Debt Service (includes 2015 Loan DS)	\$1,907,465
Debt Service Coverage	22.30

Estimated Borrower Savings

Savings to the Borough as a result of borrowing through the Bond Bank are estimated at approximately \$122 thousand or \$87 thousand on a present value basis. Savings are a result of lower interest rates and lower costs of issuance than the that the Borough will face as a result of issuing through the Bond Bank rather than on its own.

Security and Repayment

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

Assessed value in the Borough has grown 4.2% between 2010 and 2014, an average of approximately 1.0% annually over the past four years. With the sale of this issue, the Borough will have approximately \$11.9 million of debt outstanding under the Bond Bank's 2005 Resolution and \$835 thousand outstanding under the Bond Bank's 1976 Resolution. The Borough's loan under the 1976 Resolution will be retired on October 1st of this year.

Statement of No Litigation

A Statement of No Litigation did not accompany the Borough's application, but will be required prior to issuance of the Bond Bank loan.

Summary

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

For these reasons, we recommend approval of this loan application conditioned upon receipt of the Borough's Statement of No Litigation. If you or any of the Board members have any questions regarding our analysis, please feel free to call me at (503) 719-6113.

For Western Financial Group, LLC

A handwritten signature in black ink, appearing to read "Chip Pierce". The signature is stylized and cursive, with a large loop for the letter 'P'.

Chip Pierce

APPENDIX
Haines Borough Demographic Information
(information provided by
the Department of Commerce, Community and Economic Development
Division of Community and Regional Affairs)

Haines Borough is located on the shores of the Lynn Canal between the Chilkoot and Chilkat Rivers, 80 air miles northwest of Juneau. It is south of the Canadian border at British Columbia and 600 air miles southeast of Anchorage and Fairbanks. By road, it is 775 miles from Anchorage. The area encompasses 2,343.7 square miles of land and 382.1 square miles of water.

The Haines area was called "Dei Shu" by the Tlingit, meaning "end of the trail." The Chilkat Tlingit controlled the trading routes between the coast and the interior. The first non-Native to settle here was George Dickinson, an agent for the North West Trading Company, in 1880. In 1881, S. Young Hall, a Presbyterian minister, received permission from the Chilkat to build the Willard Mission and School. The mission was renamed Haines in 1884 in honor of Mrs. F.E. Haines, Secretary of the Presbyterian Women's Executive Society of Home Missions, who had raised funds for the mission's construction. During the Klondike gold rush in the late 1890s, it grew as a mining supply center, since the Dalton Trail from Chilkat Inlet to Whitehorse offered an easier route to the Yukon for prospectors. Gold was also discovered 36 miles from Haines in 1899 at the Porcupine District. Four canneries had been constructed in the area by the turn of the century. The first permanent U.S. military installation in Alaska, Fort William H. Seward, was constructed south of Haines in 1904. In 1922, the fort was renamed Chilkoot Barracks. Until World War II, it was the only U.S. Army post in Alaska. It was deactivated in 1946 and sold as surplus property to a group of veterans who established it as Port Chilkoot. The City of Port Chilkoot was incorporated in 1956. The borough formed as a third-class borough on August 29, 1968. In 1970, Port Chilkoot merged with Haines into the City of Haines. In 1972, the post was designated a national historic site and the name, Fort William Seward, was restored. The last of the early canneries closed in 1972 due to declining fish stocks. Expansion of the timber industry in the early 1970s fueled growth. In 1974, the Borough annexed 420 square miles to the south, including Excursion Inlet. In 1978, it annexed the former military petroleum distribution facility at Lutak Inlet. The City of Haines and the Haines Borough were consolidated in 2002.

A federally-recognized tribe is located in the community -- the Chilkoot Indian Association. Historically Chilkat Indian territory, Haines is now predominantly a non-Native community. There are two Chilkat Indian villages in the area, the Chilkoot in Haines and the Chilkat in Klukwan.

According to Census 2010, there were 1,631 housing units in the community and 1,149 were occupied. Its population was 9.2 percent American Indian or Alaska Native; 83.2 percent white; 0.4 percent black; 0.6 percent Asian; 5.9 percent of the local residents had multi-racial backgrounds. Communities located within the Borough include: Covenant Life, Haines, Lutak, Mud Bay, and Mosquito Lake. Electricity is provided by Alaska Power Company. There are 4 schools located in the Borough, attended by 310 students. Local hospitals or health clinics include SEARHC Haines Health Center. Auxiliary health care is provided by Haines Volunteer Fire Department.

The Borough school district, retail trade, business and transportation services, and fishing provide the majority of employment in the Borough. In 2010, 107 area residents held com-

mercial fishing permits. Many jobs are seasonal. Haines' road connection, the state ferry, and cruise ship passenger traffic make it an important visitor stop. Located 18 miles from Haines, the Chilkat Bald Eagle Preserve is home to the world's largest congregation of bald eagles.

The 2006-2010 American Community Survey (ACS) estimated 7,351 residents as employed. The public sector employed 38.5% of all workers. The local unemployment rate was 5.6%. The percentage of workers not in labor force was 36.9%. The ACS surveys established that average median household income (in 2010 inflation-adjusted dollars) was \$47,981. The per capita income (in 2010 inflation-adjusted dollars) was \$27,979. About 7.2%¹ of all residents had incomes below the poverty level.

Haines is a major trans-shipment point because of its ice-free, deep water port and dock and year-round road access to Canada and Interior Alaska. It is a northern terminus of the Alaska State Ferry System and a hub for transportation to and from southeast Alaska. Haines has a 4,000' long airport runway.



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):			
HAINES BOROUGH			
B. Type of government (home rule, first class, authority, etc.):			
HOME RULE BOROUGH			
C. Contact Person for the government:			
Name:		Title:	
Jila Stuart		Finance Director	
Address:		City:	State: Zip:
PO Box 1209		Haines	AK 99827
Phone:	Fax:	E-mail:	
(907) 766-2231 Ext. 27	(907) 766-2516	jstuart@haines.ak.us	
D. Applicant's Bond Counsel:			
Name:		Title:	
David O. Thompson		Partner, K&L Gates LLP	
Address:		City:	State: Zip:
925 Fourth Avenue, Suite 2900		Seattle	WA 98104
Phone:	Fax:	E-mail:	
(206) 370-8395	(206) 370-6191	david.thompson@klgates.com	
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:

\$ 1,375,000

B. Total term of requested loan: 20 years

C. Preferred principal and interest payment months: open ^{principle} / ^{interest} open ^{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:	Vocational Education Building Upgrade
602	411	47%	
Yes:	No:	Percent of registered voters casting ballots:	High School Air Handling Units
637	383	47%	

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? Provide details
No

E. Will you need interim financing? No

1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:

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

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

- Are engineering and specifications completed? Yes No
- If not, when are they projected for completion? _____
- Have construction bids been awarded? Yes No
- Are there additional state or local approvals required? Yes No
- Describe timing/scheduling plan: The high school air handling unit replacement is complete. The vocational education building improvements is scheduled to be completed in September 2015.

6. What is the projected completion date? September 2015

G. Sources of uses of funds

Sources of Funds		Uses of Funds	
Bonds (this application)	\$ 1,375,000	Construction	\$ 1,122,500
Federal Funds*	\$ 0	Engineering	\$ 87,500
State Funds*	\$ 0	Contingency	\$ 150,000
Applicant's Funds	\$ 0	Cost of Issuance	\$ 15,000
Other (specify)	\$ 0	Other	\$
Total:	\$ 1,375,000	Total:	\$ 1,375,000

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

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

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? Yes No

If yes, provide amount of financed, purpose and principal amount outstanding. \$

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

If yes, please attach details. Attached

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

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. *The only bonds currently authorized are included in this application.*

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 *No current plans for additional bonds at this time.*

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

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

Year	Population	Source
2014	2,537	Department of Labor Estimate
2013	2,527	Department of Labor Estimate
2012	2,614	Department of Labor Estimate
2011	2,614	Department of Labor Estimate
2010	2,508	Department of Labor Estimate

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 performed). 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
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

Jila Stuart

Name (print)

Finance Director

Title

Signature

9-Jun-15

Date of Application

Please return all applications to:

Deven Mitchell
Alaska Municipal Bond Bank Authority
Department of Revenue
PO Box 110405
Juneau, AK 99811-0405
(907)465-2388 phone
(907)465-2389 fax
deven_mitchell@revenue.state.ak.us

Alaska Municipal Bond Bank
Application Credit Review Summary Page

Applicant:	Kodiak Island Borough
Loan Amount:	\$10,000,000
Project Type:	School improvements
Project Description:	The Borough has received voter authorization for two separate school-related projects. The first relates to a multi-year renovation and expansion of Kodiak High School that was authorized by voters in 2009. The second relates to renewal and replacement projects at several schools around the Borough. Those projects were approved by voters in October 2014.
Term of Loan:	20 years (high school project) 10 years (renewal and replacement project)
Revenues Pledged to Loan:	property taxes
Most Recent FY Pledged Revenues:	\$12.1 million
Estimated Annual Debt Service:	\$780 thousand
Total Bond Bank Annual Debt Service:	\$8.1 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$44.8 million
Debt Service Coverage of AMBB DS from SSR:	5.58x
Loan Subject to State Debt Service Reimbursement:	Reimbursement at a rate of not less than 60%.
Estimated Borrower Savings (Gross):	\$601 thousand
Estimated Borrower Savings (Present Value):	\$441 thousand
No Litigation Letters Received:	yes

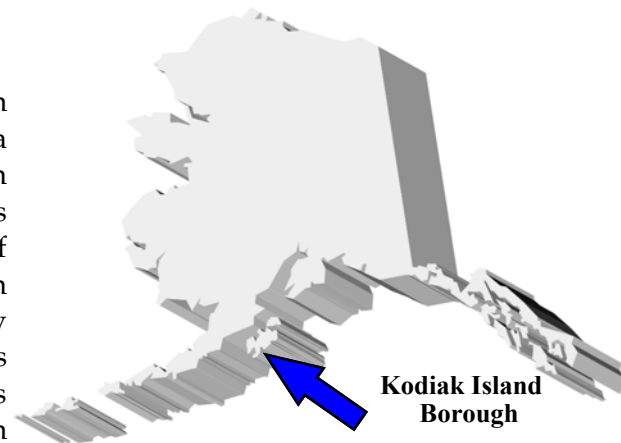
Loan Application Evaluation Kodiak Island Borough

Introduction

Kodiak Island Borough (the “Borough”) has submitted two applications to the Alaska Municipal Bond Bank (the “Bond Bank”) for General Obligation Bond Loans totaling \$10,000,000. The loan proceeds will be used to renovate and expand the Kodiak High School and to make renewal and replacement improvements to Borough schools.

Use of the Bond Bank Loan

The Borough will use the \$8 million Bond Bank loan for the continuation of a multi-year Kodiak High School renovation and expansion project. The high school was constructed in 1966 and the last addition of vocational/academic space took place in 1972. Enrollment at the high school is now more than 200 greater than the facility was designed for. In response, Borough voters approved a \$76.31 million bond measure on October 6, 2009 by a 53.5% to 46.5% margin. The Borough’s 2015 loan from the Bond Bank will be the fourth component of what is a multi-year financing program.

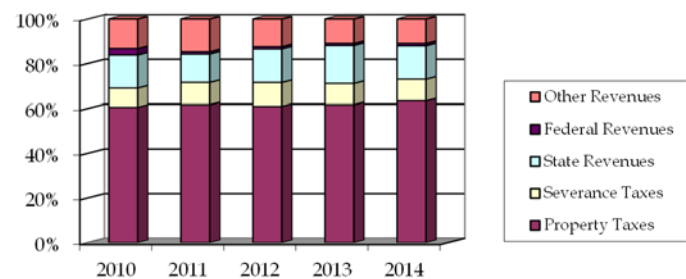


In addition, the Borough will use \$2 million pay for the replacement of worn out parts, playground equipment, underground storage tanks, and installation of energy efficient equipment at twelve Kodiak Island schools. This is part of a \$10.23 million proposition that was approved by Borough voters at an election held on October 7, 2014. The proposition was approved by a margin for 65.9% to 34.1%.

Borough Financial Position

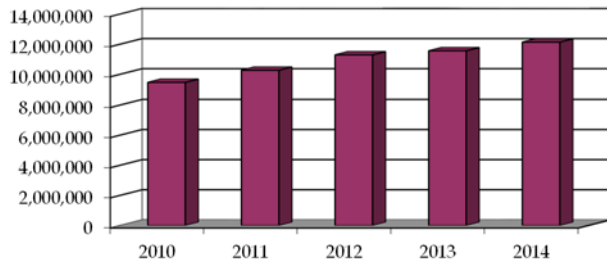
As of the fiscal year 2012 financial report, the Borough established the Education Support Special Revenue Fund (“ESSRF”). This fund accounts financial support to primary and secondary education in the Borough that was formerly an expenditure in the General Fund. Consequently, the ESSRF receives property taxes that formerly flowed from the General Fund. For the purposes of this report, the General Fund and ESSRF are combined to maintain consistency between the FY 2012 through FY 2014 financial reports and prior financial reports.

Kodiak Island Borough
General Fund Sources 2010 - 2014



The General Fund derives its revenues primarily from ad valorem property taxes (63.4% in fiscal year 2014), state-shared revenues (14.9% in 2014) and severance taxes (9.6% in 2014). The graph above presents the

**Kodiak Island Borough
Property Tax Collections 2010 - 2014**



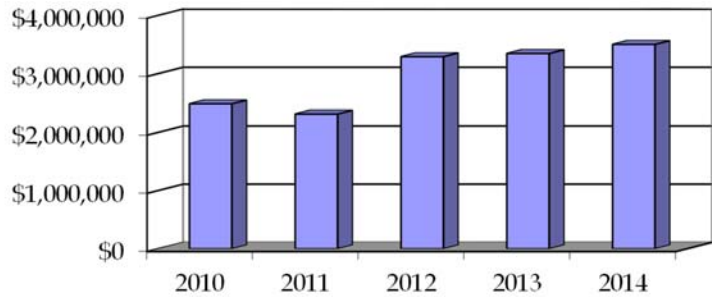
Borough's relatively stable General Fund revenue distribution over the past five fiscal years.

The graph on the previous page shows that property taxes have consistently been the primary source of General Fund revenue, accounting for approximately 61.7% of total General Fund resources over the past five years. State-shared revenues are next in importance, averaging approximately 14.9% over the past five fiscal years. Severance tax

revenues have averaged 9.7% over the past five years.

The graph above demonstrates that the primary source of general fund revenues, ad valorem property taxes, increased from approximately \$11.6 million in 2013 to \$12.1 million in 2014, an increase of approximately 5%. This reflects growth in assessed valuation of real property in the Borough. In addition, the property tax rate in the Borough was 10.50 mils from 2007 through 2011, but was increased to 10.75 in fiscal year 2012 and has remained at that level.

**Kodiak Island Borough
General Fund Ending Balance 2010 - 2014**

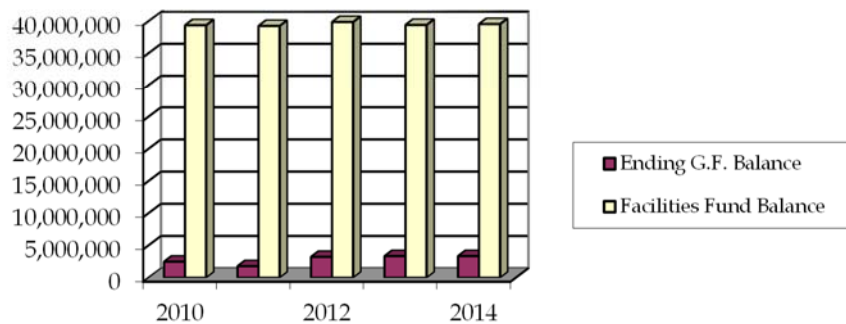


Over the past five years the Borough has maintained the General Fund balance in the range from \$2.3 million to \$3.7 million. As of fiscal year end 2014 the balance stands at \$3.5 million, almost all of which is unassigned.

The Borough maintains a Facilities Fund, which was funded with proceeds for the sale of Shuyak Island to the State. The Borough's objective is to preserve the principal of the Facilities Fund, applying interest earnings (after inflation) toward debt service and for payment of insurance on the Borough's buildings. The ending fund balance of the Facilities Fund as of June 30, 2014 amounted to \$39.5 million. The Borough plans to apply investment earnings on the fund toward payment of the debt service on its general obligation bonds, including these Bond Bank loans.

The graph to the right presents the year end balances for the General Fund and for the Facilities Fund from 2010 through 2014.

**Kodiak Island Borough
Year End Balance 2010 - 2014 General Fund and Facilities Fund**



Future Capital Plans

As stated previously, the Borough voters approved the issuance of \$76.31 million of general obligation bonds for improvements and expansions to the Kodiak High School. The 2015 Bond Bank loan will be the fourth issuance under that authorization. The Borough anticipates issuing the balance of the authorized bonds over the next two years. With the sale of the 2015 Three Bonds, the Borough's remaining authorization related to Kodiak High School will amount to approximately \$10.3 million. In addition, following the sale of the 2015 Three Bonds the Borough will have approximately \$8.2 million of authorization remaining under the school renewal and replacement bond measure approved by voters last 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 Bond Bank has never had to utilize this credit feature. The state aid intercept is, however, a significant credit strength. The table below presents the Borough's revenues subject to intercept compared to maximum annual debt service, including the 2014 loan and the Borough's other outstanding general obligation debt held by the Bond Bank.

Shared Taxes and Fees	\$1,614,025
Dept. of Transportation Reimbursement	\$932,676
Reimbursement and Other Education Funding	\$4,190,420
Education Support Funding	\$28,835,618
Matching Grants	\$8,537,000
Community Jails	\$0
PILT Transfers	\$0
Revenue Sharing	\$699,804
Total Revenue Subject to Intercept	\$44,809,543
Fiscal Year 2015 Debt Service (includes 2015 Loan DS)	\$8,112,270
Debt Service Coverage	5.52

Estimated Borrower Savings

Savings to the Borough as a result of borrowing through the Bond Bank are estimated at approximately \$601 thousand or \$441 thousand on a present value basis. Savings are a result of lower interest rates and lower costs of issuance than the Borough will face as a result of issuing through the Bond Bank rather than on its own.

Security and Repayment

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

Assessed value in the Borough has grown 44.3% between 2005 and 2014, an average of 4.2% annually over the past ten years. With the sale of this issue, the Borough will have approximately \$94.7 million of debt outstanding under the Bond Bank's 2005 Resolution.

Statement of No Litigation

The Borough's application was accompanied by two letters from Joseph N. Levesque of the Levesque Law Group, LLC which serves as the Borough Attorney. Both letters state, in part, "no litigation is pending or threatened ... affecting the corporate existence of the Borough... or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or affecting the validity or enforceability of the bonds ... or... against any of the property or assets of or under the control of the Borough which, whether individually or in the aggregate involves the possibility of any judgment or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of the Borough."

Summary

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

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

For Western Financial Group, LLC

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

Chip Pierce

APPENDIX

Kodiak Island Borough Demographic Information

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

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

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

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

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

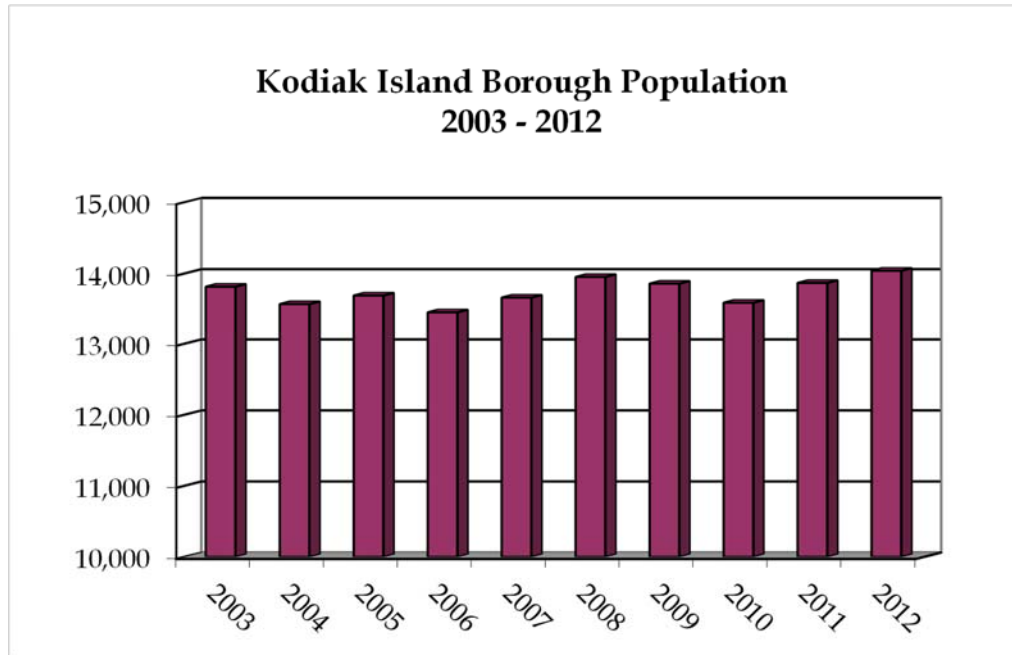
A low-Earth orbit launch complex, Kodiak Launch Complex, is located 30 miles southwest of Kodiak at Cape Narrow. The Complex is used to launch small satellites into polar, high inclination orbits. The \$28-million facility was completed in late 2000.

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

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

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

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





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): Kodiak Island Borough			
B. Type of government (home rule, first class, authority, etc.): 2nd Class Borough			
C. Contact Person for the government:			
Name:		Title:	
Karleton Shaort		Finance Director	
Address:		City:	State: Zip:
710 Mill Bay Road		Kodiak	AK 99615
Phone:	Fax:	E-mail:	
907-486-9320	907-486-9399	kshort@kodiakak.us	
D. Applicant's Bond Counsel:			
Name:		Title:	
Marc Greenough and Joe Levesque			
Address:		City:	State: Zip:
1111 Third Ave, Suite 3400		Seattle	WA 98101
Phone:	Fax:	E-mail:	
206-447-7888	206-749-2088	GreeM@foster.com	
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:

\$8,000,000

B. Total term of requested loan: 20 years

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

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

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

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

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? No

E. Will you need interim financing?

1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:

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

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

- Are engineering and specifications completed? Yes No
- If not, when are they projected for completion? _____
- Have construction bids been awarded? Yes No
- Are there additional state or local approvals required? Yes No
- Describe timing/scheduling plan: The project should be finished by 12/31/2015

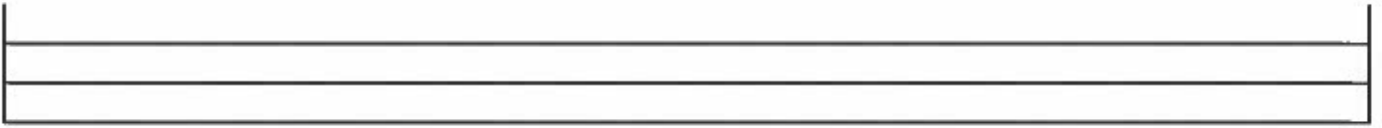
6. What is the projected completion date?

G. Sources of uses of funds

Sources of Funds		Uses of Funds	
Bonds (this application)	\$ 8,000,000	Construction	66757750
Federal Funds*	-	Engineering	6729369
State Funds*	7,538,000	Contingency	1679157
Applicant's Funds	64,941,000	Cost of Issuance	\$
Other (specify)	-	Other	\$ 5312724
Total:	\$ 80,479,000	Total:	75166276

*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:



III. Credit Information

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

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

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

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

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

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

Year	Population	Source
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or

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

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

C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

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

Karleton Short

Name (print)

Finance Director

Title



Signature

7-Jul-15

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



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): Kodiak Island Borough			
B. Type of government (home rule, first class, authority, etc.): 2nd Class Borough			
C. Contact Person for the government:			
Name:		Title:	
Karleton Shaort		Finance Director	
Address:		City:	State: Zip:
710 Mill Bay Road		Kodiak	AK 99615
Phone:	Fax:	E-mail:	
907-486-9320	907-486-9399	kshort@kodiakak.us	
D. Applicant's Bond Counsel:			
Name:		Title:	
Marc Greenough and Joe Levesque			
Address:		City:	State: Zip:
1111 Third Ave, Suite 3400		Seattle	WA 98101
Phone:	Fax:	E-mail:	
206-447-7888	206-749-2088	GreeM@foster.com	
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:

\$2,000,000

B. Total term of requested loan: _____ 10 years

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

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

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

Yes:	No:	Percent of registered voters casting ballots:
1,216	630	22%

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? No

E. Will you need interim financing? NO

1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:

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

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: _____ The project should be finished by 12/31/2016

6. What is the projected completion date? 12/31/2016

G. Sources of uses of funds

Sources of Funds		Uses of Funds	
Bonds (this application)	\$ 2,000,000	Construction	-
Federal Funds*	-	Engineering	2,000,000
State Funds*	-	Contingency	-
Applicant's Funds	-	Cost of Issuance	-
Other (specify)	-	Other	-
Total:	\$ 2,000,000	Total:	2,000,000

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

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

III. Credit Information

All credit information is included in our FY2014 CAFR

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

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

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

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

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

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

Year	Population	Source
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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
1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or
 2. against your government or involving any of the property or assets of or under the control of your government, which , whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.
- B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.
- C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

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

Karleton Short

Name (print)

Finance Director

Title



Signature

7-Jul-15

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 King Cove
Loan Amount:	Approximately \$3.1 million
Project Type:	Major addition to the King Cove hydroelectric system.
Project Description:	The City will use the Bond Bank loan to continue the construction of the City's second "run-of-the-river" hydroelectric project. The existing and new hydroelectric projects are projected to generate approximately 75% of the City's electric generating capacity and diminish the City's usage of diesel fuel to power electric generators that supplement the City's electric power generation.
Term of Loan:	25 years
Revenues Pledged to Loan:	Electric system revenues
Most Recent FY Pledged Revenues (2015 unaudited):	\$369 thousand
Estimated Maximum Annual Debt Service (2014 and 2015 loans):	\$275 thousand
Most Recent FY Debt Service Coverage Ratio (FY 2015):	1.34x
Total Bond Bank Annual Debt Service:	\$379 thousand
Most Recent FY State-Shared Revenues (SSR):	\$1.713 million
Debt Service Coverage of AMBB DS from SSR:	4.52x
Loan Subject to State Debt Service Reimbursement:	no
Estimated Borrower Savings (Gross):	\$520 thousand
Estimated Borrower Savings (Present Value):	\$331 thousand
No Litigation Letter Received:	no (the Bond Bank has requested an update to the prior letter.)

Loan Application Evaluation

King Cove

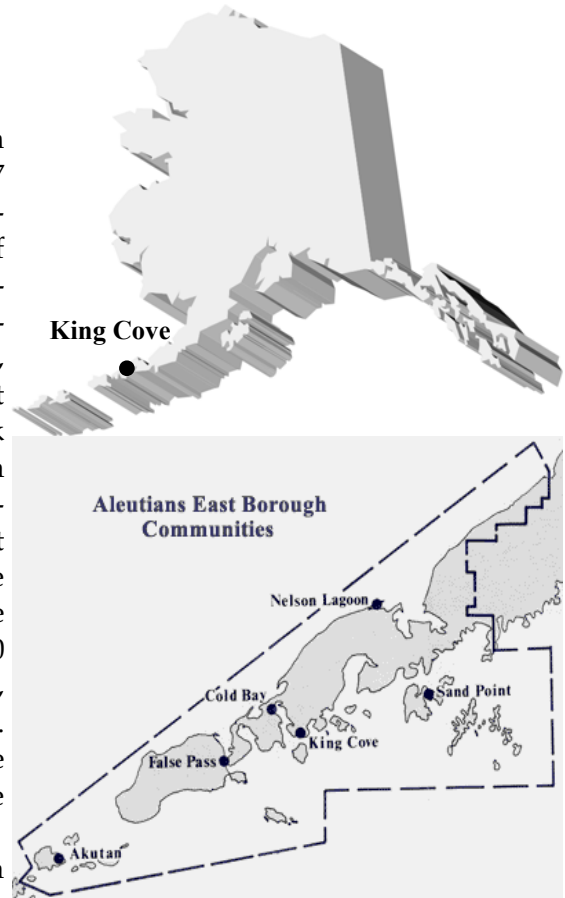
Introduction

The City of King Cove (the “City”) previously submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) for a Revenue Bond Loan totaling approximately \$3,100,000. The City will use the Bond Bank loan for improvements to the City’s hydroelectric generating system.

The Project

In 1995 King Cove constructed the Delta Creek hydroelectric facility. The project cost \$5.7 million, approximately one-third of which was financed with a loan from the U.S. Department of Agriculture. The Delta Creek hydro facility is estimated to have saved King Cove more than 2.5 million gallons of diesel fuel since the mid-1990s, which has resulted in over \$4 million in fuel cost savings. Building on the success of the Delta Creek facility, the City has embarked on the construction of a hydroelectric project on Waterfall Creek located 5 miles north of central King Cove and adjacent to the Delta Creek facility. The plant will, like the Delta Creek project, be a run-of-river system. The project also includes the construction of an 800 square foot addition to the existing powerhouse, 4,500 foot penstock, and a 5,000 foot access road. The hydroelectric plant is expected to displace 75,000 gallons of diesel fuel annually. It will utilize the same transmission line as Delta Creek.

This project is expected to cost \$6.8 million and produce approximately 1.0 MW of annual energy. Project funding is a partnership between the State (\$2.8 million), Aleutians East Borough (\$500 thousand) and City (\$2.225 million), with \$1.525 million of the City share coming in the form of loans from the Bond Bank. The City expects to fund the balance of \$1.275 million from a combination of State Power Project Funds, an Alaska Energy Authority grant, and additional proceeds of an Alaska Bond Bank issue, likely in the summer of 2016.

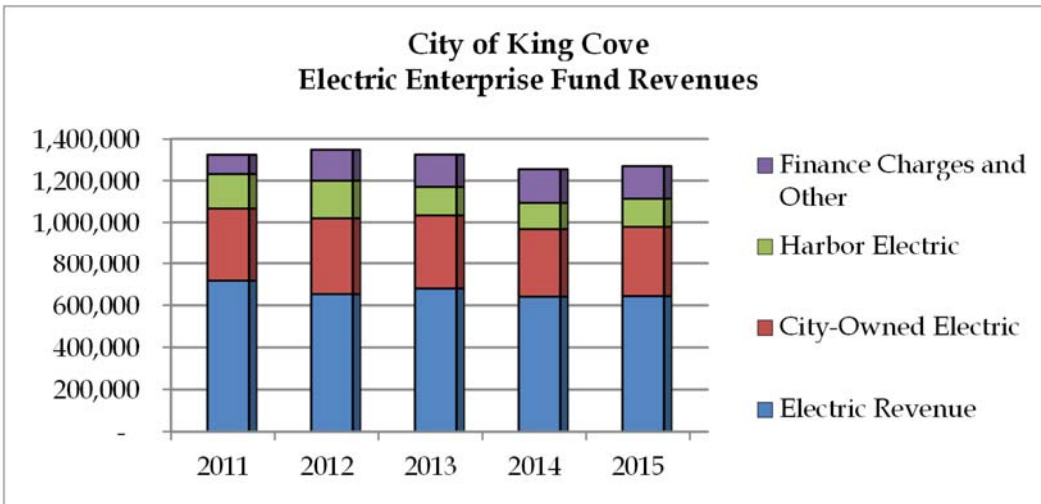


Electric Enterprise Operations

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

The City’s electric system is operated as an enterprise fund, and electric rates are set to recover all revenue requirements. In fiscal year 2011 the City increased its electric rates, from 26 cents/kwh to 30/kwh for residential and commercial customers, although the rates for boats were increased to 34 cents/kwh.

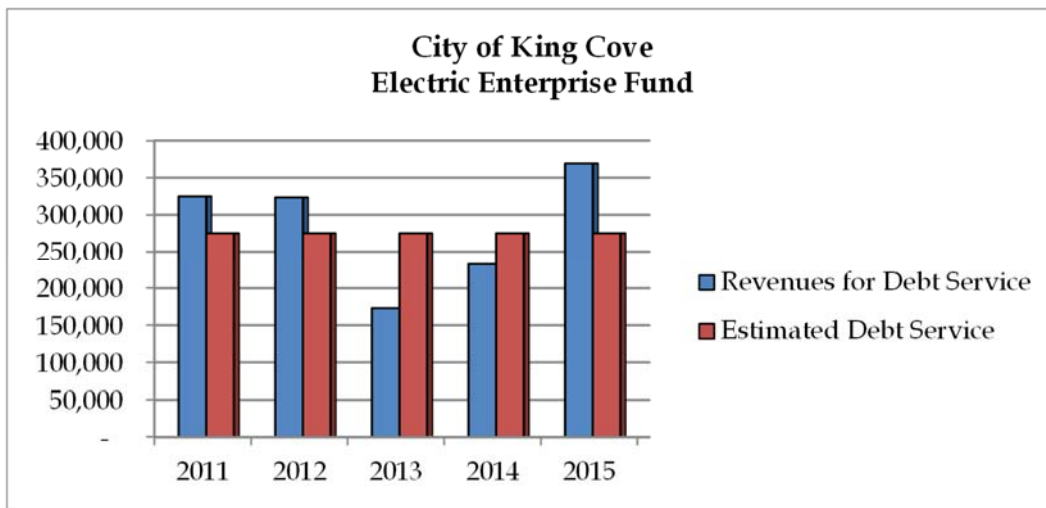
Revenues to the City's Electric Enterprise Fund are made up of three primary sources. These include Electric Revenue (revenue from residential and commercial customers), City-owned electric revenue (charges to other departments), and Harbor electric revenue (payments from boats in the City's small boat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



Over the past 4 years, Electric Revenues have made up more than half of total Electric Enterprise Fund revenues, totaling 53.1% in the period from fiscal year 2011 to 2015. City-owned Electric Revenues accounted for 28.0% of fund revenues during that period, followed by Harbor Electric Revenues, which accounted for 11.9%.

The graph above presents a breakdown of fund revenues over the past four fiscal years.

Over the past four fiscal years, the largest expense for the Electric Enterprise Fund, net of depreciation, has been diesel fuel purchased to run the City's electric generators, which produce approximately 40% of the City's electricity.



With the completion of the Waterfall Creek project, hydro-produced electricity is expected to make up as much as 75% of power production, further reducing the City's dependence on diesel-generated electricity and enhancing the financial position of the fund.

As indicated earlier, the City increased electric rates in fiscal year 2011. This had an immediate and positive impact on the financial position of the fund, as reflected in the graph above. Based on fiscal year 2015 unaudited results, the fund produced net revenues equal to 1.34 times estimated debt service on the Bond Bank's 2014 and 2015 hydroelectric loans to King Cove.

As the graph above demonstrates, FY 2013 and FY 2014 audited results reflect coverage of less than 1.0 times due to a number of technical issues that have subsequently been resolved. Due to complications associated with the remote operations of the Delta Creek project during the winter of 2012-13, the City was forced to utilize diesel generators at a much higher level than would have otherwise been the case. The result was a spike in diesel fuel expenditures to approximately \$684 thousand in FY 2013. Fuel costs remained above average at \$573 thousand in FY 2014, but declined to \$442 thousand in FY 2015.

Security and Repayment

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

The additional bonds test in the electric utility revenue bond resolution requires that, before additional parity bonds may be issued, the City must demonstrate that net revenues are sufficient to cover existing and projected debt service by 1.25 times based on audited net revenue collections. The 2015 Loan from the Bond Bank is being issued under the City’s original Master Resolution that was adopted by the King Cove City Council in September 2013.

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

The 2015 bonds will be the second issued under the bond resolution. The City is also required to obtain Bond Bank consent prior to the issuance of bonds secured by electric system revenues. The bond resolution also includes a rate covenant that requires the City to establish, maintain and collect electric system revenues sufficient to cover debt service by 1.25 times. If the City fails to maintain revenues sufficient to meet the rate covenant, the bond resolution requires the City to retain an expert consultant to make recommendations on improvements to operations in order to meet the rate covenant.

The bond resolution requires the City to fund a debt service reserve in an amount equal to the lesser of 1) 10% of the par amount of the bonds; 2) 125% of average annual debt service; or 3) 100% of maximum annual debt service. In the case of the bonds to be issued for this project, based on current rates and the City’s desired 25-year term of the bonds, the reserve fund will likely be funded at maximum annual debt service, or approximately \$115 thousand.

State-Aid Intercept

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

Shared Taxes and Fees	\$512,655
Dept. of Transportation Reimbursement	\$0
Reimbursement and Other Education Funding	\$0
Education Support Funding	\$0
Matching Grants	\$1,061,040
Community Jails	\$0
PILT Transfers	\$0
Revenue Sharing	\$139,926
Total Revenue Subject to Intercept	\$1,713,621
Fiscal Year 2015 Debt Service (includes 2015 Loan DS)	\$379,154
Debt Service Coverage	4.52

Estimated Borrower Savings

Savings to the City as a result of borrowing through the Bond Bank are estimated at approximately \$520 thousand or \$331 thousand on a present value basis. Savings are a result of lower costs of issuance than that the City will face as a result of issuing through the Bond Bank, as well as lower assumed yields.

Outstanding Debt and Future Capital Plans

The City has no general obligation debt outstanding. With the sale of this issue, the City will have approximately \$3,650,000 of debt outstanding under the Bond Bank's 2005 Resolution. The City may seek a Bond Bank loan of up to \$1,275,000 in the next 12 to 15 months for completion of the Waterfall Creek hydroelectric project.

Statement of No Litigation

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

Summary

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

For these reasons, we recommend approval of this loan application, subject to receipt of the City's statement of no litigation. If you or any of the Board members have any questions regarding our analysis, please feel free to call me at (503) 719-6113.

For Western Financial Group, LLC

A handwritten signature in black ink, appearing to read "Chip Pierce". The signature is stylized and written in a cursive-like font.

Chip Pierce

City of King Cove Economic and Demographic Information

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

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

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

King Cove would consistently be in NOAA's list of the top fifteen ports in the United States for the ex-vessel value and pounds of its fisheries. However, because there is only one processor in King Cove confidentiality rules prohibit King Cove from being formally included in this list.

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

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

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

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

The City also operates a major municipal water system that provides all residential (potable) and industrial (non-potable) water. This includes supplying approximately 250 million gallons of water a year to Peter Pan Seafoods. The City also operates a wastewater system and municipal landfill and maintains about 15 miles of local paved roads.

King Cove is accessible only by air and sea. A state-owned 3,500 long by 100 wide gravel runway is available. The State Ferry, M/V Tustumena, operates bi-monthly between May and October and calls upon the City's deep water dock. Weekly marine cargo services from Seattle arrive in King Cove at both the Peter Pan Seafoods and city deep water dock. The City's North Harbor provides moorage for about 90 boats and is ice-free all year. This harbor primarily serves the community's local, salmon fleet. The Babe Newman Harbor is owned by the Aleutians East Borough and operated by the City and provides moorage for the larger transient fleet of vessels, which are in the 80' to 125' size.



Waterfall Creek Hydroelectric Project

June 2015

Project Overview

Waterfall Creek will be the second run-of-the-river hydroelectric facility owned and operated by the City of King Cove. This project will consist of a concrete diversion/intake structure, 4,500' HDPE penstock pipeline, 16"x40" metal powerhouse on a concrete slab, Pelton impulse turbine and induction generator, remote-automatic control system, and 5,000' access road. This facility is expected to produce 1 megawatt (MW) of annual energy.

The City now anticipates construction starting in late July (2015), completed in late summer 2016, and online by late 2016. Waterfall Creek, along with our existing Delta Creek hydro facility (constructed in 1994), are expected to produce about 75% of the City's annual power demand of 5MW. King Cove's renewable energy status is indeed unique, almost anywhere throughout Alaska.

The project is fully designed, permitted, and turbine and generator are 100% fabricated and ready for shipment to King Cove. The City is posed to sign a Guaranteed Maximum Price (GMP) contract of \$4.0 million for the construction with Sundland Development Company (Homer). The City plans to sign this contract just as soon as our final funding plan is authorized.

Final Project Cost and Funding Plan

Please refer to the attached tables.

The **Revised Project Cost** documents our revised cost estimate (June 2015) of \$6.8 million. This represents a \$200,000 increase from our prior cost estimate of \$6.6 million. The increase is primarily due to the delay in awarding the construction contract, which the City was previously targeting for February 1, 2015 so that the project could have been fully constructed all in 2015. The \$6.8 million estimate includes a \$400,000 construction contingency in addition to the above reference \$4.0 million GMP contract pending with Sunland Development Company.

The **Project Cost and Funding Alternatives** table indicates that all of our remaining debt on Waterfall Creek will be from the Bond Bank. The City has two project cost and funding scenarios.

Scenario A is our "worse-case" scenario, which includes up to \$2.9 million in new debt from the Bond Bank. Scenario B is our "best-case" scenario, which includes up to \$2.4 million in new debt from the Bond Bank.

Scenario B will provide the City one additional Legislative Session to secure a final \$500,000 grant via the Renewable Energy Fund #9 program. However, after this past Legislative Session and the State's continuing revenue challenge, the City made a conscious decision to move forward, if necessary, without any additional REF grant funds. Consequently, having a final funding plan requiring only debt from the Bond Bank is our highest priority at this point.

Bond Bank Debt Funding

The City's first application to the Bond Bank for Waterfall Creek debt was in 2013. At that time, the City's understanding was that the Board approved a loan/debt amount up to \$3.1 million.

The City then applied for and received \$500,000 in June 2014 (total debt was \$547,677 including reserves, cost of issuance, and underwriter's discount).

Now, **for the Sept 2015 bond sale, the City is requesting \$1.5 million** (total debt may be around \$1.6+ million with reserves, cost of issuance, and underwriter's discount?)

Then, late next summer (2016), the City will be requesting a final loan of between \$900,000 and \$1.4 million (lesser amount depends if we are successful next year for a \$500,000 REF #9 next Legislative Session).

QUESTIONS:

- 1) does the project debt of \$500,000 (June 2014) and \$1,500,000 for September 2015 equal \$2.0 million of our \$3.1 million loan approval? Or, is that amount more like \$2.15 million? (i.e. \$547,677 from June 2014 + \$1.6+ million from September 2015)?
- 2) If it is the \$2.15 million, and in consideration of our approved \$3.1 million MAXIMUM loan/debt approval, can we seek additional approval for an additional \$500,000? Is it likely the Board would approve this increased amount based on recommendations from Deven & Chip?

Summary

The City will provide an updated electric fund balance summary which further documents these loan and debt assumptions and annual costs. The City's electric fund captures all of its annual operating revenues and costs for our power system (diesel plant, Delta Creek hydro, Waterfall Creek hydro, and heat recovery system). A preliminary draft of this fund balance shows that annual debt amount around \$200,000 to \$225,000 for Waterfall Creek is viable. Furthermore, this is with an assumption of no increase in the cost of a kWh of electricity in King Cove in the next 5-6 years. This does assume there will be no significant changes to the State's PCE program during this time.

**ALASKA MUNICIPAL BOND BANK
RESOLUTION NO. 2015-04**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF
GENERAL OBLIGATION AND REFUNDING BONDS, 2015 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 (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, 2015 Series Three" (the "2015 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 "2015 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 2015 Series Three Resolution and with respect to the 2015 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 the City of Ketchikan, Alaska, amending certain terms of the loan agreement entered into by the parties and dated October 1, 1997, as amended on October 1, 2005;

(b) by and between the Bank and the City of Seward, Alaska, amending certain terms of the loan agreement entered into by the parties and dated April 1, 2008;

(c) by and between the Bank and the Kodiak Island Borough, Alaska, amending certain terms of the loan agreement entered into by the parties and dated April 1, 2008;

(d) between the Bank and the City of Dillingham, Alaska, amending certain terms of the loan agreement entered into by the parties and dated April 1, 2008;

(e) by and between the Bank and the City of Kodiak, Alaska, amending certain terms of the loan agreement entered into by the parties and dated April 1, 2008;

(f) by and between the Bank and the City of Seward, Alaska, amending certain terms of the loan agreement entered into by the parties and dated July 1, 2008; and

(g) by and between the Bank and the City of Skagway, Alaska, amending certain terms of the loan agreement entered into by the parties and dated July 1, 2008.

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

(4) "Beneficial Owner" shall mean the person in whose name a 2015 Series Three Bond is recorded as the beneficial owner of such 2015 Series Three Bond by the respective systems of Depository Trust Company and the Depository Trust Company Participants or the registered owner of the 2015 Series Three Bond if the 2015 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 Underwriter, providing for the purchase and sale of the 2015 Series Three Bonds.

(6) "Bond Year" shall mean each one-year period that ends on an anniversary of the date of issue of the 2015 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 2015 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 2015 Series Three Bonds, securing payment for the Refunded Bonds.

(14) "Excess Investment Earnings" shall mean the amount of investment earnings on gross proceeds of the 2015 Series Three Bonds determined by the Bank to be required to be rebated to the United States of America under the Code.

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

(16) "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.

(17) "Loan Agreement" shall mean, collectively, the agreements (a) by and between the Bank and the University of Alaska; (b) by and between the Bank and the

City of King Cove, Alaska; (c) by and between the Bank and the Haines Borough, Alaska; and (d) by and between the Bank and the Kodiak Island Borough, Alaska, each pertaining to the repayment of a Loan to the Governmental Unit as provided for herein.

(18) "Record Date" shall mean fifteen days preceding each interest payment date with respect to the 2015 Series Three Bonds.

(19) "Refunded Bonds" shall mean some or all of the maturities, or portions thereof, of the 2005 Series One Bonds, the 2008 Series One Bonds and the 2008 Series Two Bonds that the Executive Director designates to be refunded pursuant to Section 304 of this 2015 Series Three Resolution.

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

(21) "2005 Series One Bonds" shall mean the \$2,860,000 principal amount of the outstanding General Obligation and Refunding Bonds, 2005 Series One, maturing in years 2016 and 2017.

(22) "2008 Series One Bonds" shall mean the \$49,605,000 principal amount of the outstanding General Obligation Bonds, 2008 Series One, maturing in the years 2016 through 2029, 2033 and 2038.

(23) "2008 Series Two Bonds" shall mean the \$8,720,000 principal amount of the outstanding General Obligation Bonds, 2008 Series Two, maturing in the years 2019 through 2026, 2028, 2030 and 2038.

(24) "2015 Series Three Bonds" shall mean the Bonds authorized by Article II hereof.

(25) "2015 Series Three Credit Enhancement" shall mean the surety bond issued by the Surety Bond Issuer on the date of issuance of the 2015 Series Three Bonds for the purpose of satisfying all or a portion of the Reserve Fund Requirement.

(26) "2015 Series Three Credit Enhancement Agreement" shall mean any agreement between the Bank and the 2015 Series Three Credit Enhancement Issuer with respect to the 2015 Series Three Credit Enhancement.

(27) "2015 Series Three Credit Enhancement Issuer" shall mean _____
_____.

ARTICLE II
AUTHORIZATION OF 2015 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, 2015 Series Three" is hereby authorized to be issued in the aggregate principal (par) amount of not to exceed One Hundred Seventy Million Dollars (\$170,000,000). The Executive Director is hereby authorized to change the designation if (i) proceeds of the 2015 Series Three Bond are not used to refund the Refunded Bonds, or (ii) to allow for the sale of the 2015 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 2015 Series Three Bonds are being issued are (i) to make Loans to the Governmental Units to the extent and in the manner provided in Article III, (ii) to refund the maturities, or portions thereof, of the 2005 Series One Bonds, the 2008 Series One Bonds and the 2008 Series Two Bonds, that the Executive Director designates to be refunded pursuant to Section 304 of this 2015 Series Three Resolution, and (iii) to satisfy the Reserve Fund Requirement as provided in Article III of this 2015 Series Three Resolution.

Section 203 - Date, Maturities and Interest Rates.

The 2015 Series Three Bonds shall be dated the date the 2015 Series Three Bonds are delivered to the Underwriter subject to the terms and conditions set forth in this 2015 Series Three Resolution. Subject to adjustment as provided for in this Section 203, the 2015 Series Three Bonds shall mature, or have Sinking Fund Installments due, on the 1st days of April and October in each of the years, in the respective principal amounts, as set forth on the following page:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Principal Amount</u>
April 1, 2016	\$1,510,000	April 1, 2029	\$2,325,000
October 1, 2016	515,000	October 1, 2029	3,640,000
April 1, 2017	1,870,000	April 1, 2030	2,435,000
October 1, 2017	520,000	October 1, 2030	3,830,000
April 1, 2018	-	April 1, 2031	2,565,000
October 1, 2018	2,250,000	October 1, 2031	4,025,000
April 1, 2019	2,910,000	April 1, 2032	2,690,000
October 1, 2019	2,350,000	October 1, 2032	4,225,000
April 1, 2020	3,060,000	April 1, 2033	2,830,000
October 1, 2020	2,520,000	October 1, 2033	4,445,000
April 1, 2021	3,205,000	April 1, 2034	790,000
October 1, 2021	2,640,000	October 1, 2034	4,680,000
April 1, 2022	3,365,000	April 1, 2035	825,000
October 1, 2022	2,790,000	October 1, 2035	4,915,000
April 1, 2023	5,155,000	April 1, 2036	865,000
October 1, 2023	2,920,000	October 1, 2036	4,295,000
April 1, 2024	3,710,000	April 1, 2037	920,000
October 1, 2024	3,070,000	October 1, 2037	4,515,000
April 1, 2025	3,905,000	April 1, 2038	955,000
October 1, 2025	3,230,000	October 1, 2038	4,745,000
April 1, 2026	4,090,000	October 1, 2039	4,990,000
October 1, 2026	3,130,000	October 1, 2040	5,250,000
April 1, 2027	4,290,000	October 1, 2041	5,385,000
October 1, 2027	3,300,000	October 1, 2042	5,660,000
April 1, 2028	6,215,000	October 1, 2043	5,955,000
October 1, 2028	3,465,000	October 1, 2044	6,260,000

Notwithstanding the foregoing, the principal amount of each maturity, or the amount of each Sinking Fund Installment, the maturity dates, and the interest rates of the 2015 Series Three Bonds shall be fixed and determined by the Chairman or the Executive Director at the time the 2015 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 2015 Series Three Bonds shall bear interest from their dated date. The first interest payment date shall be April 1, 2016 (or such other date as may be fixed and determined by the Chairman or the Executive Director); thereafter, interest on the 2015 Series Three Bonds shall be payable on the first day 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 2015 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 2015 Series Three Bonds authorized herein. The 2015 Series Three Bonds shall be numbered serially with any additional designation that the Bank deems appropriate.

Section 206 - Securities Depository.

(1) The 2015 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 2015 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 2015 Series Three Bonds, together with a written request of an Authorized Officer and a supply of new 2015 Series Three Bonds, authenticate a single new 2015 Series Three Bond for each maturity of 2015 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 2015 Series Three Bonds may then be transferred to any person or entity as provided in the Resolution and such 2015 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 2015 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 2015 Series Three Bonds by the Trustee, together with a written request of an Authorized Officer to the Trustee, new 2015 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 2015 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 2015 Series Three Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such 2015 Series Three Bonds, selecting such 2015 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 608 or this 2015 Series Three Resolution), registering the transfer of such 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Series Three Bonds are no longer registered in the name of Cede & Co. or its registered assigns, (i) payment of interest on the 2015 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 2015 Series Three Bonds received at least fifteen (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 2015 Series Three Bonds will be payable at the corporate trust office of the Trustee upon surrender of the 2015 Series Three Bonds representing such principal. Both principal of and interest on the 2015 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 2015 Series Three Bonds and shall cause any such provisions to be included in the Bond Purchase Contract and the form of the 2015 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 2015 Series Three Bonds and shall cause any such provisions to be included in the Bond Purchase Contract and the form of the 2015 Series Three Bonds.

Section 210 - Sale of 2015 Series Three Bonds.

The 2015 Series Three Bonds shall be sold at negotiated sale to the Underwriter, and co-underwriter(s) if selected by the Chairman or the Executive Director, pursuant to the terms of the Bond Purchase Contract. The Chairman or the Executive Director are, and each of them is, hereby authorized to execute the Bond Purchase Contract with the Underwriter regarding the sale of the 2015 Series Three Bonds upon his approval of the sale details of the 2015 Series Three Bonds, the dated date and the delivery date of the 2015 Series Three Bonds, the aggregate principal (par) amount of the 2015 Series Three Bonds, the purchase price of the 2015 Series Three Bonds, the maturity and the interest payment dates of the 2015 Series Three Bonds, and the redemption provisions and interest rate of each maturity of the 2015 Series Three Bonds. Provided, however, the aggregate principal amount of the 2015 Series Three Bonds shall not exceed One Hundred Seventy Million Dollars (\$170,000,000), the true interest cost on the 2015 Series Three Bonds shall not exceed four and three-quarters percent (4.75%), and the Underwriter's discount shall not exceed three-quarters of one percent (.75%) of the par value of the 2015 Series Three Bonds. Additionally, prior to execution of the Bond Purchase Contract, the Chairman or the Executive Director, with the assistance of the

Financial Advisor, shall take into account those factors which, in their judgment, will result in the lowest true interest cost on the 2015 Series Three Bonds.

The authority granted to the Chairman and the Executive Director under this Section 210 shall expire one hundred eighty (180) days from the date of approval of this 2015 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 2015 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 2015 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 2015 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 2015 Series Three Bonds to the making of a (i) Loan to the University of Alaska, in the principal amount not to exceed \$87,500,000 to be used to finance improvements to the University's New Combined Heat and Power Plant; (ii) Loan to the City of King Cove, Alaska, in the principal amount not to exceed \$1,500,000 to be used to finance electric utility improvements; (iii) Loan to the Haines Borough, Alaska, in the principal amount not to exceed \$1,375,000 to be used to finance educational capital improvements; and (iv) Loan to the Kodiak Island Borough, Alaska, in the principal amount not to exceed \$10,000,000 to be used to finance educational capital improvements.

(b) Subject to Section 304 of this 2015 Series Three Resolution, certain of the proceeds of the 2015 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 principal 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.

On the date of sale, but subject to Section 201 hereof, the Chairman or the Executive Director shall determine whether it is in the best interest of the Bank to use, in addition to a Credit Enhancement, available cash or, proceeds from the 2015 Series Three Bonds, or a combination of cash, proceeds and Credit Enhancement, to satisfy the Reserve Fund Requirement upon delivery of the 2015 Series Three Bonds, and will cause such deposits to be made on or before the date of delivery of the 2015 Series Three Bonds.

Section 303 - Disposition of Remainder of Bond Proceeds.

The balance of the proceeds of the sale of the 2015 Series Three Bonds representing any premium received over the principal amount of the 2015 Series Three Bonds after deducting the amounts to be paid for costs of issuing the 2015 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 2005 Series One Bonds, the 2008 Series One Bonds and the 2008 Series Two Bonds shall be refunded, eliminating from the category of Refunded Bonds loan obligations corresponding to municipal bonds whose terms have not been amended by the Governmental Unit to conform to the terms of the refunding authorized by this 2015 Series Three Resolution as of the date of delivery of the 2015 Series Three Bonds. Provided, however, the refunding of 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 2015 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, designated to be refunded pursuant to Section 304, on the first available redemption date in accordance with the terms of the respective authorizing resolution for the Refunded Bonds.

ARTICLE IV
EXECUTION AND FORM OF 2015 SERIES THREE BONDS

Section 401 - Execution and Form of 2015 Series Three Bonds.

The 2015 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 2015 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, 2015 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 (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 2015 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, the applicable Series Resolution, and the Act, and all Bonds issued and to be issued under said Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution and the applicable Series Resolution.

This Bond is one of a series of Bonds (the "2015 Series Three Bonds") issued in the aggregate principal amount of \$_____ under the Resolution of the Bank and a series resolution of the Bank, adopted August __, 2015, and entitled: "A Series Resolution Authorizing the Issuance of General Obligation and Refunding Bonds, 2015 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 2015 Series Three Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2015 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 2015 Series Three Bonds are subject to redemption prior to their respective scheduled maturities as set forth below.

The 2015 Series Three Bonds maturing on or 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 2015 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 2015 Series Three Bonds to be redeemed plus accrued interest, if any, to the redemption date.

Term Bonds Due _____ 1, 20__

<u>Year</u>	<u>Sinking Fund Requirement</u>
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Notice of redemption will be mailed to owners of 2015 Series Three Bonds called for redemption not less than 30 days nor more than 60 days before the redemption date. Interest on any 2015 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 2015 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 2015 Series Three Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of 2015 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, 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Series Three Bonds shall be liable personally on the 2015 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 2015 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 _____ 2015.

ALASKA MUNICIPAL BOND BANK

[S E A L]

MARK E. PFEFFER
Chairman

A T T E S T:

DEVEN J. MITCHELL
Executive Director

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 2015 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 - Creation of Credit Enhancement Fund.

Pursuant to Section 610 of the Resolution there is hereby created a credit enhancement fund (the "Credit Enhancement Fund") for the benefit of all Series of Bonds issued under the Resolution.

Section 502 - Creation of 2015 Series Three Credit Enhancement Account.

There is hereby created in the Credit Enhancement Fund an account to hold the 2015 Series Three Credit Enhancement and the proceeds thereof or drawings thereunder (the "2015 Series Three Credit Enhancement Account") for the benefit of, equally and ratably, all Series of Bonds.

Section 503 - 2015 Series Three Credit Enhancement Agreement.

The Chairman and the Executive Director are each hereby authorized to execute the 2015 Series Three Credit Enhancement Agreement in a form similar to the form attached hereto as Exhibit C with such changes as the Chairman or the Executive Director deem advisable and in the best interest of the Bank.

ARTICLE VI
MISCELLANEOUS

Section 601 - 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 2015 Series Three Bonds.

Section 602 - Arbitrage Rebate.

Within 30 days after the end of every fifth Bond Year, and within 60 days of the date when all of the 2015 Series Three Bonds or the Refunded 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 603 - 2015 Series Three Debt Service Account.

There is hereby established as a special account in the Debt Service Fund the "2015 Series Three Debt Service Account," for the purpose of receiving amounts in the Debt Service Fund allocable to the 2015 Series Three Bonds. Such amounts and the earnings thereon shall be deposited and held, and separately accounted for, in the 2015 Series Three Debt Service Account.

Section 604 - Tax Exemption and General Tax Covenant.

The Bank intends that interest on the 2015 Series Three Bonds issued on a tax-exempt basis shall be excludable from gross income for federal income tax purposes pursuant to Section 103 and 141 through 150 of the Code, and the applicable regulations. The Bank covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on the 2015 Series Three Bonds issued on a tax exempt basis to be included in gross income, as defined in Section 61 of the Code, for federal income tax purposes.

Section 605 - Arbitrage Covenant.

The Bank shall make no use or investment of the gross proceeds of the 2015 Series Three Bonds which will cause the 2015 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 2015 Series Three Bonds are outstanding, the Bank, with respect to the gross proceeds of the 2015 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 606 - 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 607 - Loan Agreement and Amendatory Loan Agreement.

The Chairman and the Executive Director are each hereby authorized to execute the Loan Agreements and Amendatory Loan Agreements, as applicable, between the Bank and the herein referred to Governmental Units, in a form similar to the form submitted to and part of the records of the August 11, 2015, with such changes as the Chairman or the Executive Director shall deem advisable.

Section 608 - Continuing Disclosure.

The Bank hereby covenants and agrees that it will comply with and carry out all of the provisions of the form of Continuing Disclosure Certificate attached hereto as Exhibit B with such changes as the Chairman or the Executive Director shall deem advisable and in the best interest of the Bank. Notwithstanding any other provision of this 2015 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 2015 Series Three Resolution, the Resolution or the 2015 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 609 - 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 2015 Series Three Resolution and to effectuate the issuance and delivery of the 2015 Series Three Bonds, including execution of the Bond Purchase Contract. The authority granted in this Section 609 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 610 - Effective Date.

This 2015 Series Three Resolution shall take effect immediately on the date hereof (August 11, 2015).

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.

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, 2015 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 (the "General Bond Resolution"), and Series Resolution No. 2015-04 adopted on August __, 2015 (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, 2016, 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 (iv) statistics regarding Governmental Units similar to those found in Appendix D to the Official Statement as of the end of the prior Fiscal Year. 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 twenty percent (20%) of all outstanding loans under the General Bond Resolution, of its continuing disclosure undertaking responsibility. A list of such Governmental Units 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 except as set forth in the Official Statement, dated _____, 2015, relating to the Bonds.

DATED this ____ day of _____ 2015.

ALASKA MUNICIPAL BOND BANK

DEVEN J. MITCHELL
Executive Director

EXHIBIT C
FORM OF
CREDIT ENHANCEMENT AGREEMENT

**FORM OF
LOAN AGREEMENT**

THIS LOAN AGREEMENT, dated as of the ___ day of _____ 20___, 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 not to exceed \$_____ and has submitted an application to the Bank for a Loan in the amount 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 (the "General Bond Resolution") and Series Resolution No. 20__-__, approved on _____, 20___ (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 of the Bank approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding.

NOW, THEREFORE, the parties agree:

1. The Bank hereby makes the Loan and the [City] [Borough] accepts the Loan in the aggregate principal amount of \$ _____. As evidence of the Loan made to the [City] [Borough] and such money borrowed from the Bank by the [City] [Borough], the [City] [Borough] hereby sells to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A appended hereto.

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

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

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

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the [City] [Borough] pursuant to this Loan Agreement are not made available at any time specified herein, the [City] [Borough] agrees that any money payable to it by any department or agency of the State may be withheld from it and paid over directly to the Trustee acting under the General Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the [City] [Borough], as provided in the Act.

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

7. The [City] [Borough] is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the [City] [Borough] shall be in an amount sufficient, together with the [City's] [Borough's] Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to Section 606 of the General Bond Resolution:

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

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

The [City's] [Borough's] Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the

General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

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

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

In the event the Loan Obligations with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligations were issued in a principal amount in excess of or less than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such refunding bonds outstanding.

In the event the Loan Obligations have been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligations, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such refunding bonds outstanding.

In the event the Loan Obligations have been refunded, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligations are to be redeemed, shall be the applicable premium, if any, on the Loan Obligations to be redeemed.

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

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

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

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

13. [Rate covenant language – if applicable.]

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

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

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

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

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

16. The obligation of the Bank under this Loan Agreement is contingent upon delivery of its General Obligation Bonds, 20__ Series _____ 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 thirty (30) days from the date thereof.

18. The [City] [Borough] agrees that it shall file its annual financial statement with the Municipal Securities Rulemaking Board not later than two hundred ten (210) days after the end of each fiscal year of the [City] [Borough] for the term of the Municipal Bond. The [City] [Borough] further agrees that filings under this Section 16 shall be made in connection with CUSIP Nos. 01179P, 011798 and 01179R. Additional or alternate CUSIP number(s) may be added from time to time by written notice from the Bank to the [City] [Borough]. The [City] [Borough] agrees that if it shall receive from the Bank CUSIP number(s) in addition to those set forth in this Section then it shall make its filings using both CUSIP numbers herein stated and any additional CUSIP number(s).

19. The [City] [Borough] agrees that it 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.

20. Upon request of the Bank, the [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

21. The [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall 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.

22. 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.

23. 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.

24. 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.

25. 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.

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

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

ALASKA MUNICIPAL BOND BANK

By: _____
DEVEN J. MITCHELL
Executive Director

[CITY] [BOROUGH] OF _____,
ALASKA

By: _____

Its: _____

EXHIBIT A

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

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
<u>_____ 1</u>	<u>Amount</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 principal installments are not subject to prepayment prior to maturity.

Optional Prepayment: The Municipal Bond principal installments 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 _____ 20___, 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 _____, Alaska, 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 (the "General Bond Resolution"); and

WHEREAS, the Board of the Bank 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, 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 _____ 1, _____ (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, as amended and supplemented by a series resolution; and

WHEREAS, as security for repayment of the Loan, the [City] [Borough] issued its _____ Bond, _____ Series __, dated _____, _____ (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. 20__-__, approved on _____ __, 20__ (the "Series Resolution" and, together with the General Bond Resolution, the "Bond Resolution") authorizing the issuance of its General Obligation and Refunding Bonds, 20__ Series _____ (the "Refunding Bonds") to, in part, refund a portion of the _____ Series __ Bonds; 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. Section 2 of the Loan Agreement is amended to include the following paragraph:

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] Refunding [Ordinance] [Resolution]"), and has taken or will take all proceedings required by law to enable it to enter into this Amendatory Loan Agreement and issue its refunding Municipal Bond to the Bank and that the refunding 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] Refunding [Ordinance] [Resolution].

3. 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.

4. Section [__] of the Loan Agreement is amended by replacing the current language with the following:

The [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D of the Bank's Official Statement, dated _____, 20__, under the heading "Summaries of Borrowers Representing 10% or More of Outstanding Principal of Bonds Issued Under the 2005 Bond Resolution" to the Official Statement and attached hereto as Exhibit B.

The [City] [Borough] further agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for purpose of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

5. A new Section __ is added to the Loan Agreement, as follows:

The [City] [Borough] agrees that it shall file, on an annual basis, its audited financial statement with the Municipal Securities Rulemaking Board not later than two hundred ten (210) days after the end of each fiscal year of the [City] [Borough] for the term of the Municipal Bond and any refunding Municipal Bond. The [City] [Borough] agrees filings under this Section __ shall be made in connection with CUSIP Nos. 01179P, 011798 and 01179R. Additional or alternate CUSIP number(s) may be added from time to time by written notice from the Bank to the [City] [Borough]. The [City] [Borough] agrees that if it shall receive from the Bank CUSIP number(s) in addition to those set forth in this Section then it shall make its filings using both CUSIP numbers herein stated and any additional CUSIP number(s).

6. A new Section __ is added to the Loan Agreement, as follows:

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.

7. A new Section ___ is added to the Loan Agreement, as follows:

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, and 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.

8. A new Section ___ is added to the Loan Agreement, as follows:

(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: _____

EXHIBIT A

_____, Alaska
_____, ____ Series __, As Amended on _____, 20__

Principal Sum of \$_____

Principal Payment Date
(_____ 1, 20__)

Principal
Amount

Interest
Rate

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 principal installments are not subject to prepayment prior to maturity.

Optional Prepayment: The Municipal Bond principal installments 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

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 13, 2015

**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 2015 Series Three Bonds is excludable from gross income of owners thereof for federal income tax purposes. Interest on the 2015 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 2015 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.

\$155,065,000*

**Alaska Municipal Bond Bank
General Obligation and Refunding Bonds, 2015 Series Three**

Dated: Date of Delivery

Due: As shown on inside cover

The Alaska Municipal Bond Bank (the "Bond Bank") is issuing \$155,065,000 principal amount of General Obligation and Refunding Bonds, 2015 Series Three (the "2015 Series Three Bonds"). The 2015 Series Three Bonds initially will be issued as fully registered bonds, in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will serve as depository for the 2015 Series Three Bonds. Individual purchases of the 2015 Series Three Bonds will be made in principal amounts of \$5,000 or integral multiples thereof within a single maturity. Purchasers of the 2015 Series Three Bonds will not receive certificates representing their beneficial ownership interests in the 2015 Series Three Bonds. Interest on the 2015 Series Three Bonds will accrue from the date of delivery of the 2015 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, 2016.

The Bank of New York Mellon Trust Company, N.A., of San Francisco, California, as the Trustee and Paying Agent for the 2015 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 2015 SERIES THREE BONDS" and "APPENDIX G – DTC AND BOOK-ENTRY SYSTEM."

The 2015 Series Three Bonds are subject to redemption prior to their stated maturity dates. See "DESCRIPTION OF THE 2015 SERIES THREE BONDS – Optional Redemption, – Mandatory Redemption."

The 2015 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 2015 Series Three Bonds. The 2015 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 2015 Series Three Bonds are the thirty-third series of Bonds issued under the 2005 General Obligation Bond Resolution.

The 2015 Series Three Bonds do not constitute a debt or other liability of the State of Alaska, and the 2015 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 2015 Series Three Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2015 Series Three Bonds. The Bond Bank has no taxing power. See "SECURITY FOR THE 2015 SERIES THREE BONDS."

The 2015 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, _____. It is expected that the 2015 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 September 15, 2015.

RBC Capital Markets

BofA Merrill Lynch

Goldman, Sachs & Co.

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

* Preliminary, subject to change.

\$155,065,000*
Alaska Municipal Bond Bank
General Obligation and Refunding Bonds
2015 Series Three

Due	Amount*	Interest Rate	Yield	CUSIP Number⁽¹⁾ 01179R	Due	Amount*	Interest Rate	Yield	CUSIP Number⁽¹⁾ 01179R
April 1, 2016	\$	%	%		April 1, 2029	\$	%	%	
October 1, 2016					October 1, 2029				
April 1, 2017					April 1, 2030				
October 1, 2017					October 1, 2030				
October 1, 2018					April 1, 2031				
April 1, 2019					October 1, 2031				
October 1, 2019					April 1, 2032				
April 1, 2020					October 1, 2032				
October 1, 2020					April 1, 2033				
April 1, 2021					October 1, 2033				
October 1, 2021					April 1, 2034				
April 1, 2022					October 1, 2034				
October 1, 2022					April 1, 2035				
April 1, 2023					October 1, 2035				
October 1, 2023					April 1, 2036				
April 1, 2024					October 1, 2036				
October 1, 2024					April 1, 2037				
April 1, 2025					October 1, 2037				
October 1, 2025					October 1, 2038				
April 1, 2026					October 1, 2039				
October 1, 2026					October 1, 2040				
April 1, 2027					October 1, 2041				
October 1, 2027					October 1, 2042				
April 1, 2028					October 1, 2043				
October 1, 2028					October 1, 2044				

\$ _____ % 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 2015 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 or the Underwriters 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 2015 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 2015 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 2015 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
Chris Hladick - Member
(Michael Lamb - First Delegate to Chris Hladick)
Randall Hoffbeck – Member
(Pamela Leary - First Delegate to Randall Hoffbeck)

Executive Director

Deven J. Mitchell

Finance Director

Ryan S. Williams

Bond Counsel

Wohlforth, Brecht, & Cartledge, APC
Anchorage, Alaska

Trustee

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

Financial Advisor

Western Financial Group, LLC
Portland, Oregon

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

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OFFICIAL STATEMENT
\$155,065,000*
ALASKA MUNICIPAL BOND BANK
GENERAL OBLIGATION AND REFUNDING BONDS
2015 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 \$155,065,000* principal amount of General Obligation and Refunding Bonds, 2015 Series Three (the “2015 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 2015 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 (the “2005 General Bond Resolution”), and Series Resolution No. 2015-__ adopted by the Board of Directors of the Bond Bank on August 11, 2015 (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 2015 SERIES THREE BONDS

Authorization and Purpose

The 2015 Series Three Bonds are being issued pursuant to the terms of the Bond Resolution, and are the thirty-third series of Bonds issued under the 2005 General Bond Resolution.

2015 Series Three Bonds

The 2015 Series Three Bond proceeds are being used for the following purposes: (i) to make five 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 2015 Series Three Bonds. The 2015 Series Three Bond proceeds used for new money purposes include: (i) a loan to the University of Alaska to pay a portion of the costs of constructing a new Combined Heat and Power Plant at the University’s Fairbanks campus; (ii) a loan to Haines Borough for mechanical system upgrades and replacement of an air handling unit at Haines High School; (iii) two loans to the Kodiak Island Borough for expansion of Kodiak High School and for various renewal and replacement projects in Borough schools; and (iv) a loan to the City of King Cove to construct a run-of-the-river hydroelectric facility.

* Preliminary, subject to change.

Refunding. A portion of the proceeds of the 2015 Series Three Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank (the “Refunded Bonds”). Depending on market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates listed in the table below (the “Refunding Candidates”). The Bond Bank is not obligated to refund any of the Refunding Candidates.

DETAILS OF THE REFUNDING CANDIDATES

<u>Series Designation</u>	<u>Principal Amount¹</u>	<u>Maturities</u>	<u>Redemption Date</u>
2005 Series One	\$ 2,860,000	June 1, 2016 and June 1, 2017	Currently Callable
2008 Series One	47,385,000	April 1, 2016 to April 1, 2038	April 1, 2018
2008 Series Two	8,720,000	June 1, 2019 to June 1, 2038	June 1, 2018

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

A portion of the net proceeds from the sale of the 2015 Series Three Bonds, together with other legally available funds, will be deposited into a redemption account (the "Redemption Account") to be held by The Bank of New York Mellon 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 2015 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 the principal of and interest on which 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 TABLE

[Subject to change pending Board approval of loan applications]

The table below presents the sources and uses of funds related to the 2015 Series Three Bonds.

Sources of Funds:	
Par Amount of 2015 Series Three Bonds	\$
Net Original Issue Premium	
Alaska Municipal Bond Bank Contribution	
Total Sources of Funds	\$
Uses of Funds:	
Deposit to Redemption Account	\$
Loan to the University of Alaska	
Loan to Haines Borough	
Loan to Kodiak Island Borough	
Loan to City of King Cove	
Deposit to the Bond Bank Reserve Fund	
Costs of Issuance ¹	
Underwriters’ Discount	
Total Uses of Funds	\$

(1) Includes Governmental Units’ costs of issuance.

DESCRIPTION OF THE 2015 SERIES THREE BONDS

General Description

The 2015 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 2015 Series Three Bonds. Principal of and interest on the 2015 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.”

2015 Series Three Bonds

The 2015 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 2015 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, 2016, 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 2015 Series Three Bonds maturing on or after April 1, 2026, are subject to redemption in whole or in part at the option of the Bond Bank on any date on or after April 1, 2025, 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 2015 Series Three Bonds.

Mandatory Redemption

The 2015 Series Three Bonds maturing on April 1, 20___, are subject to mandatory sinking fund redemption on April 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>
April 1, 20__	\$
April 1, 20__*	

* Maturity

Notice of Redemption

At least 30 days, but not more than 60 days, prior to the date upon which any 2015 Series Three Bonds are to be redeemed, the Trustee will mail a notice of redemption to the registered owner of any 2015 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 2015 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 2015 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 2015 Series Three Bonds for Redemption

If fewer than all of the 2015 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 2015 Series Three Bonds are in book-entry form, then DTC will select the 2015 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 2015 SERIES THREE BONDS

General

The 2015 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 2015 Series Three Bonds. **The 2015 Series Three Bonds do not constitute an indebtedness or other liability of the State of Alaska, and the 2015 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 2015 Series Three Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2015 Series Three Bonds. The Bond Bank has no taxing power.**

As of August 1, 2015, the Bond Bank has outstanding \$2,520,000 of general obligation bonds issued under its 1976 General Bond Resolution, \$924,725,000 of Bonds issued under its 2005 General Bond Resolution and \$4,155,000 of general obligation bonds issued under its 2010 Municipal Obligation Bond Resolution.

As additional security for payment of principal of and interest on the 2015 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 2015 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 2016, 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. The 2005 General Bond Resolution requires the Bond Bank to seek this standing appropriation on an annual basis. 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, the standing appropriation provides that 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. The additional reserve requirement resulting from the issuance of the 2015 Three Bonds will be satisfied with a surety provided by _____. As of June 30, 2015, the valuation of assets in the Reserve Fund was approximately \$53.6 million (unaudited), an amount sufficient to satisfy the Reserve Fund Requirement. As of that date, approximately 69.7% of the assets in the Reserve Fund were funded from cash deposits by the Bond Bank from the Custodian Fund or from transfers from the 1976 Resolution Reserve 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 a borrower. Since 2009, and continuing through fiscal year 2016, the State has included in its operating budget a standing appropriation to replenish the Reserve Fund, if necessary. While the Bond Bank has been obligated to seek and has obtained such a standing appropriation within the State’s annual operating budget, the State is not obligated, legally or otherwise, to include the appropriation in its annual operating budget. This credit feature is in addition to the moral obligation feature discussed below.

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

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

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

Custodian Account. Money not held by the Trustee in the Reserve Fund or in reserves for bonds issued under other bond resolutions is maintained by the Bond Bank in an account herein referred to as the Custodian Account (the “Custodian Account”). The Custodian Account contains direct and indirect State appropriations, prior year retained earnings not subject to the statutory annual earnings transfer, and current year investment earnings. As of June 30, 2014, the Custodian Account cash and cash equivalents and investments at fair value balance (audited) was \$17,773,506. As of June 30, 2015 the Custodian Account market value balance (unaudited) was \$14,586,998 million.

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 the current fiscal year 2016, 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 by the State Legislature, with a majority vote and the Governor’s concurrence or a three-quarter majority vote to overcome a Governor’s veto of the appropriation, during any Legislative session. The Legislature has not appropriated funds out of the Custodian Account for non-Bond Bank related purpose in the current, or any prior fiscal year.

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 fiscal year 2016 annual loan payments and associated estimated coverage provided by those State payments. Capital spending, which is the source of matching grant funding to municipalities has been reduced in fiscal year 2015 and further reduced in the fiscal year 2016 budget. This diminished funding is expected to result in a gradual diminishment of the balances in the matching grant column of Appendix B. Besides the constitutionally required education support funding there is no guarantee that that State payments will continue, and all of the payments could be reduced from current levels.

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

Pledge of the State

Pursuant to the Act, the State has pledged and agreed with the holders of the Bonds that it will not limit or

restrict the rights vested in the Bond Bank by the Act to, among other things, purchase, hold and dispose of Municipal Bonds and fulfill the terms of an agreement (including the 2005 General Bond Resolution) made by the Bond Bank with such holders, or in any way impair the rights or remedies of such holders until the Bonds, including interest on the Bonds and interest on unpaid installments of interest and all costs and expenses in connection with an action or proceeding by or on behalf of such holders, are fully met, paid and discharged.

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THE ALASKA MUNICIPAL BOND BANK

Organization

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

Per statute, 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 in the first meeting of each fiscal year. 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 continues pending reappointment. 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, 2018. 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.

Michael Lamb - Member. Mr. Lamb is the first delegate for Chris Hladick, Commissioner of the Department of Commerce, Community and Economic Development. Mr. Lamb is a certified public accountant with over 25 years' experience as a chief financial officer and has worked in private, public, and governmental financial management positions. He has served as the chief financial officer for the Alaska Industrial Development and Export Authority and the Alaska Energy Authority. Prior to that, for almost 15 years Mr. Lamb was the chief financial officer for the Fairbanks North Star Borough, Alaska. For almost 9 years, prior to the

Borough, he was the chief financial officer for the City of St. Paul, Alaska. Mr. Lamb is a graduate from the University of Washington, School of Business with a Bachelor of Arts in Business Administration, with an emphasis in accounting.

Pamela Leary - Member. Ms. Leary is the first delegate for Randall Hoffbeck, 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.

Ryan S. Williams, who also serves as Operations Research Analyst in the Department of Revenue – Division of Treasury, was appointed Finance Director of the Bond Bank in 2014. Mr. Williams has worked for the State Department of Revenue Since 2009. Mr. Williams holds a Bachelor of Science Degree in Business Administration from the University of Southern California, with a concentration in International Business.

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

Future Financing Plans

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

The total amount of Bond Bank bonds and notes outstanding at any one time may not exceed \$1.588 billion. As of August 1, 2015, the total principal amount of the Bond Bank's bonds and notes outstanding, not including the 2015 Series Three Bonds, was \$941,822,144.

Since February 2006, with the exception of the 2010 Series A-1 and A-2 Municipal Obligation Bonds, all bonds issued by the Bond Bank have been sold under the 2005 Resolution. The Bond Bank has no plans at this time to issue additional bonds under its 1976 Resolution or its 2010 Resolution.

Expansion of Authority

The 29th Alaska Legislature passed Senate Bill 46 ("SB 46"), which authorizes the Bond Bank to make loans to Joint Action Agencies, make loans to Regional Health Organizations, and provided technical and conforming amendment to state statute. The bill adds Joint Action Agencies to the list of political subdivisions of the State that are allowed to utilize the Bond Bank under the primary borrowing debt limit. The bill also adds authority for the Bond Bank to lend to Regional Health Organizations in instances where the Commissioner of the State Department of Health and Social Services determines that there is an improvement in the local quality of health care and a financial benefit to the State of Alaska. The Regional Health Organization lending is limited to no more

than \$205 million in total, no more than 49% of any single project where the other 51% of the projects funding is in place, and no more than \$102.5 million for any single project. The Governor signed SB 46 into law on May 26, 2015.

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.

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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 August 1, 2015, the Bond Bank has issued \$721,985,000 of general obligation bonds under the 1976 General Bond Resolution, \$2,520,000 of which remain outstanding.

2005 General Bond Resolution

The 2015 Series Three Bonds are the thirty-third issue of Bonds under the 2005 General Bond Resolution. As of August 1, 2015, the Bond Bank has issued \$1,146,340,000 of general obligation bonds under the 2005 General Bond Resolution (not including the principal amount of the 2015 Series Three Bonds), \$924,725,000 of which remains outstanding.

2010 Municipal Obligation Bond Resolution

On November 2, 2010, the Bond Bank's Board of Directors approved the 2010 Municipal Obligation Bond Resolution ("2010 Resolution"). Bonds issued pursuant to the terms of the 2010 Resolution are general obligation bonds, equally and ratably secured by a pledge and assignment of all obligations acquired by the Bond Bank under the 2010 Resolution. As of August 1, 2015, the Bond Bank has issued \$4,765,000 of general obligation bonds under the 2010 Resolution, \$4,155,000 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. There are presently no outstanding revenue bonds issued by the Authority.

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 August 1, 2015, under the Coastal Energy Impact Loan Program was \$10,366,862, 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 August 1, 2015, the Bond Bank holds \$1,499,340 of City of Galena Utility Revenue Bonds and \$163,175 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.

As of August 1, 2015 the Bond Bank holds \$3,200,000 of Kenai Peninsula Borough Bonds, the proceeds of which were used, in part, to construct the Central Peninsula Hospital's Specialty Clinic Building. That loan was funded with the Custodian Account and is secured by a pledge of gross hospital revenues and a debt service reserve fund.

Loans by the State of Alaska

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

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TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF AUGUST 1, 2015

	<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
I. Total 2005 General Bond Resolution G.O. Bonds ⁽¹⁾	\$1,301,405,000 ⁽¹⁾	\$1,018,605,000 ⁽¹⁾
II. Total 1976 General Bond Resolution G.O. Bonds	721,985,000	2,520,000
III. Total 2010 Resolution G.O. Bonds	4,765,000	4,155,000
IV. Coastal Energy Impact Loan Program	35,456,046	10,366,862

REMAINING DEBT CAPACITY AFTER THE ISSUANCE OF THE 2015 SERIES THREE BONDS

Debt Limit (Section 44.85.180 of the Act)		\$1,587,500,000 ⁽²⁾
Less Outstanding Bonds		
General Obligation Bonds		
1976 General Bond Resolution	\$2,520,000	
2010 Resolution	4,155,000	
2005 General Bond Resolution	1,018,605,000 ⁽¹⁾	\$1,025,280,000 ⁽¹⁾
Coastal Energy Loan Program		<u>10,366,862</u>
Total Outstanding Debt		\$1,035,646,862 ⁽¹⁾
Remaining Debt Capacity		<u>\$551,853,138⁽¹⁾</u>

(1) Includes the 2015 Series Three Bonds. Preliminary, subject to change.

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

**DEBT SERVICE REQUIREMENTS OF
OUTSTANDING 2005 GENERAL BOND RESOLUTION
GENERAL OBLIGATION BONDS
AND THE 2015 SERIES THREE BONDS⁽¹⁾
(Fiscal Years Ending June 30)**

Fiscal Year	Existing Debt Service ¹	2015 Series Three Principal	2015 Series Three Interest	Total Debt Service*
2016	95,269,176			
2017	94,431,486			
2018	97,034,138			
2019	92,249,622			
2020	87,062,704			
2021	82,877,371			
2022	77,877,758			
2023	79,791,041			
2024	73,110,490			
2025	63,318,842			
2026	58,702,462			
2027	54,697,903			
2028	55,508,137			
2029	50,811,933			
2030	42,485,521			
2031	41,506,743			
2032	37,408,023			
2033	36,913,897			
2034	28,680,403			
2035	19,497,379			
2036	18,363,381			
2037	14,014,052			
2038	13,739,335			
2039	12,123,103			
2040	10,303,800			
2041	10,304,975			
2042	10,309,700			
2043	10,311,700			
2044	10,315,475			
2045	7,730,200			
2046	5,429,750			
2047	5,428,500			
2048	2,155,000			
2049	2,152,500			
	\$1,401,916,500	\$	\$	\$

* Totals may not foot due to rounding. The 2015 Series Three Bonds are the thirty-third Series of Bonds issued under the 2005 General Bond Resolution.

¹ Reflects defeasance of Refunding Candidates. [to be updated]

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 will be free and clear of any lien or pledge created by the 2005 General Bond Resolution.

Security for Deposits

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

Payment of Bonds

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

Fees and Charges

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

Issuance of Additional Obligations

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

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

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

Defeasance

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

Supplements and Amendments

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

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

Events of Default and Remedies

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

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

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

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

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

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

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

(b) by bringing suit upon the Bonds;

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

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

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

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

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

Excess Earnings

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

Modifications to the 2005 General Bond Resolution

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

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

The modifications to the 2005 General Bond Resolution set forth in the First Supplemental Resolution shall become effective after all Bonds issued prior to the 2013 Series One Bonds cease to be Outstanding and compliance by the Bank with certain requirements set forth in the 2005 General Bond Resolution, at which time these modifications will apply to the 2015 Series Three Bonds and govern the rights and obligations of the Holders thereof.

LITIGATION

Upon the delivery of the 2015 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 2015 Series Three Bonds, or in any way contesting the validity or enforceability of the 2015 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 2015 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 Skagway, the City of Ketchikan and Haines Borough by their bond counsel, K&L Gates LLP of Seattle, Washington, (ii) the University of Alaska and the City of Seward by their bond counsel Wohlforth, Brecht & Cartledge, APC of Anchorage, Alaska, (iii) the Cities of Kodiak and Dillingham by their counsel Birch Horton Bittner & Cherot, and (iv) the City of King Cove and Kodiak Island Borough by their co-bond counsel, Foster Pepper PLLC of Seattle, Washington, and the Levesque Law Group, LLC of Anchorage, Alaska. [to be updated pending submitted applications and Board approval]

Certain legal matters will be passed upon for the Underwriters by their special counsel, _____. Any opinion of such counsel will be limited in scope and delivered only to the Underwriters, and may not be relied upon by investors.

The firm of Wohlforth, Brecht & Cartledge, APC has secured the written consent of the Bond Bank, the University of Alaska and the City of Seward regarding the multiple representations of clients in this transaction.

The firm of _____ has secured the consent of the Underwriters and _____ regarding the multiple representations of clients in this transaction.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., independent certified public accountants, will verify the mathematical accuracy of certain computations provided by the Underwriters 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 2015 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 2015 Series Three Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986.

UNDERWRITING

The 2015 Series Three Bonds are to be purchased by RBC Capital Markets, LLC, Bank of America Merrill Lynch and Goldman, Sachs & Co. (together, the "Underwriters") from the Bond Bank at an aggregate purchase price of \$_____ (equal to the aggregate principal amount of the 2015 Series Three Bonds, plus a net original issue premium of \$_____ less an 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 2015 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 2015 Series Three Bonds. The Underwriters may offer and sell the 2015 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.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer or Governmental Units. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer and Governmental Units.

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 2015 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

2015 Series Three Bonds. In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance by the Bond Bank and those participating Governmental Units with certain covenants, interest on the 2015 Series Three Bonds is excludable from gross income for federal income tax purposes. Interest on the 2015 Series Three Bonds is not a tax preference item for purposes of the alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code") on individuals or corporations. However, interest on the 2015 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 2015 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 2015 Series Three Bonds. The Bond Bank and Governmental Units have covenanted to comply with certain restrictions designed to assure that interest on the 2015 Series Three Bonds is excludable from federal gross income. Failure to comply with these covenants may result in interest on the 2015 Series Three Bonds being included in federal gross income, possibly from the date of issuance of the 2015 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 2015 Series Three Bonds may adversely affect the tax status of interest on the 2015 Series Three Bonds.

Although Bond Counsel has rendered an opinion that interest on the 2015 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 2015 Series Three Bonds may otherwise affect a 2015 Series Three Bond Owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the 2015 Series Three Bond Owner's particular tax status and the 2015 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 2015 Series Three Bonds. Owners of the 2015 Series Three Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2015 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 2015 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 2015 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 2015 Series Three Bonds maturing _____ 1, 20__ and _____ 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 2015 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 2015 Series Three Bonds maturing _____ 1, 20__ through and including _____ 1, 20__ (collectively, the “Premium Bonds”) are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Changes in Federal Tax Law From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2015 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 2015 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 2015 Series Three Bonds or the market value thereof would be impacted thereby. Purchasers of the 2015 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 2015 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 2015 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 2015 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 2015 Series Three Bonds, the Bond Bank may have different or conflicting interests from the Owners. Public awareness of any future audit of the 2015 Series Three Bonds could adversely affect the value and liquidity of the 2015 Series Three Bonds during the pendency of the audit, regardless of its ultimate outcome.

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services ("S&P") have assigned "___" and "___" ratings, respectively, to the 2015 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 2015 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 municipal bonds equal to or greater than 20 percent of all Bonds Outstanding, such Governmental Unit will be contractually required to provide the MSRB audited financial statements prepared in accordance with generally accepted accounting principles applicable to 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 (as of the last day of the Bond Bank's prior fiscal year), an amount of municipal bonds equal to or greater than 20 percent of all Loans outstanding, of its continuing disclosure undertaking responsibility. A list of such Governmental Units 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Series Three Bonds.

The Bond Bank also will provide to the MSRB timely notice of its failure to provide required annual financial information.

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, 2016.

Amendment of Undertaking. The Bond Bank's continuing disclosure undertaking is subject to amendment after the primary offering of the 2015 Series Three Bonds without the consent of any Beneficial Owner of any 2015 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 2015 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 2015 Series Three Bonds, notwithstanding any other provision of the continuing disclosure undertakings or the 2005 General Obligation 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 2015 Series Three Bonds.

Remedy for Failure to Comply with Undertaking. No failure by the Bond Bank and/or Governmental Units to comply with any provisions of their respective undertakings will constitute a default in respect of the 2015 Series Three Bonds, and the sole remedy under the respective undertakings in the event of any failure of the Bond Bank or any Governmental Unit 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

Bond Bank Bonds Issued Under the 2005 General Obligation Bond Resolution. The Bond Bank previously entered into continuing disclosure undertakings under the Rule in connection with its outstanding Bonds. The Bond Bank subsequently discovered it had not filed certain event notices in connection with rating downgrades of insurers and underlying ratings upgrades. Event notices were subsequently filed.

In addition, the Bond Bank discovered it had not included in its annual report statistics of Governmental Units similar to those found in Appendix 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 for Bonds issued under the 2005 General Bond Resolution. Such information was, however, dated on or about the date of the official statement rather than as of the end of the Bond Bank's fiscal year end. This technical deficiency was cured and such information was filed with the MSRB.

Other Bonds Issued by the Bond Bank. The Bond Bank previously entered into continuing disclosure undertakings for bonds issued under its 1976 General Bond Resolution and 2010 Resolution. The Bond Bank discovered that certain annual financial information relating to governmental units participating in the 1976 General Bond Resolution pool and the 2010 Resolution pool had not been filed. This technical deficiency was cured and such information was filed with the MSRB. The Bond Bank previously entered into continuing disclosure undertakings in connection with certain revenue bonds issued by the Bond Bank. The Bond Bank discovered certain annual financial information relating to governmental units was not filed under the terms of such undertakings. These revenue bonds no longer remain outstanding.

General. The Bond Bank has developed procedures to ensure its continuing disclosure obligations are complied with in all material respects. Although there have been instances of technical deficiencies with its previous undertakings, the Bond Bank reasonably believes it has complied in the past five years in all material respects with its previous undertakings with regard to the Rule.

Governmental Units. In 2014 it was discovered that certain of the Governmental Units who timely filed annual financial information in accordance with their prior undertakings inadvertently failed to associate that annual financial information with all Bonds issued and Outstanding under the 2005 General Bond Resolution. Effective February 20, 2014, each undertaking and/or Loan Agreement executed by Governmental Units includes an express requirement that such filing be linked to all Outstanding Bonds issued under the 2005 General Bond Resolution.²

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 (13.96%), the City and Borough of Juneau (12.66%) and the Kenai Peninsula Borough (10.97%). These Governmental Units are considered "Obligated Persons" under the Rule and have provided the information appearing in Appendix D of this Official Statement.

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

² Prior to October 30, 2014, a Governmental Unit that had bonds which constituted 10 percent or more of outstanding municipal bonds held by the Bond Bank under its 2005 General Bond Resolution was required to provide certain financial and operating data to the MSRB. Effective October 30, 2014, all Governmental Units with outstanding municipal bonds held by the Bond Bank under its 2005 General Bond Resolution are required by the terms of their Loan Agreements to file financial statements with the MSRB.

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 2015 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 2014 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 2016 Total Debt Service (2)	Coverage Ratio
Boroughs											
Aleutians East Borough	\$1,797,534	\$468,794	\$712,598	\$510,514	\$7,167,369	0	\$0	\$386,351	\$11,043,160	\$2,600,689	4.25
Municipality of Anchorage	1,433,046	0	51,372,307	364,486,109	492,211,183	0	0	14,642,219	\$924,144,864	\$294,900	3,133.76
Haines Borough	591,211	0	908,729	2,906,456	37,144,574	383,440	0	598,985	\$42,533,395	1,807,465	23.53
City & Borough of Juneau	5,144,121	0	14,120,698	43,189,712	27,646,880	0	0	2,034,988	\$92,136,399	17,674,609	5.21
Kenai Peninsula Borough	1,402,081	0	3,084,544	88,600,671	20,973,000	0	0	2,124,472	\$116,184,768	13,072,898	8.89
Ketchikan Gateway Borough	3,053,022	0	2,804,199	25,976,159	15,233,181	0	0	625,356	\$47,691,917	5,944,571	8.02
Kodiak Island Borough (3)	1,614,025	932,676	4,190,420	28,835,618	8,537,000	0	0	699,804	\$44,809,543	7,813,500	5.73
Lake & Peninsula Borough	\$557,853	\$0	1,901,415	9,018,966	312,191	0	0	427,173	\$12,217,598	2,428,050	5.03
Northwest Arctic Borough	2,539	0	4,228,145	37,807,275	13,376,093	944,172	0	427,738	\$56,785,962	6,269,410	9.06
Petersburg Borough	1,263,718	0	492,518	6,151,396	13,761,675	308,020	512,947	534,072	\$23,024,346	1,643,348	14.01
City & Borough of Sitka	1,466,546	0	2,519,241	15,254,347	40,710,278	694,660	0	905,101	\$61,550,173	13,998,002	4.40
Municipality of Skagway	4,077,115	0	789,803	12,891,013	12,891,013	0	0	430,183	\$18,188,114	1,536,972	11.83
City & Borough of Wrangell	369,617	0	205,940	3,592,431	7,650,935	578,010	0	595,505	\$12,992,438	388,276	33.46
Cities											
Adak	\$180,249	\$0	\$0	\$0	\$0	\$0	\$0	\$109,309	\$289,558	104,138	2.78
Bethel*	\$2,632	\$0	\$0	\$0	\$31,894,450	\$0	\$804,164	\$391,252	\$33,092,498	\$291,838	113.39
Cordova	1,906,957	350,120	966,117	3,795,643	11,792,912	240,080	393,230	204,262	19,649,321	1,774,665	11.07
Craig	81,506	0	0	5,195,193	2,753,171	393,904	0	152,200	8,575,974	135,990	63.06
Dillingham	489,647	0	823,059	7,471,673	2,416,160	641,300	422,987	208,636	12,473,462	1,179,590	10.57
Hoonah	743,252	0	68,819	2,315,721	17,781,885	0	137,204	133,530	21,180,411	107,600	196.84
Homer*	139,020	0	0	0	7,943,000	753,410	0	337,544	9,172,974	289,750	31.66
Ketchikan*	3,031,293	0	0	0	31,224,726	0	0	486,957	34,742,976	8,701,464	3.99
Kenai*	349,153	0	0	0	13,669,600	0	14,252	436,824	14,469,829	178,798	80.93
King Cove* (3)	512,655	0	0	0	1,061,040	0	0	139,926	1,713,621	266,654	6.43
Kodiak*	1,274,151	0	0	0	31,629,022	1,208,290	0	394,074	34,505,537	969,704	35.58
Nome	49,980	0	222,509	9,776,384	24,635,000	0	438,945	268,081	35,390,899	752,359	47.04
North Pole*	52,597	0	0	0	2,906,821	0	0	199,888	3,159,306	36,550	86.44
Palmer*	150,128	0	0	0	13,640,852	0	0	382,175	14,173,155	111,050	127.63
Sand Point*	243,817	0	0	0	2,681,252	0	0	143,876	3,068,945	183,180	16.75
Saxman*	0	0	256,925	0	0	0	0	115,329	372,254	12,763	29.17
Seward* (3)	820,074	0	0	0	35,613,179	655,470	0	212,963	37,301,686	3,222,318	11.58
Soldotna*	48,090	0	0	0	10,743,145	0	0	297,475	11,088,710	219,070	50.62
Unalaska	8,218,176	367,445	688,179	5,081,413	2,043,498	762,050	763,584	318,779	18,243,124	3,521,226	5.18
Valdez	838,368	213,188	1,685,751	5,116,179	11,016,057	630,250	703,602	288,868	20,492,263	341,950	59.93
Wasilla*	251,392	0	0	0	17,877,620	0	0	489,403	18,618,415	420,819	44.24
Other Jurisdictions											
University of Alaska (3) (TBD)											#DIV/0!

* 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
Governmental 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 AUGUST 1, 2015
(Does Not Include 2015 Series Three Bonds)

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	147,250,000	13.96%
Kenai Peninsula Borough	115,735,000	10.97%
City and Borough of Juneau	133,480,000	12.66%
City of Ketchikan	104,435,000	9.90%
Kodiak Island Borough	85,790,000	8.13%
Ketchikan Gateway Borough	40,085,000	3.80%
Northwest Arctic Borough	39,055,000	3.70%
City of Seward	36,950,000	3.50%
City of Unalaska	35,960,000	3.41%
Aleutians East Borough	28,610,000	2.71%
Municipality of Skagway	21,430,000	2.03%
City of Cordova	18,945,000	1.80%
Lake & Peninsula Borough	17,145,000	1.63%
City of Kodiak	13,205,000	1.25%
Petersburg Borough	11,885,000	1.13%
City of Dillingham	11,275,000	1.07%
Haines Borough	10,535,000	1.00%
City of Nome	5,425,000	0.51%
Municipality of Anchorage	3,735,000	0.35%
City of Homer	3,475,000	0.33%
City of Bethel	2,790,000	0.26%
City of Valdez	2,725,000	0.26%
City of Sand Point	2,500,000	0.24%
City of King Cove	2,155,000	0.20%
City of Soldotna	2,010,000	0.19%
City of Craig	1,810,000	0.17%
City of Kenai	1,615,000	0.15%
City and Borough of Wrangell	1,550,000	0.15%
City of Wasilla	1,540,000	0.15%
City of Hoonah	1,135,000	0.11%
City of Palmer	860,000	0.08%
City of Adak	825,000	0.08%
City of North Pole	820,000	0.08%
City of Saxman	165,000	0.02%
Reserve Obligations	17,820,000	1.69%
Total Outstanding Par	\$924,725,000	100.00%

APPENDIX D

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

**Kenai Peninsula Borough - General Fund
General Obligation Financial Summary**

Municipal Financial Position	2010	2011	2012	2013	2014	Average
Property Tax Collections						
Borrower's Property Tax Rate per \$1,000	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$5.40
Municipal Levy	\$28,875,124	\$29,058,274	\$30,419,493	\$30,823,497	\$31,750,392	\$29,669,460
Current Year's Collections	\$28,375,677	\$28,630,610	\$29,946,804	\$30,382,636	\$31,332,596	\$29,252,398
Current Collection Rate	98.27%	98.53%	98.45%	98.57%	98.68%	98.59%
Total Year's Collections	\$28,868,219	\$29,044,494	\$30,396,459	\$30,729,748	\$31,332,596	\$29,611,923
Total Collection Rate	99.98%	99.95%	99.92%	99.70%	98.68%	99.81%
General Fund						
Total Ending Fund Balance	\$ 23,025,423	\$ 21,705,814	\$ 21,466,583	\$ 23,310,985	\$ 24,881,372	
Unreserved Ending Fund Balance	\$ 22,864,839	\$ 21,454,058	\$ 21,268,520	\$ 16,296,148	\$ 15,896,686	\$19,850,003
Expenditures	\$ 70,829,556	\$ 72,163,558	\$ 71,347,868	\$ 72,452,478	\$ 73,376,361	\$66,417,519
Fund Balance/Expenditures	32%	30%	30%	22%	22%	30%
Total Revenues	\$ 68,716,762	\$ 70,799,893	\$ 71,108,637	\$ 74,255,493	\$ 74,945,074	\$67,188,610
Intergovernmental Revenues	\$ 8,987,813	\$ 8,538,331	\$ 9,749,464	\$ 10,392,037	\$ 9,486,455	\$8,402,746
Percentage Intergovernmental	13%	12%	14%	14%	13%	12%
Overall Municipal Debt Position						
Revenue Debt - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Revenue Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Revenue Debt	\$ -	\$ -	\$ -	\$ -	\$ -	
General Obligation Debt - Governmental Funds (General Fund only)	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	
Total Revenue and General Obligation Debt	\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	
Governmental GO Debt/Assessed Value (mry)	0.32%	0.53%	0.46%	0.40%	0.65%	
Enterprise GO Debt / Assessed Value (mry)	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Revenue and GO Debt/A.V. (mry)	0.32%	0.53%	0.46%	0.40%	0.65%	
General Obligation Debt Per Capita	\$380	\$612	\$536	\$473	\$792	
Total Revenue and GO Debt Per Capita	\$380	\$612	\$536	\$473	\$792	
General Economic and Demographic Data						
	2010	2011	2012	2013	2014	Annual Growth Rate
Population	53,578	55,400	56,369	56,756	56,862	0.19%
Assessed Value	\$ 6,369,098,000	\$ 6,393,531,000	\$ 6,633,241,000	\$ 6,716,010,000	\$ 6,960,196,000	3.64%
Assessed Value Per Capita	\$ 118,875	\$ 115,407	\$ 117,675	\$ 118,331	\$ 122,405	
Top 10 Tax Payers as a % of Total Assessed Value	15.77%	15.23%	14.38%	16.18%	17.05%	

(mry): most recent year

**Central Peninsula General Hospital
FINANCIAL SUMMARY**

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
ASSETS					
Capital Assets (net of depreciation)	\$68,368,337	\$67,842,931	\$64,853,893	\$69,429,959	\$71,387,990
Cash	23,561,004	21,700,302	27,803,487	35,197,813	35,508,443
Cash held for Plant Replacement	10,528,599	10,097,241	11,421,461	11,322,729	16,447,887
Restricted Assets	1,241,196	3,584,121	633,493	500,000	500,000
Unspent bond proceeds					31,275,450
Other Assets	18,093,771	19,105,718	29,383,574	29,863,006	36,846,307
Total Assets	121,792,907	122,330,313	134,095,908	146,313,507	191,966,077
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	-	-	-	-	32,490,000
GO Bonds Payable	37,920,000	35,990,000	32,255,000	30,130,000	27,905,000
Other Liabilities	14,057,585	10,965,610	18,041,771	18,176,258	20,336,761
Total Liabilities	51,977,585	46,955,610	50,296,771	48,306,258	80,731,761
NET ASSETS	69,815,322	75,374,703	83,799,137	98,007,249	111,234,316
Operating Revenues	88,941,888	101,279,075	116,849,605	123,951,269	126,713,712
Operating Expenses	78,326,691	86,771,449	99,255,770	102,247,165	104,364,018
Depreciation	8,381,029	8,056,595	8,004,562	7,959,305	8,066,688
Operating Income (Loss)	2,234,168	6,451,031	9,589,273	13,744,799	14,283,006
Non-Operating Revenue (Expense)	249,199	(1,105,595)	(808,253)	(1,541,657)	(1,070,583)
Net Income (Loss) Before Contribution	2,483,367	5,345,436	8,781,020	12,203,142	13,212,423
Capital Contributions	176,391	212,945	52,843	2,004,970	14,644
Change in Net Assets	2,659,758	5,558,381	8,833,863	14,208,112	13,227,067

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

Municipal Financial Position	2010	2011	2012	2013	2014	Average
Property Tax Collections						
Borrower's Property Tax Rate per \$1,000	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Municipal Levy	\$5,768,331	\$5,799,400	\$5,904,617	\$5,957,735	\$5,901,738	\$5,844,470
Current Year's Collections	\$5,735,962	\$5,753,039	\$5,874,918	\$5,893,452	\$5,842,721	\$5,798,187
Current Collection Rate	99.44%	99.20%	99.50%	98.92%	99.00%	99.21%
Total Year's Collections	\$5,801,822	\$5,807,869	\$5,909,321	\$5,893,452	\$5,842,721	\$5,833,551
Total Collection Rate	100.58%	100.15%	100.08%	98.92%	99.00%	99.82%
General Fund						
Unreserved Ending Fund Balance	\$ 8,853,936	\$ 11,508,475	\$ 13,584,873	\$ 14,268,394	\$ 15,996,580	\$ 11,900,919
Expenditures	\$ 23,597,203	\$ 23,260,649	\$ 24,075,729	\$ 23,691,912	\$ 23,628,379	\$ 23,678,555
Fund Balance/Expenditures	38%	49%	56%	60%	68%	50.26%
Total Revenues	\$ 24,882,306	\$ 24,709,916	\$ 26,584,728	\$ 25,953,885	\$ 26,507,173	\$ 25,760,552
Intergovernmental Revenues	\$ 2,219,501	\$ 2,380,298	\$ 2,659,323	\$ 2,693,860	\$ 2,771,990	\$ 2,519,688
Percentage Intergovernmental	9%	10%	10%	10%	10%	9.77%
Overall Municipal Debt Position						
Revenue Debt - Enterprise Funds	\$ 48,467,078	\$ 68,807,401	\$ 68,593,411	\$ 106,145,822	\$ 108,940,000	
Revenue Debt - Governmental Funds	\$ 175,500	\$ 165,750	\$ 156,000	\$ 146,250	\$ 202,641	
General Obligation Debt - Governmental Funds	\$ 32,550,000	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	\$ 28,635,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 32,550,000	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	\$ 28,635,000	
Total Revenue and General Obligation Debt	\$ 81,192,578	\$ 105,273,151	\$ 101,039,411	\$ 137,312,072	\$ 137,777,641	
Governmental GO Debt/Taxable Assessed Value	3.42%	3.69%	3.26%	3.10%	2.91%	
Total Revenue and GO Debt/A.V.	8.52%	10.69%	10.20%	13.72%	14.01%	
General Obligation Debt Per Capita	\$3,665	\$4,138	\$3,607	\$3,415	\$3,152	
Total Revenue and GO Debt Per Capita	\$9,142	\$12,000	\$11,287	\$15,116	\$15,167	
General Economic and Demographic Data						
	2010	2011	2012	2013	2014	Annual Growth Rate
Population	8,881	8,773	8,952	9,084	9,084	1.47%
Taxable Assessed Value	\$ 953,574,685	\$ 985,073,129	\$ 990,930,238	\$ 1,001,066,784	\$ 983,623,000	0.59%
Assessed Value Per Capita	\$ 107,372	\$ 112,285	\$ 110,694	\$ 110,201	\$ 108,281	
Top 10 Tax Payers as a % of Assessed Value	8.21%	7.64%	7.57%	7.57%	7.57%	

City and Borough of Sitka Electric Enterprise Fund Financial Summary					
	2010	2011	2012	2013	2014
	Audited	Audited	Audited	Audited	Audited
Assets					
Cash	8,868,159	24,320,421	31,450,650	28,803,187	13,505,669
Restricted Assets	7,149,277	6,871,164	3,595,875	21,197,459	18,121,955
Other Assets	4,256,023	5,010,167	7,266,275	13,897,615	11,777,153
Construction in Progress	5,555,467	11,646,987	18,086,724	58,930,539	137,885,040
Utility Plant in Service	<u>64,914,833</u>	<u>63,103,150</u>	<u>61,775,003</u>	<u>59,900,343</u>	<u>59,508,277</u>
Total Assets	90,743,759	110,951,889	122,174,527	182,729,143	240,798,094
Liabilities and Net Assets					
Liabilities					
Other Liabilities	636,920	1,722,772	2,477,182	6,355,564	13,017,817
Revenue Bonds Payable	28,090,000	48,700,000	47,570,000	79,485,000	105,100,000
Deferred loss/premium on bonds	(815,343)	1,471,509	(1,711,547)	5,943,338	6,742,293
Revenue Note Payable	<u>9,054,598</u>	<u>8,800,188</u>	<u>8,535,498</u>	<u>7,973,608</u>	<u>7,973,608</u>
Total Liabilities	<u>36,966,175</u>	<u>60,694,469</u>	<u>56,871,133</u>	<u>99,757,510</u>	<u>132,833,718</u>
Net Assets	53,777,584	50,257,420	65,303,394	82,971,633	107,964,376
Operating Revenues	10,852,914	11,401,523	11,611,319	12,077,554	14,240,772
Operating Expenses					
Administrative and General	1,699,737	1,739,698	2,003,768	1,975,492	2,860,066
Operation and Maintenance	4,366,115	5,257,342	5,914,895	5,152,028	4,964,074
Depreciation	<u>1,994,177</u>	<u>1,987,558</u>	<u>1,971,739</u>	<u>1,986,195</u>	<u>1,841,712</u>
Operating Income	2,792,885	2,416,925	1,720,917	2,963,839	4,574,920
Nonoperating revenue (expense)					
Investment Income	523,298	490,986	459,107	314,600	196,399
Interest Expense	(2,369,426)	(1,725,198)	(2,848,639)	(1,678,238)	(426,419)
Other	<u>208,962</u>	<u>-</u>	<u>625,748</u>	<u>572,946</u>	<u>812,866</u>
Net Income before contributions and transfers	1,155,719	1,182,713	(42,867)	2,173,147	5,157,766
Capital contributions	2,853,752	4,039,237	5,266,050	17,169,455	19,455,106
Extraordinary Item:					
Net Pension Obligation Relief		119,824	139,806	325,771	379,871
Transfer In (Out) net	<u>(23,898)</u>	<u>-</u>	<u>-</u>	<u>(998,128)</u>	<u>-</u>
Change In Net Assets	<u>3,985,573</u>	<u>5,341,774</u>	<u>5,362,989</u>	<u>18,670,245</u>	<u>24,992,743</u>
Population of City and Borough					
	8,881	8,773	8,952	9,084	9,098
# of electric customers	5,278	5,282	5,309	5,403	5,490
KwH Sold	108,739,970	111,795,344	111,048,623	111,155,330	111,155,330
Revenue Bond Debt Service	4,108,407	3,477,959	3,467,567	4,529,240	5,045,158
Revenue Bond Coverage (> 1.25)	1.34	1.41	1.43	1.27	1.34

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**

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
ASSETS					
Plant In-Service (net of depreciation)	15,465,195	14,789,299	14,122,591	13,550,231	13,153,475
Land	90,000	90,000	90,000	90,000	90,000
Construction Work in Progress	317	20,229	57,838	665,476	7,824,365
Cash	3,014,067	3,733,467	4,735,101	6,599,187	6,616,954
Restricted Assets	-	-	-	3,615,663	589,166
Other Assets	987,099	1,342,572	1,339,389	1,216,385	1,524,898
Total Assets	19,556,678	19,975,567	20,344,919	25,736,942	29,798,858
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	0	0	0	4,569,486	3,840,000
Other Liabilities	1,500,637	1,405,227	1,156,003	1,144,138	1,689,033
Total Liabilities	1,500,637	1,405,227	1,156,003	5,713,624	5,529,033
NET ASSETS	18,056,041	18,570,340	19,188,916	20,023,318	24,269,825
Operating Revenues	3,040,330	2,854,858	3,154,885	3,096,419	3,164,252
Operation and Maintenance	2,133,877	2,492,110	2,434,329	1,708,210	2,454,599
Administrative and General	-	-	-	-	-
Depreciation	799,254	899,956	986,619	668,511	666,074
Operating Income (Loss)	107,199	(537,208)	(266,063)	719,698	43,579
Non-Operating Revenue (Expense)	(183,181)	46,509	155,306	156,844	776,434
Net Income (Loss) Before Contribution	(75,982)	(490,699)	(110,757)	876,542	820,013
Capital Contributions	242,186	1,690,873	2,549,949	0	3,458,599
Net Transfers-In (Out)	400,000	3,804,600	675,000	(42,141)	(32,105)
Special item - NPO/OPEB write off					
Change in Net Assets	566,204	5,004,774	3,114,192	834,401	4,246,507
Population of City	8,881	8,773	8,952	9,084	9,098
Revenue Bond Coverage	No Harbor Bonds	No Harbor Bonds	No Harbor Bonds	No payments of P&I	5.16

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

Municipal Financial Position	2010	2011	2012	2013	2014	Average
Property Tax Collections						
Borrower's Property Tax Rate per \$1,000	\$10.60	\$10.51	\$10.55	\$10.55	\$10.66	\$10.57
Municipal Levy	\$41,048,853	\$40,739,944	\$41,751,673	\$44,252,019	\$44,965,923	\$42,551,682
Current Year's Collections	\$40,691,450	\$40,329,083	\$41,431,682	\$43,987,108	\$44,818,184	\$42,251,501
Current Collection Rate	99.13%	98.99%	99.23%	99.40%	99.67%	99.29%
Total Year's Collections	\$40,879,741	\$40,501,293	\$41,455,145	\$43,987,108	\$44,818,184	\$42,328,294
Total Collection Rate	99.59%	99.41%	99.29%	99.40%	99.67%	99.47%
General Fund						
Unassigned Plus Emergency Operating Res (GASB#54)	\$ 5,714,731	\$ 1,729,385	\$ 3,484,161	\$ 4,374,670	\$ 13,844,723	\$ 5,829,534
Expenditures	\$ 49,158,125	\$ 50,540,314	\$ 51,283,781	\$ 50,497,977	\$ 53,053,117	\$ 50,906,663
Fund Balance/Expenditures	11.63%	3.42%	6.79%	8.66%	26.10%	11.32%
Total Revenues	\$ 66,541,842	\$ 66,008,466	\$ 50,036,584	\$ 52,089,033	\$ 65,370,513	\$ 60,009,288
Intergovernmental Revenues	\$ 12,389,683	\$ 14,313,000	\$ 15,464,700	\$ 15,281,700	\$ 29,140,692	\$ 17,317,955
Percentage Intergovernmental	19%	22%	31%	29%	45%	29.03%
Overall Municipal Debt Position						
Revenue Debt - Enterprise Funds	\$ 46,370,845	\$ 45,208,341	\$ 43,679,682	\$ 41,906,067	\$ 40,090,908	
Revenue Debt - Governmental Funds	\$ 2,718,662	\$ 3,599,575	\$ 2,861,747	\$ 2,091,457	\$ 6,807,086	
General Obligation Debt - Governmental Funds	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	\$ 122,068,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	\$ 122,068,000	
Total Revenue and General Obligation Debt	\$ 205,445,507	\$ 197,108,916	\$ 179,987,429	\$ 175,382,524	\$ 168,965,994	
Governmental GO Debt/Taxable Assessed Value	3.98%	3.72%	3.28%	3.07%	2.79%	
Total Revenue and GO Debt/A.V.	5.22%	4.94%	4.42%	4.10%	3.86%	
General Obligation Debt Per Capita	\$4,999	\$4,742	\$4,113	\$4,023	\$3,692	
Total Revenue and GO Debt Per Capita	\$6,569	\$6,302	\$5,548	\$5,370	\$5,110	
General Economic and Demographic Data						
Population	31,275	31,275	32,441	32,660	33,064	1.24%
Taxable Assessed Value	\$ 3,933,364,442	\$ 3,989,344,944	\$ 4,071,713,732	\$ 4,275,067,217	\$ 4,379,714,933	2.45%
Assessed Value Per Capita	\$ 125,767	\$ 127,557	\$ 125,511	\$ 130,896	\$ 132,462	
Top 10 Tax Payers as a % of Assessed Value	10.52%	13.78%	13.73%	13.82%	13.61%	

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

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
ASSETS					
Plant In-Service (net of depreciation)	\$11,923,364	\$13,827,335	\$12,844,129	\$11,875,368	\$14,325,870
Construction Work in Progress	29,935,711	29,889,294	33,499,769	42,397,974	40,419,697
Cash	4,470,053	4,728,522	4,660,755	3,466,374	4,030,992
Restricted Assets	7,588,584	10,702,703	11,196,479	10,946,328	10,554,614
Other Assets	866,059	764,741	847,869	543,407	679,907
Total Assets	54,783,771	59,912,595	63,049,001	69,229,451	70,011,080
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	9,960,000	9,700,000	9,691,595	9,380,434	9,033,637
Other Liabilities	1,726,240	2,110,290	2,140,909	1,401,365	2,050,500
Total Liabilities	11,686,240	11,810,290	11,832,504	10,781,799	11,084,137
NET ASSETS	43,097,531	48,102,305	51,216,497	58,447,652	58,926,943
Operating Revenues	3,040,330	2,854,858	3,154,885	3,173,272	3,508,430
Operation and Maintenance	2,133,877	2,492,110	2,434,329	2,498,178	2,814,717
Administrative and General	-	-	-	-	-
Depreciation	799,254	899,956	986,619	968,761	1,003,707
Operating Income (Loss)	107,199	(537,208)	(266,063)	(293,667)	(309,994)
Non-Operating Revenue (Expense)	(183,181)	46,509	155,306	(214,686)	128,433
Net Income (Loss) Before Contribution	(75,982)	(490,699)	(110,757)	(508,353)	(181,561)
Capital Contributions	242,186	1,690,873	2,549,949	7,392,466	660,852
Net Transfers-In (Out)	400,000	3,804,600	675,000	500,000	0
Special item - NPO/OPEB write off	-	-	-	-	-
Change in Net Assets	566,204	5,004,774	3,114,192	7,384,113	479,291
Population of City	31,275	31,275	32,441	32,660	33,064
Revenue Bond Coverage	2.18	1.19	1.79	1.21	1.67

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

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
ASSETS					
Plant In-Service (net of depreciation)					
Construction Work in Progress					
Cash	3,414,679	4,428,233	(208,085)	(252,013)	71,012
Restricted Assets				-	-
Other Assets	273,317	314,814	269,712	484,639	294,257
Total Assets	3,687,996	4,743,047	61,627	232,626	365,269
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	-	-	-	-	-
Other Liabilities	-	-	-	151,020	349,585
Total Liabilities	-	-	-	151,020	349,585
NET ASSETS	3,687,996	4,743,047	61,627	81,606	15,684
Operating Revenues	2,856,882	2,557,851	2,634,080	2,825,479	2,864,578
Operation and Maintenance	4,500	2,800	5,500	5,500	5,500
Administrative and General	-	-	-	-	-
Depreciation	-	-	-	-	-
Operating Income (Loss)	2,852,382	2,555,051	2,628,580	2,819,979	2,859,078
Non-Operating Revenue (Expense)	-	-	-	-	-
Net Income (Loss) Before Contribution	2,852,382	2,555,051	2,628,580	2,819,979	2,859,078
Capital Contributions	-	-	-	-	-
Net Transfers-In (Out)	(1,750,000)	(1,500,000)	(7,310,000)	(2,800,000)	(2,925,000)
Change in Net Assets	1,102,382	1,055,051	(4,681,420)	19,979	(65,922)
Population of City	31,275	31,275	32,441	32,660	33,064
Revenue Bond Coverage	N/A	N/A	N/A	N/A	N/A

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

	2010	2011	2012	2013	2014
	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>
ASSETS					
Plant In-Service	5,674,338	4,909,305	4,620,999	4,734,678	3,771,100
Cash	1,255,867	1,582,128	1,752,043	1,437,085	1,970,693
Restricted Assets	1,735,178	1,707,402	2,170,928	1,489,365	1,450,054
Other Assets	1,312,915	1,399,517	1,444,749	1,786,787	1,267,699
Total Assets	<u>9,978,298</u>	<u>9,598,352</u>	<u>9,988,719</u>	<u>9,447,915</u>	<u>8,459,546</u>
LIABILITIES AND NET ASSETS					
Bond Debt	13,650,000	13,050,000	11,705,000	11,596,229	10,204,712
Other Liabilities	878,190	904,428	2,052,663	1,132,323	996,579
Total Liabilities	<u>14,528,190</u>	<u>13,954,428</u>	<u>13,757,663</u>	<u>12,728,552</u>	<u>11,201,291</u>
NET ASSETS (DEFICIT)	<u>(4,549,892)</u>	<u>(4,356,076)</u>	<u>(3,768,944)</u>	<u>3,280,637</u>	<u>(2,741,745)</u>
Operating Revenues	10,361,609	10,859,195	10,841,324	11,057,791	11,447,862
Operating Expenses	9,802,944	9,894,353	9,594,317	9,666,530	9,961,681
Depreciation	937,147	832,579	780,765	935,669	1,008,253
Operating Income (Loss)	<u>(378,482)</u>	<u>132,263</u>	<u>466,243</u>	<u>455,592</u>	<u>477,928</u>
Non-Operating Revenue (Expense)	<u>27,924</u>	<u>61,553</u>	<u>120,890</u>	<u>32,713</u>	<u>60,964</u>
Change in Net Assets	(350,558)	193,816	587,132	488,305	538,892
Revenue Bond Coverage	1.01	1.33	1.32	1.12	1.10

The Bond Bank has received notification from senior management of Wildflower Court that for calendar year 2013 and 2014 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, Wildflower Court is working with the City and Borough 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**

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
ASSETS					
Plant In-Service (net of depreciation)	\$74,736,663	\$72,772,410	\$74,566,327	\$74,002,798	\$69,208,456
Construction Work in Progress	3,126,611	6,866,781	6,202,224	2,826,314	228,425
Cash	18,036,202	14,990,308	17,386,169	26,113,833	38,596,921
Restricted Assets	8,555,051	10,160,114	6,549,498	5,490,768	5,327,673
Other Assets	20,549,937	23,011,263	23,462,113	25,230,206	20,528,164
Total Assets	125,004,464	127,800,876	128,166,331	133,663,919	133,889,639
LIABILITIES AND NET ASSETS					
Revenue Bonds Payable	26,165,000	25,570,000	24,926,795	25,304,679	24,346,618
Other Liabilities	11,066,147	11,391,053	8,999,867	8,829,067	11,033,875
Total Liabilities	37,231,147	36,961,053	33,926,662	34,133,746	35,380,493
NET ASSETS	87,773,317	90,839,823	94,239,669	99,530,173	98,509,146
Operating Revenues	82,640,681	90,680,836	95,026,373	84,250,207	80,198,274
Operation and Maintenance	72,975,632	83,883,389	89,411,913	76,967,444	78,820,476
Administrative and General	-	-	-	-	-
Depreciation	6,270,565	6,552,177	7,145,290	7,001,295	7,086,559
Operating Income (Loss)	3,394,484	245,270	(1,530,830)	281,468	(5,708,761)
Non-Operating Revenue (Expense)	911,555	1,579,634	3,306,366	4,119,820	3,610,234
Net Income (Loss) Before Contribution	4,306,039	1,824,904	1,775,536	4,401,288	(2,098,527)
Capital Contributions	536,697	89,002	471,910	134,658	0
Net Transfers-In (Out)	1,146,000	1,152,600	1,152,400	1,123,000	1,077,500
Special item - NPO/OPEB write off					
Change in Net Assets	5,988,736	3,066,506	3,399,846	5,658,946	(1,021,027)
Population of City	31,275	31,275	32,441	32,660	33,064
Revenue Bond Coverage	5.15	3.63	3.00	7.34	2.50

APPENDIX E

Financial Statements of the
Alaska Municipal Bond Bank
for the Year Ended June 30, 2014

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 2015 Series Three Bonds. The 2015 Series Three Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each sub-series of the 2015 Series Three Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

3. Purchases of 2015 Series Three Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Series Three Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 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 2015 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 2015 Series Three Bonds, except in the event that use of the book-entry system for the 2015 Series Three Bonds is discontinued.

4. To facilitate subsequent transfers, all 2015 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 2015 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 2015 Series Three Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 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 2015 Series Three Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Series Three Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2015 Series Three Bond documents. For example, Beneficial Owners of 2015 Series Three Bonds may wish to ascertain that the nominee holding the 2015 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 2015 Series Three Bonds within a maturity of a sub-series 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 2015 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 2015 Series Three Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the 2015 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 2015 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, 2015 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, 2015 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) Series Three
Financing Schedule

JUNE						
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				

JULY						
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	

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			

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

Mon-Jun-15-15	AMBB Board Meeting to approve Resolution, review University of Alaska loan	WG
Wed-Jul-8-15	Distribute 1st draft of POS	FA
Fri-Jul-10-15	Distribute 1st draft of Bond Resolution	BC
Tue-Jul-14-15	Working Group call to review schedule, distribution list and structure	WG
Wed-Jul-15-15	Comments on 1st draft of POS, Bond Resolution	WG
Fri-Jul-17-15	Distribute 2nd draft of POS to WG, Bond Resolution	FA, BC
Thu-Jul-23-15	Comments on 2nd draft of POS, Bond Resolution	WG
Tue-Jul-28-15	Distribute POS, Bond Resolution, Loan Summary to rating agencies	FA, BC
Wed-Aug-5-15	Distribute 3rd draft of POS to WG	FA
Fri-Aug-7-15	Comments due on 3rd draft of POS	WG
Tue-Aug-11-15	AMBB Board Meeting to approve Resolution, review additional loan applications	WG
Thu-Aug-13-15	Receive ratings	FA
Thu-Aug-13-15	Post POS to internet	WG
Wed-Aug-26-15	Pre-Pricing	AMBB, FA
Thu-Aug-27-15	Pricing	AMBB, FA
Mon-Aug-31-15	Distribute draft Final OS	FA
Wed-Sep-2-15	Comments due on Final OS, deliver Final OS to printer	FA
Thu-Sep-3-15	Transcript preparation begins	BC
Wed-Sep-9-15	Closing documents distributed to WG	BC
Mon-Sep-14-15	PRE-CLOSING IN SEATTLE	WG
Tue-Sep-15-15	CLOSING IN SEATTLE	WG

**Alaska Municipal Bond Bank
General Obligation Refunding Bonds
2015 Series Three
Distribution List**

Alaska Municipal Bond Bank

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2015 Series Three
Distribution List**

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Cities of Kodiak and Dillingham Bond Counsel

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Anchorage, AK 99501
Phone: (907) 276-1550
Fax: (907) 276-3680
[E-Mail: tklinkner@bhb.com](mailto:tklinkner@bhb.com)

**Alaska Municipal Bond Bank
General Obligation Refunding Bonds
2015 Series Three
Distribution List**

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Fax: (907) 486-8600
[E-Mail: kmayes@city.kodiak.ak.us](mailto:kmayes@city.kodiak.ak.us)

City of Seward

Kris Erchinger, Finance Director (1)
P.O. Box 167
Seward, AK 99664
Phone: (907) 224-4064
Fax: (907) 224-4038
[E-mail: kerchinger@cityofseward.net](mailto:kerchinger@cityofseward.net)

Seward Financial Advisor

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St. Marks, Florida 32355
Phone: (850) 925-4796
Cell: (850) 570-8528
[E-Mail: dgrimes07@centurylink.net](mailto:dgrimes07@centurylink.net)

Municipality of Skagway

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Skagway, AK 99840
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Fax: (907) 983-2151
[E-mail: s.hahn@skagway.org](mailto:s.hahn@skagway.org)

Heather Rodig, Borough Treasurer
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Fax: (907) 983-2151
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333 Willoughby Avenue, 11th floor
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 Juneau, Alaska 99811-0405

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

TO: AMBBA Board Members: **DATE:** August 11, 2015
 Mark Pfeffer, Pam Leary,
 Luke Welles, Gregory Gurse, y,
 Michael Lamb

FROM: Ryan Williams, Finance Director **TELEPHONE:** 465-2893

RE: Expense Summary for FY15 & FY16 Authorization

Direct Expense - Custodian Account:	Expenses through COI Account:
Accounting & Compilation: \$31,078	
Arbitrage Rebate: \$23,400	2014 Three All: \$70,414
Audit: \$20,124	(partial ratings, FA, and bond counsel)
Custodian (FNBA): \$11,000	
Investment Manager: \$61,832	2015 One Legal: \$55,882
Rating Services: \$95,769	2015 One Print: \$2,655
Trustee (BoNY): \$18,568	2015 One Rating (S&P): \$20,000
Printing (ImageMaster): \$5,285	2015 One Fitch partial: \$23,231
Board Travel/Trans.: \$6,016	2015 One FA: \$29,340
AMBBA Mgmt. Travel: \$11,909	2015 One Trustee: \$750
Annual Report: \$850	
AMBBA Mgmt. Services: \$129,539	
AMBBA (SOA, Other): \$19,651	2015 Two Rating (S&P): \$20,000
Verification: \$3,500	2015 Two FA portion: \$29,298
Financial Advisor: \$49,169	
AMBBA SOA Estimate: \$130,000	
Legal RSA (2015 Two): \$60,000	
Estimated Total: \$677,690	Total: \$251,570
FY15 Authorization HB266: \$845,800	
FY15 (Including Expenses Related to Issuances): \$929,260	
FY16 Authorization HB 72: \$895,700	



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P.O. Box 110405
Juneau, Alaska 99811-0405

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

TO: AMBBA Board Members
Mark Pfeffer, Pam Leary, Luke Welles,
Gregory Gurse, Michael Lamb

DATE: August 3, 2015

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

Following are updates on items not covered in the August 11, 2015 Agenda:

Underwriting Pool – Based on the evaluation committee's review of proposals the firms of RBC Capital, Bank of America Merrill Lynch, JP Morgan, and Goldman Sachs were selected to the Bond Bank's underwriter pool.

The application for Regional Health Corporations has been created and initially distributed to interested parties. Tanana Chiefs Conference is considering a refinancing of their Fairbanks health center and Yukon Kuskokwim Health Corporation is working on the financing of hospital expansion in Bethel.

I have been working with the Yukon Kuskokwim Health Corporation's finance working group over the last month and have been asked to participate in a trip to Washington DC with USDA and YKHC representatives potentially in late August.

The quarterly ethics disclosure filings have been made for the second quarter of 2015.

On June 17, 2015 BDO, the Bond Bank's auditor provided the attached agreement to provide services and letter to the Board of Directors in preparation for the upcoming FY 2015 audit.

On June 19, 2015 I sent the attached letter to the Bank of New York letting them know of the Bond Bank's intent to terminate their contract to provide trustee/paying agent services to the Bond Bank. This action was taken due to repeated failures to perform and complaints from communities on the quality of service.

On July 1, 2015 the State of Alaska's Attorney General's office provided the attached letter opining that the use of the Bond Bank does not constitute "state monetary involvement". This matter arose due to the City of King Cove's project seeking funding from both the Alaska Energy Authority (AEA) and the Bond Bank and a limitation of the amount that AEA can loan.

On July 31, 2015 Kenai Peninsula Borough Finance Director Craig Chapman called to inform the Bond Bank that the Borough will be proceeding on the final \$3 million of funding for the clinic funded last year. The additional funding is due to the State authorizing the CT Scan machine.



Regional Health Organization Application

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase obligations 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. "regional health organization" as defined in AS 18.28.100(6) means a nonprofit corporation or home rule borough that provides health aide services under a contract with the Alaska Native Health Service in a rural area that is at least 4,000 square miles			
B. Name of Regional Health Organization ("RHO") (Applicant):			
C. Main Contact Person for the RHO:			
Name:	Title:		
Address:	City:	zip:	
Phone:	Fax:	E-mail:	
D. RHO Transaction Counsel:			
Main Contact Person for the RHO:			
Name:	Title:		
Address:	City:	State:	Zip:
Phone:	Fax:	E-mail:	
E. RHO Financial Advisor:			
Main Contact Person for the RHO:			
Name:	Title:		
Address:	City:	State:	Zip:
Phone:	Fax:	E-mail:	
E. RHO Project Feasibility Consultant:			
Main Contact Person for the RHO:			
Name:	Title:		
Address:	City:	State:	Zip:
Phone:	Fax:	E-mail:	

II. Issue Information

A. Project cost: \$

B. Bond Bank Loan Request: \$

C. Other funding secured or delivered for the project - Attach evidence/contact information:

Amount \$ Source:

Amount \$ Source:

Amount \$ Source:

Total Other Funding \$

D. Desired loan term in years: _____

E. Describe any desired or needed structural features of debt.

F. Attach a copy of the project financial feasibility report. If the project is already in place at least three years of post-project operating results can be substituted for a feasibility report.

G. Provide any available credit ratings and reports of the RHO.

H. Certify that you have contacted the State Department of Health and Social Services to provide the Bond Bank with a letter declaring whether the Commissioner anticipates that the proposed project will result in a state financial benefit and increase in regional quality of care.

1. If not contact DH&SS at:

The Office of Rate Review

Department of Health and Social Services

3601 C Street (978) | Anchorage, AK 99503

office: 907.334.2447

2. Information required by DH&SS may be incorporated into the feasibility report.

Information must include, but is not limited to:

a. An estimate of total population served and to be served through the proposed project. This should include a breakdown of age groups 0-21, 22-64 and 65 plus because it will help determine the array of services to be added or enhanced over the next several decades.

b. Of total population, the estimated share of AI/AN beneficiaries, AI/AN Medicaid recipients, and non-AI/AN Medicaid recipients. This should include a percentage and dollar value of other third-party liability currently generating a revenue mix along with projected revenue for future years

c. A detailed explanation from the RHO on whether the project will achieve a state financial benefit. This should include services that are being added, enhanced, etc, and whether there will be an incentive for beneficiaries to stay in region.

d. A detailed explanation from the RHO on whether the project will achieve an increase in regional quality of care. This should include how any freed or new resources realized from refinancing at a reduced interest rate will enhance care through existing and expanded services.

e. An estimate of any costs for travel and accommodations that will be avoided for Medicaid recipients as a result of the proposed project. This should include emergent and non-

f. A detailed explanation from the RHO about its strategy for outreach and enrollment efforts to ensure a wide array of benefit plans are in place for Medicaid and other third-party liability opportunities.

g. A detailed explanation from the RHO about the model of care (i.e. patient centered medical home) and divert/referral patterns it uses and will use to help keep families in region and increase effective, stable care through prevention and intervention.

I. Give a brief summary of your Organization's revenues. Describe any positive or negative trends or factors. Include an explanation of the expectation of change to the RHO's revenues or financial condition in the coming three years. (If this information is available in an annual report, provide a copy with your application.) Attached

J. Summarize the RHO's means of securing the proposed loan, including a three year historical summary and a three year projection of the revenues that will be pledged to secure the Bond Bank loan. Provide all details of the security as needed in attachments.

K. Summarize the RHO's current debt outstanding and proposed future debt:

L. Provide structure detail showing amortization and interest rates of all debt outstanding and proposed. Include any optional call features.

M. Describe the priority of payment for existing, future and the proposed Bond Bank debt from RHO sources. Provide evidence of legal requirements of existing debt.

N. Any additional structural points (Additional Bonds Test, Revenue to Debt Service Ratio, Repair and Replacement Reserves, Debt Service Reserves, Payment Requirements)

O. Does the project need interim financing?

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. (Attach all supporting documentation)

P. Describe project to be financed, including the information requesting in 1-8. If this information is available in a project feasibility study, you may reference and attach it, or provide the expected by date of the feasibility study.

1. Are engineering and specifications completed Yes No
2. If not, when are engineering and specifications projected for completion?
3. Have construction bids been awarded? Yes No
4. If so, list all contractors connected to the project, including subcontractors:

5. Are there additional state or local approvals required? Yes No
6. Describe timing/scheduling plan and where you are in the design process:

7. What is the projected completion date of the project?

8. What is the proposed management plan for the project? List all entities involved.

Q. Has your Organization ever defaulted on an obligation? Yes No

If yes, please attach an explanation. Attached

R. Are there any expected changes in work force or operations?

If yes, provide an explanation. Attached

S. Provide your audited financial statements from the last three years (provide your unaudited statement if audit hasn't been performed). Attached

T. Provide your current year's budget. Attached

U. Provide all capital improvement plans. Attached

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

IV. Legal Information

A. Attach a certificate of your legal counsel that establishes there is no litigation pending or threatened in any court in any way including:

1. affecting the existence of the Applicant, or the titles or officers to the respective offices of the Applicant, or seeking to restrain, enjoin or challenge the authority or power of the Applicant to enter into the loan transaction, or the right or authority of the Applicant to collect revenues, including federal reimbursements, pledged or to be pledged to pay the principal of and interest on the loan, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the loan or the loan agreement between the Applicant and the Bond Bank; or
2. against the Applicant or involving any of the property or assets of or under the control of the Applicant, which, whether individually or in the aggregate involves the possibility of any judgment or uninsured liability which may result in any material change in the revenues, properties, or assets, or in the condition, financial or otherwise, of the Applicant.

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

Name (print)

Title

Signature

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) 465-3750 phone

(907) 465-2389 fax

deven.mitchell@alaska.gov



Tel: 907-278-8827
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

June 17, 2015

Board of Directors
Alaska Municipal Bond Bank Authority
Juneau, Alaska

Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. This report provides an overview of our plan for the audit of the financial statements of the Alaska Municipal Bond Bank Authority (the Authority), as of and for the year ended June 30, 2015, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

We are pleased to be of service to the Authority. Please feel free to contact Michelle Drew should you have any questions regarding the audit plan, or if you would like to discuss any other matters that may be of interest to you.

Respectfully,

BDO USA, LLP

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

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

Client Service Team

Our client service members for this year's audit services are listed below. As a matter of policy, we attempt to provide continuity of service to our clients to the greatest extent possible. Where key engagement team member transition rotation is necessary, we will discuss this matter with management or those charged with governance and determine the appropriate new individuals to be assigned to the engagement based on particular experience, expertise, and engagement needs.

Engagement Team:

- Engagement Partner - Michelle Drew
- Audit Manager - Sam Thompson
- Audit Staff - Dmitry Petrishak

In addition to the Anchorage audit team, we have numerous resources with BDO national personnel for technical consultation and review on an as needed basis.

Independence Communication

Our firm and its personnel comply with applicable professional independence standards - to include financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. In addition, our policies restrict certain non-audit services that may be provided.

Management's Responsibilities

Management is responsible for preparing, with the oversight of those charged with governance, the financial statements and disclosures in conformity with accounting principles generally accepted in the United States of America. Management's responsibilities also include the following:

- Establish and maintain effective internal control over financial reporting and proper accounting records.
- Identify and ensure compliance with relevant laws and regulations.
- Safeguard the Authority's assets.
- Select appropriate accounting principles.
- Use reasonable judgments and accounting estimates.
- Complete a GAAP disclosure checklist to ensure there are no significant financial statement disclosure deficiencies.
- Make all financial records and related information available to BDO.
- Record material audit adjustments and affirm to BDO that the impact of uncorrected misstatements is immaterial to the financial statements taken as a whole.
- Provide BDO with a letter confirming representations made during the audit.

Engagement Objectives

Our objectives with respect to the audit of the Authority annual financial statements are summarized below:

- Plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit in accordance with auditing standards generally accepted in the United States of America does not provide absolute assurance relative to or any guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, may not be detected.
- Obtain a sufficient understanding of the Authority's internal control to plan the audit of the financial statements. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
- Communicate our responsibilities in relation to the audit and establish an understanding of the terms of the engagement.
- Provide an overview of the overall audit strategy and planned scope and timing of the audit.
- Inquire of those charged with governance about risks of material misstatement, including fraud risks, and whether those charged with governance are aware of other matters that may be relevant to the audit such as violations or possible violations of laws or regulations and complaints or concerns raised regarding accounting or auditing matters.
- Coordinate with others within the Authority, as appropriate, to optimize audit effectiveness and efficiency.
- Consult regarding accounting and reporting matters as needed throughout the year.
- Communicate with management and those charged with governance regarding significant deficiencies and material weaknesses identified during our audit and other timely observations that are significant and relevant to the financial reporting process.
- Work with management toward timely issuance of financial statements.
- Maintain our independence with respect to the Authority.
- Ensure that those charged with governance are kept appropriately informed in a timely manner of the Authority's financial reporting matters; comply with professional standards as to communications with those charged with governance.

Overall Audit Strategy - Planned Scope

Overall, our audit strategy is to focus on higher risk areas of material misstatement (whether due to error or fraud) and other areas of concern for management and those charged with governance.

Our audit strategy includes consideration of:

- Prior year audit results, including discussions with management and those charged with governance regarding the Authority's operations, business activities, and risks.
- Inherent risk within the Authority (i.e., the susceptibility of the financial statements to material error or fraud) before recognizing the effectiveness of the control systems.
- A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the Authority.
- Recent developments within the industry, regulatory environment, and general economic conditions.
- Recently issued and effective accounting and financial reporting guidance.
- The Authority's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
- The control environment, risk management and monitoring processes, and the possibility that the control systems and procedures may fail to prevent or detect a material error or fraud. We will place reliance on internal controls, where applicable, in determining the degree of detailed substantive testing required.
- Information about systems and the computer environment in which financial records and related systems operate.

Overall Audit Timeline

Our goal is to conduct and complete the audit in a timely manner.

Fieldwork will take place in Anchorage from September 14th to 18th and will utilize electronic data transfer, email and phone exchange. We will concurrently review the draft financial statements and finalize any outstanding items in late September. Our target opinion date is September 30th.

Contact Information

We would be happy to answer any questions you might have regarding the audit. And also, this is a good opportunity for you to communicate any specific areas of focus or concern that you have regarding the audit or audit plan.

You can contact us at (907) 278-8878 any time with issues or concerns. You can also reach us by email at the following:

- Michelle Drew - mdrew@bdo.com
- Sam Thompson - sthompson@bdo.com



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

3601 C Street, Suite 600
Anchorage, AK 99503

June 17, 2015

Deven Mitchell
Executive Director
Alaska Municipal Bond Bank Authority
333 Willoughby Avenue, 11th Floor
Juneau, Alaska 99801

Dear Mr. Mitchell:

Agreement to Provide Services

This agreement to provide services (the "Agreement") is intended to describe the nature and scope of our services.

We acknowledge that this agreement was preceded by a contract signed on April 28, 2015 ("original contract"). Should a conflict arise between this agreement and the contract, we agree that the contract terms will prevail.

Objective and Scope of the Audit

As agreed, BDO USA, LLP ("BDO" or "we") will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the related notes to the financial statements, which collectively comprise the basic financial statements, of Alaska Municipal Bond Bank Authority ("the Authority") as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis

Also, we have also been engaged to report on supplementary information other than RSI that accompanies the Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the basic financial statements as a whole:

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

Responsibilities of BDO

We will conduct our audit in accordance with generally accepted auditing standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the Authority's transactions for the period. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Also, an audit is not designed to detect errors or fraud or violations of laws or governmental regulations that are immaterial to the financial statements or to major programs. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. In addition, during the course of our audit, financial statement misstatements relating to accounts or disclosures may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. At the conclusion of our engagement we will communicate to those charged with governance (as defined below) all uncorrected misstatements.

The term "those charged with governance" is defined as the persons with responsibility for overseeing the strategic direction of the Authority and obligations related to the accountability of the Authority, including overseeing the financial reporting process. For your audit, we agree that the Authority Board of Directors meets that definition.

In making our risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances and to evaluate compliance with requirements applicable to major programs, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we will communicate to you and those charged with governance in

writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements we identify during our audit.

We are also responsible for communicating with those charged with governance what our responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.

Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that you and those charged with governance acknowledge and understand that you and those charged with governance have responsibility (1) for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; (2) for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud; (3) for identifying and ensuring that the entity complies with the laws and regulations applicable to its activities; and (4) to provide us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions to laws, regulations, contracts, and grant agreements, or abuse that we report.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary

information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Responsibilities of BDO section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Management is responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the Authority's files; or otherwise concluding and confirming in a representation letter (as further described below) provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole.

As required by GAAS, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit, the Authority agrees, subject to prevailing laws and regulations, to release and indemnify BDO, its Permitted Assignees (as defined herein under "Assignment"), and each of their respective employees from any liability and costs relating to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

Expected Form and Content of the Auditor's Report

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unqualified opinion on the financial statements, we will discuss this with you. It is possible, that because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline

to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

Client Reacceptance Matters

BDO is retaining the Authority as a client in reliance on information obtained during the course of our continuing client reacceptance procedures. Michelle Drew has been assigned the role of engagement partner and is responsible for directing the engagement and issuing the appropriate report on the Authority's financial statements.

Email Communication

In connection with this engagement, we may communicate with you or others via email. As emails can be intercepted, disclosed, used, and/or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed, we cannot ensure that emails from us will be properly delivered and read only by the addressee. Therefore, we disclaim and waive any liability for interception or unintentional disclosure of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage arising from the use of email, including any punitive, consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure of confidential information.

Ownership of Working Papers

The working papers prepared in conjunction with our audit are the property of BDO, constitute confidential information, and will be retained by us in accordance with BDO's policies and procedures.

However, pursuant to authority given by law or regulation, we may be requested to make certain working papers available to the Authority's oversight agency, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such working papers will be provided under the supervision of BDO personnel and at a location designated by BDO. Furthermore, upon request, we may provide photocopies of selected working papers to the aforementioned parties. These parties may intend or decide to distribute the photocopies of information contained therein to others, including other governmental agencies.

Reproduction of Audit Report

If the Authority plans any reproduction or publication of our report, or any portion of it, a copy of the entire document in its final form should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Audit Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and audit report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your website and the signed version of the financial statements and audit report provided to management by BDO. You also agree to indemnify BDO from any and all claims that may arise from any differences between the electronic and signed versions.

Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to Authority employees and/or customers should be provided to us.

Peer Review Reports

Our latest peer review report accompanies this letter.

Other Services

We are always available to meet with you and/or other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the Authority. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to your Organization in the performance of our services. Any discussions that you have with personnel of BDO regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Dispute Resolution Procedure

In accordance with the Standard Agreement Form for Professional Services, Article 3, any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in accordance with AS 36.30620-632.

Fees

Our charges to the Authority for the services described above for the year ending June 30, 2015 will be \$189 per hour, plus any out of pocket costs for travel, etc. not to exceed \$25,000 per year. This fee anticipates that the Authority's contract accountant will draft the financial statements, that Authority personnel will prepare certain schedules and analyses for us and make available to us documents for our examination as and when requested; there will be no significant changes in the internal controls, accounting systems, key personnel, or structure of the organization; there will be no significant additions of funds or disposal/divestiture of business-type activities; and there will not be any unanticipated increases in current operations requiring significant additional audit time. Should we encounter any unforeseen problems that will warrant additional time or expense, you will be notified of the situation and, if possible, the added cost.

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to respond to, or we receive and respond to, a validly issued subpoena, court order, government regulatory inquiry, or other similar request or legal process against the Authority or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs (including outside lawyer fees) that we incur.

Our fees and costs will be billed periodically, and are payable within 30 days of the invoice date. If we do not receive any notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest on the past due amount at the lesser of (a) 1.0% per month or (b) the maximum amount permissible by applicable law. Interest shall accrue from the date the invoice is delinquent. We reserve the right to suspend our services, withhold delivery of any deliverables, or withdraw from this engagement entirely if any of our invoices are delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation, attorneys' fees.

If we elect to terminate our services for nonpayment, or for any other reason provided for in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all of our time expended, and to reimburse us for all of our out-of-pocket expenses and internal charges incurred, through the date of termination.

Assignment

BDO may assign its rights to perform a portion of the services described above to any of its independent Alliance members, affiliates, agents, or contractors (a "Permitted Assignee") upon the written consent of the Authority. If such assignment is made, the Authority, agrees that, unless it enters into an engagement letter directly with the Permitted Assignee, all of the applicable terms and conditions of this Agreement shall apply to the Permitted Assignee. We agree that we shall not permit the Permitted Assignee to perform any work until it agrees to be bound by the applicable terms and conditions of this Agreement. We further agree that we will remain primarily responsible for the services described above, unless we and the Authority agree otherwise, and we will properly supervise the work of the Permitted Assignee to ensure that all such services are performed in accordance with applicable professional standards.

Third-Party Use

BDO will perform the professional services provided in connection with this engagement solely for the information and use of the Authority, the Authority Board of Directors, the State of Alaska, and federal granting agencies and departments. BDO does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by the Authority and BDO.

Miscellaneous

This Agreement is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with the Authority. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and a few of those banks have mandated the use of this service. To the extent applicable, the Authority hereby authorizes BDO to participate in this electronic confirmation process through the third party's website (e.g., by entering the Authority's bank account information to initiate the process and then accessing the bank's confirmation response) and agrees that BDO shall have no liability in connection therewith.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretations, but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or

entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

* * * * *

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files.

Very truly yours,

BDO USA, LLP

BDO USA, LLP

Acknowledged:

Alaska Municipal Bond Bank Authority

By: _____
Deven Mitchell, Executive Director

Date: _____

By: _____
Pam Leary, Deputy Treasurer

Date: _____



Baker Tilly Virchow Krause, LLP
715 2 Sixth Street, Suite 2000
Minneapolis, MN 55402-1600
tel: 612 336-4550
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SYSTEM REVIEW REPORT

To the Partners of BDO USA, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BDO USA, LLP (the firm) applicable to non-SEC issuers in effect for the year ended March 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and audits of carrying broker-dealers.

In our opinion, the system of quality control for the accounting and auditing practice of BDO USA, LLP applicable to non-SEC issuers in effect for the year ended March 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. BDO USA, LLP has received a peer review rating of pass.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
November 27, 2012



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June 19, 2015

Wade Winkler
US Sales & relationship Management
The Bank of New York Mellon Trust Company, N.A.
100 Pine Street, Suite 3100
San Francisco, CA 94111

Dear Mr. Winkler:

Per X.-A. of the request for proposals ASPS 2009-0400-8060 the Alaska Municipal Bond Bank is providing the Bank of New York Mellon Trust Company, N.A. notice that the contract will be cancelled by October 1, 2015.

This action is being taken primarily due to repeated complaints from municipal participants that they are not receiving invoices for debt service, or in some instances they are receiving invoices, but for amounts that are incorrect. Contributing factors in this decision have been a limited ability to comply with the mandates of the bond resolutions, errors in designation of funds, and lack of continuity of staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Deven Mitchell".

Deven Mitchell
Executive Director

Cc:
Gordon Fung
Cindy Cartledge
Chip Pierce
Ryan Williams
Dorie Choquette

MEMORANDUM

State of Alaska Department of Law

TO: Sara Fisher Goad
Executive Director
Alaska Energy Authority

DATE: July 1, 2015

FILE NO.: AN2011102875

FROM: Mary Lynn Macsalka
Assistant Attorney General
Brian D. Bjorkquist
Senior Asst. Attorney General
Labor and State Affairs Section

TEL. NO.: (907) 269-6612

SUBJECT: King Cove PPF Loan

The Alaska Energy Authority (AEA) requested advice regarding whether the City of King Cove (King Cove) may obtain the requested Power Project Fund (PPF) loan without legislative approval. As explained below, we believe it defensible for AEA to conclude that a proposed loan from the Alaska Municipal Bond Bank (Bond Bank) to King Cove would not be considered part of the “cumulative state monetary involvement” for purposes of requiring legislative approval of a PPF loan under AS 42.45.010(j). As long as the PPF loan is less than \$5,000,000, legislative approval would not be required (assuming there is no other “state monetary involvement” in the form of grants, loans, or other types of bonds).

As part of the PPF loan program, AS 42.45.010(j) requires a borrower to obtain legislative approval if the “cumulative state monetary involvement, through loans, grants, and bonds, is at least \$5,000,000.” King Cove requires more than \$5,000,000 to finance the construction of its “Waterfall Creek” hydroelectric project. King Cove intends to obtain necessary financing through a combination of a PPF loan and a general obligation bond loan from the Municipal Bond Bank. While the anticipated PPF loan will be less than \$5,000,000, the total amount of financing sought by King Cove from both the PPF loan fund and from the Bond Bank will exceed \$5,000,000.

If the general obligation bond loan that King Cove intends to obtain from the Municipal Bond Bank is considered “state monetary involvement,” then King Cove will need legislative approval to obtain a PPF loan. If the bond loan is not “state monetary involvement, then King Cove can apply for and obtain a PPF loan in an amount up to \$4,999,999 without legislative approval.¹

Our research revealed no legislative history to assist in interpreting the meaning of the “cumulative state monetary involvement” provision related to the PPF loan program.²

¹ Again, this assumes no other “state monetary involvement” in the King Cove project.

² We have also not found any other uses of the same or a similar phrase in the current Alaska Statutes.

While AS 42.45.010(j) was enacted in 2004, the requirement for legislative approval made applicable to PPF in 1993. At that time, PPF loans were made subject to committee review in a different statute. Under that statute, legislative approval was required when “state monetary involvement” exceeded \$5,000,000.³ We found nothing in the committee minutes for either the 2004 bill or the 1993 bill that shed light on what the legislature specifically meant by “state monetary involvement.”

Without applicable legislative history, we turn to the plain meaning of the statute and an understanding of how the Bond Bank general obligation bond loans to municipalities work. The crux of the question is whether, for purposes of AS 42.45.010(j), a Bond Bank general obligation bond loan constitutes “state monetary involvement”, such that the loan must be included in the total amount that counts towards the \$5,000,000 limit requiring legislative approval for a PPF loan.

State monetary involvement can exist on a spectrum from direct monetary involvement (e.g., a direct general fund appropriation) to absolutely no state monetary involvement, direct or contingent. Discussions with the Bond Bank and review of the Bond Bank’s 2014 annual report indicate that a municipal general obligation bond loan has only a contingent and remote possibility that state money would ever become involved. The full faith and credit of each respective municipality is pledged, with no taxing limitation. Bonds issued to fund Bond Bank general obligation loans are supported by the “moral obligation” of the State of Alaska. But if a default occurs, the State may demand and receive any funds held by a state agency which are payable to the defaulting municipality.⁴

Because the State’s moral obligation creates only a contingent and remote potential of “state monetary involvement,” we believe it defensible for the AEA to conclude the amount of King Cove’s loan from the Bond Bank should not be included in the “cumulative state monetary involvement” calculation under AS 42.45.010(j).⁵

Please let us know if you desire further assistance regarding this matter.

cc: Cady Lister, AEA

³ See AS 42.45.060(g) (1993). The loan committee reviewed applications for various AEA loans except for loans from the bulk fuel revolving loan fund.

⁴ AMBBA 2014 Annual Report, p. 5.

⁵ Additionally, Alaska Statute 44.84.130 explicitly states that bonds and bond notes issued by the Bond Bank “are not a debt or liability of the state and do not create or constitute an indebtedness, liability, or obligation of the state, nor do they constitute a pledge of the faith and credit of the state.” AS 44.85.130(a).