

**ALASKA MUNICIPAL BOND BANK  
AUTHORITY  
BOARD OF DIRECTOR'S MEETING**

**TO BE HELD AT  
AIDEA Building  
813 W Northern Lights Boulevard  
Anchorage, AK 99503**

**September 6, 2016  
2:00 P.M. ADT**





333 Willoughby Avenue, 11<sup>th</sup> Floor  
P.O. Box 110405  
Juneau, Alaska 99811-405

Phone: (907) 465-2388  
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## **AGENDA FOR BOARD OF DIRECTOR'S MEETING**

**Meeting Place:**  
AIDEA Building  
813 W Northern Lights Boulevard  
Anchorage, AK 99503

CALL IN: 1-800-315-6338 and passcode 907100

**September 6, 2016 at 2:00 p.m. ADT**

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Minutes of the May 5, 2016 Meeting of the Board of Directors**
- VI. General Business**
  - A. City and Borough of Juneau – Loan Application and Analysis**
  - B. Resolution 2016-05 – Authorizing the Issuance of the 2016 Series Three and Four Bonds**
  - C. 2016 Series A Post Sale Summary**
  - D. FY2016 Bond Bank Financials & Fund Returns – Overview and Discussion**
  - E. Executive Directors Report**
- VII. Public Comments**
- VIII. Board Comments**
- IX. Adjournment**

## NOTICE OF PUBLIC MEETING: AMBBA Board of Director's Meeting

### AGENDA FOR BOARD OF DIRECTOR'S MEETING

The Alaska Municipal Bond Bank Authority will hold a meeting in Anchorage, Alaska at the AIDEA Building, 813 W Northern Lights Boulevard, Anchorage, AK 99503, on September 6, 2016 at 2:00 PM ADT.

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

Meeting Place:  
AIDEA Building  
813 W Northern Lights Boulevard  
Anchorage, AK 99503

CALL IN: 1-800-315-6338 and passcode 907100

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[Attachments, History, Details](#)

### Attachments

[AGENDA 9-6-2016 FINAL.pdf](#)

### Revision History

Created 8/26/2016 2:54:44 PM by eaklawonn  
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Publish Date: 8/26/2016  
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Events/Deadlines:



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## OFFICIAL MINUTES for the BOARD OF DIRECTORS MEETING

### ALASKA MUNICIPAL BOND BANK AUTHORITY

May 5, 2016

#### I. CALL TO ORDER

Mark Pfeffer called the meeting to order at 9:14 AM, Alaska Daylight Time. Members participated at the Chief Andrew Isaac Health Center, Doyon Board Room, 1717 Cowles Street, Fairbanks, Alaska 99701, and by telephone.

#### II. ROLL CALL

Mark Pfeffer  
Greg Gurse  
Michael Lamb  
Luke Welles  
Pam Leary

#### OTHERS IN ATTENDANCE

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Ryan Williams, Finance Director, Alaska Municipal Bond Bank
- Chip Pierce, Financial Advisor, Western Financial Group
- Susan Barry, Bond Counsel – AMBBA, Orrick, Herrington & Sutcliffe, LLP
- Angela Trout, Bond Counsel – AMBBA, Orrick, Herrington & Sutcliffe, LLP
- Craig Chapman, Finance Director, Kenai Peninsula Borough
- Brian Ridley, Executive Financial Officer, Tanana Chiefs Conference (TCC)
- Jacoline Bergstrom, Executive Director of Health Services, TCC
- Kenneth Vassar, Bond Counsel – TCC, Kenneth E Vassar, LLC

- Mike Newman, Managing Director, Independent Advisor - TCC, Hilltop Securities, Inc.

### 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 April 21, 2016 on the official Alaska Online Public Notice website.

### IV. APPROVAL OF AGENDA

The agenda was reviewed by the board. The agenda was approved unanimously as written without objection.

### V. MINUTES of the March 29, 2016 Board of Directors Meeting

The March 29, 2016 minutes of the AMBBA Board of Directors was reviewed by the board and approved as written without objection.

### VI. GENERAL BUISNESS

#### *RESOLUTION 2016-05 – Authorizing Direct Loan to the Kenai Peninsula Borough*

Mr. Mitchell stated Resolution 2016-05 would authorize the use of the Authority's custodian funds in the amount of \$3,050,000 to make a loan to the Kenai Peninsula Borough (KPB) for their Central Kenai Peninsula Hospital (CKPH) Service Area's Specialty Clinic Building, approving the form of loan agreement and providing for related matters. KPB had previously submitted an application to the Authority for loans in an aggregate amount not to exceed \$43 million to finance costs of constructing and equipping the CKPH Service Area's Specialty Clinic Building, which was approved by the Board of Directors pursuant to a resolution adopted by the Board on January 9, 2014. Mr. Mitchell mentioned recent loans provided to KPB for the Specialty Clinic Building - the 2014 Series One loan, in the amount of \$32,490,000, and a direct loan on June 4, 2015, in the amount of \$3,200,000. The KPB loan was previously connected to the Bond Bank's issuance of the 2016 Series One bonds; however, with the high potential for KPB's piece to be on a taxable basis, KPB determined it would be in KPB's best interest to request a separate loan from the Bond Bank. An analysis was done by Bond Bank staff at the prior March 29, 2016 meeting showing

custodian fund balances given this potential funding in the amount of \$3.05 million, as well as other cash flow needs. This loan would utilize higher (taxable) rates and the known credit has a potential to be a benefit in the investment portfolio. Mr. Pfeffer asked for the current custodian account asset balance, and Mr. Williams responded the most recent asset balance was \$14.6 million. Mr. Mitchell followed up with a reminder that the analysis includes payment of future reserve obligations and potential cash funding of future regional health organization loans. With these forecasted items, the custodian account would stabilize at a value under \$10 million dollars, potentially in the \$7-8 million range. Mr. Lamb asked what the downside potential of the loan would be given future liquidity needs of the Bond Bank. Mr. Mitchell responded that any unknown or unanticipated cash needs would be considered downside risk, while the Bond Bank's anticipated investment return would at the same time increase with this loan. Given the analysis of the best known information at this time, the loan repayments, and investment income show stability of the custodian account, while Bond Bank staff is still conscious of the outflows resulting from reserve obligation liabilities and other spending needs. Mr. Pierce reiterated the current plan of replacing reserve obligations over time with surety policies can afford additional flexibility to the Bond Bank's cash needs. Mr. Pfeffer asked for confirmation that loan repayments would cover Bond Bank operations. Mr. Mitchell stated that cash inflows from KPB loans, including principal repayments, would generally cover projected operations. Mr. Welles made a motion to approve Resolution 2016-05, providing for a direct loan to KPB in the amount of \$3,050,000, and Mr. Lamb seconded the motion. Mr. Williams conducted a roll call vote, and the motion passed unanimously with five yes votes.

*Regional Health Organizations (RHO) – Administrative Policy*

Mr. Mitchell stated that the version contained in the board packet is a work in progress, and attempts to provide an outline or framework for approaching RHO lending. Mr. Mitchell reiterated that the Department of Health and Social Services (DHSS), as outlined in the draft policy and AS 44.85.010 (6), needs to anticipate a state financial benefit and increase in regional quality of care with this lending program. For instance, if an Alaskan native, Medicare eligible, were to use a non-tribal healthcare facility, the State of Alaska would pay 100% of the Medicare cost, and receive a 50% reimbursement from the Federal Government, while if that same individual used a *tribal* healthcare facility, the Federal Government would reimburse all 100% of that Medicare cost. Mr. Lamb noted

the value of additional backup information provided by Regional Health Organizations to show, or begin to quantify these anticipated financial benefits. TCC agreed to provide the necessary information upon request. Mr. Mitchell noted that further limitations and requirements were imbedded in SB 46, summarized in the policy document. Mr. Welles mentioned other bills affecting tribal health providers, including SB 74, which could increase federally mapped reimbursement through direct scheduling of transportation needs. Further discussion included structure of a potential Yukon Kuskokwim Health Corporation funding, RHO percentage of project cost securitization and known financing sources, and general format of policy approach to RHO lending. Mr. Mitchell stated that additional updates to the policy to make sure it withstands all RHO transactions is warranted. No action by the Board was taken at this time regarding the RHO administrative policy.

*RESOLUTION 2016-03 – 2016 Master Bond Resolution*

Mr. Barry provided a general description of the new 2016 Master Bond Resolution, which provides for the issuance of bonds of the Bond Bank under the new resolution. RHO lending is contemplated to occur under this new master resolution, and is generally set-up with certain characteristics of the Bond Bank's 2005 master bond resolution. The new resolution does not cap at approximately \$200 million that was specifically designed for RHOs, and could accommodate certain authorized borrowers from the 2005 resolution; however, it is set up at this time for allowance of the current and anticipated RHO applications and subsequent transactions. Ms. Barry reiterated that the mechanics of the reserve account of the 2016 master resolution is also similar to the 2005 resolution. Mr. Mitchell noted that the Bond Bank's net cost for administering the Bond Bank level reserve should be zero, passing those costs to RHOs. Given the current reinvestment rate of reserves, fees to arbitrage providers, and any potential reserve obligations payments, these liabilities need to be taken into consideration when officially constructing individual RHO transactions. Mr. Lamb made a motion to approve Resolution 2016-03, providing for the official creation of the 2016 Master Bond Resolution, and Ms. Leary seconded the motion. Mr. Williams conducted a roll call vote, and the motion passed unanimously with five yes votes.

*Tanana Chiefs Conference (TCC) Credit Review*

Mr. Pierce provided the Board with an application credit review in the packet regarding TCCs request for approximately \$49.25 million loan from the Bond

Bank, the first application for consideration under the RHO lending program. The TCC would use Bond Bank funds to refinance bonds sold by TCC in 2011 for the Chief Andrew Isaac Health Center, a 95,000 square foot health center adjacent to Fairbank Memorial Hospital. TCC will also contribute \$47.8 million, including prior reserves to the refunding project, and TCC will also refund prior notes issued to refinance mortgages. No other debt would hold a senior lien claim after these transactions. Term of the loan would be 8 years, structuring a call provision at approximately 4 years given feedback from TCC. Total FY 2015 "lockbox" related revenue was \$25.2 million, and estimated debt service would be approximately \$5.75 million, a debt service coverage ratio of 8.11 times. The RHO lending lacks the ability to intercept general State Aid payments. Estimated present value of borrower savings, not taking into account TCCs equity contributions, is near the par amount of the bonds due to vastly reducing interest rate and shortening the loan term. Mr. Pierce mentioned the no litigation letter has been received. Mr. Mitchell noted that a letter from DHSS has been received showing anticipated financial benefit to the state. Mr. Pierce proceeded with an overview on the history of TCC. Mr. Pierce summarized TCCs financial position, with revenue totaling \$182.9 million in 2015, up 20% from 2014, and 50% from 2013. Increases include the impact of a \$30 million joint venture construction agreement with the Indian Health Service (IHS). TCC will continue to receive this annually. In 2014 the Fed increased HIS and Bureau of Indian Affairs (BIA) directives to pay Contract Support Costs. TCC and HIS have a joint venture construction project agreement for acquisition and construction of the Chief Andrew Isaac Health Center, with HIS providing initial operating equipment and other staffing and maintenance, and the leases the Center and Land through 2030. Third party revenues have increased \$6 million or 31.3% from 2014. Recently, TCC settled contract support claims with HIS and BIA totaling over \$28.8 million. State revenues only account for 5% of the total revenue to TCC, or \$9.9 million. Mr. Pierce stated that TCC does not have any plans for projects that will require bonding at this time. TCC will pay its Bond Bank loan from Health Care Revenues and General Revenues of TCC, specifically excluding restricted funds. Health Care Revenues include Medicare, Medicaid, and private insurance company and managed care plans. General Revenues are defined as all fees, rates, receipts, rentals, licensing fees, royalties, charges, issues, revenues and income derived by TCC or its facilities or other sources, including gifts, bequests, grants, contributions and any other money received from the TCC operations or properties, insurance proceeds or condemnation awards. Mr. Pierce summarized historical values for monthly lockbox deposits, debt service coverage, and pledged revenue coverage of

projected Bond Bank debt service. Mr. Pierce explained additional financing conditions to include debt service coverage ratio of 1.25 times, maintenance of 50 days cash on hand, additional bonds test of 1.35 times, negative pledge on health care or general revenues (no pledges to other parties), and a debt service reserve funded to the lesser of three tests. The structure at this time has TCCs trustee withholding one sixth / one twelfth on interest and bond payments monthly. Mr. Pierce stated that based on his and Western Financial Group's assessment, the revenue pledges combined with financing conditions, recommends approval of the TCC loan application. Ms. Leary wanted confirmation that the refinancing connected to an upcoming transaction would ultimately retire all other senior lean debt holders. Mr. Pierce confirmed that is the case. Mr. Lamb made a motion to approve the TCC loan application in the amount of approximately \$49.25 million, and Mr. Gurse seconded the motion. Mr. Williams conducted a roll call vote and the motion passed unanimously with five yes votes.

*Alaska Municipal Bond Bank Resolution No. 2016-04*

Ms. Barry, Bond Bank Bond Counsel with Orrick, introduced resolution 2016-04, a series resolution authorizing the issuance of 2016 master resolution general obligation bonds, Series 2016A, of AMBBA, in an amount not to exceed \$50 million. Ms. Barry mentioned that the Series 2016A bonds shall be sold to an underwriter in a negotiated sale pursuant to the terms of a Bond Purchase Agreement, and that the interest rate may not exceed 3.75%. Ms. Barry noted that the Board packet also contained a copy of the general form of loan agreement and continuing disclosure certificate. Mr. Mitchell noted that the packet also contained a copy of the preliminary official statement, schedule and distribution list. Mr. Mitchell noted that the schedule shows a pricing on May 25, 2016, and a closing on or around June 8, 2016. Mr. Welles made a motion to approve Resolution 2016-04, and Mr. Gurse seconded the motion. Mr. Williams conducted a roll call vote and the motion passed unanimously with five yes votes.

*WFG Post Sale Summary for 2016 Series Two*

Mr. Pierce presented a summary for the most recent pricing on April 12, 2016 – \$59,595,000 General Obligation Bonds, 2016 Series Two. The bonds were sold by competitive sale to Wells Fargo Bank. The Bond Bank received a total of 9 bids, and the resulting TIC on the transaction was 2.6756%, average life of 11.166 years, and an underwriter cost of \$8.77 per \$1,000. Mr. Pierce noted that the past

two years have been characterized by fluctuations in the yields of highly rated bonds, with rates currently at their lowest levels since 2013, and the 2016 Series Two sale maintained attractive bids relative to the fluctuations seen in the municipal market since 2015. The proceeds of the 2016 Series Two bond sale were provided to two borrowers, the Fairbanks North Star Borough, and the City of Ketchikan. In all, financing objectives were achieved by the borrowing parties, and the rates achieved by the Bond Bank were near the lows relative to the Municipal Market Data AAA index. These communities achieved over \$500,000 in present value savings.

*Executive Director's Report*

*Mr. Mitchell reported on the following items that were not covered in the May 5, 2016 Agenda:*

On March 24, 2016 I spoke with the Mayor of Unalaska regarding the funding needs of their port project.

Yukon Kuskokwim Health Corporation - On March 29, 2016 YKHC signed a Joint Venture Agreement with the Indian Health Service that will result in over \$80 million in additional funding for YKHC, the equivalent of almost 550 full time employees. This more than doubles the existing funding of approximately \$72 million. On April 15, 2016 myself, Mr. Pierce, and Ms. Barry met with representatives of AIDEA, USDA, Goldman Sachs, Citibank, JP Morgan, the Attorney General's office as well as additional various counsels or financial advisors for these entities. We expect YKHC to be submitting an application to the Bond Bank in the coming month. One of the major final issues that they are working towards resolution on is how to fund the construction cash flow on the project as the USDA \$168 million loan cannot be closed until the facility is complete. Additional issues relate to the interaction between the various lenders and how to comply and conform to a variety of lending requirements and restrictions.

On April 20 and 21, 2016 I participated in the pre-closing and closing of the 2016 Two bonds of the Bond Bank. The Fairbank's North Star Borough finance Director Debbie Brady indicated that the Borough was generally pleased with this initial use of the Bond Bank. Future use will be dependent upon the Bond Bank's credit rating compared to the Borough's and the correlated cost of capital for the options. During the closing Mr. Pierce and I were also able to meet with the City of Ketchikan Finance Director Bob Newell to discuss the \$2 million harbor loan that was pulled from the 2016 Two pricing late in the schedule due to potential tax

concern. Mr. Newell is waiting on final tax analysis and will be planning to issue through the Bond Bank in the fall. The closing gathering also provided an opportunity for the working group for the proposed 2016 Series A bonds to convene and work through documents.

Finance Director Williams will be attending the Spring AGFOA conference from May 11 to the 13th. As an AGFOA board member and active participant in the planning and implementation of the conference it is critical to maintain his physical participation in the conference to foster communication and networking with community officials.

Travel memos were provided to the DOR Commissioner in compliance with the Governor's travel policy for the closing of the 2016 Two bonds as well as for trips associated with the 2016 A and potential 2016 B bonds.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

There were none.

IX. ADJOURNMENT

Mr. Pfeffer adjourned the meeting without objection at 11:35 a.m. ADT.

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Mark Pfeffer, Chairman

Alaska Municipal Bond Bank  
Application Credit Review Summary Page

Applicant:	City and Borough of Juneau (the “CBJ”)
Loan Amount:	Approximately \$22,000,000
Project Type:	Refunding of prior CBJ general obligation bonds and funding approximately \$3 million of new money projects authorized by voters in 2012 for a variety of CBJ capital improvements.
Project Description:	The CBJ will apply the proceeds of the Bond Bank loan to currently refund bonds issued by CBJ in 2006. The 2006 Bonds were part of a larger bond authorization approved by voters for design, site preparation and construction of Thunder Mountain High School in the Dimond Park area. The bonds are being refunded to achieve debt service savings. Proceeds will also be applied to a transit facility that was part of the 2012 voter authorization.
Term of Loan:	5 years (2006 bond refunding) 10 years (new money capital bonds)
Revenues Pledged to Loan:	property taxes
FY 2015 Property Tax Collections:	\$45.8 million
Estimated Maximum Annual Debt Service:	\$4.3 million
Total Bond Bank Fiscal Year 2016 Debt Service (includes new loan):	\$22.0 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$66.93 million
Debt Service Coverage of AMBB DS from SSR:	3.05x
Loan Subject to State Debt Service Reimbursement:	Yes
Estimated Borrower Refunding Savings (Gross):	\$1.46 million
Estimated Borrower Refunding Savings (Present Value):	\$1.4 million
No Litigation Letter Received:	Yes

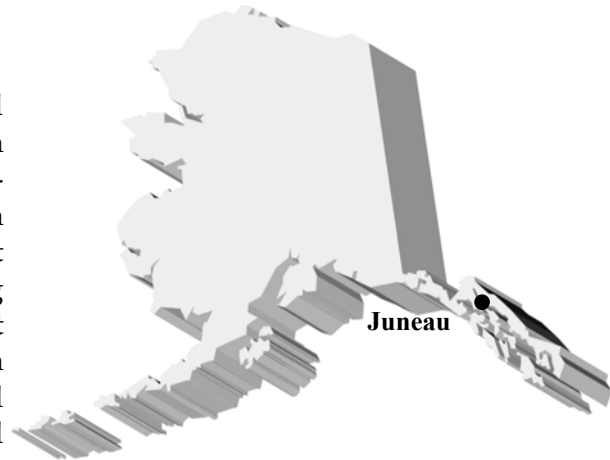
# Loan Application Evaluation City and Borough of Juneau

## Introduction

The City and Borough of Juneau (the “CBJ”) has submitted two applications to the Alaska Municipal Bond Bank (the “Bond Bank”) for general obligation loans totaling approximately \$22,000,000. These loans will be used to currently refund bonds issued by CBJ in 2006 for school construction and for new money projects authorized by voters in 2012.

## The Project

CBJ will use a portion of the Bond Bank’s loan to refund general obligation bonds issued in 2006 for design, site preparation and construction of Thunder Mountain High School. Those bonds became callable at par on September 1, 2016. The remaining maturities of those 2006 bonds bear interest rates ranging from 4.00% in 2017 to 4.25% in 2021. CBJ will also use proceeds of the Bond Bank loan to fund a transit facility authorized by voters in 2012.

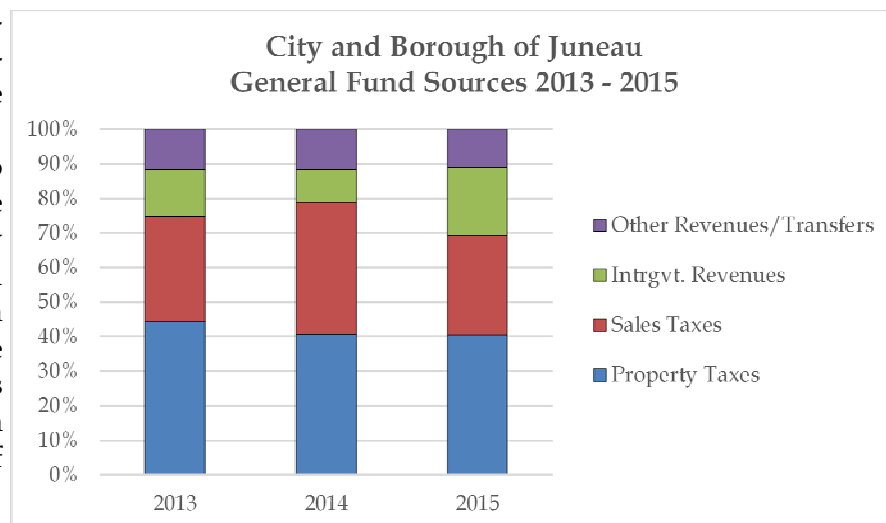


Voters authorized the sale of the bonds for the school project at an election held on October 5, 2004. The bond measure passed by a margin of 54.2% to 45.8%. Voters authorized the sale of the bonds for the various capital projects at an election held on October 2, 2012. The bond measure passed by a margin of 50.5% to 49.5%

## Juneau Financial Position

The General Fund derives its revenues primarily from ad valorem property taxes (41.9% in fiscal year 2015), sales taxes (29.9% in 2015), intergovernmental revenues (20.3% in 2015) and charges for services (4.3% in 2015). The three-year averages are 43.2% for property taxes, 33.5% for sales taxes, 14.7% for intergovernmental revenues and 4.6% for charges for services. Although sales tax revenues are reported in CBJ’s comprehensive annual financial report under the Sales Tax Special Revenue Fund, the bulk of those revenues are transferred to the General Fund via interfund transfer, and are included here in order to present a more accurate picture of the revenue diversity of the CBJ General Fund.

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

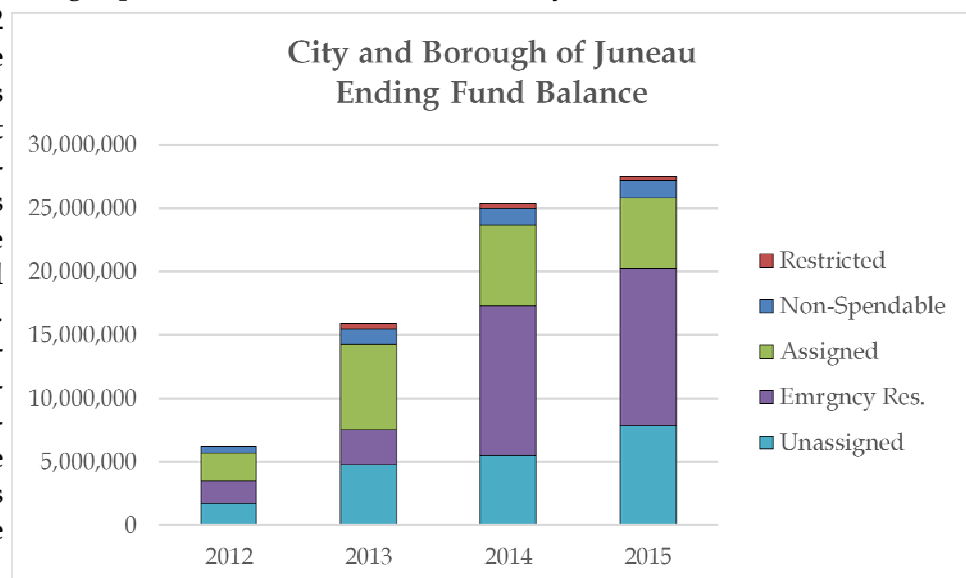
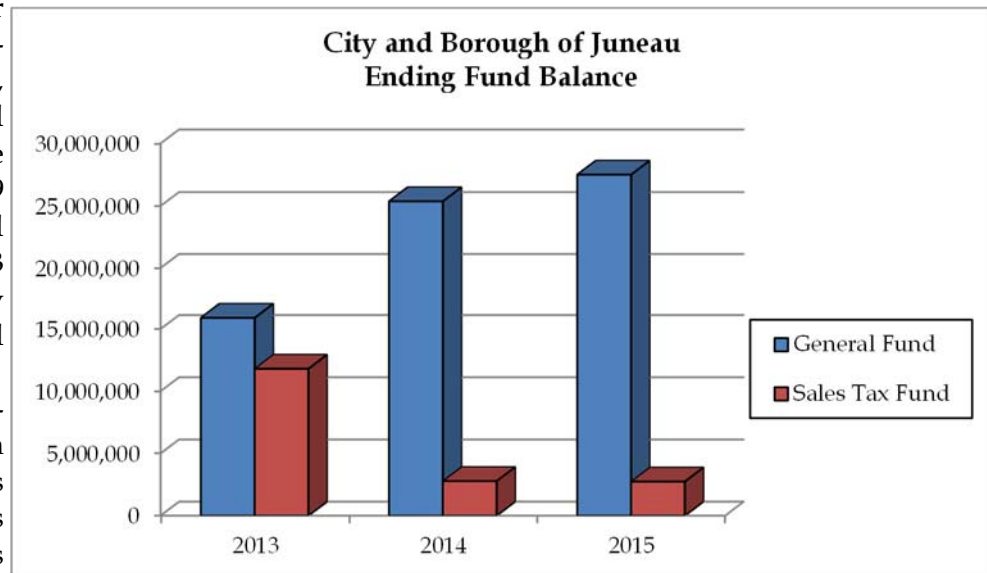


During the period from fiscal year-end 2013 to the end of fiscal year 2015, the General Fund year end balance grew from \$15.9 million to \$27.5 million. As the graph below demonstrates, there was a significant increase in the General Fund ending balance between the end of fiscal year 2013 and the end of fiscal year 2014. During fiscal year 2014, the bulk of the fund balance that had resided in the Sales Tax Fund was transferred to the General Fund resulting in a decline in the Sales Tax Fund balance from \$11.8 million at fiscal year end 2013 to \$2.8 million in fiscal year end 2014. As a result of this transfer, the General Fund year-end balance grew from \$15.9 million at the end of fiscal year 2013 to \$25.4 million by the end of fiscal year 2014.

CBJ continues to maintain a balance in the Sales Tax Fund that is funded from Sales Tax collections, although at a much reduced level from fiscal year 2013. At the end of fiscal year 2015 that fund held \$2.7 million.

In 2011 the Mayor of CBJ formed a task force to review the CBJ's reserve policies. This task force was charged with identifying the appropriate size of and uses for the CBJ's unassigned General Fund balance and the Sales Tax rainy day fund. The Task Force recommended to the Assembly that reserves equal to 2 months of general governmental operation revenues be set aside each year. For fiscal year 2015 that amounts to \$18.4 million. As of the end of fiscal year 2015 the reserves available to fund the budget reserve, including General Fund and Sales Tax Fund balance totaled \$22.9 million.

The graph to the right presents the a breakdown of the year end balances for the General Fund from 2012 through 2015. The graph demonstrates the significant growth of the General Fund balance, as well as the increase in unassigned and emergency reserves. The increase in emergency reserves in fiscal year 2014 is primarily a result of the transfer of the Sales Tax Fund balance described above.



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

### **Future Capital Plans**

The \$3 million loan request associated with the current CBJ application is the third installment under the 2012 voter authorization. With the completion of this portion of the authorization, CBJ will have approximately \$5.9 million of authorization remaining. CBJ expects to use the remaining authorization for airport terminal improvements.

### **State Aid Intercept**

The Bond Bank has the authority to intercept State revenues that would otherwise flow to an underlying borrower in the event that a borrower failed to make timely payment on a Bond Bank loan. The State aid intercept is a significant, if unutilized, credit strength. The table below presents the CBJ's revenues subject to intercept compared to fiscal year 2016 debt service on the proposed and outstanding loans from the Bond Bank.

<b>Shared Taxes and Fees</b>	<b>\$4,890,315</b>
<b>Dept. of Transportation Reimbursement</b>	<b>\$0</b>
<b>Reimbursement and Other Education Funding</b>	<b>\$11,981,106</b>
<b>Education Support Funding</b>	<b>\$38,402,330</b>
<b>Matching Grants</b>	<b>\$9,705,042</b>
<b>Community Jails</b>	<b>\$0</b>
<b>PILT Transfers</b>	<b>\$0</b>
<b>Revenue Sharing</b>	<b>\$1,952,444</b>
<b>Total Revenue Subject to Intercept</b>	<b>\$66,931,237</b>
<b>Fiscal Year 2016 Debt Service (includes 2016 Loans DS)</b>	<b>\$21,974,609</b>
<b>Debt Service Coverage</b>	<b>3.05</b>

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

### **Estimated Borrower Savings**

Savings to the CBJ as a result of borrowing through the Bond Bank are estimated at approximately \$1.46 million on a nominal basis or \$1.4 million on a present value basis. These savings reflect the estimated results of the refunding of the CBJ's 2006 general obligation bonds based on market conditions as of the end of August 2016. Actual savings will be determined at the time that the bonds are marketed, currently expected to occur in the middle of October 2016.

## Statement of No Litigation

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

## Summary

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

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

For Western Financial Group, LLC

A handwritten signature in dark ink, appearing to read "Chip Pierce", with a stylized flourish at the end.

Chip Pierce

## **Juneau Economic and Demographic Information**

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

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

CBJ's population at the end of fiscal year 2015 was estimated at 33,026, and increase of 5.6% since the 2010 census. As the state capital, Juneau is supported largely by State and Federal employment, and by tourists cruising the Inside Passage. It is the fourth largest community in Alaska. About one-third of residents live downtown or on Douglas Island; the remaining two-thirds live elsewhere along the roaded area. Juneau has a Tlingit history with a strong historical influence from the early prospectors and boom town that grew around full-scale gold mining operations. According to the 2010 U.S. Census, there are 13,055 total housing units and 868 were vacant. The unemployment is estimated at 5.00% in April 2015, below the estimated state rate of 6.7%. Per capita income in 2014 was \$57,033, which was 105.6% of the statewide average and 123.9% of the national average.

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

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

The State, City & Borough of Juneau, and federal agencies provide nearly 40% of the employment in the community. Juneau is home to State Legislators and their staff during the legislative session between January and April. Tourism is a significant contributor to the private sector economy during the summer months, providing a \$130 million income and nearly 2,000 jobs. The national recession resulted in a decline to approximately 865,000 passengers in 2010 from approximately 1,000,000 prior to the recession that began in 2008. CBJ reports that approximately 977,000 cruise passengers visited Juneau in 2015 and forecasts that approxi-

mately 1 million passengers will visit in 2016. The Mendenhall Glacier, Juneau Icefield air tours, Tracy Arm Fjord Glacier, State Museum, and Mount Roberts Tramway are local attractions.

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

The Kensington underground gold mine and associated milling facilities are located within the Berners Bay Mining District on the east side of the Lynn Canal about 45 miles north-northwest of Juneau, Alaska. The project employs 250 people, about 60% of whom are from southeast Alaska. The Kensington mine commenced commercial production in July 2010. The mine is accessed by a horizontal tunnel and utilizes conventional and mechanized underground mining methods. Kensington resumed full production ahead of schedule in April 2012 following a temporary reduction in mining and milling activities to allow for the completion of several underground and surface improvement projects. Underground development continues to advance. Kensington's proven and probable reserves were 560 thousand contained ounces of gold at year-end 2015.

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

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**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2016-05**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION AND REFUNDING BONDS, 2016 SERIES THREE AND 2016  
SERIES FOUR OF THE ALASKA MUNICIPAL BOND BANK**

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**ADOPTED ON SEPTEMBER 6, 2016**

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**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2016-05**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION AND REFUNDING BONDS, 2016 SERIES THREE AND 2016  
SERIES FOUR 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 (as further defined in Section 102 hereof, 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 desirable that the Bank issue at this time a Series of Bonds in an aggregate principal amount of not to exceed \$95,000,000, to be designated “Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series Three” and a Series of Bonds in an aggregate principal amount of not to exceed \$36,000,000, to be designated “Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series Four” (or otherwise as provided in Section 201 hereof), 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 “2016 Series Three and Four 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 2016 Series Three and Four Resolution and with respect to the 2016 Series Three and Four Bonds:

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

(2) “Bank” shall mean the Alaska Municipal Bond Bank (in the Act also referred to as the “Alaska Municipal Bond Bank Authority”).

(3) “Beneficial Owner” shall mean the person in whose name a 2016 Series Three or Four Bond, as applicable, is recorded as the beneficial owner of such 2016 Series Three or Four Bond by the respective systems of The Depository Trust Company and Depository Trust Company Participants or the Holder of the 2016 Series Three or Four Bond if such 2016 Series Three or Four Bond is not then held in book-entry form pursuant to Section 206.

(4) “Bond Purchase Agreement” shall mean one or more bond purchase agreements entered into among one or more Underwriters and the Bank, providing for the purchase and the terms of the 2016 Series Three and Four Bonds of one or more series.

(5) “Bond Year” shall mean each one-year period that ends on an anniversary of the date of issue of the 2016 Series Three and Four Bonds.

(6) “Chairman” shall mean the chairman of the Board of Directors of the Bank.

(7) “Code” shall mean the Internal Revenue Code of 1986, together with all regulations applicable thereto.

(8) “Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate executed by the Bank and dated the date of issuance and delivery of the 2016 Series Three and Four Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

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

(11) “Escrow Agent” shall mean the Trustee, currently The Bank of New York Mellon Trust Company, N.A., as escrow agent.

(12) “Escrow Agreement” shall mean the agreement entered into by and between the Bank and the Escrow Agent, dated the date of issuance of the 2016 Series Three and Four Bonds, securing payment for the Refunded Bonds.

(13) “Excess Investment Earnings” shall mean the amount of investment earnings on gross proceeds of the 2016 Series Three and Four Bonds determined by the Bank to be required to be rebated to the United States of America under the Code.

(14) “Financial Advisor” shall mean Western Financial Group, LLC.

(15) “Juneau” shall mean the City and Borough of Juneau, Alaska.

(16) “Letter of Representations” shall mean the Blanket Issuer Letter of Representations dated May 2, 1995, from the Bank to DTC, a copy of which is attached hereto as Appendix A, and the operational arrangements referred to therein.

(17) “Loan Agreement” shall mean, collectively, each of the following pertaining to the repayment of a Loan or Loans to the Governmental Unit as provided for herein: (a) the agreement by and between the Bank and Juneau for the purpose of financing costs of certain capital improvements; (b) the agreement by and between the Bank and Juneau for the purpose of refunding all or a portion of the 2006B Bonds; and (c) the agreement by and between the Bank and the City of Ketchikan, Alaska, for the purpose of financing certain capital improvements to the City of Ketchikan’s harbor facilities.

(18) “National” shall mean National Public Finance Guarantee Corporation, a monoline insurance company.

(19) “New-Money Portion” shall mean the 2016 Series Three and Four Bonds and the proceeds thereof other than the Refunding Portion.

(20) “Official Statement” shall have the meaning assigned thereto in Section 211 hereof.

(21) “Preliminary Official Statement” shall have the meaning assigned thereto in Section 211 hereof.

(22) “Record Date” shall mean the date fifteen calendar days preceding each interest payment date with respect to the 2016 Series Three and Four Bonds.

(23) “Refunded Bonds” shall mean, in each case, all or a portion of the following Outstanding Bonds that the Chairman or the Executive Director designates to be refunded pursuant to Section 304 hereof:

(i) at the request of:

(a) the City of Ketchikan, Alaska, \$30,845,000 aggregate principal amount of the outstanding 2006 Series Two Bonds, maturing on December 1, 2017 through 2035;

(b) the Petersburg Borough, Alaska \$1,270,000 aggregate principal amount of the outstanding 2007 Series One Bonds, maturing on December 1 of 2017 through 2026;

- (c) the City of Nome, Alaska \$665,000 aggregate principal amount of the outstanding 2007 Series One Bonds, maturing on December 1 of 2017 through 2020;
- (d) the Northwest Arctic Borough, Alaska \$4,595,000 aggregate principal amount of the outstanding 2007 Series One Bonds, maturing on December 1 of 2017 through 2020;
- (e) the City of Seward, Alaska \$1,075,000 aggregate principal amount of the outstanding 2007 Series One Bonds, maturing on December 1 of 2017 through 2021;
- (f) the City of Wasilla, Alaska \$810,000 aggregate principal amount of the outstanding 2007 Series One Bonds, maturing on December 1 of 2017 through 2018;
- (g) the City and Borough of Sitka, Alaska \$1,625,000 aggregate principal amount of the outstanding 2007 Series One Bonds, maturing on December 1 of 2017 through 2018;
- (h) the Aleutians East Borough, Alaska \$19,445,000 aggregate principal amount of the outstanding 2007 Series Two Bonds, maturing on December 1 of 2017 through 2028;
- (i) the Kenai Peninsula Borough, Alaska, \$2,945,000 aggregate principal amount of the outstanding 2007 Series Two Bonds, maturing on December 1 of 2017 through 2023;
- (j) the City of Bethel, Alaska, \$2,295,000 aggregate principal amount of the outstanding 2007 Series Three Bonds, maturing on September 1 of 2018 through 2027;
- (k) the City of Kodiak, Alaska, \$5,060,000 aggregate principal amount of the outstanding 2007 Series Five Bonds, maturing on September 1 of 2018 through 2032, inclusive, and 2037;
- (l) the City of Dillingham, Alaska \$9,190,000 aggregate principal amount of the outstanding 2008 Series One Bonds, maturing on April 1 of 2019 through 2028;
- (m) the City of Kodiak, Alaska \$6,280,000 aggregate principal amount of the outstanding 2008 Series One Bonds, maturing on April 1 of 2019 through 2038;

(n) the Kodiak Island Borough, Alaska \$5,620,000 aggregate principal amount of the outstanding 2008 Series One Bonds, maturing on April 1 of 2017 through 2028;

(o) the Municipality of Skagway, Alaska \$3,060,000 aggregate principal amount of the outstanding 2008 Series Two Bonds, maturing on June 1 of 2019 through 2028; and

(p) the City of Kodiak, Alaska \$800,000 aggregate principal amount of the outstanding 2009 Series One Bonds, maturing on September 1 of 2019 through 2037;

(ii) the 2006 Series Two Bonds, the 2007 Series One Bonds, the 2007 Series Two Bonds, the 2008 Series One Bonds, the 2008 Series Two Bonds and the 2009 Series One Bonds that constitute Reserve Obligations, to be redeemed, as determined by the Chairman or the Executive Director pursuant to Section 304 hereof.

(24) “Refunding Portion” shall mean (i) the portion of 2016 Series Three and Four Bonds and the proceeds thereof allocable to the refunding of the Refunded Bonds; and (ii) if so determined by the Chairman or the Executive Director pursuant to Section 304 hereof, the portion, if any, of 2016 Series Three and Four Bonds that are issued as Reserve Obligations.

(25) “Resolution” shall mean the General Bond Resolution adopted by the Board of Directors on July 13, 2005, as amended by a Supplemental Resolution, Resolution No. 2009-03, adopted by the Board of Directors on May 28, 2009 and effective on August 19, 2009; and by a First Supplemental Resolution, Resolution No. 2013-02, adopted by the Board of Directors on February 19, 2013, the amendments in which are effective after all Bonds issued prior to February 19, 2013 are no longer outstanding and the requirements of such First Supplemental Resolution are satisfied.

(26) “Surety Bond Issuer” shall mean the Credit Enhancement Agency, if any, selected by the Chairman or the Executive Director to provide Credit Enhancement for a portion of the Reserve Fund Requirement.

(27) “2006 Series Two Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2006 Series Two, which are currently outstanding in the principal amount of \$33,540,000.

(28) “2006B Bonds” shall mean the City and Borough of Juneau, Alaska General Obligation School Bond, 2006B, issued by Juneau and currently outstanding in the principal amount of \$18,560,000.

(29) “2007 Series One Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2007 Series One, which are currently outstanding in the principal amount of \$14,285,000.

(30) “2007 Series Two Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2007 Series Two, which are currently outstanding in the principal amount of \$23,170,000.

(31) “2007 Series Three Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2007 Series Three, which are currently outstanding in the principal amount of \$3,230,000.

(32) “2007 Series Five Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2007 Series Five, which are currently outstanding in the principal amount of \$5,190,000.

(33) “2008 Series One Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2008 Series One, which are currently outstanding in the principal amount of \$28,040,000.

(34) “2008 Series Two Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2008 Series Two, which are currently outstanding in the principal amount of \$5,650,000.

(35) “2009 Series One Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2009 Series One, which are currently outstanding in the principal amount of \$3,040,000.

(36) “2016 Amendatory Loan Agreements” shall mean, collectively:

(a) the agreement by and between the Bank and the City of Ketchikan, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated July 1, 2006.

(b) (i) the agreement by and between the Bank and the Petersburg Borough, Alaska (formerly the City of Petersburg, Alaska), to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the Bank and the City of Petersburg, Alaska, dated October 1, 2000, as amended in the amendatory loan agreement entered into by the Bank and the City of Petersburg, Alaska, dated January 1, 2007, and (ii) the agreement by and between the Bank and the Petersburg Borough, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the Bank and the City of Petersburg, Alaska, dated January 1, 2007;

(c) the agreement by and between the Bank and the City of Nome, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated November 15, 2000, as amended by the amendatory loan agreement entered into by the parties, dated January 1, 2007;

(d) the agreement by and between the Bank and the Northwest Arctic Borough, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated August 1, 2001, as amended by the amendatory loan agreement entered into by the parties, dated January 1, 2007;

(e) the agreement by and between the Bank and the City of Seward, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated December 1, 2000, as amended by the amendatory loan agreement entered into by the parties, dated January 1, 2007;

(f) the agreement by and between the Bank and the City and Borough of Sitka, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated April 1, 1999, as amended by the amendatory loan agreement entered into the parties, dated January 1, 2007;

(g) the agreement by and between the Bank and the City of Wasilla, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated April 1, 1998, as amended by the amendatory loan agreement entered into by the parties, dated January 1, 2007;

(h) the agreement by and between the Bank and the Aleutians East Borough, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement between the parties, dated September 1, 2003, as amended by the amendatory loan agreement entered into by the parties, dated April 1, 2007;

(i) the agreement by and between the Bank and the Kenai Peninsula Borough, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated September 1, 2003, as amended by the amendatory loan agreement entered into by the parties, dated April 1, 2007, and as amended further by the amendatory loan agreement entered into by the parties, dated September 1, 2011;

(j) the agreement by and between the Bank and the City of Bethel, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties dated July 1, 2007;

(k) (i) the agreement by and between the Bank and the City of Kodiak, Alaska to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement (Harbor Project) entered into by the parties, dated December 1, 2007 (ii) the agreement by and between the Bank and the City of Kodiak, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement (Boat Lift Project) entered into by the parties, dated December 1, 2007; (iii) the agreement by and between the Bank and the City of Kodiak, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated April 1, 2008; and (iv) the agreement by and between the Bank and the City of Kodiak, Alaska, to be dated November 1, 2016, amending certain terms of the loan agreement entered into by the parties, dated January 1, 2009;

(l) the agreement by and between the Bank and the City of Dillingham, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated April 1, 2008;

(m) the agreement by and between the Bank and the Kodiak Island Borough, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties, dated April 1, 2008; and

(n) the agreement by and between the Bank and the Municipality of Skagway, Alaska, to be dated the date of sale of the 2016 Series Three and Four Bonds, amending certain terms of the loan agreement entered into by the parties dated July 1, 2008;

(37) “2016 Bond Credit Enhancement” shall mean a Credit Enhancement, if any, issued by a 2016 Bond Insurer on the date of issuance of the 2016 Series Three and Four Bonds for the purpose of further securing the payment of the principal of and interest on all or a portion of one or more series of the 2016 Series Three and Four Bonds.

(38) “2016 Bond Insurer” shall mean a monoline insurance company, if any, selected by the Chairman or the Executive Director to provide a 2016 Bond Credit Enhancement to further secure the payment of the principal of and interest on all or a portion of one or more series of the 2016 Series Three and Four Bonds.

(39) “2016 Series Four Bonds” shall mean the Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series Four authorized in Article II hereof.

(40) “2016 Series Three Bonds” shall mean the Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series Three authorized in Article II hereof.

(41) “2016 Series Three and Four Bonds” shall mean, collectively, the 2016 Series Three Bonds, the 2016 Series Four Bonds and any additional series of Bonds authorized in Article II hereof.

(42) “2016 Reserve Fund Credit Enhancement” shall mean the Credit Enhancement, if any, issued by the Surety Bond Issuer on the date of issuance of the 2016 Series Three and Four Bonds for the purpose of satisfying a portion of the Reserve Fund Requirement.

(43) “2016 Reserve Fund Credit Enhancement Agreement” shall mean (i) if National is the Surety Bond Issuer, the Financial Guaranty Agreement, dated March 1, 2016, between the Bank and National or (ii) if another provider is selected as the Surety Bond Issuer, a letter of credit, a policy from a monoline insurance company or an agreement with the State or with any department, political subdivision or agency thereof, credited to the Reserve Fund to satisfy all or a portion of the Reserve Fund Requirement, approved by the Authorized Officer in accordance with the provisions of Section 302 hereof.

(44) “Underwriters” shall mean RBC Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Goldman, Sachs & Co., the underwriters of the 2016 Series Three and Four Bonds.

## ARTICLE II AUTHORIZATION OF 2016 SERIES THREE AND FOUR 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, 2016 Series Three” is hereby authorized to be issued in an aggregate principal amount not to exceed \$95,000,000, and a Series of Bonds designated as “Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series Four” is hereby authorized to be issued in an aggregate principal amount not to exceed \$36,000,000. The Chairman or the Executive Director, in consultation with the Bank’s Financial Advisor, shall determine the number of series and the series names and designations of each series of 2016 Series Three and Four Bonds, provided that the aggregate principal amount of all Series of Bonds issued pursuant to this 2016 Series Three and Four Resolution does not exceed \$131,000,000.

The Chairman or the Executive Director is authorized hereby to change the designation of the 2016 Series Three and Four Bonds, and/or to establish additional series, or to consolidate into a single series, and determine designations thereof.

### Section 202- Purposes of the 2016 Series Three and Four Bonds.

The purposes for which the 2016 Series Three and Four Bonds are being issued are (i) to make Loans to the Governmental Units to the extent and in the manner provided in Article III, including in the case of the Refunding Portion, to refund the portions of the outstanding 2006 Series Two Bonds, 2007 Series One Bonds, the 2007 Series Two Bonds, the 2007 Series Three Bonds, the 2007 Series Five Bonds, the 2008 Series One Bonds, the 2008 Series Two Bonds and the 2009 Series One Bonds that the Chairman or the Executive Director designates to be

refunded pursuant to Section 304 hereof; (ii) to satisfy the Reserve Fund Requirement as provided in Section 302 hereof; and (iii) to finance costs of issuance of the 2016 Series Three and Four Bonds.

#### Section 203- Date, Maturities and Interest Rates.

The 2016 Series Three and Four Bonds of each series shall be dated the date the 2016 Series Three and Four Bonds of such series are delivered to the Underwriters of such series, subject to the terms and conditions set forth in this 2016 Series Three and Four Resolution and in the applicable Bond Purchase Agreement. Subject to adjustment as provided for in this Section 203, the 2016 Series Three and Four Bonds of each series shall mature, or have Sinking Fund Installments due, on December 1, 2016 and thereafter on December 1 in each of the years and in the principal amounts to be set forth in the applicable Bond Purchase Agreement, authorized below.

The number of series of 2016 Series Three and Four Bonds, the names and designations of, the aggregate principal amount of, the principal amount of each maturity, the amount of each Sinking Fund Installment, if any, and the maturity dates and interest rates of the 2016 Series Three and Four Bonds of each series shall be fixed and determined by the Chairman or by the Executive Director at the time the Bond Purchase Agreement for each such series is signed pursuant to Section 210 hereof, but subject to the limitations set forth in Sections 201 and 210 hereof.

#### Section 204- Interest Payments.

The 2016 Series Three and Four Bonds of each series shall bear interest from their date of delivery to the Underwriters, payable on each June 1 and December 1, commencing December 1, 2016 (or such other date or dates as may be fixed and determined by the Chairman or the Executive Director at the time the Bond Purchase Agreement for such series of 2016 Series Three and Four Bonds is signed), and computed on the basis of a 360-day year composed of twelve thirty-day months.

#### Section 205- Denominations, Numbers and Other Designation.

The 2016 Series Three and Four Bonds of each series shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof within a maturity and interest rate, not exceeding the aggregate principal amount of the 2016 Series Three and Four Bonds authorized herein. The 2016 Series Three and Four Bonds of each series shall be numbered serially with any additional designation that the Chairman or the Executive Director deems appropriate.

## Section 206- Securities Depository.

(1) The 2016 Series Three and Four Bonds shall be registered initially in the name of “Cede & Co.,” as nominee of DTC, and shall be issued initially in the form of a single bond for each series, maturity and interest rate, in the aggregate principal amount for such series, maturity and interest rate. Transfers of ownership of the 2016 Series Three and Four Bonds or any portions thereof, may not thereafter be registered except transfers (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 or provide that 2016 Series Three and Four Bonds no longer be held by a depository and instead be held as provided in paragraph (4). Any 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 2016 Series Three and Four Bonds of a series, together with a written request of an Authorized Officer and a supply of new 2016 Series Three and Four Bonds of such series, authenticate a single new 2016 Series Three and Four Bond for the Outstanding 2016 Series Three and Four Bonds of such series for each maturity and interest rate, 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 2016 Series Three and Four Bonds of such series may then be transferred to any person or entity as provided in the Resolution and the 2016 Series Three and Four Bonds of such Series shall no longer be held in book-entry form. An Authorized Officer shall deliver a written request to the Trustee to authenticate 2016 Series Three and Four Bonds of such series as provided in the Resolution in any authorized denomination, together with a supply of definitive Bonds. Upon receipt of all then Outstanding 2016 Series Three and Four Bonds of such series by the Trustee, together with a written request of an Authorized Officer to the Trustee, new 2016 Series Three and Four Bonds of such series shall be issued and authenticated in such denominations and registered in the names of such persons as are requested in such written request.

(5) For so long as the 2016 Series Three and Four Bonds are held in book-entry form under this Section, the Bank and the Trustee may treat DTC (or its nominee) or any substitute

depository (or its nominee) as the sole and exclusive registered owner of the 2016 Series Three and Four Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such 2016 Series Three and Four Bonds, selecting such 2016 Series Three and Four Bonds, or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution (except as otherwise provided pursuant to Section 508 hereof), registering the transfer of such 2016 Series Three and Four 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 2016 Series Three and Four 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 (or by any substitute depository or participant); the payment by DTC or any DTC Participant (or by any substitute depository or participant) of any amount in respect of the principal or Redemption Price of or interest on the 2016 Series Three and Four Bonds, any notice that is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any DTC Participant (or by any substitute depository or participant) of any person to receive payment in the event of a partial redemption of the 2016 Series Three and Four 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 2016 Series Three and Four Bonds only to or upon the order of DTC of the 2016 Series Three and Four Bonds are then requested to DTC or its nominee, 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 2016 Series Three and Four Bonds to the extent of the sum or sums so paid.

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

For so long as all Outstanding 2016 Series Three and Four 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. In the event that the 2016 Series Three and Four Bonds are no longer registered in the name of Cede & Co. or its registered assigns or to a successor securities depository, (i) payment of interest on the 2016 Series Three and Four Bonds will be made by check or draft mailed by first class mail to the registered owner, at the address appearing on the Record Date on the bond register 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 2016 Series Three and Four 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 2016 Series Three and Four Bonds will be payable at the corporate trust office of the Trustee upon surrender of the 2016 Series Three and Four Bonds representing such principal. Both principal of and interest on the 2016 Series Three and Four 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.

(a) The Chairman and the Executive Director are, and each of them is, hereby authorized to determine the optional redemption provisions, if any, for the 2016 Series Three and Four Bonds of each series, and such provisions shall be included in the applicable Bond Purchase Agreement and in the form of the 2016 Series Three and Four Bond of such series.

(b) Unless otherwise determined by the Chairman or Executive Director by the time the applicable Bond Purchase Agreement is executed, notice of optional redemption shall be given at least 20 days, and not more than 60 days, prior to the date fixed for redemption of the 2016 Series Three and Four Bonds to be redeemed and in addition to the requirements of Section 402(A)(1) through (5) and of Section 402(A)(7) of the Resolution, such notice of optional redemption shall state that it is a conditional notice and that on the date fixed for redemption, provided that moneys sufficient to redeem the 2016 Series Three and Four Bonds specified in such notice are on deposit with the Trustee, the redemption price will become due and payable and interest thereon will cease to accrue from and after said date.

Section 209- Mandatory Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to approve the mandatory redemption provisions, if any, for the 2016 Series Three and Four Bonds of each series that are term bonds, and such provisions shall be included in the applicable Bond Purchase Agreement and in the form of the 2016 Series Three and Four Bond of such series.

Unless otherwise determined by the Chairman or Executive Director by the time the applicable Bond Purchase Agreement is executed, notice of mandatory redemption shall be given at least 20 days, and not more than 60 days, prior to the date fixed for redemption of the 2016 Series Three and Four Bonds to be redeemed.

Section 210- Sale of 2016 Series Three and Four Bonds; Bond Purchase Agreements.

(a) The 2016 Series Three and Four Bonds of each series shall be sold to one or more of the Underwriters by negotiated sale pursuant to the terms of one or more Bond Purchase Agreements. The Chairman and the Executive Director are, and each of them is, hereby authorized to (1) approve one or more Bond Purchase Agreements and to approve and accept the terms and conditions under which the 2016 Series Three and Four Bonds of each series are sold to the applicable Underwriters pursuant to the applicable Bond Purchase Agreements, in each case with terms consistent with the provisions of this 2016 Series Three and Four Resolution; (2) to designate, pursuant to Section 304 hereof, the Refunded Bonds, if any, to be refunded with proceeds of the 2016 Series Three and Four Bonds; and (3) to determine the number of series of 2016 Series Three and Four Bonds, and the name and designation of each such series, and for

each series of 2016 Series Three and Four Bonds, the dated date and the delivery date, the aggregate principal amount, the principal amount of Bonds of each series, maturity and interest rate, the purchase price, the maturity and the interest payment dates and the redemption provisions and interest rate(s); provided, however, that (A) the aggregate principal amount of the 2016 Series Three and Four Bonds shall not exceed \$131,000,000; (B) the true interest cost on the 2016 Series Three and Four Bonds shall not exceed four percent (4.00%); and (C) the debt service savings requirement set forth in Section 304 is satisfied. Prior to execution and delivery of the Bond Purchase Agreements, the Chairman or the Executive Director, with the assistance of the Financial Advisor, shall take into account those factors that, in their judgment, will result in the lowest true interest cost of the 2016 Series Three and Four Bonds.

(b) The authority granted to the Chairman and the Executive Director under this Section 210 shall expire one hundred twenty (120) days after the date of adoption of this 2016 Series Three and Four Resolution.

#### Section 211- Preliminary Official Statement and 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 in electronic form to prospective purchasers and other interested persons of, the preliminary official statement for the 2016 Series Three and Four Bonds (including any supplements and amendments thereto prior to execution and delivery of the Bond Purchase Agreements, the “Preliminary Official Statement”), substantially in the form submitted to the Board and part of the records of the meeting, with such changes as the Chairman or the Executive Director deems advisable. The distribution of the Preliminary Official Statement is hereby authorized, ratified and approved. The Chairman and the Executive Director are hereby further authorized to approve and execute the final official statement (the “Official Statement”) substantially in the form of the Preliminary Official Statement with the addition of pricing information and such changes therein from the Preliminary Official Statement as the Chairman or the Executive Director deems advisable, and to approve and authorize the distribution of the final Official Statement in electronic and printed form.

There is hereby delegated to the Chairman or the Executive Director the authority to “deem final” the Preliminary Official Statement 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) Subject to Section 304 hereof, the Refunding Portion of the proceeds of the 2016 Series Three and Four Bonds shall be used to purchase direct, non-callable obligations of the United States of America, the principal of and the interest on which when due will provide moneys that, together with cash, if any, then held by the Escrow Agent for such purpose, shall be

sufficient and available to pay when due the principal of the Refunded Bonds, and the interest to become due on such Refunded Bonds prior to and on the first maturity or optional redemption date, as applicable; provided, however, that such amounts shall be applied only with respect to the portions of the Bonds of the series and maturities that the Executive Director designates to be Refunded Bonds pursuant to Section 304 hereof.

(b) Upon the delivery of the 2016 Series Three and Four Bonds, the Bank shall apply, in accordance with Article V of the Resolution, the New-Money Portion of the proceeds derived from the sale of the 2016 Series Three and Four Bonds (i) to make a Loan to Juneau, in an aggregate principal amount not to exceed \$3,000,000, to finance costs of various voter-approved capital improvements; (ii) to make a Loan to Juneau, in an aggregate principal amount not to exceed \$19,000,000, to enable Juneau to refund, subject to market conditions, all or a portion of its outstanding 2006B Bonds; (iii) to make a Loan to the City of Ketchikan, Alaska in an aggregate principal amount not to exceed \$2,000,000, to finance a portion of the cost of certain improvements to harbor facilities of the City of Ketchikan, Alaska; (iv) to satisfy the Reserve Fund Requirement as provided in Section 302 hereof; and (v) to finance costs of issuance of the 2016 Series Three and Four Bonds.

(c) Subject to the provisions of Section 304 hereof, a portion of the proceeds of the 2016 Series Three and Four Bonds may be applied to refund portions of 2006 Series Two Bonds, 2007 Series One Bonds, 2007 Series Two Bonds, 2008 Series One Bonds, 2008 Series Two Bonds and 2009 Series One Bonds that constitute Reserve Obligations, in lieu of paying such Bonds with moneys allocated thereto in the Reserve Fund.

#### Section 302 - Reserve Fund Deposit; Bond Insurance.

(a) 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 (1) available cash or (2) a portion of the proceeds received from the sale of the 2016 Series Three and Four Bonds or (3) 2016 Reserve Fund Credit Enhancement or (4) a combination of cash, proceeds and 2016 Reserve Fund Credit Enhancement, to satisfy the Reserve Fund Requirement, and/or to obtain a surety policy in lieu of all or a portion thereof, upon delivery of the 2016 Series Three and Four Bonds, and shall cause such deposits and/or purchase to be made on or before the date of delivery of the 2016 Series Three and Four Bonds.

(b) The Chairman and the Executive Director are each hereby authorized to determine whether to satisfy the portion of the Reserve Fund Requirement related to the 2016 Series Three and Four Bonds by depositing with the Trustee a 2016 Reserve Fund Credit Enhancement in the form of a debt service reserve surety bond; to select a Surety Bond Issuer and purchase such 2016 Reserve Fund Credit Enhancement; and if the Surety Bond Issuer is not National Public Finance Guarantee Corporation, a monoline insurance company, to negotiate, approve, execute and deliver a 2016 Reserve Fund Credit Enhancement Agreement in form and with terms that comply with the requirements of the Resolution and that, in the Chairman's or Executive

Director's judgment after consulting with the Bank's Financial Advisor, are advisable and in the best interest of the Bank.

(c) The Governmental Units' responsibility for paying, or for reimbursing the Bank for the payment of any costs of providing and maintaining the Reserve Fund Requirement and the application (or the method for determining the application) of any moneys in excess of the Reserve Fund Requirement shall be determined by the Executive Director and set forth in each Loan Agreement and/or Amendatory Loan Agreement, as applicable, authorized in Section 507 hereof.

(d) The Chairman and the Executive Director are each hereby authorized to solicit commitments for a 2016 Bond Credit Enhancement with respect to payment of the interest on and principal of all or a portion of the 2016 Series Three and Four Bonds and thereafter to accept one or more such commitments that are in the best interest of the Bank, to purchase such 2016 Bond Credit Enhancement, and to negotiate, approve, execute and deliver a 2016 Bond Credit Enhancement Agreement in form and with terms that comply with the requirements of the Resolution and that, in the Chairman's or Executive Director's judgment after consulting with the Bank's Financial Advisor, are advisable and in the best interest of the Bank.

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

The balance of the proceeds received from the sale of the New-Money Portion of the 2016 Series Three and Four Bonds, including any premium received over the principal amount of the 2016 Series Three and Four Bonds, after deducting the amounts to be paid for costs of issuing the 2016 Series Three and Four 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 Agreements or 2016 Amendatory Loan Agreements) or such other permitted purpose, including costs of the projects financed or refinanced with proceeds of the New-Money Portion of the 2016 Series Three and Four Bonds.

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

The Chairman and the Executive Director are, and each of them is, hereby authorized to determine, after consulting with the Financial Advisor,

(i) whether any of the following 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 2016 Series Three and Four Resolution as of the date of delivery of the 2016 Series Three and Four Bonds:

- (a) the 2006 Series Two Bonds, maturing on December 1 of 2017 through 2035;
- (b) the 2007 Series One Bonds, maturing on December 1 of 2017 through 2026
- (c) the 2007 Series Two Bonds, maturing on December 1 of 2017 through 2028;
- (d) the 2007 Series Three Bonds, maturing on September 1 of 2018 through 2027;
- (e) the 2007 Series Five Bonds, maturing on September 1 of 2018 through 2037;
- (f) the 2008 Series One Bonds, maturing on April 1 of 2017 through 2038;
- (g) the 2008 Series Two Bonds, maturing on June 1 of 2019 through 2028; and
- (h) the 2009 Series One Bonds, maturing on September 1 of 2019 through 2037;

provided, however, that the refunding of the Refunded Bonds so designated by the Executive Director shall realize an aggregate debt service savings of at least three percent (3.00%) of their principal amount, net of all issuance costs and underwriting discount, on a present value basis; and

(ii) whether all or a portion of the outstanding 2006 Series Two Bonds, the 2007 Series One Bonds, the 2007 Series Two Bonds, the 2008 Series One Bonds, the 2008 Series Two Bonds and the 2009 Series One Bonds that constitute Reserve Obligations shall be redeemed in whole or in part with available funds or with proceeds of the 2016 Series Three and Four Bonds.

#### Section 305 – Escrow Agreement(s).

The Executive Director is hereby authorized and directed to enter into one or more Escrow Agreements with the Escrow Agent 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) hereof.

#### Section 306– Election for Redemption of Refunded Bonds.

The Executive Director is hereby authorized to provide irrevocable instructions to the trustee of the Refunded Bonds to redeem such bonds, designated to be Refunded Bonds pursuant to Section 304 hereof, on the first available optional redemption date in accordance with the terms of the respective authorizing resolutions for the Refunded Bonds and as set forth in the applicable Escrow Agreement.

ARTICLE IV  
EXECUTION AND FORM OF 2016 SERIES THREE AND FOUR BONDS

Section 401 - Execution and Form of 2016 Series Three and Four Bonds.

The 2016 Series Three and Four Bonds shall be executed in the manner set forth in Section 303 of the Resolution and upon the terms agreed to in the Bond Purchase Agreement for such series of 2016 Series Three and Four Bonds in accordance with this Series 2016 Three and Four Resolution. Subject to the provisions of the Resolution, the 2016 Series Three and Four 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, 2016 SERIES [THREE/FOUR]

INTEREST RATE:  
\_\_\_\_\_ %

MATURITY DATE:  
December 1, 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 on each June 1 and December 1, commencing December 1, 2016. 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 [\_\_\_], in [\_\_\_], 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 2016 Series [Three/Four] 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 General Obligation and Refunding 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 that 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.

The Bank is obligated to pay the principal of and premium, if any, and interest on the Bonds, including this Bond, only from the revenues or funds of the Bank pledged under the Resolutions (as defined below), and the State of Alaska is not obligated to pay the principal or premium, if any, or interest on the Bonds. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal, premium, if any, or interest on the Bonds, including this Bond. The Bank has no taxing power.

This Bond is one of a series of Bonds (the “2016 Series [Three/Four] Bonds”) issued in the aggregate principal amount of \$\_\_\_\_\_ under the Resolution of the Bank and a series resolution of the Bank, adopted on September 6, 2016, and entitled “A Series Resolution Authorizing the Issuance of one or more series of General Obligation and Refunding Bonds, 2016 Series [Three/Four] 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 2016 Series [Three/Four] Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2016 Series [Three/Four] 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 2016 Series [Three/Four] Bonds are subject to redemption prior to their respective scheduled maturities as set forth below.

The 2016 Series [Three/Four] Bonds maturing on or after December 1, 20\_\_, are subject to redemption, in whole or in part, on or after \_\_\_\_\_ 1, 20\_\_, at the option of the Bank at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption.

[Unless previously redeemed pursuant to the foregoing optional redemption provisions, the 2016 Series [Three/Four] Bonds maturing on December 1, 20\_\_ (the “Term Bonds”) are subject to mandatory redemption on April 1 of the following years and in the following principal

amounts at a redemption price equal to 100% of the principal amount of the 2016 Series [Three/Four] Bonds to be redeemed plus accrued interest, if any, to the date fixed for redemption.]

Term Bonds Due December 1, 20\_\_

<u>Year</u>	<u>Sinking Fund Requirement</u>
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Notice of redemption (which in the case of optional redemption shall be a conditional notice) will be mailed to registered owners of 2016 Series [Three/Four] Bonds called for redemption not less than 20 days or more than 60 days before the date fixed for redemption. Except as provided in the Resolutions, interest on any 2016 Series [Three/Four] Bonds called for redemption will cease on the date fixed for redemption.

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 2016 Series [Three/Four] 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 2016 Series [Three/Four] Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of 2016 Series [Three/Four] 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, 2016 Series [Three/Four] 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 2016 Series [Three/Four] Bonds of any other authorized denominations, of the same maturity.

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.

The obligations of the Bank contained in the Resolutions and in this 2016 Series [Three/Four] Bond are the obligations of the Bank and not of any member, director, officer or employee of the Bank, and no recourse shall be had for the payment of the principal or redemption price or interest on this bond or for any claim hereon or on the Resolutions against any member, director, officer or employee of the Bank or any natural person executing the 2016 Series [Three/Four] Bonds.

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 2016 Series [Three/Four] 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 \_\_\_\_\_ 2016.

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 2016 Series [Three/Four] Bonds of the Alaska Municipal Bond Bank.

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

Date of Authentication:

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

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## ARTICLE V MISCELLANEOUS

### Section 501 - Paying Agent.

The Bank of New York Mellon Trust Company, N.A., or its successor or assigns, is appointed paying agent for the 2016 Series Three and Four Bonds.

### Section 502 – Arbitrage Rebate.

Except as otherwise provided in the Bank’s tax certificate, within 30 days after the end of every fifth Bond Year and within 60 days after the date on which all of the 2016 Series Three and Four Bonds have been retired (and/or at such other times as may be required by the Code and applicable Income Tax Regulations), the Bank shall determine the Excess Investment Earnings and shall pay rebate amounts due to the United States of America as provided in Section 148(f) of the Code.

### Section 503 - 2016 Series Three and Four Debt Service Accounts.

There is hereby established as special accounts in the Debt Service Fund the “2016 Series Three Debt Service Account,” for the purpose of receiving amounts in the Debt Service Fund allocable to the 2016 Series Three Bonds, and the “2016 Series Four Debt Service Account,” for the purpose of receiving amounts in the Debt Service Fund allocable to the 2016 Series Four Bonds; provided, that if so determined by the Chairman or Executive Director, separate debt service accounts for any additional series of 2016 Series Three and Four Bonds are hereby authorized to be established. Such amounts and the earnings thereon shall be deposited and held, and separately accounted for, in the applicable 2016 Series Three and Four Debt Service Account.

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

The Bank intends that interest on the 2016 Series Three and Four Bonds of each series 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 2016 Series Three and Four Bonds issued on a tax exempt basis to be included in gross income, as defined in Section 61 of the Code, for federal income tax purposes.

### Section 505 - Arbitrage Covenant.

The Bank shall make no use or investment of the gross proceeds of the 2016 Series Three and Four Bonds which will cause the 2016 Series Three and Four 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 2016 Series Three and Four Bonds are outstanding, the Bank, with respect to the gross proceeds of the 2016 Series Three and Four Bonds, shall comply with all requirements of said Section 148 and of all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

#### Section 506 - Resolution Clarification.

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

#### Section 507 - Loan Agreements and 2016 Amendatory Loan Agreements.

The Chairman and the Executive Director are each hereby authorized to execute the Loan Agreements and the 2016 Amendatory Loan Agreements between the Bank and the Governmental Units referred to therein, each in a form similar to the applicable forms attached hereto as Appendix C and submitted to and part of the records of the meeting on September 6, 2016, with such changes as the Chairman or the Executive Director shall deem advisable.

#### Section 508 - Continuing Disclosure.

The Bank hereby covenants and agrees that it will execute and deliver and will comply with and carry out all of the provisions of the form of Continuing Disclosure Certificate attached hereto as Appendix 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 2016 Series Three and Four Resolution, failure of the Bank to comply with the Continuing Disclosure Certificate shall not be a default of the Bank's obligations under this 2016 Series Three and Four Resolution, the Resolution or the 2016 Series Three and Four Bonds; however, the Beneficial Owner of any 2016 Series Three and Four Bond may bring an action for specific performance, to cause the Bank to comply with its obligations under the Continuing Disclosure Certificate and this Section.

#### Section 509 - Chairman and Executive Director.

The Chairman and the Executive Director are, and each is, hereby authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this 2016 Series Three and Four Resolution and to effectuate the issuance and delivery of the 2016 Series Three and Four Bonds, including agreement and acceptance of one or more Bond Purchase Agreements, and all prior actions taken to effectuate and in connection with the provisions of this 2016 Series Three and Four Resolution and the issuance and delivery of the 2016 Series Three and Four Bonds are hereby ratified and confirmed. The authority and ratification granted in this Section 509 to the Chairman and the Executive Director includes authorization to solicit commitments for a policy of insurance with respect to payment of the interest on and principal of all or a portion of the 2016 Series Three and Four Bonds and/or a

surety policy and thereafter to accept such commitment which is in the best interest of the Bank and enter into such agreement with the bond insurer as shall be in the best interests of the Bank.

Section 510 - Effective Date.

This 2016 Revenue and Refunding Resolution shall take effect immediately on the date hereof (September 6, 2016).

## APPENDIX 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:   
(Authorized Officer's Signature)  
NORMAN J. LEVESQUE  
Executive Director

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: 

**SAMPLE OFFERING DOCUMENT LANGUAGE  
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

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

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by

entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer,

subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

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

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

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

## APPENDIX B

### FORM OF 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, 2016 Series [ ] (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. 2016-5 adopted on September 6, 2016 (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, 2017, 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 ten percent (10%) 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. 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.

DATED this \_\_\_\_ day of \_\_\_\_\_ 2016.

ALASKA MUNICIPAL BOND BANK

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DEVEN J. MITCHELL  
Executive Director

## APPENDIX C

### 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 18 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")

Due _____1	Principal <u>Amount</u>	Interest <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.

**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.

9. A new Section \_\_ is added to the Loan Agreement, as follows:

Except as heretofore amended and as amended hereby, the Loan Agreement will remain in full force and effect so long as the Municipal Bonds remain outstanding.

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: \_\_\_\_\_  
DEVIN 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.

## FORM OF ISSUE PRICE CERTIFICATE

\_\_\_\_\_, [on behalf of itself and as representative (the “Representative”) of \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “Underwriters”),] purchaser[s] of the \$\_\_\_\_\_ aggregate principal amount of Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series [Three/Four] (the “Bonds”), of the Alaska Municipal Bond Bank, certify the following facts for purpose of determining the issue price of the Bonds:

1. Authorized Representative. The undersigned is the duly authorized representative of \_\_\_\_\_ [the Underwriters].

2. On \_\_\_\_\_, 2016 (the “Sale Date”), the Underwriters made a *bona fide* public offering of the Bonds to the public (excluding bond houses, brokers, and similar persons acting in the capacity of underwriters or wholesalers, “Public Buyers”), at the following reoffering prices expressed as a percentage of the principal amount (the “Initial Reoffering Prices”):

Maturity	Principal Amount	Reoffering Price
June 1, 2017		
(December 1)		

3. On the Sale Date, based upon our assessment of market conditions, investor demand, sale and offering prices for comparable bonds, and the recent behavior of interest rates, the Underwriter[s] reasonably expected that the Initial Reoffering Prices could be a market clearing price for the Bonds of each maturity. On the Sale Date, the Initial Reoffering Prices did not exceed the fair market value of the Bonds. Based upon the Underwriter’s[s’] records, the Initial Reoffering Prices were the first prices at which a substantial portion (at least 10%) of the Bonds of each maturity were sold to Public Buyers[, except that the Underwriter[s] did not sell a substantial portion of the Bonds maturing on December 1, \_\_\_\_ at the Initial Reoffering Price to Public Buyers.

4. These representations are provided to (i) Orrick, Herrington & Sutcliffe LLP and the Bond Bank to provide them with information concerning the Bonds; (ii) [\_\_\_\_\_], in each case for purposes of formulating their opinions in respect of such municipal bonds, and are not to be used or relied upon by any other person. The Underwriter[s] express[es] no view regarding the legal sufficiency or the correctness of any legal interpretation made by bond counsel, and nothing herein represents the Underwriter's[s'] interpretation of any laws or regulations under the Internal Revenue Code of 1986, and the Underwriter[s] express[es] no view regarding the legal sufficiency of any representations made herein.

Dated \_\_\_\_\_, 2016

[Name of Underwriter/Representative]

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

**Alaska Municipal Bond Bank**  
**Refunding Candidates for GO 2016 Series Three & Four**

		Refunded Bonds			Refunding Results Under Current Market Conditions					Sensitivity Analysis	
	Borrower	Series	Refunded Par	Call Date	PV Savings (\$)	PV Savings (%)	Annual Savings	Negative Arbitrage	Neg Arb as % of PV Savings	PV Savings at +25 bps (\$)	PV Savings at +25 bps (%)
1	City of Petersburg	2007-1	\$1,270,000	12/03/2016	\$126,344	9.9%	\$12,412	\$1,997	1.6%	\$111,054	8.7%
2	City of Nome	2007-1	\$665,000	12/03/2016	\$44,900	6.8%	\$8,237	\$1,045	2.3%	\$40,413	6.1%
3	Northwest Arctic Borough	2007-1	\$4,595,000	12/03/2016	\$327,962	7.1%	\$66,383	\$7,224	2.2%	\$296,834	6.5%
4	City of Seward	2007-1	\$1,075,000	12/03/2016	\$68,718	6.4%	\$11,116	\$1,690	2.5%	\$60,008	5.6%
5	City of Wasilla	2007-1	\$810,000	12/03/2016	\$37,946	4.7%	\$12,117	\$1,275	3.4%	\$34,622	4.3%
6	City and Borough of Sitka	2007-1	\$1,625,000	12/03/2016	\$74,183	4.6%	\$24,408	\$2,559	3.4%	\$67,567	4.2%
7	Aleutians East Borough	2007-2	\$19,445,000	12/03/2016	\$3,019,787	15.5%	\$263,960	\$30,590	1.0%	\$2,667,181	13.7%
8	Kenai Peninsula Borough	2007-2	\$2,945,000	12/03/2016	\$399,385	13.6%	\$53,305	\$4,631	1.2%	\$357,223	12.1%
9	City of Bethel	2007-3	\$2,295,000	09/01/2017	\$340,604	14.8%	\$38,379	\$31,417	9.2%	\$301,795	13.2%
10	City of Kodiak (Harbor)	2007-5	\$1,650,000	09/01/2017	\$226,199	13.7%	\$14,167	\$22,531	10.0%	\$190,508	11.5%
11	City of Kodiak (Lift)	2007-5	\$3,410,000	09/01/2017	\$465,071	13.6%	\$29,131	\$46,570	10.0%	\$392,575	11.5%
12	City of Dillingham	2008-1	\$9,190,000	04/01/2018	\$1,182,490	12.9%	\$114,961	\$200,254	16.9%	\$1,014,339	11.0%
13	City of Kodiak	2008-1	\$6,280,000	04/01/2018	\$994,286	15.8%	\$63,721	\$137,279	13.8%	\$851,234	13.6%
14	Kodiak Island Borough	2008-1	\$5,620,000	04/01/2018	\$606,991	10.8%	\$76,640	\$117,074	19.3%	\$517,816	9.2%
15	Municipality of Skagway	2008-2	\$3,060,000	06/01/2018	\$402,858	13.2%	\$39,591	\$73,789	18.3%	\$345,281	11.3%
16	City of Kodiak	2009-1	\$800,000	09/01/2018	\$157,405	19.7%	\$9,817	\$22,022	14.0%	\$137,429	17.2%
17	City and Borough of Juneau	CBJ 2006B	\$18,560,000	12/03/2016	\$1,408,596	7.6%	\$250,651	28,816.68	0.02	\$1,328,901	7.2%
18	City of Ketchikan (AMT)	2006-2	\$30,845,000	12/03/2016	\$5,505,387	17.8%	\$386,339	\$48,716	0.9%	\$4,874,710	15.8%
Total Candidates			\$114,140,000		\$15,389,113	13.5%		\$779,480	5.1%	\$13,589,491	11.9%

Borrower	# of Loans	Total Refunded
1 Aleutians East Borough	1	\$19,445,000
2 City and Borough of Sitka	1	\$1,625,000
3 City of Bethel	1	\$2,295,000
4 City of Dillingham	1	\$9,190,000
5 City of Ketchikan (AMT)	1	\$30,845,000
6 City of Kodiak	4	\$12,140,000
7 City of Nome	1	\$665,000
8 City of Petersburg	1	\$1,270,000
9 City of Seward	1	\$1,075,000
10 City of Wasilla	1	\$810,000
11 Kenai Peninsula Borough	1	\$2,945,000
12 Kodiak Island Borough	1	\$5,620,000
13 Municipality of Skagway	1	\$3,060,000
14 Northwest Arctic Borough	1	\$4,595,000
15 City and Borough of Juneau	1	\$18,560,000
<b>Totals</b>	<b>18</b>	<b>\$114,140,000</b>

*Refunds CBJ bonds*

**Assumptions:**

Annual principal payments on December 1  
Closing on November 3, 2016  
Market conditions as of August 10, 2016

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**Alaska Municipal Bond Bank**  
**General Obligation (2005 Resolution) 2016 Series Three (Governmental Purpose), 2016 Series Four (AMT)**  
**Financing Schedule**

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

Key to Participants:

AMBB = Alaska Municipal Bond Bank

FA = Financial Advisor (Western Financial Group)

BC = Bond Counsel (Orrick)

UND = RBC (BAML Series Three Co-manager) / Goldman (Series Four Co-manager)

UC = Underwriters Counsel

WG = Working Group (All of the Above)

Wed-Aug-3-16	Distribute financing schedule	FA
Fri-Aug-19-16	Distribute 1st draft of POS, Bond Resolution	BC, UC
Wed-Aug-24-16	Comments on 1st draft of POS, Bond Resolution	WG
Mon-Aug-29-16	Distribute 2nd draft of POS to WG	UC
Tue-Aug-30-16	Loan Summaries (as applicable), POS and Resolution to AMBB for Board Distribution	FA, BC, UC
Wed-Aug-31-16	Distribute POS, Bond Resolution, Loan Summaries to rating agencies	FA
Tue-Sep-6-16	Comments on 2nd draft of POS	UC
<b>Tue-Sep-6-16</b>	<b>AMBB Board Meeting to approve Resolution, review loan applications (as applicable)</b>	<b>WG</b>
Fri-Sep-9-16	Distribute 3rd draft of POS	UC
Week of Sept. 12-16	Rating Presentations	AMBB, FA
Thu-Sep-15-16	Comments on 3rd draft of POS	WG
Tue-Sep-20-16	Distribute final draft of POS to WG	UC
Mon-Sep-26-16	Comments due on final draft of POS	WG
Tue-Sep-27-16	Receive ratings	AMBB, FA
Wed-Sep-28-16	Post POS to internet	UC
<b>Mon-Oct-17-16</b>	<b>Pre-Pricing</b>	<b>AMBB, UND, FA</b>
<b>Tue-Oct-18-16</b>	<b>Pricing</b>	<b>AMBB, UND, FA</b>
Fri-Oct-21-16	Distribute draft Final OS	UC
Tue-Oct-25-16	Comments due on Final OS, deliver Final OS to printer	WG
Thu-Oct-27-16	Transcript preparation begins	BC
Fri-Oct-28-16	Closing documents distributed to WG	BC
<b>Wed-Nov-2-16</b>	<b>PRE-CLOSING IN SEATTLE</b>	<b>WG</b>
<b>Thu-Nov-3-16</b>	<b>CLOSING IN SEATTLE</b>	<b>WG</b>

**Alaska Municipal Bond Bank  
General Obligation Refunding Bonds  
2016 Series Three and Four  
Distribution List**

**Alaska Municipal Bond Bank**

Deven Mitchell, Executive Director (5)  
Alaska Municipal Bond Bank  
333 Willoughby Avenue  
Juneau, AK 99811-0405  
Phone: (907) 465-3409  
Fax: (907) 465-2902  
[E-Mail: deven\\_mitchell@revenue.state.ak.us](mailto:deven_mitchell@revenue.state.ak.us)

Ryan Williams, Finance Director  
Phone: (907) 465-2893  
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**AMBBA Financial Advisor**

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**Alaska Municipal Bond Bank  
General Obligation Refunding Bonds  
2016 Series Three and Four  
Distribution List**

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**Alaska Municipal Bond Bank  
General Obligation Refunding Bonds  
2016 Series Three and Four  
Distribution List**

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**Alaska Municipal Bond Bank  
General Obligation Refunding Bonds  
2016 Series Three and Four  
Distribution List**

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**\$44,135,000 Master Resolution General Obligation Bonds  
(2016 Master Resolution) Series 2016A**

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June 17, 2016

Dear Deven:

With the sale of the Alaska Municipal Bond Bank Authority's General Obligation Bonds, Series 2016A on May 24, 2016 I have prepared this sale results summary.

The Series 2016A Bonds were sold by negotiated sale to Bank of America Merrill Lynch. The table below summarizes the true interest cost, average life and underwriter costs of recent Bond Bank issues, including the Series 2016A Bonds. As the table indicates, underwriter compensation remains at very low levels and, after a run up during the summer of 2013, interest rates have traded in a relatively narrow range.

Issue	TIC	Average Life	Underwriter Cost (per \$1,000)
Series 2016A	2.2861%	4.853	\$3.54
2016 Two	2.6756	11.166	8.77
2016 One	2.5574	10.493	5.16
2015 Three	3.6984	18.153	3.56
2015 Two	3.6255	11.732	3.03
2015 One	2.7652	8.173	2.90
2014 Three	3.3368	13.214	3.09
2014 Two	3.7806	18.742	2.75
2014A One	3.5484	12.374	2.94
2014B One	2.2643	4.318	2.52
2013 Three	4.1274	16.753	3.19
2013 Two	3.4048	11.843	3.20
2013 One	3.6056	17.671	3.15
2012 Three	1.7607	6.387	4.50
2012 Two	2.1554	7.149	4.50

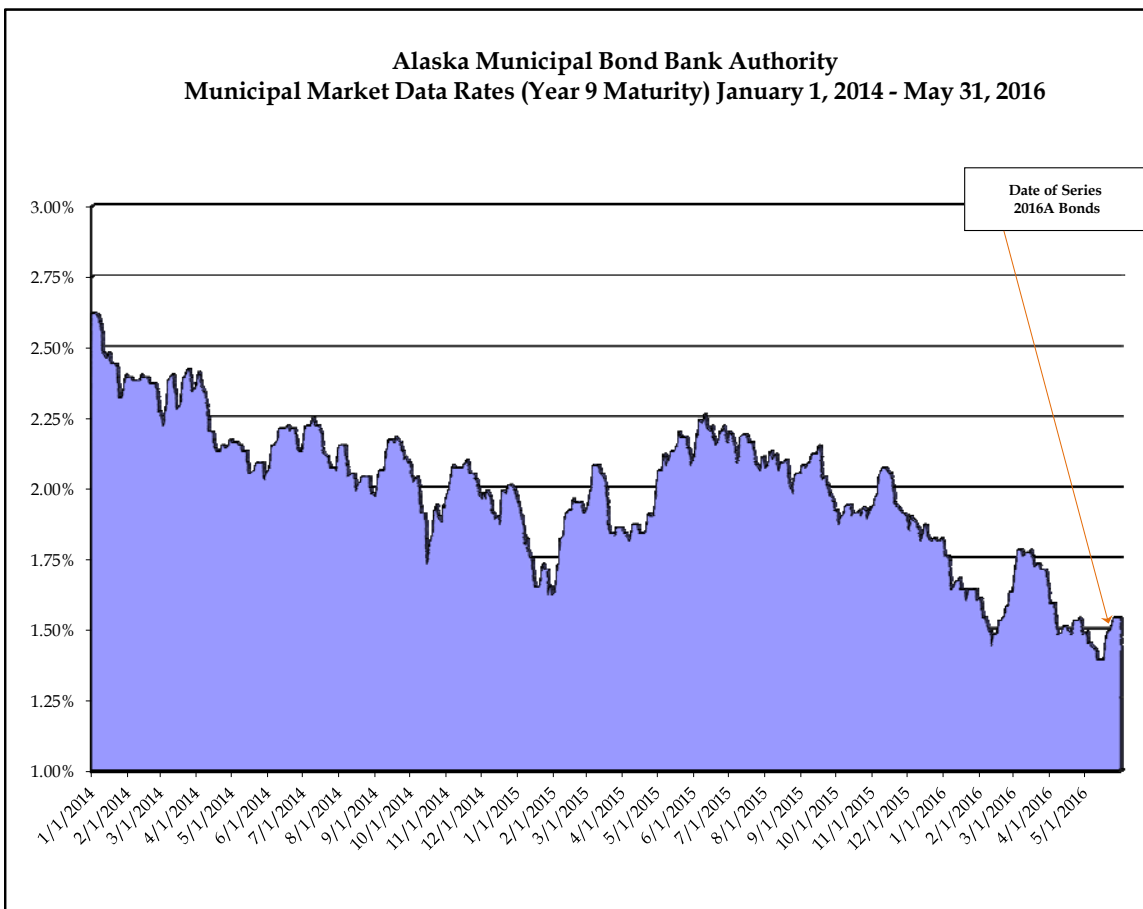
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The tone of the municipal bond market leading up to the sale was not particularly good. Minutes from the meeting of the Federal Reserve raised concerns about a rate hike sooner than later, which put pressure on the municipal market, particularly inside of 10 years, the part of the curve in which all of the Series 2016A Bonds were to mature.

Official comments from Federal Reserve officials suggested a real possibility for a rate hike as early as June. One official stated that rates too low for too long could add instability down the road, adding that two to three rate hikes in 2016 could be appropriate.

Tax-exempt rates followed a generally declining pattern from June 2015 through the present. From late last spring to early February, rates fell approximately 75 basis points. Rates then moved higher by approximately 30 basis points by mid-March, but then returned to the low levels of early February by the time the 2016A Bonds were sold.

The graph below presents the yield on the nine-year maturity of a AAA rated bond according to Municipal Market Data. As the graph demonstrates, the past two-and-a-half years have been characterized by fluctuations in the yields of highly rated bonds, with rates hitting recent lows in mid-May of this year.



The table below presents the AMBB and MMD scales for sample maturities of the Series 2016A Bonds with a comparison to the yield spreads to the MMD for the 2014 Series Three through the 2016 Series Two Bonds. The yields have been adjusted to reflect the “yield kick” associated with callable premium bonds. The yield kick reflects the yield of

a premium bond assuming that bond is called at its first call date, rather than maturing at the stated maturity date. Callable premium bonds are priced to the earliest call date, so the yield associated with the first call date is a more accurate measure of the true yield facing issuers, and allows an apple-to-apples comparison of discount, par and premium bonds.

The results of the Series 2016A 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. The credit concerns surrounding the State budget deficit continue to have a negative impact the Bond Bank's credit ratings, and consequently, on the credit spreads to the AAA index. In addition, the Series 2016A Bonds were sold with 5% coupons and a short call – the Bonds are callable on October 1, 2020. The combination of the 5% coupons and short call resulted in a very high yield kick on the Series 2016A Bonds that ranged from 34 basis points in the case of the April 2021 maturity to 149 basis points in the case of the October 2024 maturity.

	MMD (5/24/16)	AMBB (2016A Bonds)	Difference (2016A Bonds)	Difference (2016 II Bonds)	Difference (2016 I Bonds)	Difference (2015 III Bonds)	Difference (2015 II Bonds)	Difference (2015 I Bonds)	Difference (2014 III Bonds)
Year 1	0.61	0.85	.24	.19	.30	.37	.00	.10	.02
Year 3	0.86	1.19	.33	.28	.24	.36	.33	.19	.07
Year 5	1.10	2.02	.92	.34	.34	.46	.40	.27	.13
Year 8	1.43	3.02	1.59	.36	.39	.60	.50	.37	.19
Year 12				.58	.72	1.05	.87	.89	.61
Year 14				1.05	.81	1.17	1.01	.91	.80
Year 15				.94	.84	1.26	.95	1.01	.86

This was the first issue under the Authority's Regional Health Organization program and proceeds were applied to the advance refunding of bonds issued in 2011 by the Tanana Chiefs Conference.

On the morning of May 24<sup>th</sup> members of the working group convened in person at the offices of Bank of America Merrill Lynch in New York City to discuss the marketing the Series 2016A Bonds. The Bonds were to be sold with semi-annual amortizations, with principal maturities beginning October 1, 2017 and a final maturity of October 1, 2024. BAML proposed a scale that included 5% coupons October 2017 through October 2024. Proposed yields ranged from 0.78% in October 2017 to 1.51% in October 2024.

The order period commenced at approximately 8:30am EDT on May 24<sup>th</sup> and concluded at 11:00am EDT. At the conclusion of the order period there were orders for approximately \$23 million of bonds. After netting out over-subscriptions in the October 2023 and October 2024 maturities, an unsold balance of approximately \$29 million, or two-thirds of the total issue, remained. Orders were concentrated in the last four maturities, and total orders in the 2017 through 2022 portion of the loan amounted to slightly less than \$2.5 million, or less than 8% of bonds offered.

Based on investor response, the BAML underwriting team recommended yield adjustments that ranged from 3 basis points to 10 basis points, and with those adjustments BAML would underwrite the issue, including the two-thirds of which was unsubscribed. Western Financial Group recommended lower upward adjustments to the longer maturities that had subscriptions, and BAML agreed to reduce the upward

adjustments by 1 basis point in the 2023 and 2024 maturities. The April 2023 maturity had one order, the October 2023 maturity was oversubscribed by \$500 thousand (out of a maturity amount of approximately \$3.6 million), the April 2024 maturity had one order, and the October 2024 maturity was oversubscribed by approximately 3 times.

In the case of a sale such as this where there are large portions of the loan that lack any orders, an upward adjustment of yields on subscribed maturities is often necessary in order to maintain the orders that are in hand. If an issue requires broad upward yield adjustments in order to achieve an underwriting, the investors that have placed orders generally expect to receive some benefit from those upward adjustments. Absent such a concession, those orders often disappear.

As previously stated, the proceeds of the Series 2016A Bond sale were applied to the defeasance of the Tanana Chiefs Conference 2011 revenue bonds. Those 2011 bonds carried interest rates that ranged from 7.00% to 7.75%. As a result of the Authority's bond issue, the TCC achieved present value savings of over \$45 million.

The bond sale closed on June 9<sup>th</sup> in Seattle. As always, it was a pleasure to serve the Bond Bank on this transaction. If you have any questions, please feel free to call me.

Sincerely,

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

Chip Pierce



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

**DATE:** August 29, 2016

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

We are currently working with our accounting and compilation firm to finalize the financial statements and documents necessary for the audit. We plan on sending a copy of the final audited financial statements to the Board immediately upon completion after September 30, 2016, and will begin work on the FY2016 annual report shortly thereafter. If there are any questions on the audit process, or if you would like to discuss or receive any of the documentation beforehand please let me know.

Once again, we have continued to see a decrease in net position year over year, resulting from subdued investment returns on our reserves and custodian account, as well as expenses associated with payment of interest on reserve obligations. Preliminary estimates have a decrease in net position similar or greater than last years' decrease of \$403,000.

The Bond Bank has received FY 2016 fund performance from our investment advisor through June 30, 2016, and a brief summary is displayed below. The following tables and charts show portfolio market values and returns through 6/30/2016 for each reserve and custodian fund:

*June 30, 2016*

Name	Total Cash	Market Value
AMBBA GO 2010 RESERVE FUND-442473	23,519	415,775
AMBBA CUSTODY -500100	857,687	11,491,129
AMBBA GO 2005 SERIES RESERVE FUND-764568	2,076,877	53,029,853
	<b>2,958,082</b>	<b>64,936,757</b>

## Returns as of 6/30/16

	Current Month	Current Quarter	Year to Date	Latest 1 Year	Inception to Date
Custodian	0.75%	0.68%	2.13%	2.27%	1.25%
2005 Reserve	0.75%	0.69%	2.08%	2.22%	1.40%
2010 Reserve	0.59%	0.55%	1.70%	1.84%	0.79%

The new 2016 master resolution, recently used to issue bonds related to our Regional Health Organization program, has a single surety policy satisfying the reserve requirement. Other statistics of the new reserve will be analyzed and presented to the Board once additional series are issued.

The following pages show a summary of political subdivision concentration as of June 30, 2016. This is substantially the same form as will be disclosed in our financial statements.

Supplemental Schedule of 2005 Master Resolution Program - Community Concentration		
June 30, 2016		
Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	144,555,000	13.87%
Kenai Peninsula Borough	111,590,000	10.71%
City and Borough of Juneau	125,325,000	12.03%
City of Ketchikan	101,825,000	9.77%
University of Alaska	86,085,000	8.26%
Kodiak Island Borough	96,820,000	9.29%
Fairbanks North Star Borough	57,300,000	5.50%
Ketchikan Gateway Borough	36,950,000	3.55%
Northwest Arctic Borough	34,995,000	3.36%
City of Seward	32,285,000	3.10%
City of Unalaska	34,015,000	3.26%
Aleutians East Borough	27,275,000	2.62%
Municipality of Skagway	20,645,000	1.98%
City of Cordova	17,900,000	1.72%
Lake & Peninsula Borough	17,145,000	1.65%
City of Kodiak	12,875,000	1.24%
Haines Borough	11,690,000	1.12%
Petersburg Borough	11,280,000	1.08%
City of Dillingham	10,610,000	1.02%
City of Nome	4,925,000	0.47%
Municipality of Anchorage	3,615,000	0.35%
City of Homer	3,340,000	0.32%
City of King Cove	2,990,000	0.29%
City of Bethel	2,635,000	0.25%
City of Valdez	2,505,000	0.24%
City of Sand Point	2,435,000	0.23%
City of Soldotna	2,010,000	0.19%
City of Craig	1,755,000	0.17%
City of Kenai	1,530,000	0.15%
City of Klawock	1,360,000	0.13%
City and Borough of Wrangell	1,245,000	0.12%
City of Wasilla	1,185,000	0.11%
City of Hoonah	1,080,000	0.10%
City of North Pole	820,000	0.08%
City of Palmer	785,000	0.08%
City of Adak	755,000	0.07%
City of Saxman	160,000	0.02%
Reserve Obligations	15,835,000	1.52%
Total Outstanding Par	\$1,042,130,000	100.00%

Supplemental Schedule of 2010 Master Resolution Program - Community Concentration		
June 30, 2016		
Borrower	Outstanding Par	Percent of Outstanding
Ketchikan Gateway Borough	4,155,000	100.00%
Total Outstanding Par	4,155,000	100.00%

Supplemental Schedule of 2016 Master Resolution Program - Community Concentration		
June 30, 2016		
Borrower	Outstanding Par	Percent of Outstanding
Tanana Chiefs Conference	44,135,000	100.00%
Total Outstanding Par	44,135,000	100.00%



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Fax: (907) 465-2902  
dor.trs.ambba@alaska.gov

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

**DATE:** August 18, 2016

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

Following are updates on items not covered in the September 6, 2016 Agenda:

Travel Memos – The State's travel policy remains in place and for each in-state trip we need to obtain the Commissioner of Revenue's approval, and for out of state trips both the Commissioner and the Governor's office. I've attached three travel memos for activity since the last meeting. The June 29 memo travel was denied, the August 2 memo travel was approved, and the August 16 travel memo has not yet been fully considered. The restrictions do limit the ability of Ryan and me to fully meet the mission of the Bond Bank due to less contact with Alaska's communities.

Finance Director Williams' involvement with the AGFOA has continued to build. He has become a well-recognized part of the organization's leadership and is currently considering becoming the President Elect.

On July 28, 2016 I signed a Bond Bank consent letter for the City of King Cove to issue parity revenue bonds for purchase by the Alaska Energy Authority for the continued funding of the Waterfall Creek hydroelectric project. To further facilitate the City's efforts to obtain funding from the Alaska Energy Authority I also signed a certificate of consent for the Alaska Energy Authority.

On the morning of September 7 Ryan and I will be travelling with Fitch Rating analysts Marcy Block and Doug Offerman to Bethel to tour the town and Yukon Kuskokwim Health Consortium facilities. We will return to Anchorage on the afternoon of the 7<sup>th</sup> and meet with the manager of the Anchorage Airport to discuss their operation. On September 8 we plan to meet with AIDEA staff and the Municipality of Anchorage staff in the morning and then take them on a short excursion to Girdwood.

Ryan and I have responded to multiple requests for information on the Bond Bank or to provide current interest rates and projected amortization schedules. Based on these interactions, and pending the outcome of the fall election we anticipate the need for another bond issue for municipal funding in the first several months of 2017.



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**TO:** Randy Hoffbeck  
Commissioner, Department of Revenue

**DATE:** August 16, 2016

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

**RE:** Travel to pricing and travel to close 2016 Three bond issue

I am writing to request two travel authorizations for Bond Bank business outside Alaska. Both trips will be paid from user fees.

The first travel request is for a bond pricing trip to New York City October 17-18. The Bond Bank is working with sixteen communities to re-finance 15 existing loans and make three new loans. The total refinancing is expected to be approximately \$94 million and generate savings of approximately \$10 million. The new money loans are expected to be approximately \$20 million. The pricing for the two series of bonds will be led by RBC Capital Markets with co-managers Bank of America Merrill Lynch and Goldman Sachs. In-person participation in the pricing is important with the transaction to ensure the highest probability of the final deal providing the most savings and lowest cost for Alaskan communities. Additionally, the transaction's complexity with the large number of borrowers have historically resulted in the need for on the fly decisions and delays in final numbers that warrant an in-person presence. The cost of the trip will be charged to the 18 loans being made.

The second travel request is for the Bond Bank's Executive Director's travel to Seattle to participate in and sign the closing documents for the 2016 three bond issue series A and B totaling \$120 million November 8-9. This bond issue represents the largest number of underlying loans and communities that the Bond Bank has combined into a single transaction. Representatives from many of the 16 communities are expected to participate in the closing in person. The Bond Bank is requesting authority to have the Executive Director attend to sign closing documents.



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**TO:** Randy Hoffbeck  
Commissioner, Department of Revenue

**DATE:** August 3, 2016

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

**RE:** Board Travel

I am writing to request authorization to organize a trip to Anchorage and Bethel for the purpose of meeting with Marcy Block and Doug Offerman of Fitch Ratings. The meeting will coincide with a meeting of Alaska Municipal Bond Bank Authority board meeting allowing interaction with the three members of the Board that reside in Anchorage. The Bond Bank is working on a refinancing bond issuance for up to 14 borrowing communities to achieve savings of approximately \$10 million. The cost of the travel will be paid for out of the cost of issuance account of the refinancing.

The Alaska Municipal Bond Bank is currently working to refinance approximately \$95 million of outstanding bonds and continues to work with the Yukon Kuskokwim Health Corporation (YKHC) on a proposed \$102.5 million partial finance of a new hospital and health clinic in Bethel. As part of the refinancing the Bond Bank will be requesting ratings in late September, and given the large potential issue for YKHC we have invited the Fitch Ratings analysts to Alaska. The lead analyst Marcy Block has never been to Alaska and Doug Offerman has only been to Juneau. Marcy and Doug plan to arrive in Alaska late on September 6. We plan to fly out to Bethel on September 7 from 6 a.m. to 2 p.m. and upon returning to Anchorage receive a brief update on the Alaska International Airport System and tour of the Anchorage Airport. On September 8 we would receive and update from the Municipality of Anchorage from their local perspective and then fly back to Juneau late on the 8<sup>th</sup>.

I am proposing Ryan Williams and Myself participate in this trip.



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**TO:** Randy Hoffbeck  
Commissioner, Department of Revenue

**DATE:** June 29, 2016

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

**RE:** AGFOA Board Travel for Fall 2016 Conference Planning Meeting (Anchorage – July 15)

I am writing to request authorization to attend the Fall 2016 Conference planning meeting of the Alaska Government Finance Officers Association (AGFOA) in Anchorage, Alaska on July 15, 2016. I would be attending the meeting to assist fellow board members through active participation in planning and in-depth discussion on speaking topics and educational opportunities for members of the AGFOA. *Additionally, with the recent resignation of the AGFOA president, several action items shall take place at the meeting where an in-person presence would be beneficial.* The estimated cost of this trip is \$500.

Through my work with the Bond Bank, I have maintained and developed invaluable relationships with community finance directors, accountants, and staff. These communities have greatly benefited from the programs of the Bond Bank, and I have always striven to be a valuable resource. The success of the program has saved tens of millions of dollars in avoided financing costs of local tax payers and diminished state subsidies to communities.

With two core staff members of the Bond Bank, and under Deven's direction, the Bond Bank has progressed into a highly efficient operation with an extremely limited base budget with incremental costs layered on only when activity increases to pay for one-time professional services. Despite considerable growth there hasn't been an attempt to build a Bond Bank "empire," or marketing platform, but only maintain the core activity to ensure continued success into the future. The only way that the Bond Bank directly reaches out to community staff to ensure they are aware of the program is through AGFOA conferences. It is of utmost importance for me to make sure that topics covered at the upcoming conference through speaking engagements will touch on important educational topics that include content on debt management, debt issuance, ongoing disclosure (SEC / MSRB), and arbitrage rebate and IRS compliance.

I believe that the Bond Bank continuing to participate in a predictable fashion with the AGFOA is critical to maintaining the Bond Bank's position as the recognized source of low cost financing for Alaskan communities.

**BOND BANK CONSENT**

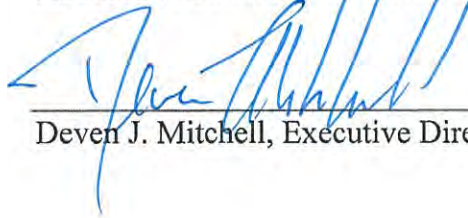
**CITY OF KING COVE, ALASKA**

**\$1,975,000 Electric Utility Revenue Bond, 2016**

The Alaska Municipal Bond Bank hereby consents to the issuance by the City of King Cove, Alaska Electric Utility Revenue Bond, 2016, in the principal amount of \$1,975,000. Such consent is given in reliance on the attached Parity Certificate of the City of King Cove, Alaska.

Dated: July 28, 2016.

ALASKA MUNICIPAL BOND BANK



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Deven J. Mitchell, Executive Director

**PARITY CERTIFICATE**  
**CITY OF KING COVE, ALASKA**  
**\$1,975,000 Electric Utility Revenue Bond, 2016**

I, Gary Hennigh, City Administrator of the City of King Cove, Alaska (the "City"), certify on behalf of the City as follows:

1. This certificate is delivered in connection with the issuance by the City of the above-referenced bond (the "Bond").

2. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to those terms in Resolution 14-04 of the City adopted by the City Council on September 13, 2013 (the "Master Resolution").

3. As described below, the City has not been in default of its covenant under Section 6(a) of the Master Resolution for the Fiscal Year ended June 30, 2015.

a. Section 6(a) of the Master Resolution requires the City to establish, maintain and collect rentals, tariffs, rates, fees and charges in the operation of the Electric Utility that will produce Net Revenue sufficient to satisfy the Coverage Requirement in each Fiscal Year.

b. Coverage Requirement means, for any Fiscal Year, that Net Revenue is equal to or greater than 125 percent of Aggregate Annual Debt Service.

c. Attached as Exhibit A is page 14 of the audited financial statements of the City for the Fiscal Year ended June 30, 2015, which support the following calculation of Net Revenue:

Operating revenues	\$ 1,262,556
Less: Operating expenses	(1,070,233)
Plus: Depreciation	308,707
Less: Senior power subsidy	(49,069)
Plus: State PERS relief	<u>6,761</u>
Net Revenue:	\$ 458,722

d. Aggregate Annual Debt Service for the Fiscal Year ended June 30, 2015 was \$160,872.50.

e. Net Revenue for the Fiscal Year ended June 30, 2015, was 285% of Aggregate Annual Debt Service for the Fiscal Year ended June 30, 2015.

4. The Bond is being issued to finance necessary additions, betterments, improvements and repairs to or extensions and replacements of the Facilities.

5. As described below, based on Net Revenue for the Fiscal Year ended June 30, 2015, the Coverage Requirement will be satisfied in each Fiscal Year that Bonds are scheduled to be Outstanding.

a. As described above, Net Revenue for the Fiscal Year ended June 30, 2015 was \$458,722.

b. Attached as Exhibit B is an amortization schedule reflecting Aggregate Annual Debt Service, after issuance of the Bond, in each Fiscal Year that Bonds are scheduled to be Outstanding.

c. The maximum Aggregate Annual Debt Service reflected in Exhibit B is \$298,337.34.

d. Net Revenue for the Fiscal Year ended June 30, 2015, was 154% of the maximum Aggregate Annual Debt Service, after issuance of the Bond, in each Fiscal Year that Bonds are scheduled to be Outstanding.

Dated: August 2<sup>nd</sup>, 2016.

CITY OF KING COVE, ALASKA

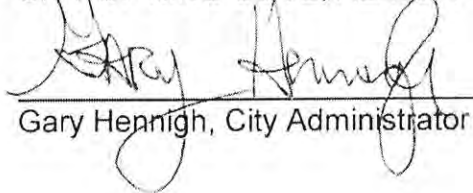
  
\_\_\_\_\_  
Gary Hennigh, City Administrator

Exhibit A

Exhibit F-2

CITY OF KING COVE, ALASKA

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015

	Enterprise Funds		Total Enterprise Funds	Internal Service Fund
	Electric	Harbor and Port		City Fuel
Operating revenues - charges for services	\$ 1,262,556	328,589	1,591,145	547,922
Operating expenses:				
Salaries and benefits	191,753	224,226	415,979	23,463
Other purchased services and supplies	569,773	95,522	665,295	551,907
Depreciation	308,707	477,172	785,879	43,574
Total operating expenses	1,070,233	796,920	1,867,153	618,944
Income (loss) from operations	192,323	(468,331)	(276,008)	(71,022)
Nonoperating revenues (expenses):				
Interest expense	(37,440)	(51,694)	(89,134)	(3,397)
Bond issuance costs	-	(700)	(700)	-
Loss on disposition of capital assets	-	(35,453)	(35,453)	-
Senior power subsidy	(49,069)	-	(49,069)	-
Interest rate subsidy	-	16,904	16,904	-
State PERS relief	6,761	7,224	13,985	-
Net nonoperating revenues (expenses)	(79,748)	(63,719)	(143,467)	(3,397)
Income (loss) before contributions and transfers	112,575	(532,050)	(419,475)	(74,419)
Other financing sources (uses):				
Capital contributions	60,329	-	60,329	-
Transfers in	-	85,400	85,400	74,419
Transfers out	(90,000)	(20,000)	(110,000)	-
Total other financing sources (uses)	(29,671)	65,400	35,729	74,419
Change in net position	82,904	(466,650)	(383,746)	-
Net position, beginning, as previously stated	5,407,821	14,978,279	20,386,100	530,054
Cumulative effect of a change in accounting principle	(204,960)	(219,600)	(424,560)	-
Net position, beginning, as restated	5,202,861	14,758,679	19,961,540	530,054
Ending net position	\$ 5,285,765	14,292,029	19,577,794	530,054

See accompanying notes to basic financial statements.

# Exhibit B

FY Ending 6/30	AMBB	AEA	Total	MADS
2017	\$ 209,237.50	\$ -	\$ 209,237.50	\$ 298,337.34
2018	209,637.50	21,135.21	230,772.71	
2019	208,637.50	85,715.00	294,352.50	
2020	212,387.50	85,949.84	298,337.34	
2021	115,012.50	96,731.92	211,744.42	
2022	117,637.50	107,514.00	225,151.50	
2023	115,137.50	107,514.00	222,651.50	
2024	112,637.50	107,514.00	220,151.50	
2025	115,012.50	107,514.00	222,526.50	
2026	112,262.50	107,514.00	219,776.50	
2027	114,512.50	107,514.00	222,026.50	
2028	116,387.50	107,514.00	223,901.50	
2029	113,387.50	107,514.00	220,901.50	
2030	115,262.50	107,514.00	222,776.50	
2031	117,237.50	107,514.00	224,751.50	
2032	113,956.25	107,514.00	221,470.25	
2033	115,262.50	107,514.00	222,776.50	
2034	111,437.50	107,514.00	218,951.50	
2035	112,481.25	107,514.00	219,995.25	
2036	113,393.75	107,514.00	220,907.75	
2037	113,975.00	107,514.00	221,489.00	
2038	114,375.00	107,514.00	221,889.00	
2039	114,725.00	107,514.00	222,239.00	
2040	74,750.00	107,514.00	182,264.00	
2041	76,500.00	107,514.00	184,014.00	
2042	-	107,514.00	107,514.00	
2043	-	107,514.00	107,514.00	
2044	-	107,514.00	107,514.00	
2045	-	107,514.00	107,514.00	
2046	-	107,514.00	107,514.00	
2047	-	107,514.00	107,514.00	
2048	-	107,514.00	107,514.00	
2049	-	107,514.00	107,514.00	
2050	-	107,514.00	107,514.00	
2051	-	107,514.00	107,514.00	
2052	-	107,514.00	107,514.00	
2053	-	107,514.00	107,514.00	
2054	-	107,514.00	107,514.00	
2055	-	107,514.00	107,514.00	
2056	-	107,514.00	107,514.00	
2057	-	107,514.00	107,514.00	
2058	-	53,757.00	53,757.00	
Total	\$ 3,165,243.75	\$ 4,213,792.97	\$ 7,379,036.72	

**APPENDIX 1**  
**ALASKA ENERGY AUTHORITY**  
**POWER PROJECT FUND**  
Loan Agreement No. 40901132

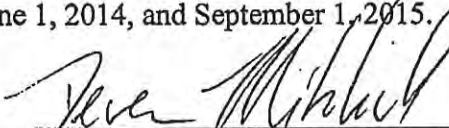
**CERTIFICATE AND CONSENT OF THE ALASKA MUNICIPAL BOND BANK**

The undersigned, Deven Mitchell, Executive Director of the Alaska Municipal Bond Bank (the "Bond Bank"), CERTIFIES the following:

The Bond Bank has entered into one or more loan agreements with the City of King Cove, Alaska ("City"), that require the City of King Cove to secure the written consent of the Bond Bank prior to the issuance of electric utility revenue bonds having a lien on "Net Revenue"<sup>1</sup> equal or superior to the Bond Bank's liens on Net Revenue related to the City's previously issued outstanding electric utility revenue bonds purchased by the Bond Bank; and

The Bond Bank acknowledges that the Alaska Energy Authority has approved Power Project Fund Loan No. 40901132 in an amount not to exceed \$1,975,000.00 to the City for completion of the Waterfall Creek hydroelectric power production facility and that the loan agreement and promissory note associated therewith are secured by a parity lien on Net Revenue from the electric utility of the City;

AND FURTHER CONSENTS on behalf of the Bond Bank to the City's issuance of electric utility revenue bond(s) in an amount not to exceed \$1,975,000.00 to the Alaska Energy Authority having a lien on Net Revenue equal to the Bond Bank's liens on Net Revenue with respect to the City's electric utility revenue bonds issued under City of King Cove Resolution No. 14-04 and equal to the pledges or liens on Net Revenue created in favor of the Bond Bank with respect to the City's Loan Agreements with the Bond Bank dated as of June 1, 2014, and September 1, 2015.

  
\_\_\_\_\_  
Deven Mitchell, Executive Director  
Alaska Municipal Bond Bank

STATE OF ALASKA

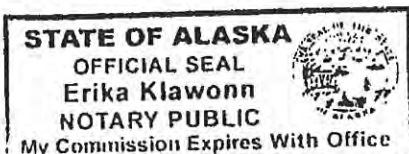
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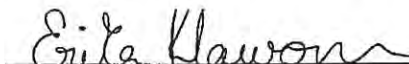
) ss.

FIRST JUDICIAL DISTRICT

)

The foregoing instrument was acknowledged before me this 11<sup>th</sup> day of August, 2016, by Deven Mitchell, the Executive Director of the Alaska Municipal Bond Bank on behalf of the Alaska Municipal Bond Bank.



  
\_\_\_\_\_  
Notary Public in and for Alaska  
My commission expires: with office

<sup>1</sup> "Net Revenue" has the meaning given in City of King Cove Resolution 14-04, adopted by the City of King Cove City Council on September 16, 2013.