

OFFICIAL STATEMENT DATED APRIL 12, 2016

New Issue  
Book-Entry Only

Fitch Rating: AA+ (Rating Watch Negative)  
Standard & Poor's Rating: AA (Negative Outlook)  
(See "Ratings" herein.)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel also is of the opinion based upon existing laws of the State of Alaska that interest on the 2016 Series Two Bonds is exempt from taxation by the State except for transfer, inheritance and estate taxes. See "TAX MATTERS" herein.*



**\$59,595,000**

**ALASKA MUNICIPAL BOND BANK**

**General Obligation and Refunding Bonds, 2016 Series Two**

**Dated: Date of Delivery**

**Due: As shown on inside cover**

The Alaska Municipal Bond Bank (the "Bond Bank") is issuing \$59,595,000 principal amount of General Obligation and Refunding Bonds, 2016 Series Two (the "2016 Series Two Bonds"). The 2016 Series Two Bonds initially will be issued as fully registered bonds, in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will serve as depository for the 2016 Series Two Bonds. Individual purchases of the 2016 Series Two Bonds will be made in principal amounts of \$5,000 or integral multiples thereof within a single maturity and interest rate. Purchasers of the 2016 Series Two Bonds will not receive certificates representing their beneficial ownership interests in the 2016 Series Two Bonds. Interest on the 2016 Series Two Bonds will accrue from the date of delivery of the 2016 Series Two Bonds, or from the most recent interest payment date to which interest has been paid, and is payable on each June 1 and December 1, commencing December 1, 2016.

The Bank of New York Mellon Trust Company, N.A., of San Francisco, California, as the Trustee and Paying Agent for the 2016 Series Two Bonds, will make principal and interest payments to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants. See "DESCRIPTION OF THE 2016 SERIES TWO BONDS" and "APPENDIX G – DTC AND BOOK-ENTRY SYSTEM."

The 2016 Series Two Bonds are subject to redemption prior to their stated maturity dates. See "DESCRIPTION OF THE 2016 SERIES TWO BONDS – Optional Redemption."

The 2016 Series Two Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the punctual payment of the principal of and interest on the 2016 Series Two Bonds. The 2016 Series Two Bonds are equally and ratably secured by the pledge and assignment of all Municipal Bonds acquired by the Bond Bank under the Bond Bank's 2005 General Bond Resolution on a parity with other Bonds of the Bond Bank heretofore or hereafter issued under the 2005 General Bond Resolution. The 2016 Series Two Bonds are the thirty-fifth series of Bonds issued under the 2005 General Obligation Bond Resolution.

**The 2016 Series Two Bonds do not constitute a debt or other liability of the State of Alaska, and the 2016 Series Two Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2016 Series Two Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2016 Series Two Bonds. The Bond Bank has no taxing power. See "SECURITY FOR THE 2016 SERIES TWO BONDS."**

The 2016 Series Two Bonds were purchased through competitive bid by Wells Fargo Bank, N.A., Municipal Products Group on April 12, 2016. The 2016 Series Two Bonds are offered when, as and if issued, subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Bond Bank. Certain legal matters will be passed upon for the Governmental Units by their respective bond counsel. It is expected that the 2016 Series Two Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York, on or about April 21, 2016.

**\$59,595,000**  
**Alaska Municipal Bond Bank**  
**General Obligation and Refunding Bonds**  
**2016 Series Two**

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

<b>Due</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Price/ Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>	<b>Due</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Price/ Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>
December 1, 2016	\$2,685,000	5.00%	0.67%	QZ9	December 1, 2026	\$2,940,000	5.00%	2.03%*	RL9
June 1, 2017	1,140,000	5.00%	0.72%	RA3	December 1, 2027	3,060,000	3.00%	2.22%*	RM7
December 1, 2017	1,875,000	5.00%	0.82%	RB1	December 1, 2028	3,155,000	3.00%	2.30%*	RN5
December 1, 2018	1,970,000	5.00%	0.94%	RC9	December 1, 2029	3,285,000	5.00%	2.34%*	RP0
December 1, 2019	2,075,000	5.00%	1.11%	RD7	December 1, 2030	3,450,000	5.00%	2.39%*	RQ8
December 1, 2020	2,180,000	5.00%	1.27%	RE5	December 1, 2031	3,595,000	3.00%	2.95%*	RR6
December 1, 2021	2,290,000	5.00%	1.41%	RF2	December 1, 2032	3,700,000	3.00%	100.00	RS4
December 1, 2022	2,410,000	5.00%	1.54%	RG0	December 1, 2033	3,815,000	3.00%	99.00	RT2
December 1, 2023	2,530,000	5.00%	1.68%	RH8	December 1, 2034	3,930,000	3.00%	98.50	RU9
December 1, 2024	2,660,000	5.00%	1.82%	RJ4	December 1, 2035	4,050,000	3.00%	98.00	RV7
December 1, 2025	2,800,000	5.00%	1.92%	RK1					

\* - Priced to first call date of June 1, 2026.

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This Official Statement is furnished by the Bond Bank to provide information regarding the sale of the 2016 Series Two Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The delivery of this Official Statement does not imply that information herein is correct as of any time subsequent to the date hereof. No dealer, salesman or any other person has been authorized by the Bond Bank to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such an offer, solicitation, or sale.

The information and expressions of opinion set forth in this Official Statement have been furnished by the Bond Bank and include information from other sources that the Bond Bank believes to be reliable. Neither this Official Statement nor any statement which may have been made orally is to be construed as a contract with the owners of any of the 2016 Series Two Bonds.

**UPON ISSUANCE, THE 2016 SERIES TWO BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE BOND BANK, WILL HAVE PASSED ON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE 2016 SERIES TWO BONDS FOR SALE. THE 2005 GENERAL BOND RESOLUTION WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.**

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

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San Francisco, California

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Western Financial Group, LLC  
Portland, Oregon

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

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**OFFICIAL STATEMENT**  
**\$59,595,000**  
**ALASKA MUNICIPAL BOND BANK**  
**GENERAL OBLIGATION AND REFUNDING BONDS**  
**2016 SERIES TWO**

**INTRODUCTION**

This Official Statement is furnished by the Alaska Municipal Bond Bank (the "Bond Bank") to provide information regarding the Bond Bank in connection with the sale of its \$59,595,000 principal amount of General Obligation and Refunding Bonds, 2016 Series Two (the "2016 Series Two Bonds"). The Bond Bank was created pursuant to Alaska Statutes 44.85.005 – 44.85.420, as amended (the "Act"), for the primary purpose of lending money to Governmental Units in the State of Alaska (the "State") including the purchase of Municipal Bonds issued by such Governmental Units. Certain capitalized terms used in this Official Statement, and not otherwise defined herein, are defined under "DEFINITIONS" or in Appendix F.

All references herein to agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the 2016 Series Two Bonds are further qualified by reference to the provisions with respect thereto contained in the 2005 General Obligation Bond Resolution, adopted by the Board of Directors of the Bond Bank on July 13, 2005, as amended (the "2005 General Bond Resolution"), and Series Resolution No. 2016-02 adopted by the Board of Directors of the Bond Bank (the "Board") on March 29, 2016 (the "Series Resolution," and together with the 2005 General Bond Resolution, the "Bond Resolution"). All bonds which are issued under and pursuant to the terms of the 2005 General Bond Resolution are hereafter referred to as the "Bonds." Any statements or information which include matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

On February 19, 2013, the Board adopted a First Supplemental Resolution that amends certain provisions of the 2005 General Bond Resolution effective as of first date on which all Bonds issued prior to February 19, 2013 are no longer Outstanding. Holders and beneficial owners from time to time of the 2016 Series Two Bonds are deemed to have consented to all of the amendments authorized in the First Supplemental Resolution. See "Modifications to the 2005 General Bond Resolution" below and the forms of the 2005 General Bond Resolution and the First Supplemental Resolution in Appendix F.

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

**PURPOSE OF THE 2016 SERIES TWO BONDS**

**Authorization**

The 2016 Series Two Bonds are being issued pursuant to the terms of the Bond Resolution, and are the thirty-fifth series of Bonds issued under the 2005 General Bond Resolution.

**Purpose of the 2016 Series Two Bonds**

The 2016 Series Two Bond proceeds are being used for the following purposes: (i) to make a loan to a Governmental Unit for new money purposes; and (ii) to refund bonds previously issued by the Bond Bank. The 2016 Series Two Bond proceeds used for new money purposes include a loan to the Fairbanks North Star Borough for various Borough school improvement projects.

*Refunding.* A portion of the proceeds of the 2016 Series Two Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank issued to make a refunding loan to the City of Ketchikan (the "Refunded Bonds").

**DETAILS OF THE REFUNDED BONDS**

<u>Series Designation</u>	<u>Principal Amount<sup>1</sup></u>	<u>Maturities</u>	<u>Redemption Date</u>
2005 Series One	\$2,860,000	June 1, 2016 and June 1, 2017	April 21, 2016

(1) The Refunded Bonds are subject to redemption at a redemption price of 100% of the principal amount thereof on the proposed redemption date.

A portion of the net proceeds from the sale of the 2016 Series Two Bonds, together with other legally available funds, will be deposited into a redemption account (the "Redemption Account") to be held by The Bank of New York Mellon Trust Company, N. A., San Francisco, California. Funds deposited in the Redemption Account will be used to pay the interest on the Refunded Bonds coming due, and outstanding principal of the Refunded Bonds, on the date of the delivery of the 2016 Series Two Bonds.

***SOURCES AND USES OF FUNDS***

The table below presents the sources and uses of funds related to the 2016 Series Two Bonds.

<b>Sources of Funds:</b>	
Principal Amount of 2016 Series Two Bonds	\$59,595,000.00
Net Original Issue Premium/(Discount)	6,722,344.35
City of Ketchikan Prior Reserves	199,481.00
Alaska Municipal Bond Bank Contribution	<u>565,542.07</u>
<b>Total Sources of Funds</b>	<b>\$67,082,367.42</b>
<b>Uses of Funds:</b>	
Deposit to Redemption Account	\$ 2,905,122.78
Loan to Fairbanks North Star Borough	63,375,000.00
Bond Bank Reserve Fund Surety Premium	84,583.21
Costs of Issuance <sup>1</sup>	194,894.09
Underwriter's Discount	<u>522,767.34</u>
<b>Total Uses of Funds</b>	<b>\$67,082,367.42</b>

(1) Includes Bond Bank costs of issuance and Governmental Units' costs of issuance.

## DESCRIPTION OF THE 2016 SERIES TWO BONDS

### General Description

The 2016 Series Two Bonds are issuable only as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as securities depository for the 2016 Series Two Bonds. Principal of and interest on the 2016 Series Two Bonds are payable by The Bank of New York Mellon Trust Company, N.A., of San Francisco, California, as Trustee under the 2005 General Bond Resolution, to DTC which, in turn, is obligated to disburse such principal and interest payments to its participants (the “DTC Participants”) in accordance with DTC procedures. See “Appendix G – DTC and Book-Entry System.”

### 2016 Series Two Bonds

The 2016 Series Two Bonds mature, subject to prior redemption, on the dates and bear interest at the rates set forth on the inside cover page of this Official Statement. The 2016 Series Two Bonds are issuable in denominations of \$5,000 or any integral multiple thereof within a single maturity, are dated as of the date of delivery and bear interest from their date payable on June 1 and December 1, commencing December 1, 2016.

### Optional Redemption

The 2016 Series Two Bonds maturing on or after December 1, 2026, are subject to redemption in whole or in part at the option of the Bond Bank on any date on or after June 1, 2026, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption. The Governmental Units’ loans have the same optional redemption provisions associated with the 2016 Series Two Bonds.

### Notice of Redemption

The Resolution provides that at least 20 days, but not more than 60 days, prior to the date upon which any 2016 Series Two Bonds are to be redeemed, the Trustee will mail a notice of redemption to the registered owner of any 2016 Series Two Bond all or a portion of which is to be redeemed, at the owner’s last address appearing on the registration books of the Bond Bank kept by the Trustee. So long as all of the 2016 Series Two Bonds are held under the DTC book-entry system, such notice will be sent only to DTC, and any notice to the beneficial owners of the 2016 Series Two Bonds will be the responsibility of DTC Participants. Neither the Bond Bank nor the Trustee will provide redemption notices to the beneficial owners.

If at the time of mailing any notice of optional redemption, moneys sufficient to redeem the 2016 Series Two Bonds to be redeemed are not on deposit with the Trustee, the notice will state that it is a conditional notice and that such redemption is subject to the deposit of the redemption moneys and will be of no effect unless such moneys are so deposited.

### Selection of 2016 Series Two Bonds for Redemption

If fewer than all of the 2016 Series Two Bonds are to be redeemed prior to maturity, the Bond Bank may select the maturity or maturities to be redeemed at the option of the Bond Bank. If, at the time notice of redemption is given the 2016 Series Two Bonds are in book-entry form, then DTC will select the 2016 Series Two Bonds for redemption within a maturity in accordance with the Letter of Representations. The 2005 General Bond Resolution provides that if less than all of the Bonds of any one maturity of a Series are called for redemption and the Bonds are not in book-entry form, the Bonds to be redeemed are to be selected by lot by the Trustee or in any manner as the Trustee, in its sole discretion, may deem appropriate and fair. See “Appendix G – DTC and Book-Entry System.”

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The Bonds, including the 2016 Series Two Bonds, constitute general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged to the payment of the principal of and interest on the Bonds. **The 2016 Series Two Bonds do not constitute an indebtedness or other liability of the State of Alaska, and the 2016 Series Two Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2016 Series Two Bonds.** As provided in the Act, the Bond Bank is obligated to pay the principal of and interest on the Bonds only from revenues or funds of the Bond Bank, and the State of Alaska is not obligated to pay the principal of or the interest on the Bonds, including the 2016 Series Two Bonds. **Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2016 Series Two Bonds. The Bond Bank has no taxing power.**

As of April 1, 2016, the Bond Bank has outstanding \$987,875,000 of Bonds issued under its 2005 General Bond Resolution and \$4,155,000 of general obligation bonds issued under its 2010 Municipal Obligation Bond Resolution. The Bond Bank is currently reviewing applications from three Regional Health Organizations related to loan requests authorized by Senate Bill 46 and expects to consider those loan requests in calendar year 2016. See “- 2015 Legislation.”

As additional security for payment of principal of and interest on the 2016 Series Two Bonds and the other Bonds issued under the 2005 General Bond Resolution, the Bond Bank has established a common Reserve Fund. See “SECURITY AND SOURCES FOR PAYMENT FOR THE BONDS – 2005 General Bond Resolution Reserve Fund.” The Act provides that in order to assure the maintenance of the Reserve Fund Requirement, the Legislature may appropriate annually to the Bond Bank for deposit to the Reserve Fund the amount, if any necessary to restore the Reserve Fund to an amount equal to the Reserve Fund Requirement. The Chair of the Bond Bank is required annually (before each January 30) to make and deliver to the Governor and to the State Legislature a certificate stating the amount, if any, required to restore the Reserve Fund to the amount of the Reserve Fund Requirement. Money received by the Bond Bank from the State pursuant to such certification is required, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Reserve Fund Requirement, to be deposited in the Reserve Fund. The State Legislature is legally authorized, but not legally obligated, to appropriate such sums during the then current State fiscal year. This provision of the Act does not create a debt obligation on behalf of the State or a legally enforceable obligation of the State.

Beginning in 2009, and continuing through the current fiscal year ending June 30, 2016, the Bond Bank has been obligated by the 2005 General Bond Resolution to seek, and has obtained, a standing appropriation within the State’s annual operating budget to replenish the Reserve Fund, if necessary. The 2005 General Bond Resolution requires the Bond Bank to seek this standing appropriation on an annual basis. No such replenishment from State appropriation has been necessary. If the Bond Bank is required to draw on the Reserve Fund because of a default by a Governmental Unit, the standing appropriation provides that an amount equal to the amount drawn from the Reserve Fund is appropriated from the State’s General Fund to the Reserve Fund. There is no guarantee that the Bond Bank will be able to secure future standing appropriations within the State’s operating budget for replenishment of the Reserve Fund. See “2005 General Bond Resolution Reserve Fund.”

## **Pledge Effected by the 2005 General Bond Resolution**

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

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

## **Municipal Bonds**

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

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

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

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

The 2005 General Bond Resolution established the Reserve Fund to be held by the Trustee and maintained at an amount equal to the Reserve Fund Requirement. The Reserve Fund Requirement is equal to the least of the following: (i) 10% of the initial principal amount of each Series of Bonds then Outstanding; (ii) Maximum Annual Debt Service with respect to all Bonds Outstanding; (iii) 125% of Average Annual Debt Service on all Bonds Outstanding; or (iv) such lower amount as may be required by law. See “DEFINITIONS – Required Debt Service Reserve.” The Reserve Fund has been funded with Bond proceeds, with cash deposits from the Bond Bank and, as of March 1, 2016, with a surety policy from National Public Finance Guarantee Corporation (“National”) in a face amount of \$7,146,878.14. The Reserve Fund Requirement may be satisfied entirely, or in part, by a letter of credit, line of credit, credit facility, surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds. The Bond Bank may also satisfy the additional reserve requirement resulting from the issuance of the 2016 Series Two Bonds with a surety provided by National. See “Debt Service Reserve Fund Surety Bond.”

As of February 29, 2016, the valuation of assets in the Reserve Fund was approximately \$59.9 million, an amount sufficient to satisfy the Reserve Fund Requirement. As of that date, approximately \$37.3 million, representing 62% of the assets in the Reserve Fund was funded from cash deposits by the Bond Bank from available funds, approximately \$15.5 million, representing 26% was funded from Bonds issued by the Bond Bank to make deposits to the Reserve Fund (“Reserve Fund Obligations”), and approximately \$7.1 million, representing 12% was funded by the surety policy from National. Investment income from a portion of the amounts in the Reserve Fund is applied, together with other funds, to pay principal and interest on the Reserve Fund Obligations.

The 2005 General Bond Resolution requires the Bond Bank to submit annually to the State a budget request for an appropriation to replenish the Reserve Fund to the Reserve Fund Requirement in the event that there is a deficiency as a result of a default by a borrower. Since 2009, when the Resolution was amended, and continuing through fiscal year 2016, the State has included in its operating budget a standing appropriation to replenish the Reserve Fund, if necessary, and to appropriate excess earnings in the Operating Account to the Reserve Fund instead of to the State’s General Fund as the Act otherwise would require. Although the Bond Bank is obligated under the Resolution to seek and has obtained such a standing appropriation within the State’s annual operating budget, the State is not obligated, legally or otherwise, to include the appropriation in its annual operating budget. The Bond Bank’s annual obligation to submit to the State a budget request for an appropriation is in addition to the Bond Bank’s obligation to seek an appropriation to restore the Reserve Fund to the amount of the Required Debt Service Reserve as described below. See “— Moral Obligation.”

The Resolution provides that on or before December 31 of each year, and subject to the requirements of the 2005 General Bond Resolution, the Trustee will transfer from the Reserve Fund any amounts remaining in the Reserve Fund derived from income or interest earned and profits realized by the Reserve Fund due to investments thereof to the Operating Fund, but only to the extent that there remains after such transfer an amount in the Reserve Fund equal to the Required Debt Service Reserve. See “SUMMARY OF THE 2005 GENERAL BOND RESOLUTION – Funds and Accounts – Reserve Fund” and Section 911 of the 2005 General Bond Resolution in Appendix F.

*Debt Service Reserve Fund Surety Bond.* National has provided a commitment to increase the face amount of the existing surety bond (the "Debt Service Reserve Fund Surety Bond") in lieu of a cash deposit to the Reserve Fund. The Debt Service Reserve Fund Surety Bond provides that upon notice from the Trustee to National to the effect that insufficient amounts are on deposit in the Debt Service Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Bonds, National will be required to deposit with the Trustee an amount sufficient to pay the principal of and interest on the Bonds or the available amount of the Debt Service Reserve Fund Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by National of a Demand for Payment in the form attached to the Debt Service Reserve Fund Surety Bond, duly executed by the Paying Agent; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Trustee to National, National will be required to make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The available amount of the Debt Service Reserve Fund Surety Bond is the initial face amount of the Debt Service Reserve Fund Surety Bond less the amount of any previous deposits by National with the Trustee that have not been reimbursed by the Bond Bank. The Bond Bank and National have entered into a Financial Guaranty Agreement in connection with the Debt Service Reserve Fund Surety Bond (the “Agreement”). Pursuant to the Agreement, the Bond Bank is required to reimburse National, with interest, within one year after any deposit, the amount of such deposit made by National with the Trustee under the Debt Service Reserve Fund Surety Bond. The Bond Bank is also required to obtain National’s consent to any amendment or modification of the 2005 General Bond Resolution that would also require consent of Bondholders of the Bonds. The Agreement also provides that no optional redemption of Bonds may be made until National's Debt Service Reserve Fund Surety Bond is reinstated.

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

*Custodian Account.* Money not held by the Trustee in the Reserve Fund or in reserves for bonds issued under other bond resolutions is maintained by the Bond Bank in an account within the Operating Fund referred to as the Custodian Account (the "Custodian Account"). The Custodian Account contains direct and indirect State appropriations, prior year retained earnings not subject to the statutory annual earnings transfer, and current year investment earnings and as with the Operating Account is not held by the Trustee or pledged to the payment of the Bonds. As of June 30, 2015 the Custodian Account market value balance was \$14,586,998. See Notes 2(b) and 2(d) and Note 8 in Appendix E. As of February 29, 2016 the value of the Custodian Account was \$14,181,363.

The Act requires that earnings on funds directly appropriated by the State to the Bond Bank be transferred to the State in the following fiscal year. Starting in fiscal year 2009, however, and continuing through the current fiscal year 2016, all fiscal year earnings due to the State's general fund by statute have been appropriated to the Bond Bank's Custodian Account. The State Legislature may, but is under no legal obligation to, appropriate statutory earnings back to the Bond Bank. The entire Custodian Account balance is available for appropriation by the State Legislature, with a majority vote and the Governor's concurrence or a three-quarter majority vote to overcome a Governor's veto of the appropriation, during any Legislative session. The Legislature has not appropriated funds out of the Custodian Account for non-Bond Bank related purposes in the current, or any prior, fiscal year.

In recent years the Bond Bank has generally used the Custodian Account to made direct loans to local governments and to make deposits to the Reserve Fund. In addition, earnings on the Custodian Account have been applied toward interest payments on the Bond Bank's reserve obligations.

### **State Payments**

The Act provides that any department or agency of the State, after notice from the Bond Bank that a Governmental Unit is in default on the payment of the principal of or interest on its Municipal Bonds then held or owned by the Bond Bank, will withhold the payment of money held by it and payable to such Governmental Unit and pay over such money to the Bond Bank for the purpose of paying principal of and interest on the bonds of the Bond Bank. State payments to Governmental Units include payments through the School Debt Reimbursement Program and Education Support Funding through the Department of Education and Early Development; and community jail funding through the Department of Corrections. A table appears in Appendix B that presents the amount of State payments to communities that have borrowed from the Bond Bank as well as the fiscal year 2016 annual loan payments and associated estimated coverage provided by those State payments. Capital spending, which is the source of matching grant funding to municipalities has been reduced in fiscal year 2015 and further reduced in the fiscal year 2016 budget. This diminished funding is expected to continue to result in a gradual diminishment of the balances in the matching grant column of Appendix B. Other than the constitutionally required education support funding there is no guarantee that State payments will continue, and all of the payments could be reduced from current levels.

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

## **Pledge of the State**

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

## **THE ALASKA MUNICIPAL BOND BANK**

### **Organization**

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

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

### **Board of Directors**

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

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

*Gregory Gurse - Vice Chair.* Term expires July 15, 2018. Mr. Gurse was appointed to the Board on June 22, 2009. Mr. Gurse became President of Benefit Brokers, Inc. in 2001, after working as Vice President of Investments for Wedbush Morgan Securities for 11 years. Mr. Gurse also serves as a FINRA industry arbitrator in both civil and industry arbitration cases. After graduating from the University of Alaska Anchorage with a degree in finance, Mr. Gurse became involved with the University of Alaska Foundation. He served as the first Chairman of the UAA College of Fellows, served as a Trustee to the UA Foundation, and was a member of the Investment Committee to the UA Foundation. Mr. Gurse has served on both the State of Alaska Dental Examiner's Board and the U.S. Treasury Department's Taxpayer Advocacy Panel. He served on the Investment Commission for the Municipality of Anchorage and several other local boards.

*Luke Welles - Member.* Term continues pending reappointment. Mr. Welles was originally appointed to the Board on May 21, 2008. Mr. Welles became Vice President of Finance of the Arctic Slope Native Association, Ltd in March 2011. Prior to his current job he served as Chief Financial Officer of LifeMed Alaska, LLC, which provides medivac services in Alaska. Previously, Mr. Welles was the Chief Financial Officer for the Yukon Kuskokwim Healthcare Corporation which administers healthcare in 52 rural communities including a hospital located in Bethel, Alaska. He has management experience in healthcare, civil construction and

commercial real estate. Over the past 15 years he has served on several economic development commissions in the State, as a city council member in Homer, Alaska and on multiple boards. Mr. Welles received a Bachelor of Arts Degree in Foreign Service and International Business from Baylor University.

*Michael Lamb - Member.* Mr. Lamb is the first delegate for Chris Hladick, Commissioner of the Department of Commerce, Community and Economic Development. Mr. Lamb is a certified public accountant with over 25 years' experience as a chief financial officer and has worked in private, public, and governmental financial management positions. He serves as the chief financial officer for the Alaska Industrial Development and Export Authority and the Alaska Energy Authority. Prior to that, for almost 15 years Mr. Lamb was the chief financial officer for the Fairbanks North Star Borough, Alaska. For almost 9 years, prior to the Borough, he was the chief financial officer for the City of St. Paul, Alaska. Mr. Lamb is a graduate from the University of Washington, School of Business with a Bachelor of Arts in Business Administration, with an emphasis in accounting.

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

## **Management**

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

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

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

## **Future Financing Plans**

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

The total amount of Bond Bank bonds and notes outstanding at any one time may not exceed \$1.793 billion, comprised of \$1.5 billion to municipalities, Joint Insurance Associations, Port Authorities, Joint Action Agencies, or the University of Alaska; \$87.5 million for the University of Alaska; and \$205 million for regional health organizations. As of April 1, 2016, the total principal amount of the Bond Bank's bonds and notes outstanding, not including the 2016 Series Two Bonds, was \$1,002,340,460, all issued to municipalities, including the University of Alaska.

The Bond Bank is currently working with several regional health organizations to determine whether the Bond Bank will participate in the financing of certain health facilities. The Bond Bank anticipates that loans to such regional health organizations will be made with proceeds of bonds issued under one or more separate revenue bond resolutions. See “- 2015 Legislation”.

Since February 2006, with the exception of the 2010 Series A-1 and A-2 Municipal Obligation Bonds, all of the bonds issued by the Bond Bank have been issued under the 2005 Resolution. The Bond Bank has no plans at this time to issue additional bonds under its 1976 Resolution or its 2010 Resolution. All outstanding bonds issued under the 1976 Resolution were retired as of February 1, 2016.

### **2015 Legislation**

In May 2015, the 29th Alaska Legislature passed Senate Bill 46 ("SB 46"), which authorizes the Bond Bank to make loans to Joint Action Agencies, make loans to Regional Health Organizations, and provides technical and conforming amendments to state statutes. The bill adds Joint Action Agencies to the list of political subdivisions of the State that are allowed to utilize the Bond Bank under the primary \$1.5 billion borrowing debt limit. The bill also added \$205 million of authority for the Bond Bank to lend to Regional Health Organizations in instances where the Commissioner of the State Department of Health and Social Services anticipates a State financial benefit and an increase in the regional quality of health care. Lending to Regional Health Organizations is limited to no more than \$205 million at any one time, no more than 49% or any single project where the other 51% of the project's funding is in place, and no more than \$102.5 million for any single project. The Governor signed SB 46 into law on May 26, 2015. The Bond Bank does not anticipate issuing bonds to finance regional health organizations using the 2005 General Bond Resolution.

### **2016 Legislative Session**

As of the date of this Official Statement, it is uncertain to what extent, if any, the 2016 Legislature will implement fiscal structure changes or at what level they will fund state spending in FY 2017 or how they will use available resources to pay for state spending in FY 2017. The Governor has proposed a fiscal plan, and members of the Legislature have also introduced legislation to both change how the State utilizes revenue historically restricted by custom and generate new revenue through taxation. The legislative leadership has consistently publicly declared their intent to further diminish the level of State spending. The Fiscal Year 2017 budget isn't expected to be finally adopted and reviewed by the Governor until after April 17, 2016, the end of the Legislature's regular session.

### **Debt Payment Record**

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

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## **BONDS OUTSTANDING**

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

### **1976 General Bond Resolution**

As of April 1, 2016, the Bond Bank had issued \$721,985,000 of general obligation bonds under the 1976 General Bond Resolution, none of which remains outstanding. All bonds issued under the 1976 General Bond Resolution were retired as of February 1, 2016.

### **2005 General Bond Resolution**

The 2016 Series Two Bonds are the thirty-fifth issue of Bonds under the 2005 General Bond Resolution. As of April 1, 2016, the Bond Bank has issued \$1,275,565,000 of general obligation bonds under the 2005 General Bond Resolution (not including the principal amount of the 2016 Series Two Bonds), \$987,875,000 of which remains outstanding.

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

On November 2, 2010, the Bond Bank's Board of Directors approved the 2010 Municipal Obligation Bond Resolution ("2010 Resolution"). Bonds issued pursuant to the terms of the 2010 Resolution are general obligation bonds, equally and ratably secured by a pledge and assignment of all obligations acquired by the Bond Bank under the 2010 Resolution. As of April 1, 2016, the Bond Bank has issued \$4,765,000 of general obligation bonds under the 2010 Resolution, \$4,155,000 of which remains outstanding.

### **Revenue Bond Resolutions**

The Authority (with respect to the issuance of revenue bonds, the Bond Bank is referred to as the "Authority") has issued revenue bonds under stand-alone revenue bond resolutions. The proceeds of these revenue bonds were applied toward the purchase of revenue bonds issued by municipal borrowers. There are presently no outstanding revenue bonds issued by the Authority.

### **Coastal Energy Impact Program**

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

The Bond Bank issued CEIP bonds, the proceeds of which were used to purchase bonds issued by the Kenai Peninsula Borough, the City of Seward, the City of Nome and the City of St. Paul. The total amount of CEIP bonds outstanding as of April 1, 2016, under the Coastal Energy Impact Loan Program was \$10,252,916, consisting of loans to the City of St. Paul and the City of Nome.

The CEIP loans are administered directly by NOAA without involvement of the Bond Bank. Bonds issued for the CEIP are not secured by a pledge of any amounts held by or payable to the Bond Bank under the 2005 General Bond Resolution, including the Reserve Fund, nor are they secured directly or indirectly by any reserve account created under the Act.

## **Direct Loans**

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

As of April 1, 2016, the Bond Bank holds \$1,401,851 of City of Galena Utility Revenue Bonds and \$152,632 of City of Galena appropriation obligations in its financial portfolio. The loans to the City of Galena are the result of Legislative appropriation to the Bond Bank specifically for this purpose.

As of April 1, 2016 the Bond Bank holds \$2,805,000 of Kenai Peninsula Borough Bonds, the proceeds of which were used, in part, to construct the Central Peninsula Hospital's Specialty Clinic Building. That loan was funded with moneys in the Custodian Account and is secured by a pledge of gross hospital revenues and a debt service reserve fund. This loan was made directly as it did not qualify for tax exemption and would have required a special series of taxable Bond Bank bonds combined the relatively short 8-year level debt service structure. Kenai Peninsula Borough has submitted an application to the Bond Bank for an additional loan of approximately \$3 million related to the Central Peninsula Hospital's Specialty Clinic Building. This loan is expected to be funded in 2016.

## **Loans by the State of Alaska**

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

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**TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF APRIL 1, 2016**

	<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
I. Total 2005 General Bond Resolution G.O. Bonds <sup>(1)</sup>	\$1,335,160,000 <sup>(1)</sup>	\$1,044,610,000 <sup>(1)</sup>
II. Total 1976 General Bond Resolution G.O. Bonds	721,985,000	0
III. Total 2010 Resolution G.O. Bonds	4,765,000	4,155,000
IV. Coastal Energy Impact Loan Program	35,456,046	10,252,916

**REMAINING DEBT CAPACITY UNDER EXISTING BOND RESOLUTIONS <sup>(3)</sup>  
AFTER THE ISSUANCE OF THE 2016 SERIES TWO BONDS**

Debt Limit (AS 44.85.180 (c) of the Act)		\$1,500,000,000 <sup>(2)</sup>
Debt Limit (AS 44.85.180 (e) (1) of the Act)		\$87,500,000 <sup>(2)</sup>
Less Outstanding Bonds		
General Obligation Bonds		
2010 Resolution	4,155,000	
2005 General Bond Resolution	1,044,610,000 <sup>(1)</sup>	\$1,048,765,000 <sup>(1)</sup>
Coastal Energy Loan Program		<u>10,252,916</u>
Total Outstanding Debt (AS 44.85.180 (c) and (e) (1))		\$1,059,017,916 <sup>(1)</sup>
Remaining Debt Capacity (AS 44.85.180 (c) and (e) (1))		<u>\$528,482,084 <sup>(1)</sup></u>

(1) Includes the 2016 Series Two Bonds.

(2) The limit applies to all outstanding bonds or notes issued by the Bond Bank under AS 44.85.180(c) and (e)(1). Of this total, \$87,500,000 may be issued for the purpose of making loans to the University of Alaska (AS 44.85.180 (e) (1)) and up to \$1.5 billion may be issued and outstanding for other purposes of the Bond Bank (AS 44.85.180(c)). The Bond Bank's 2015 Series Three Bonds included the issuance of \$86,085,000 under the University of Alaska authorization (AS 44.85.180(e)(1)).

(3) In addition, up to \$205,000,000 may be issued and outstanding by the Bond Bank for the purpose of making loans to regional health organizations (AS 44.85.180(e)(2)). No debt has been issued under the authorization contained in AS 44.85.180(e)(2), although the Bond Bank has received applications from borrowers under this authorization and expects to issue bonds authorized under AS 44.85.180(e)(2) in 2016.

The limits described above do not apply to the authority of the Bond Bank (or a subsidiary corporation of the Bond Bank) to issue bonds to assist governmental employers to prepay all or a portion of their share of the unfunded accrued actuarial liabilities of retirement systems. This authority has never been utilized and the Bond Bank has no current plans to do so.

**DEBT SERVICE REQUIREMENTS OF  
OUTSTANDING 2005 GENERAL BOND RESOLUTION  
GENERAL OBLIGATION BONDS  
AND THE 2016 SERIES TWO BONDS<sup>(1)</sup>  
(Fiscal Years Ending June 30)**

Fiscal Year	Existing Debt Service <sup>1</sup>	2016 Series Two		Total Debt Service*
		Principal	Interest	
2016	\$ 95,156,353			\$ 95,156,353
2017	98,422,006	\$3,825,000	\$2,681,375	104,928,381
2018	102,727,050	1,875,000	2,235,525	106,837,575
2019	98,337,183	1,970,000	2,139,400	102,446,583
2020	94,102,190	2,075,000	2,038,275	98,215,465
2021	89,940,520	2,180,000	1,931,900	94,052,420
2022	84,941,029	2,290,000	1,820,150	89,051,179
2023	86,837,990	2,410,000	1,702,650	90,950,640
2024	80,081,564	2,530,000	1,579,150	84,190,714
2025	70,279,665	2,660,000	1,449,400	74,389,065
2026	65,670,578	2,800,000	1,312,900	69,783,478
2027	60,774,159	2,940,000	1,169,400	64,883,559
2028	61,564,193	3,060,000	1,050,000	65,674,193
2029	56,855,914	3,155,000	956,775	60,967,689
2030	48,549,434	3,285,000	827,325	52,661,759
2031	47,557,845	3,450,000	658,950	51,666,795
2032	43,277,507	3,595,000	518,775	47,391,282
2033	42,778,403	3,700,000	409,350	46,887,753
2034	36,489,134	3,815,000	296,625	40,600,759
2035	25,889,898	3,930,000	180,450	30,000,348
2036	24,754,206	4,050,000	60,750	28,864,956
2037	19,684,452			19,684,452
2038	19,415,922			19,415,922
2039	18,190,441			18,190,441
2040	16,036,963			16,036,963
2041	16,042,500			16,042,500
2042	15,898,900			15,898,900
2043	15,897,600			15,897,600
2044	15,904,975			15,904,975
2045	13,319,800			13,319,800
2046	5,429,750			5,429,750
2047	5,428,500			5,428,500
2048	2,155,000			2,155,000
2049	2,152,500			2,152,500
	\$1,580,544,124	\$59,595,000	\$25,019,125	\$1,665,158,249

\* Totals may not foot due to rounding. The 2016 Series Two Bonds are the thirty-fifth Series of Bonds issued under the 2005 General Bond Resolution.

<sup>1</sup> Reflects redemption on April 21, 2016 of Refunded Bonds.

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

The following is a summary of certain provisions of the 2005 General Bond Resolution. A copy of the 2005 General Bond Resolution, together with the Supplemental Resolution adopted in February 2013, is included in this Official Statement as Appendix F. The 2013 Supplemental Resolution includes amendments to the 2005 General Bond Resolution that take effect after all Bonds outstanding as of February 19, 2013 are no longer outstanding. See “—Modifications to the 2005 General Bond Resolution.” Capitalized terms used in this summary are defined in Section 103 of the 2005 General Bond Resolution.

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

The 2005 General Bond Resolution provides that the Resolution constitutes a contract between the Bond Bank, the Trustee and the owners from time to time of the Bonds, that the pledges made in the 2005 General Bond Resolution and the covenants and agreements therein set forth to be performed by the Bond Bank will be for the equal and proportionate benefit, protection and security of the holders of any and all of the Bonds and that each Bond, Credit Enhancement facility and Interest Rate Exchange Agreement will be of equal rank without preference, priority or distinction.

### **Obligation of the Bond Bank**

The Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the payment of the principal or redemption premium, if any, of, interest on the Bonds solely from the sources provided in the 2005 General Bond Resolution and any Series Resolution. The Act and the Resolutions each provide that the State is not obligated to pay the principal, premium, if any, or interest on the Bonds, and that the Bonds, are not a debt or liability of the State and neither the faith and credit of the State nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

### **Pledge**

The Municipal Bonds and the Municipal Bonds Payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the 2005 General Bond Resolution to be held by the Trustee are pledged and assigned for the payment of the principal of, redemption price of, interest on, and sinking fund installments for, the Bonds in accordance with the terms and provisions of the 2005 General Bond Resolution, subject only to the provisions of the 2005 General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the 2005 General Bond Resolution. See Section 601 of the 2005 Resolution in Appendix F. The 2005 Resolution provides that Municipal Bonds and the Municipal Bonds Payments and all other money and securities pledged pursuant to the 2005 General Bond Resolution immediately will be subject to the lien of such pledge without any further act, and such lien will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, regardless of whether such parties have notice thereof.

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

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

## **General**

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

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

## **Waiver of Laws**

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

## **Loan Agreement Provisions**

The 2005 General Bond Resolution provides that no loan will be made by the Bond Bank from proceeds of the sale of Bonds and no Bonds will be issued for the purpose of providing funds with which to make a loan, unless the Loan Agreement under which such loan is to be made will comply with, but not be limited to, the following:

- (a) The Governmental Unit which is a party to such Loan Agreement must be a Governmental Unit as defined by the 2005 General Bond Resolution, and the Loan Agreement must be executed in accordance with existing laws.
- (b) The Governmental Unit, prior to or simultaneously with the issuance of Bonds, will issue Municipal Bonds which are valid debt obligations of the Governmental Unit as required by the Act.
- (c) The Municipal Bonds Payment to be made by the Governmental Unit under such Loan Agreement will be not less than the interest and principal payments the Bond Bank is required to make on the Loan Obligations and will be scheduled by the Bond Bank in such manner and at such times as to provide funds sufficient to pay principal and interest on the Loan Obligations as the same become due.
- (d) The Governmental Unit will be obligated to pay Fees and Charges to the Bond Bank at the times and in the amounts which will enable the Bond Bank to comply with the provisions of the 2005 General Bond Resolution to pay Administrative Expenses and fees and expenses of the Trustee and paying agent.
- (e) The Governmental Unit will agree that in the event the Municipal Bonds Payment is not paid by it to the Bond Bank on or before the times specified in the Loan Agreement, any money payable to the Governmental Unit by any department or agency of the State will be withheld from such Governmental Unit and paid over directly to the Trustee acting under the 2005 General Bond Resolution.

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

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

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

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

### **Enforcement of Municipal Bonds**

The 2005 General Bond Resolution also provides that the Bond Bank will diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds, including the prompt collection, and the giving of notice to the Commissioner of Revenue, Commissioner of Commerce, Community and Economic Development and the Commissioner of Administration and any other department or agency of the State which is custodian of any money payable to the Governmental Unit of any failure or default of the Governmental Unit in the payment of its Municipal Bonds Payments and will promptly transfer any such money, upon receipt thereof, to the Trustee and that the Trustee will deposit any such money in the Principal Account and Interest Account in place of said unpaid Municipal Bonds Payments or in the event deficiencies in said Accounts created by such default will have been made up by the Reserve Fund, into the Reserve Fund to the extent of such deficiencies.

### **Funds and Accounts**

The 2005 General Bond Resolution established a Debt Service Fund, consisting of an Interest Account, a Principal Account and a Redemption Account; a Reserve Fund; a Rebate Fund, which consists of a separate sub-account for each Series of Bonds; and an Operating Fund. The Debt Service Fund, the Rebate Fund and the Reserve Fund are held by the Trustee. The Operating Fund is held by the Bond Bank and is not pledged to the payment of the Bonds.

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

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

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

*Reserve Fund.* The 2005 General Bond Resolution established the Reserve Fund as a 2005 General Obligation Bond Resolution Reserve Account within the Alaska Municipal Bond Bank Reserve Fund created by the Act and provides that monthly, the Trustee will set aside from amounts in the Reserve Fund derived from investment earnings and profits realized by the Reserve Fund due to investments thereof, an amount which, when added to the amounts theretofore set aside for such purpose and not paid into the Interest Account, will on such date be equal to the unpaid interest on the Reserve Fund Obligations accrued and to accrue to the last day of such month.

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

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

The 2005 General Bond Resolution provides that the Bond Bank will pay into the Reserve Fund (a) money made available by the State and paid by the State for the purpose of the Alaska Municipal Bond Bank Reserve Fund created by the Act in the amount provided by a Series Resolution; (b) all money paid to the Bond Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Reserve Fund Requirement; (c) such portion of the proceeds of sale of Bonds, if any, as will be provided by any Series Resolution; (d) Credit Enhancement; and (e) any other money which may be made available to the Bond Bank for the purposes of the Reserve Fund from any other source or sources. The Reserve Fund Requirement may be satisfied entirely, or in part, by a letter of credit, a line of credit, a credit facility, a surety bond, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds; provided, however, any credit enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution of any prior credit enhancement previously issued will not, by itself, cause a withdrawal or downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

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

*Administration of Reserve Fund.* The 2005 General Bond Resolution provides that money and securities held in the Reserve Fund will not be withdrawn therefrom at any time in such amount as would reduce the amount in such Fund to an amount less than the Reserve Fund Requirement except for the payment when due of debt service on Reserve Fund Obligations and to cure a deficiency in the Principal Account or the Interest Account.

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

*Operating Fund.* The 2005 General Bond Resolution requires the deposit to the Operating Account within the Operating Fund of all Fees and Charges, to the extent not otherwise encumbered or pledged, and any other money which may be made available to the Bond Bank therefor from any other source or sources. Money at any time held for the credit of the Operating Fund is to be used for and applied solely to the following purposes: (a) to pay the Administrative Expenses of the Bond Bank; (b) to pay the fees and expenses of the Trustee and any Paying Agent; (c) to pay financing costs incurred with respect to a Series of Bonds; and (d) to pay any expenses incurred in carrying out any other purpose then authorized by the Act.

The Operating Fund is held by the Bond Bank, not by the Trustee, and the 2005 General Bond Resolution provides that all amounts in the Operating Fund will be free and clear of any lien or pledge created by the 2005 General Bond Resolution.

### **Security for Deposits and Investment of Funds**

The 2005 General Bond Resolution provides that all money held by the Trustee will be continuously and fully secured, for the benefit of the Bond Bank and the Bondholders in such manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds but does not require the Trustee or any paying agent to give security for the deposit of any money with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which will be represented by obligations purchased under the provisions of the 2005 General Bond Resolution as an investment of such money. The 2005 General Bond Resolution also provides for the investment of funds held by the Trustee. See the definition of "Investment Securities" and Sections 702 and 703 of the 2005 General Bond Resolution in Appendix F.

### **Payment of Bonds**

The Bond Bank covenants in the 2005 General Bond Resolution that it will duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof, and will duly and punctually satisfy all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

### **Fees and Charges**

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

### **Issuance of Additional Obligations**

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

- (a) the aggregate principal amount of Bonds and Notes Outstanding at the time of issuance and delivery of such additional Bonds including the principal amount of such additional Bonds, will not exceed any limit thereon imposed by State law;
- (b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the 2005 General Bond Resolution or any Series Resolution to be paid into the Debt Service Fund and into the Reserve Fund;

(c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds, will not be less than the Required Debt Service Reserve; and

(d) the maturities of, or Sinking Fund Installments for, the additional Bonds representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds, will be equal to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

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

### **Defeasance**

If the Bond Bank will pay or cause to be paid to the holders of all Bonds then Outstanding, the principal and interest and/or Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the 2005 General Bond Resolution and also will pay or cause to be paid all other sums payable under the 2005 General Bond Resolution, including any amounts payable to the United States, then, at the option of the Bond Bank, as expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Bond Bank to the Bondholders will be discharged and satisfied.

The 2005 General Bond Resolution provides that Bonds may, prior to the maturity or redemption date thereof, be deemed to have been paid if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bond Bank will have given to the Trustee in form satisfactory to it irrevocable instructions to publish notice of redemption on said date of such Bonds, and (b) there will have been deposited with the Trustee either monies in an amount which will be sufficient or Investment Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds and described in clause (1) of the definition thereof, the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee or Paying Agent at the same time, will be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as may be the case. See the definition of "Outstanding" and Article XIII of the 2005 General Bond Resolution in Appendix F.

### **Supplements and Amendments**

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

Any other modification or amendment of the 2005 General Bond Resolution and of the rights and obligations of the Bond Bank and of the Bondholders may be made with the written consent (a) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that such modification or amendment will not permit (i) a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of

interest thereon or Sinking Fund Installment therefor, (ii) a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, (iii) a reduction of the percentage of the Holders of which is required to effect any such modification or amendment, or (iv) the creation of any lien prior to or on a parity with the lien created by the 2005 General Bond Resolution (except in the manner provided by the 2005 General Bond Resolution) or deprive the Bondholders of the lien created by the 2005 General Bond Resolution, without the consent of the holders of all the Bonds Outstanding or of the Series of Bonds affected by such modification or amendment. To the extent that the full payment of the interest and principal of Bonds of a Series is secured by Credit Enhancement, the Credit Enhancement Agency will be considered to be the Bondholder of all the Bonds of the Series for purposes of exercising any rights with respect to supplements and amendments to the 2005 General Bond Resolution if the Credit Enhancement so provides. See Articles X and XI and the definition of "Bondholder" in the 2005 General Bond Resolution and Section 202 of the Supplemental Resolution in Appendix F.

### **Events of Default and Remedies**

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

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

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

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

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

The 2005 General Bond Resolution provides that upon the happening and continuance of any event of default described in paragraph (a) above, the Trustee will proceed, or upon the happening and continuance of any event of default described in paragraphs (b) and (c) above, the Trustee may proceed, and upon the written request of the holders of not less than 25 percent in principal amount of the Outstanding Bonds will proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

- (a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bond Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bond Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;
- (b) by bringing suit upon the Bonds;
- (c) by action or suit in equity, require the Bond Bank to account as if it were the trustee of an express trust for the holders of the Bonds;
- (d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds.

*Acceleration.* The 2005 General Bond Resolution provides that upon the occurrence of an event of default in the payment of principal of and interest on Bonds then Outstanding, the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding will, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will be immediately due and payable. This provision, however, is subject to the condition that if before any judgment or decree for the payment of the money due will have been obtained or entered, the Bond Bank deposits with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest upon all the Bonds, with interest on such overdue installments of principal at the rate borne by the respective Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then the holders of at least a majority in aggregate principal amount of the Bonds then outstanding, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default. See Sections 1203 and 1204 in Appendix F.

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

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

## **Excess Earnings**

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

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

In addition to modifications with and without consent of Bondholders, the 2005 General Bond Resolution authorizes modifications of any provision set forth in the 2005 General Bond Resolution by the terms of a Supplemental Resolution, with such modifications becoming effective after all Bonds of each Series Outstanding as of the date of such Supplemental Resolution authorizing such modification cease to be Outstanding. A first supplemental resolution (the "First Supplemental Resolution") was approved by the Board of Directors of the Bond Bank at a meeting held on February 19, 2013.

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

The modifications to the 2005 General Bond Resolution set forth in the First Supplemental Resolution shall become effective after all Bonds issued prior to the 2013 Series One Bonds cease to be Outstanding and compliance by the Bank with certain requirements set forth in the 2005 General Bond Resolution, at which time these modifications will apply to the 2016 Series Two Bonds and govern the rights and obligations of the Holders thereof.

## **LITIGATION**

Upon the delivery of the 2016 Series Two Bonds, the Bond Bank will furnish a certificate to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the 2016 Series Two Bonds, or in any way contesting the validity or enforceability of the 2016 Series Two Bonds, the 2005 General Bond Resolution or any Bonds or money pledged under the 2005 General Bond Resolution.

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale by the Bond Bank of the 2016 Series Two Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Bond Bank. The proposed form of the opinion of Bond Counsel is included herein as Appendix A.

Certain legal matters will be passed upon for the City of Ketchikan and the Fairbanks North Star Borough by their counsel, Stradling Yocca Carlson & Rauth, P.C., Seattle, Washington.

## UNDERWRITING

The Bond Bank offered the 2016 Series Two Bonds at public sale on April 12, 2016. The Bond Bank awarded the contract for the sale of the 2016 Series Two Bonds to Wells Fargo Bank, N.A., Municipal Products Group at a purchase price of \$65,794,577.01 (reflecting the aggregate principal amount of the 2016 Series Two Bonds, plus a net original issue premium of \$6,722,344.35 less an underwriter's discount of \$522,767.34). The Underwriter has represented to the Bond Bank that the 2016 Series Two Bonds have been subsequently reoffered to the public initially at the yield or price set forth in the inside cover of the Official Statement.

The initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement may be changed from time to time by the Underwriter without prior notice to any person after the date of the sale of the 2016 Series Two Bonds. The Underwriter may offer and sell the 2016 Series Two Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement.

## MUNICIPAL ADVISOR

Western Financial Group, LLC has acted as financial advisor (the "Municipal Advisor") to the Bond Bank in connection with the issuance of the 2016 Series Two Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Western Financial Group, LLC is an independent advisory firm registered with the Securities and Exchange Commission and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

## FINANCIAL STATEMENTS

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

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

## TAX MATTERS

**2016 Series Two Bonds.** In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2016 Series Two Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the 2016 Series Two Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

Bond Counsel is also of the opinion, based on existing laws of the State that interest on the 2016 Series Two Bonds is exempt from taxation by the State except for transfer, estate and inheritance taxes.

To the extent the issue price of any maturity of the 2016 Series Two Bonds is less than the amount to be paid at maturity of such 2016 Series Two Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2016 Series Two Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2016 Series Two Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2016 Series Two Bonds is the first price at which a substantial amount of such maturity of the 2016 Series Two Bonds is sold to the public (excluding bond houses, brokers, or similar persons or

organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2016 Series Two Bonds accrues daily over the term to maturity of such 2016 Series Two Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2016 Series Two Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2016 Series Two Bonds. Beneficial Owners of the 2016 Series Two Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2016 Series Two Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such 2016 Series Two Bonds is sold to the public.

2016 Series Two Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2016 Series Two Bonds. The Bond Bank and each Governmental Unit have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2016 Series Two Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2016 Series Two Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2016 Series Two Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the 2016 Series Two Bonds may adversely affect the value of, or the tax status of interest on, the 2016 Series Two Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2016 Series Two Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2016 Series Two Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the 2016 Series Two Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2016 Series Two Bonds. Prospective purchasers of the 2016 Series Two Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds

for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Bond Bank or the Governmental Units or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Bond Bank and the Governmental Units have covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the 2016 Series Two Bonds ends with the issuance of the 2016 Series Two Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Bond Bank, the Governmental Units or the Beneficial Owners regarding the tax-exempt status of interest on the 2016 Series Two Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Bond Bank, the Governmental Units and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Bond Bank or the Governmental Units legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the 2016 Series Two Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2016 Series Two Bonds, and may cause the Bond Bank, the Governmental Units or the Beneficial Owners to incur significant expense.

## RATINGS

Fitch Ratings (“Fitch”) and Standard & Poor’s Ratings Services (“S&P”) have assigned “AA+” (Rating Watch Negative) and “AA (Negative Outlook)” ratings, respectively, to the 2016 Series Two Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch, One State Street Plaza, New York, New York 10004, (212) 908-0500; S&P, 55 Water Street, New York, New York 10041 (212) 438-1000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. **There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Series Two Bonds.**

## CONTINUING DISCLOSURE UNDERTAKING

### **Bond Bank Continuing Disclosure Undertaking**

The Bond Bank has covenanted for the benefit of the holders and beneficial owners of the 2016 Series Two Bonds to provide, or to cause to be provided, certain financial and operating information not later than 210 days after the end of each Fiscal Year (currently June 30) in which any 2016 Series Bonds are outstanding, commencing in the Fiscal Year ending June 30, 2016 (each an “Annual Report”). In addition, the Bond Bank has covenanted to provide notices of the occurrence of certain enumerated events. The Annual Reports are required to be filed by the Bond Bank with the MSRB through its EMMA system. The specific nature of information to be contained in the Annual Report and the enumerated events of which the Bond Bank is to give notice are set forth in the form of the Continuing Disclosure Certificate included in this Official Statement as Appendix G. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”).

### **Governmental Unit Continuing Disclosure Undertakings**

Each of the Governmental Units from which the Bond Bank is purchasing Municipal Bonds with proceeds of the 2016 Series Two Bonds (the “2016 Series Two Governmental Units”) has covenanted, or will covenant, to file with the MSRB, on an annual basis, its audited financial statements no later than 210 days after

the end of such Governmental Unit's fiscal year for the term of the Municipal Bonds and any refunding Municipal Bonds. In addition, the 2016 Series Two Governmental Units have covenanted, or will covenant, that if its bonds constitute 10 percent (10%) or more of the outstanding principal amount of the Municipal Bonds held by the Bond Bank under the 2005 General Bond Resolution, such 2016 Series Two Governmental Unit will execute a continuing disclosure agreement prepared by the Bond Bank for purposes of complying with the Rule. The proposed form of the continuing disclosure certificate to be signed by the City of Ketchikan is included in Appendix G.

Beginning in 2009, the Governmental Units from whom the Bond Bank purchased Municipal Bonds were required to covenant to execute a continuing disclosure certificate if such Governmental Unit's bonds constituted 10 percent (10%) or more of the outstanding principal amount of the Municipal Bonds held by the Bond Bank under the 2005 General Bond Resolution. Effective as of October 30, 2014, Governmental Units from which the Bond Bank purchased Municipal Bonds or refunding Municipal Bonds are required to covenant to file with the MSRB, on an annual basis, its audited financial statements no later than 210 days after the end of such Governmental Unit's fiscal year for the term of the Municipal Bond and any refunding Municipal Bond, as well as to execute a continuing disclosure agreement if its bonds constitute 10 percent (10%) or more of the outstanding principal amount of the Municipal Bonds held by the Bond Bank under the 2005 General Bond Resolution.

In addition, the Governmental Units each have covenanted that if its Municipal Bonds constitute 10 percent (10%) or more of the outstanding principal amount of the Municipal Bonds held by the Bond Bank under the 2005 General Bond Resolution, such Governmental Units will provide to the Bond Bank for inclusion in future official statements financial information generally of the type included in the Bond Bank's official statements with respect to Governmental Units representing ten percent (10%) or more of the Bonds outstanding under the 2005 General Bond Resolution. See Appendix D.

### **Compliance with Prior Continuing Disclosure Undertakings**

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

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

The Bond Bank has not retained Moody's Investors Service ("Moody's") to rate Bonds issued under the 2005 General Obligation Bond Resolution since February 20, 2014, when the 2014 Series One Bonds were issued. Moody's does rate other bonds of the State, however, and on February 29, 2016, when it reduced its rating on the State's general obligation bonds to Aa1/outlook negative, Moody's also reduced rating on all of the State's moral obligation debt to Aa3 from Aa2. This rating change affected Bonds issued by the Bond Bank through February 20, 2014. Notices of Moody's downgrades were linked to the CUSIP numbers for the State's bonds and other obligations but were not linked to the CUSIP numbers for the Bond Bank's Bonds. The Bond Bank has linked the notice to the applicable Bond Bank CUSIP numbers. The Bond Bank also discovered that one of the Governmental Units had not made all of its required disclosures on time and had not disclosed such failures when required.

*Other Bonds Issued by the Bond Bank.* The Bond Bank previously entered into continuing disclosure undertakings for bonds issued under its 1976 General Bond Resolution and 2010 Resolution. The Bond Bank

discovered that certain annual financial information relating to governmental units participating in the 1976 General Bond Resolution pool and the 2010 Resolution pool had not been filed. This technical deficiency was cured and such information was filed with the MSRB. As of February 1, 2016, no bonds will remain outstanding under the 1976 General Bond Resolution. The Bond Bank previously entered into continuing disclosure undertakings in connection with certain revenue bonds issued by the Bond Bank. The Bond Bank discovered certain annual financial information relating to governmental units was not filed under the terms of such undertakings. These revenue bonds no longer remain outstanding.

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

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

## SOURCES OF CERTAIN INFORMATION

As of the date of this Official Statement, the Governmental Units which have loan obligations in an amount of ten percent (10%) or greater in the pool of loans financed with proceeds of Bonds are the City and Borough of Sitka (14.66%), the City and Borough of Juneau (12.69%), the Kenai Peninsula Borough (11.31%), and the City of Ketchikan (10.39%). These Governmental Units have provided the information appearing in Appendix D of this Official Statement.

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

## DEFINITIONS

The following terms are used in this Official Statement with the following meanings: See also the definitions in Article I of the 2005 General Bond Resolution in Appendix F.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**"2005 General Bond Resolution"** — The Bond Bank's 2005 General Obligation Bond Resolution adopted July 13, 2005, as amended on August 19, 2009. (The Bond Bank may adopt additional general obligation resolutions for the same or different purposes.) The amendments adopted on February 19, 2013 in Resolution No. 2013-02 will be effective after all Bonds outstanding on February 19, 2013 no longer are outstanding. See the forms of the 2005 General Bond Resolution and Resolution No. 2013-02 in Appendix F.

## MISCELLANEOUS

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

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

## OFFICIAL STATEMENT

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

**ALASKA MUNICIPAL BOND BANK**

/s/ Deven J. Mitchell  
Executive Director

**APPENDIX A**

Proposed Form of Bond Counsel Opinion

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**APPENDIX A**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

April 21, 2016

Alaska Municipal Bond Bank  
Juneau, Alaska

Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series Two  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Alaska Municipal Bond Bank (the "Bank") in connection with issuance of \$59,595,000 aggregate principal amount of Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series Two (the "Bonds"), issued pursuant to the General Obligation Bond Resolution, adopted by the Board of Directors (the "Board") of the Bank on July 13, 2005 (as amended, the "2005 General Bond Resolution"), as supplemented by Resolution No. 2016-02, adopted by the Board on March 29, 2016 (the "2016 Series Two Resolution" and together with the 2005 General Bond Resolution, the "Bond Resolution"). The Bank has appointed The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Bond Resolution. The Bonds are issued for the stated purposes of (i) making loans to two Governmental Units to finance or refinance projects; (ii) making a loan to one Governmental Unit for purposes of refunding certain of the Governmental Unit's outstanding bonds and a corresponding portion of the Bank's outstanding general obligation bonds; (iii) purchasing a debt service reserve surety policy for deposit to the Reserve Fund; and (iv) paying costs of the issuing the Bonds. In connection with such loans, the Authority is purchasing Municipal Bonds securing payments to be made pursuant to the Loan Agreements mentioned below. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

In such connection, we have reviewed the Bond Resolution; the Loan Agreement, dated as of April 12, 2016 (the "Fairbanks North Star Loan Agreement"), between the Bank and the Fairbanks North Star Borough, Alaska ("Fairbanks North Star"); the Loan Agreement, dated as of April 12, 2016 (the "Ketchikan Loan Agreement"), between the Bank and the City of Ketchikan Alaska ("Ketchikan"); the Tax Certificate, dated the date hereof (the "Tax Certificate"), of the Bank; authorizing ordinances and resolutions and tax certificates of each of the Governmental Units; a Certificate of The Department of Law, as counsel to the Bank, as to Litigation and Other Matters; the debt service reserve fund surety policy issued by National Public Finance Guarantee Corporation; opinions of counsel to the Governmental Units; certificates of the Bank, the Trustee, the Governmental Units and others; and such other

documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Bank. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Resolution, each of the Loan Agreements and the Tax Certificate and in each of the tax certificates of the Governmental Units, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution, the Loan Agreements, the Municipal Bonds and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public corporations of the State of Alaska. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Bond Resolution, the Loan Agreements or the Municipal Bonds or agreements related thereto or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Alaska Municipal Bond Bank  
April 21, 2016  
Page 3

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding general obligations of the Bank.
2. The Bond Resolution has been duly adopted by, and constitutes the valid and binding obligation of, the Bank. To secure the payment of the principal of and interest on the Bonds, the Bond Resolution creates a valid pledge of the Municipal Bonds, all Municipal Bond Payments, the investments thereof and the proceeds of such investments, and any other amounts held by the Trustee in any fund or account established pursuant to the Bond Resolution, except the Rebate Fund, subject to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Bonds is exempt from taxation by the State except for transfer, inheritance and estate taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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**APPENDIX B**

State Payments to Governmental Units

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## Appendix B

### State Payments to Governmental Units

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

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

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

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

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

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

(3) Department of Commerce, Community and Economic Development. The Department of Commerce, Community and Economic Development (DCCED) administers a payment in lieu of taxes program under which the federal government pays a fee for use of land. The payments received from the federal government are passed through the State to certain Governmental Units. Distributions occur annually in July. The State also disburses money to certain Governmental Units through the DCCED's Capital Matching Grants

program to provide assistance in financing capital projects. Distributions are made throughout the year as approved projects are constructed. Additionally the State Revenue Sharing program provides an annual transfer to certain governmental units based on population. The revenue sharing transfers occur in the first quarter of the fiscal year.

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

In addition to the four sources listed above, the State disburses to Governmental Units funds that are not available for intercept by the Bond Bank to address any shortfalls in a Governmental Unit's loan repayments to the Bond Bank. A reduction in the distribution of such funds, such as State assistance to Governmental Units to address pension liabilities, could have a negative impact on the financial health of Governmental Units.

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

## Alaska Municipal Bond Bank Capability to Intercept Funds

	FY 2014 Shared Taxes & Fees one time transfers for 7 categories of tax and license type (FY2015 results are not yet available)	FY 2016 DOT Reimbursement Program transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2016 Projected School Debt Reimbursement transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2016 Education Support transferred in 12 level monthly installments during fiscal year (current year annual appropriation)	Matching Grants as of January 1, 2016 will be drawn down as projects are completed (current and past year capital grant appropriations) (1)	FY 2016 Community Jails - Transferred in 12 level monthly payments during fiscal year (current year annual appropriation)	FY 2016 PILT transfers	Revenue Sharing FY 2016 disbursed at one time by October of fiscal year (current year annual appropriation)	Total Intercept Capability	Fiscal Year 2016 Total Debt Service (2)	Coverage Ratio
<b>Boroughs</b>											
Aleutians East Borough	\$2,088,104	\$459,485	\$742,548	\$4,601,658	\$4,744,157	0	\$0	\$389,288	\$13,025,240	\$2,600,689	5.01
Municipality of Anchorage	1,438,032	0	46,194,707	329,866,566	335,301,501	0	0	14,042,608	726,843,414	294,900	2,464.71
Fairbanks North Star Borough (3)	420,825	0	11,650,764	118,643,871	9,248,433	0	0	3,475,047	143,438,940		
Haines Borough	371,112	0	975,671	2,922,297	16,935,390	215,954	0	613,155	22,033,579	1,837,473	11.99
City & Borough of Juneau	4,890,315	0	11,281,106	38,402,330	9,705,042	0	0	1,952,444	66,931,237	17,674,609	3.79
Kenai Peninsula Borough	1,162,737	0	2,781,075	80,573,649	13,633,308	0	0	2,569,104	100,719,873	13,072,898	7.70
Ketchikan Gateway Borough	2,303,101	0	2,698,978	22,998,319	12,147,200	0	0	598,123	40,745,721	5,944,571	6.85
Kodiak Island Borough	1,352,566	0	5,478,057	26,636,105	1,918,782	0	0	692,624	36,078,144	8,017,661	4.50
Lake & Peninsula Borough	\$353,370	\$0	1,802,840	9,173,326	652,096	0	0	582,690	12,564,322	2,428,050	5.17
Northwest Arctic Borough	2,098	0	4,058,042	37,758,287	2,982,670	0	0	429,058	45,230,155	6,269,410	7.21
Petersburg Borough	828,318	0	470,978	6,172,021	5,766,317	173,626	0	511,894	13,923,154	1,643,348	8.47
City & Borough of Sitka	1,188,123	0	2,410,188	13,384,324	23,379,642	391,194	0	869,394	41,622,865	13,998,002	2.97
Municipality of Skagway	4,017,310	0	0	992,876	9,097,148	0	0	433,894	14,541,228	1,536,972	9.46
City & Borough of Wrangell	429,341	0	201,570	3,474,637	4,602,153	325,274	0	568,634	9,601,609	388,276	24.73
<b>Cities</b>											
Adak	\$71,151	\$0	\$0	\$0	\$0	\$0	\$45,087	\$105,063	\$217,301	\$104,138	2.09
Bethel*	\$16,560	0	0	0	9,977,171	0	854,998	373,949	11,222,678	291,838	38.46
Cardova	1,270,344	0	930,443	4,057,170	679,295	135,303	419,495	195,211	7,687,261	1,774,665	4.33
Crig	351,339	0	0	4,503,179	2,060,113	322,724	295,701	146,041	7,679,097	135,990	56.47
Dillingham	506,501	0	793,161	5,939,161	460,483	526,851	443,838	201,764	8,871,759	1,179,590	7.52
Hoonah	771,755	0	65,667	2,244,466	308,395	0	149,496	127,467	3,667,246	107,600	34.08
Homer*	83,435	0	0	0	3,694,530	424,080	0	322,339	4,524,384	289,750	15.61
Ketchikan* (3)	2,301,501	0	0	0	11,416,575	0	0	467,635	14,185,711	7,369,784	1.92
Kenai*	256,659	0	0	0	8,363,670	0	0	415,798	9,036,127	178,798	50.54
King Cove*	408,385	0	0	0	501,809	0	0	132,800	1,042,994	292,973	3.56
Klawock	180	0	0	2,294,855	121,733	0	197,957	128,145	2,742,870	0	-
Kodiak*	1,116,054	0	0	0	729,427	991,552	0	377,926	3,214,959	969,704	3.32
Nome	45,642	0	213,228	9,232,424	4,417,843	0	457,452	260,063	14,624,652	752,359	19.44
North Pole*	35,659	0	0	0	2,219,933	0	0	191,234	2,446,826	36,550	66.94
Palmer*	160,045	0	0	0	5,463,558	0	0	365,453	5,989,056	111,050	53.93
Sand Point*	25,611	0	0	0	0	0	0	134,653	160,264	183,180	0.87
Saxman*	0	0	0	0	548,522	0	0	110,836	659,358	12,763	51.66
Seward*	716,111	0	0	0	24,324,830	368,952	0	216,994	25,626,887	3,099,942	8.27
Soldotna*	44,074	0	0	0	1,849,486	0	0	286,727	2,180,287	219,070	9.95
Unalaska	6,745,512	366,745	661,449	3,932,125	802,436	431,207	817,947	303,810	14,061,231	3,521,226	3.99
Valdez	441,398	213,381	1,619,257	4,712,173	3,756,321	354,749	739,897	274,118	12,111,294	341,950	35.42
Wasilla*	249,314	0	0	0	8,767,501	0	0	465,872	9,482,687	420,819	22.53
<b>Other Jurisdictions</b>											
University of Alaska (4)									385,900,000	2,198,009	175.57

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

- (1) Matching grants are appropriated by the Alaska State Legislature and can vary significantly from year to year.
- (2) Includes annual debt service associated with bonds sold under the Bond Bank's 1976 Resolution.
- (3) Borrowers to this issue.
- (4) Interceptable revenue of the University of Alaska is comprised of direct appropriations from the State of Alaska.

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**APPENDIX C**

**Governmental Unit Statistics  
Regarding Participation in the Bond Bank**

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**APPENDIX C**  
**GOVERNMENTAL UNIT STATISTICS**  
**REGARDING PARTICIPATION IN THE BOND BANK**

**2005 GENERAL BOND RESOLUTION**  
**OUTSTANDING LOAN PRINCIPAL TO GOVERNMENTAL UNIT BORROWERS OF THE**  
**ALASKA MUNICIPAL BOND BANK**  
**AS OF APRIL 1, 2016**  
**(Does Not Include 2016 Series Two Bonds)**

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	144,865,000	14.66%
Kenai Peninsula Borough	111,710,000	11.31%
City and Borough of Juneau	125,325,000	12.69%
City of Ketchikan	102,625,000	10.39%
University of Alaska	86,085,000	8.71%
Kodiak Island Borough	97,445,000	9.86%
Ketchikan Gateway Borough	36,950,000	3.74%
Northwest Arctic Borough	34,995,000	3.54%
City of Seward	32,630,000	3.30%
City of Unalaska	34,015,000	3.44%
Aleutians East Borough	27,275,000	2.76%
Municipality of Skagway	20,890,000	2.11%
City of Cordova	17,900,000	1.81%
Lake & Peninsula Borough	17,145,000	1.74%
City of Kodiak	12,875,000	1.30%
Petersburg Borough	11,280,000	1.14%
City of Dillingham	10,610,000	1.07%
Haines Borough	11,690,000	1.18%
City of Nome	4,925,000	0.50%
Municipality of Anchorage	3,615,000	0.37%
City of Homer	3,475,000	0.35%
City of Bethel	2,635,000	0.27%
City of Valdez	2,505,000	0.25%
City of Sand Point	2,435,000	0.25%
City of King Cove	3,105,000	0.31%
City of Soldotna	2,010,000	0.20%
City of Craig	1,755,000	0.18%
City of Kenai	1,530,000	0.15%
City of Klawock	1,360,000	0.14%
City and Borough of Wrangell	1,245,000	0.13%
City of Wasilla	1,185,000	0.12%
City of Hoonah	1,080,000	0.11%
City of Palmer	785,000	0.08%
City of Adak	755,000	0.08%
City of North Pole	820,000	0.08%
City of Saxman	160,000	0.02%
Reserve Obligations	16,185,000	1.64%
<b>Total Outstanding Par</b>	<b>\$987,875,000</b>	<b>100.00%</b>

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**APPENDIX D**

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

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

<b>Municipal Financial Position</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Average</b>
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Municipal Levy	\$5,799,400	\$5,904,617	\$5,957,735	\$5,901,738	\$6,032,826	\$5,919,263
Current Year's Collections	\$5,753,039	\$5,874,918	\$5,893,452	\$5,842,721	\$6,006,776	\$5,874,181
Current Collection Rate	99.20%	99.50%	98.92%	99.00%	99.57%	99.24%
Total Year's Collections	\$5,807,869	\$5,909,321	\$5,893,452	\$5,842,721	\$6,006,776	\$5,892,028
Total Collection Rate	100.15%	100.08%	98.92%	99.00%	99.57%	99.54%
<b>General Fund</b>						
Unreserved Ending Fund Balance	\$ 11,508,475	\$ 13,584,873	\$ 14,268,394	\$ 15,996,580	\$ 14,720,675	\$ 14,015,799
Expenditures	\$ 23,260,649	\$ 24,075,729	\$ 23,691,912	\$ 23,628,379	\$ 30,621,436	\$ 25,055,621
Fund Balance/Expenditures	49%	56%	60%	68%	48%	56.38%
Total Revenues	\$ 24,709,916	\$ 26,584,728	\$ 25,953,885	\$ 26,507,173	\$ 29,227,140	\$ 26,596,568
Intergovernmental Revenues	\$ 2,380,298	\$ 2,659,323	\$ 2,693,860	\$ 2,771,990	\$ 2,807,749	\$ 2,662,644
Percentage Intergovernmental	10%	10%	10%	10%	10%	10.02%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 68,807,401	\$ 68,593,411	\$ 106,145,822	\$ 108,940,000	\$ 123,215,000	
Revenue Debt - Governmental Funds	\$ 165,750	\$ 156,000	\$ 146,250	\$ 202,641	\$ 189,409	
General Obligation Debt - Governmental Funds	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	\$ 28,635,000	\$ 25,990,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	\$ 28,635,000	\$ 25,990,000	
Total Revenue and General Obligation Debt	\$ 105,273,151	\$ 101,039,411	\$ 137,312,072	\$ 137,777,641	\$ 149,394,409	
Governmental GO Debt/Taxable Assessed Value	3.69%	3.26%	3.10%	2.91%	2.58%	
Total Revenue and GO Debt/A.V.	10.69%	10.20%	13.72%	14.01%	14.86%	
General Obligation Debt Per Capita	\$4,138	\$3,607	\$3,415	\$3,152	\$2,508	
Total Revenue and GO Debt Per Capita	\$12,000	\$11,287	\$15,116	\$15,167	\$16,488	
<b>General Economic and Demographic Data</b>						
Population	8,773	8,952	9,084	9,084	9,061	Annual Growth Rate -0.25%
Taxable Assessed Value	\$ 985,073,129	\$ 990,930,238	\$ 1,001,066,784	\$ 983,623,000	\$ 1,005,471,000	2.22%
Assessed Value Per Capita	\$ 112,285	\$ 110,694	\$ 110,201	\$ 108,281	\$ 110,967	
Top 10 Tax Payers as a % of Assessed Value	7.64%	7.57%	7.57%	7.57%	7.57%	

The Borough has not completed its fiscal year 2015 audit as of the date of the preparation of this table.

<b>City and Borough of Sitka Electric Enterprise Fund Financial Summary</b>					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Assets</b>					
Cash	24,320,421	31,450,650	28,803,187	13,505,669	4,447,481
Restricted Assets	6,871,164	3,595,875	21,197,459	18,121,955	21,733,477
Other Assets	5,010,167	7,266,275	13,897,615	11,777,153	7,988,506
Construction in Progress	11,646,987	18,086,724	58,930,539	137,885,040	12,535,308
Utility Plant in Service	<u>63,103,150</u>	<u>61,775,003</u>	<u>59,900,343</u>	<u>59,508,277</u>	<u>217,550,674</u>
<b>Total Assets</b>	<b>110,951,889</b>	<b>122,174,527</b>	<b>182,729,143</b>	<b>240,798,094</b>	<b>264,255,446</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Other Liabilities	1,722,772	2,477,182	6,355,564	13,017,817	3,355,323
Revenue Bonds Payable	48,700,000	47,570,000	79,485,000	105,100,000	119,510,000
Deferred loss/premium on bonds	1,471,509	(1,711,547)	5,943,338	6,742,293	6,347,870
Revenue Note(s) Payable	<u>8,800,188</u>	<u>8,535,498</u>	<u>7,973,608</u>	<u>7,973,608</u>	<u>10,050,744</u>
<b>Total Liabilities</b>	<b><u>60,694,469</u></b>	<b><u>56,871,133</u></b>	<b><u>99,757,510</u></b>	<b><u>132,833,718</u></b>	<b><u>139,263,936</u></b>
<b>Net Assets</b>	<b>50,257,420</b>	<b>65,303,394</b>	<b>82,971,633</b>	<b>107,964,376</b>	<b>124,991,510</b>
<b>Operating Revenues</b>	<b>11,401,523</b>	<b>11,611,319</b>	<b>12,077,554</b>	<b>14,240,772</b>	<b>17,118,321</b>
<b>Operating Expenses</b>					
Administrative and General	1,739,698	2,003,768	1,975,492	2,860,066	2,406,734
Operation and Maintenance	5,257,342	5,914,895	5,152,028	4,964,074	7,443,239
Depreciation	<u>1,987,558</u>	<u>1,971,739</u>	<u>1,986,195</u>	<u>1,841,712</u>	<u>1,814,707</u>
<b>Operating Income</b>	<b>2,416,925</b>	<b>1,720,917</b>	<b>2,963,839</b>	<b>4,574,920</b>	<b>5,453,641</b>
<b>Nonoperating revenue (expense)</b>					
Investment Income	490,986	459,107	314,600	196,399	313,069
Interest Expense	(1,725,198)	(2,848,639)	(1,678,238)	(426,419)	(316,203)
Other	-	625,748	572,946	812,866	463,877
<b>Net Income before contributions and transfers</b>	<b>1,182,713</b>	<b>(42,867)</b>	<b>2,173,147</b>	<b>5,157,766</b>	<b>5,914,384</b>
Capital contributions	4,039,237	5,266,050	17,169,455	19,455,106	9,986,217
Extraordinary Item:					
Net Pension Obligation Relief	119,824	139,806	325,771	379,871	1,126,533
Transfer In (Out) net	-	-	(998,128)	-	-
<b>Change In Net Assets</b>	<b><u>5,341,774</u></b>	<b><u>5,362,989</u></b>	<b><u>18,670,245</u></b>	<b><u>24,992,743</u></b>	<b><u>17,027,134</u></b>
<b>Population of City and Borough</b>					
# of electric customers	5,282	5,309	5,403	5,490	5,683
KwH Sold	111,795,344	111,048,623	111,155,330	111,155,330	105,293,250
Revenue Bond Debt Service	3,477,959	3,467,567	4,529,240	5,045,158	7,158,839
Revenue Bond Coverage (> 1.25)	1.41	1.43	1.27	1.34	1.27
<p>Note: \$2,500,000 transferred into Rate Stabilization Fund in FY2015  \$2,006,696 transferred out of Rate Stabilization Fund in FY2015  Total of rate Stabilization Fund as of June 30, 2015 - \$3,001,304  The Borough has not completed its fiscal year 2015 audit as of the date of the preparation of this table.</p>					

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>ASSETS</b>					
Plant In-Service (net of depreciation)	14,789,299	14,122,591	13,550,231	13,153,475	20,560,565
Land	90,000	90,000	90,000	90,000	90,000
Construction Work in Progress	20,229	57,838	665,476	7,824,365	939,917
Cash	3,733,467	4,735,101	6,599,187	6,616,954	7,595,507
Restricted Assets	-	-	3,615,663	589,166	317,566
Other Assets	1,342,572	1,339,389	1,216,385	1,524,898	1,036,361
Total Assets	<u>19,975,567</u>	<u>20,344,919</u>	<u>25,736,942</u>	<u>29,798,858</u>	<u>30,539,916</u>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	0	0	4,569,486	3,840,000	3,705,000
Other Liabilities	1,405,227	1,156,003	1,144,138	1,689,033	1,592,094
Total Liabilities	<u>1,405,227</u>	<u>1,156,003</u>	<u>5,713,624</u>	<u>5,529,033</u>	<u>5,297,094</u>
<b>NET ASSETS</b>	<u>18,570,340</u>	<u>19,188,916</u>	<u>20,023,318</u>	<u>24,269,825</u>	<u>25,242,822</u>
Operating Revenues	2,854,858	3,154,885	3,096,419	3,164,252	3,365,977
Operation and Maintenance	2,492,110	2,434,329	1,708,210	2,454,599	2,194,755
Administrative and General	-	-	-	-	-
Depreciation	899,956	986,619	668,511	666,074	669,102
<b>Operating Income (Loss)</b>	<u>(537,208)</u>	<u>(266,063)</u>	<u>719,698</u>	<u>43,579</u>	<u>502,120</u>
Non-Operating Revenue (Expense)	<u>46,509</u>	<u>155,306</u>	<u>156,844</u>	<u>776,434</u>	<u>375,830</u>
Net Income (Loss) Before Contribution	(490,699)	(110,757)	876,542	820,013	877,949
Capital Contributions	1,690,873	2,549,949	0	3,458,599	122,108
Net Transfers-In (Out)	3,804,600	675,000	(42,141)	(32,105)	(27,060)
Special item - NPO/OPEB write off	-	-	-	-	-
Change in Net Assets	<u>5,004,774</u>	<u>3,114,192</u>	<u>834,401</u>	<u>4,246,507</u>	<u>972,997</u>
Population of City	8,773	8,952	9,084	9,098	9,061
Revenue Bond Coverage	No Harbor Bonds	No Harbor Bonds	No payments of P&I	5.16	5.31

The Borough has not completed its fiscal year 2015 audit as of the date of the preparation of this table.

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

Municipal Financial Position	2011	2012	2013	2014	2015	Average
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$4.30	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Municipal Levy	\$29,058,274	\$30,419,493	\$30,523,497	\$31,730,392	\$31,655,014	\$30,747,334
Current Year's Collections	\$29,630,619	\$29,946,504	\$30,382,636	\$31,282,896	\$31,142,025	\$30,286,894
Current Collection Rate	98.53%	98.45%	98.57%	98.65%	98.29%	98.50%
Total Year's Collections	\$29,047,445	\$30,401,500	\$30,795,605	\$31,868,476	\$31,333,586	\$30,849,724
Total Collection Rate	99.96%	99.94%	99.93%	99.74%	98.69%	99.69%
<b>General Fund</b>						
Total Ending Fund Balance	\$ 21,705,314	\$ 21,486,363	\$ 23,310,983	\$ 24,581,572	\$ 25,158,624	
Unreserved Ending Fund Balance	\$ 21,454,058	\$ 21,285,520	\$ 16,296,148	\$ 15,696,688	\$ 16,244,676	\$19,232,013
Expenditures	\$ 72,463,559	\$ 71,347,969	\$ 72,452,478	\$ 73,376,364	\$ 76,427,617	\$73,533,376
Fund Balance/Expenditures	30%	30%	33%	33%	33%	35%
Total Revenues	\$ 70,799,593	\$ 71,108,637	\$ 74,255,493	\$ 74,945,074	\$ 75,764,253	\$73,974,670
Intergovernmental Revenues	\$ 5,555,331	\$ 9,749,464	\$ 10,592,037	\$ 9,456,456	\$ 13,584,064	\$10,350,073
Percentage Intergovernmental	12%	14%	14%	13%	17%	14%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Revenue Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Revenue Debt	\$ -	\$ -	\$ -	\$ -	\$ -	
General Obligation Debt - Governmental Funds (General Fund only)	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	\$ 41,820,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	\$ 41,820,000	
Total Revenue and General Obligation Debt	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	\$ 41,820,000	
Governmental GO Debt / Assessed Value (mry)	0.53%	0.46%	0.40%	0.65%	0.60%	
Enterprise GO Debt / Assessed Value (mry)	0.00%	0.00%	0.00%	0.00%	0.00%	
Total Revenue and GO Debt / A.V. (mry)	0.53%	0.46%	0.40%	0.65%	0.60%	
General Obligation Debt Per Capita	\$612	\$336	\$173	\$792	\$732	
Total Revenue and GO Debt Per Capita	\$612	\$336	\$173	\$792	\$732	
<b>General Economic and Demographic Data</b>						Annual Growth Rate
Population	33,400	36,369	36,796	36,862	37,147	0.20%
Assessed Value	\$ 6,393,531,000	\$ 6,633,241,000	\$ 6,716,010,000	\$ 6,960,196,000	\$ 6,932,443,000	0.41%
Assessed Value Per Capita	\$ 115,407	\$ 117,675	\$ 118,551	\$ 122,405	\$ 121,309	
Top 10 Tax Payers as a % of Total Assessed Value	15.23%	14.35%	16.13%	17.05%	17.05%	

(\*) 2013, 2014 and 2015 Unreserved Fund Balance is Net of Note Payable to the City of Homer in the amount of \$41,333,485, \$5,844,537 and \$6,944,537 respectively for installation of natural gas to community, incurred by assessments on all benefited properties.

**Central Peninsula General Hospital  
FINANCIAL SUMMARY**

	2011	2012	2013	2014	2015
<b>ASSETS</b>					
Capital Assets (net of depreciation)	\$67,842,931	\$64,853,893	\$69,429,959	\$71,387,990	\$93,151,047
Cash	21,700,302	27,803,487	35,197,813	35,508,443	37,638,411
Cash held for Plant Replacement	10,097,241	11,421,461	11,322,729	16,447,887	18,838,950
Restricted Assets	3,584,121	633,493	500,000	4,693,402	5,069,037
Unspent bond proceeds				31,275,450	18,468,485
Other Assets	19,105,718	29,383,574	29,863,006	32,652,905	38,942,891
<b>Total Assets</b>	<u>122,330,313</u>	<u>134,095,908</u>	<u>146,313,507</u>	<u>191,966,077</u>	<u>212,108,821</u>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	-	-	-	32,490,000	33,890,000
GO Bonds Payable	35,990,000	32,255,000	30,130,000	27,905,000	25,670,000
Other Liabilities	10,965,610	18,041,771	18,176,258	20,336,761	24,137,535
<b>Total Liabilities</b>	<u>46,955,610</u>	<u>50,296,771</u>	<u>48,306,258</u>	<u>80,731,761</u>	<u>83,697,535</u>
<b>NET ASSETS</b>	<u>75,374,703</u>	<u>83,799,137</u>	<u>98,007,249</u>	<u>111,234,316</u>	<u>128,411,286</u>
Operating Revenues	101,279,075	116,849,605	123,951,269	126,713,712	144,009,555
Operating Expenses	86,771,449	99,255,770	102,247,165	104,364,018	117,067,440
Depreciation	8,056,595	8,004,562	7,959,305	8,066,688	8,471,959
<b>Operating Income (Loss)</b>	<u>6,451,031</u>	<u>9,589,273</u>	<u>13,744,799</u>	<u>14,283,006</u>	<u>18,470,156</u>
Non-Operating Revenue (Expense)	<u>(1,105,595)</u>	<u>(808,253)</u>	<u>(1,541,557)</u>	<u>(1,070,583)</u>	<u>(1,300,456)</u>
Net Income (Loss) Before Contribution	5,345,436	8,781,020	12,203,142	13,212,423	17,169,710
Capital Contributions	212,945	52,843	2,004,970	14,644	7,250
<b>Change in Net Position</b>	<u>5,558,381</u>	<u>8,833,863</u>	<u>14,208,112</u>	<u>13,227,067</u>	<u>17,176,970</u>

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

<b>Municipal Financial Position</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>Average</b>
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$10.51	\$10.55	\$10.55	\$10.66	\$10.76	\$10.61
Municipal Levy	\$40,739,944	\$41,751,673	\$44,252,019	\$45,108,992	\$45,852,292	\$43,540,984
Current Year's Collections	\$40,329,083	\$41,431,682	\$43,987,108	\$44,818,184	\$45,548,172	\$43,222,846
Current Collection Rate	98.99%	99.23%	99.40%	99.36%	99.34%	99.26%
Total Year's Collections	\$40,728,566	\$41,721,795	\$44,200,111	\$45,017,746	\$45,548,172	\$43,443,278
Total Collection Rate	99.97%	99.93%	99.88%	99.80%	99.34%	99.78%
<b>General Fund</b>						
Unassigned Plus Emergency Operating Res (GASB#54)	\$ 1,729,385	\$ 3,484,161	\$ 7,494,734	\$ 17,285,667	\$ 20,272,312	\$ 10,053,252
Expenditures	\$ 50,540,314	\$ 51,283,781	\$ 84,553,473	\$ 86,380,150	\$ 94,808,876	\$ 73,513,319
Fund Balance/Expenditures	3.42%	6.79%	8.86%	20.01%	21.38%	12.09%
Total Revenues	\$ 66,008,466	\$ 50,036,584	\$ 88,778,005	\$ 97,936,255	\$ 98,018,608	\$ 80,155,584
Intergovernmental Revenues	\$ 14,313,000	\$ 15,464,700	\$ 30,635,700	\$ 41,429,692	\$ 32,072,000	\$ 26,783,018
Percentage Intergovernmental	22%	31%	35%	42%	33%	32.42%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 45,208,341	\$ 43,679,682	\$ 41,906,067	\$ 40,090,908	\$ 38,436,443	
Revenue Debt - Governmental Funds	\$ 3,599,575	\$ 2,861,747	\$ 2,091,457	\$ 6,807,086	\$ 26,972,320	
General Obligation Debt - Governmental Funds	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	\$ 122,068,000	\$ 115,314,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	\$ 122,068,000	\$ 115,314,000	
Total Revenue and General Obligation Debt	\$ 197,108,916	\$ 179,987,429	\$ 175,382,524	\$ 168,965,994	\$ 180,722,763	
Governmental GO Debt/Taxable Assessed Value	3.72%	3.28%	3.07%	2.79%	2.57%	
Total Revenue and GO Debt/A.V.	4.94%	4.42%	4.10%	3.86%	4.03%	
General Obligation Debt Per Capita	\$4,742	\$4,113	\$4,023	\$3,696	\$3,492	
Total Revenue and GO Debt Per Capita	\$6,302	\$5,548	\$5,370	\$5,116	\$5,472	
<b>General Economic and Demographic Data</b>						
Population	31,275	32,441	32,660	33,030	33,026	-0.01%
Taxable Assessed Value	\$ 3,989,344,944	\$ 4,071,713,732	\$ 4,275,067,217	\$ 4,379,714,933	\$ 4,484,327,332	2.39%
Assessed Value Per Capita	\$ 127,557	\$ 125,511	\$ 130,896	\$ 132,598	\$ 135,782	
Top 10 Tax Payers as a % of Assessed Value	13.78%	13.73%	13.82%	13.61%	13.61%	

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>ASSETS</b>					
Plant In-Service (net of depreciation)	\$13,827,335	\$12,844,129	\$11,875,368	\$14,325,870	\$17,517,553
Construction Work in Progress	29,889,294	33,499,769	42,397,974	40,419,697	50,214,768
Cash	4,728,522	4,660,755	3,466,374	4,030,992	3,975,676
Restricted Assets	10,702,703	11,196,479	10,946,328	10,554,614	9,581,172
Other Assets	764,741	847,869	543,407	679,907	1,718,645
Total Assets	<u>59,912,595</u>	<u>63,049,001</u>	<u>69,229,451</u>	<u>70,011,080</u>	<u>83,007,814</u>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	9,700,000	9,691,595	9,380,434	9,033,637	9,758,734
Other Liabilities	2,110,290	2,140,909	1,401,365	2,050,500	3,105,738
Total Liabilities	<u>11,810,290</u>	<u>11,832,504</u>	<u>10,781,799</u>	<u>11,084,137</u>	<u>12,864,472</u>
<b>NET ASSETS</b>	<u>48,102,305</u>	<u>51,216,497</u>	<u>58,447,652</u>	<u>58,926,943</u>	<u>70,143,342</u>
Operating Revenues	2,854,858	3,154,885	3,173,272	3,508,430	4,202,862
Operation and Maintenance	2,492,110	2,434,329	2,498,178	2,814,717	3,347,050
Administrative and General	-	-	-	-	-
Depreciation	899,956	986,619	968,761	1,003,707	1,150,701
<b>Operating Income (Loss)</b>	<u>(537,208)</u>	<u>(266,063)</u>	<u>(293,667)</u>	<u>(309,994)</u>	<u>(294,889)</u>
Non-Operating Revenue (Expense)	<u>46,509</u>	<u>155,306</u>	<u>(214,686)</u>	<u>128,433</u>	<u>501,698</u>
Net Income (Loss) Before Contribution	(490,699)	(110,757)	(508,353)	(181,561)	206,809
Capital Contributions	1,690,873	2,549,949	7,392,466	660,852	5,788,674
Net Transfers-In (Out)	3,804,600	675,000	500,000	0	6,224,425
Special item - NPO/OPEB write off	-	-	-	-	-
Change in Net Assets	<u>5,004,774</u>	<u>3,114,192</u>	<u>7,384,113</u>	<u>479,291</u>	<u>12,219,908</u>
Population of City	31,275	32,441	32,660	33,064	33,064
Revenue Bond Coverage	1.19	1.79	1.21	1.67	2.60

<b>CITY AND BOROUGH OF JUNEAU</b>					
<b>PORT DEVELOPMENT SPECIAL REVENUE FUND</b>					
<b>FINANCIAL SUMMARY</b>					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>ASSETS</b>					
Plant In-Service (net of depreciation)					
Construction Work in Progress					
Cash	4,428,233	(208,085)	(252,013)	71,012	2,709,760
Restricted Assets			-	-	-
Other Assets	314,814	269,712	484,639	294,257	408,137
Total Assets	<u>4,743,047</u>	<u>61,627</u>	<u>232,626</u>	<u>365,269</u>	<u>3,117,897</u>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	-	-	-	-	-
Other Liabilities	-	-	151,020	349,585	642,980
Total Liabilities	<u>-</u>	<u>-</u>	<u>151,020</u>	<u>349,585</u>	<u>642,980</u>
<b>NET ASSETS</b>	<u>4,743,047</u>	<u>61,627</u>	<u>81,606</u>	<u>15,684</u>	<u>2,474,917</u>
Operating Revenues	2,557,851	2,634,080	2,825,479	2,864,578	2,868,633
Operation and Maintenance	2,800	5,500	5,500	5,500	5,500
Administrative and General	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Operating Income (Loss)</b>	<u>2,555,051</u>	<u>2,628,580</u>	<u>2,819,979</u>	<u>2,859,078</u>	<u>2,863,133</u>
Non-Operating Revenue (Expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss) Before Contribution	2,555,051	2,628,580	2,819,979	2,859,078	2,863,133
Capital Contributions	-	-	-	-	-
Net Transfers-In (Out)	<u>(1,500,000)</u>	<u>(7,310,000)</u>	<u>(2,800,000)</u>	<u>(2,925,000)</u>	<u>(403,900)</u>
Change in Net Assets	<u>1,055,051</u>	<u>(4,681,420)</u>	<u>19,979</u>	<u>(65,922)</u>	<u>2,459,233</u>
Population of City	31,275	32,441	32,660	33,064	33,064

<b>City and Borough of Juneau</b>					
<b>Conduit Debt</b>					
<b>WILDFLOWER COURT (A not for profit organization)</b>					
<b>FINANCIAL SUMMARY</b>					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>ASSETS</b>					
Plant In-Service	5,674,338	4,909,305	4,620,999	4,734,678	3,771,100
Cash	1,255,867	1,582,128	1,752,043	1,437,085	1,970,693
Restricted Assets	1,735,178	1,707,402	2,170,928	1,489,365	1,450,054
Other Assets	1,312,915	1,399,517	1,444,749	1,786,787	1,267,699
<b>Total Assets</b>	<b>9,978,298</b>	<b>9,598,352</b>	<b>9,988,719</b>	<b>9,447,915</b>	<b>8,459,546</b>
<b>LIABILITIES AND NET ASSETS</b>					
Bond Debt	13,650,000	13,050,000	11,705,000	11,596,229	10,204,712
Other Liabilities	878,190	904,428	2,052,663	1,132,323	996,579
<b>Total Liabilities</b>	<b>14,528,190</b>	<b>13,954,428</b>	<b>13,757,663</b>	<b>12,728,552</b>	<b>11,201,291</b>
<b>NET ASSETS (DEFICIT)</b>	<b>(4,549,892)</b>	<b>(4,356,076)</b>	<b>(3,768,944)</b>	<b>3,280,637</b>	<b>(2,741,745)</b>
Operating Revenues	10,361,609	10,859,195	10,841,324	11,057,791	11,447,862
Operating Expenses	9,802,944	9,894,353	9,594,317	9,666,530	9,961,681
Depreciation	937,147	832,579	780,765	935,669	1,008,253
<b>Operating Income (Loss)</b>	<b>(378,482)</b>	<b>132,263</b>	<b>466,243</b>	<b>455,592</b>	<b>477,928</b>
Non-Operating Revenue (Expense)	27,924	61,553	120,890	32,713	60,964
Change in Net Assets	(350,558)	193,816	587,132	488,305	538,892
<b>Revenue Bond Coverage</b>	<b>1.01</b>	<b>1.33</b>	<b>1.32</b>	<b>1.12</b>	<b>1.10</b>

The Bond Bank has received notification from senior management of Wildflower Court that for calendar year 2013 and 2014 Wildflower Court fell short of the required debt service coverage ratio of 1.15 times. Per section 5.1(b) of the loan agreement between the City and Borough of Juneau and Wildflower Court, Wildflower Court is working with the City and Borough to identify measures to return the facility to compliance with the debt service coverage requirement of the loan agreement. Audited financial statements for Wildflower Court for fiscal year 2015 were not available as of the date of the preparation of this table.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>ASSETS</b>					
Plant In-Service (net of depreciation)	\$72,772,410	\$74,566,327	\$74,002,798	\$69,208,456	\$63,710,212
Construction Work in Progress	6,866,781	6,202,224	2,826,314	228,425	3,647,565
Cash	14,990,308	17,386,169	26,113,833	38,596,921	44,834,531
Restricted Assets	10,160,114	6,549,498	5,490,768	5,327,673	5,327,519
Other Assets	23,011,263	23,462,113	25,230,206	20,528,164	23,810,042
<b>Total Assets</b>	<u>127,800,876</u>	<u>128,166,331</u>	<u>133,663,919</u>	<u>133,889,639</u>	<u>141,329,869</u>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	25,570,000	24,926,795	25,304,679	24,346,618	24,346,618
Other Liabilities	11,391,053	8,999,867	8,829,067	11,033,875	46,306,102
<b>Total Liabilities</b>	<u>36,961,053</u>	<u>33,926,662</u>	<u>34,133,746</u>	<u>35,380,493</u>	<u>70,652,720</u>
<b>NET ASSETS</b>	<u>90,839,823</u>	<u>94,239,669</u>	<u>99,530,173</u>	<u>98,509,146</u>	<u>70,677,149</u>
Operating Revenues	90,680,836	95,026,373	84,250,207	80,198,274	90,281,184
Operation and Maintenance	83,883,389	89,411,913	76,967,444	78,820,476	92,676,249
Administrative and General	-	-	-	-	-
Depreciation	6,552,177	7,145,290	7,001,295	7,086,559	6,815,728
<b>Operating Income (Loss)</b>	<u>245,270</u>	<u>(1,530,830)</u>	<u>281,468</u>	<u>(5,708,761)</u>	<u>(9,210,793)</u>
Non-Operating Revenue (Expense)	<u>1,579,634</u>	<u>3,306,366</u>	<u>4,119,820</u>	<u>3,610,234</u>	<u>14,405,416</u>
<b>Net Income (Loss) Before Contribution</b>	<u>1,824,904</u>	<u>1,775,536</u>	<u>4,401,288</u>	<u>(2,098,527)</u>	<u>5,194,623</u>
Capital Contributions	89,002	471,910	134,658	0	0
Net Transfers-In (Out)	1,152,600	1,152,400	1,123,000	1,077,500	1,054,500
Special item - NPO/OPEB write off	-	-	-	-	-
<b>Change in Net Assets</b>	<u>3,066,506</u>	<u>3,399,846</u>	<u>5,658,946</u>	<u>(1,021,027)</u>	<u>6,249,123</u>
Population of City	31,275	32,441	32,660	33,064	33,064
Revenue Bond Coverage	3.63	3.00	7.34	2.50	8.97

**CITY OF KETCHIKAN  
GENERAL OBLIGATION FINANCIAL SUMMARY**

Municipal Financial Position	2010	2011	2012	2013	2014	Average
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$6.10	\$6.20	\$6.30	\$6.50	\$6.70	\$6.38
Municipal Levy	\$4,349,639	\$4,621,143	\$4,648,133	\$5,344,326	\$5,399,696	\$4,912,635.40
Current Year's Collections	\$4,333,376	\$4,563,367	\$4,590,563	\$5,276,610	\$5,295,157	\$4,810,271.50
Current Collection Rate	95.68%	97.79%	98.76%	98.73%	98.07%	95.01%
Total Year's Collections	\$4,513,846	\$4,631,130	\$4,648,117	\$5,334,950	\$5,295,157	\$4,831,112.00
Total Collection Rate	99.26%	100.00%	100.00%	98.64%	98.07%	99.59%
<b>General Fund</b>						
Unreserved Ending Fund Balance	\$ 4,189,700	\$ 3,271,396	\$ 2,066,320	\$ 3,350,096	\$ 3,723,002	\$3,425,111.00
Expenditures	\$ 20,062,620	\$ 21,076,520	\$ 23,537,464	\$ 23,835,093	\$ 24,760,637	\$23,134,109.20
Fund Balance/Expenditures	10%	16%	10%	11%	15%	15%
Total Revenues	\$ 21,833,269	\$ 22,403,147	\$ 25,616,647	\$ 25,187,902	\$ 24,277,237	\$23,834,220.40
Inter-governmental Revenues	\$ 1,734,780	\$ 1,637,013	\$ 1,669,403	\$ 1,739,311	\$ 2,793,500	\$1,999,307.20
Percentage Inter-governmental	8%	8%	8%	8%	11%	9%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 76,993,549	\$ 84,823,636	\$ 72,023,461	\$ 64,173,034	\$ 61,202,317	
Revenue Debt - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
General Obligation Debt - Governmental Funds	\$ 12,280,263	\$ 11,452,325	\$ 13,726,082	\$ 14,385,682	\$ 39,441,443	
General Obligation Debt - Enterprise Funds	\$ 4,942,967	\$ 5,100,372	\$ 5,066,443	\$ 2,763,766	\$ 2,711,970	
Total General Obligation Debt	\$ 17,223,530	\$ 16,552,957	\$ 20,792,477	\$ 17,260,458	\$ 63,155,113	
Total Revenue and General Obligation Debt	\$ 74,219,379	\$ 71,381,166	\$ 72,760,335	\$ 61,462,312	\$ 123,433,532	
Governmental GO Debt / Assessed Value (mry)	1.53%	1.48%	1.59%	1.70%	6.83%	
Enterprise GO Debt / Assessed Value (mry)	0.03%	0.04%	0.04%	0.33%	0.31%	
Total General Obligation Debt / A.V. (mry)	2.15%	2.07%	2.96%	3.02%	7.19%	
Total Revenue and GO Debt / A.V. (mry)	0.25%	0.31%	0.10%	0.50%	11.17%	
General Obligation Debt Per Capita	\$2,140	\$2,083	\$3,301	\$2,051	\$7,476	
Total Revenue and GO Debt Per Capita	\$9,320	\$8,762	\$8,776	\$7,602	\$14,549	
<b>General Economic and Demographic Data</b>						
	2010	2011	2012	2013	2014	Annual Growth Rate
Population	8,050	8,142	8,291	8,313	8,314	
Assessed Value	\$ 600,947,400	\$ 601,175,000	\$ 603,516,900	\$ 657,369,200	\$ 669,327,200	
Assessed Value Per Capita	\$ 74,652	\$ 73,830	\$ 72,812	\$ 79,119	\$ 80,622	
Top 10 Tax Payers as a % of Total Assessed Value	10.57%	10.39%	10.42%	11.92%	12.75%	

(mry): most recent year

**CITY OF KETCHIKAN  
KETCHIKAN PUBLIC UTILITIES ENTERPRISE FUND  
FINANCIAL SUMMARY**

	2010	2011	2012	2013	2014
<b>ASSETS</b>					
Utility Plan In-Service	\$67,177,929	\$68,018,328	\$81,015,323	\$78,096,601	\$112,951,731
Construction Work in Progress	14,788,563	17,131,918	8,123,495	30,908,014	3,621,229
Cash	12,566,005	13,845,368	16,767,889	20,646,326	16,778,078
Restricted Assets	3,050,592	2,963,566	2,695,085	2,901,348	2,986,460
Deferred Outflow of Resources			211,296	129,454	61,284
Other Assets	12,118,366	11,991,790	8,757,265	10,440,600	9,286,515
<b>Total Assets</b>	<b>109,701,451</b>	<b>114,950,970</b>	<b>117,570,353</b>	<b>143,122,343</b>	<b>145,085,297</b>
<b>LIABILITIES</b>					
Revenue Bonds Payable	20,185,976	18,834,880	16,568,259	27,900,602	26,021,342
Other Liabilities	4,030,471	4,896,481	5,477,437	12,423,329	10,435,740
<b>Total Liabilities</b>	<b>24,216,447</b>	<b>23,731,361</b>	<b>22,045,696</b>	<b>40,323,931</b>	<b>36,457,082</b>
<b>NET POSITION</b>					
	<b>85,485,004</b>	<b>91,219,609</b>	<b>95,524,657</b>	<b>102,798,412</b>	<b>108,628,215</b>
Operating Revenues	32,975,154	34,172,941	34,802,748	37,717,315	36,986,917
Operation and Maintenance	19,060,639	19,997,855	21,992,642	25,687,131	23,307,990
Administrative and General	5,603,405	6,097,427	5,411,608	5,426,532	5,754,985
Depreciation	5,932,099	5,892,449	6,872,757	6,264,041	6,908,978
Payment in Lieu of Taxes					
<b>Operating Income (Loss)</b>	<b>2,379,011</b>	<b>2,185,210</b>	<b>825,731</b>	<b>339,611</b>	<b>14,964</b>
Non-Operating Revenue (Expense)	(479,652)	(363,607)	(386,002)	(568,671)	(553,272)
<b>Net Income (Loss) Before Contribution</b>	<b>1,899,359</b>	<b>1,821,603</b>	<b>439,729</b>	<b>(229,060)</b>	<b>(538,308)</b>
Contributions	3,818,051	4,641,002	5,016,767	8,288,815	7,154,111
Special Item					
Transfer of Net Assets - Swan Lake -Lake Tyee Interie Project					
Transfer - Payment in Lieu of Taxes **	(728,000)	(728,000)	(728,000)	(786,000)	(786,000)
<b>Change in Net Assets</b>	<b>4,989,410</b>	<b>5,734,605</b>	<b>4,428,495</b>	<b>7,273,755</b>	<b>5,829,803</b>
Population of Service Area	13,477	13,686	13,750	13,938	13,856
Population of City	8,050	8,142	8,291	8,313	8,314
# of Electric Customers	7,418	7,443	7,518	7,514	7,606
# of Telephone Access Lines	7,103	7,057	6,434	6,083	5,853
# of Water Customers	3,233	3,247	3,243	3,244	3,162
Revenue Bond Coverage	2.91	2.83	2.50	3.02	2.85

\* Water is only provided within the City

\*\* Change in accounting standards payment in lieu of tax must be reported as a transfer

† The figures for 2012 were restated due to the implementation of GASB Statement No. 65.

**CITY OF KETCHIKAN  
PORT FINANCIAL SUMMARY**

	2010	2011	2012	2013	2014
<b>ASSETS</b>					
Cash	\$4,364,226	\$2,373,808	\$2,285,517	2,900,167	5,504,277
Port Facilities (net)	43,642,947	42,020,640	47,766,776	53,490,542	54,312,543
Construction Work In Progress	1,116,792	5,531,746	5,066,048	5,449,151	200,947
Restricted Assets	5,307,521	5,623,924	6,082,097	6,595,730	8,724,101
Other Assets	1,281,312	3,670,192	4,236,551	6,840,133	4,094,040
<b>Total Assets</b>	<b>55,712,788</b>	<b>59,220,310</b>	<b>65,436,989</b>	<b>75,275,723</b>	<b>72,835,908</b>
<b>LIABILITIES</b>					
General Obligation Bonds Payable	795,000	540,000	270,000	0	0
Revenue Bonds Payable	35,830,000	35,090,000	34,315,000	33,505,000	32,660,000
Other Liabilities	3,134,814	2,847,180	1,072,313	1,699,380	1,699,380
<b>Total Liabilities</b>	<b>39,759,814</b>	<b>38,477,180</b>	<b>35,657,313</b>	<b>35,204,380</b>	<b>33,520,042</b>
<b>NET POSITION</b>					
	<b>15,952,974</b>	<b>20,743,130</b>	<b>29,779,676</b>	<b>40,071,343</b>	<b>39,315,866</b>
Operating Revenues	8,000,492	7,986,404	8,592,255	9,145,920	8,578,059
Operation and Maintenance	5,319,252	3,957,909	3,888,525	4,416,473	4,561,103
Depreciation	1,446,527	1,401,754	1,359,513	1,636,863	1,587,293
Property Taxes	167,219	152,762	142,575	165,527	165,412
<b>Operating Income (Loss)</b>	<b>1,067,494</b>	<b>2,473,979</b>	<b>3,201,642</b>	<b>2,926,957</b>	<b>2,264,291</b>
<b>Non-Operating Revenue (Expense)</b>	<b>(1,903,421)</b>	<b>(2,043,804)</b>	<b>223,562</b>	<b>(312,634)</b>	<b>(2,089,717)</b>
<b>Net Income (Loss) Before Contributi</b>	<b>(835,927)</b>	<b>430,175</b>	<b>3,425,204</b>	<b>2,014,323</b>	<b>174,574</b>
Contributions and Capital Grants	518,944	4,654,961	6,214,416	3,675,543	4,407,753
Transfers	-	-	(8,178)	(80,199)	(5,018,804)
Transfer - Payment in Lieu of Taxes	(295,000)	(295,000)	(295,000)	(319,000)	(319,000)
<b>Change in Net Position</b>	<b>(611,983)</b>	<b>4,790,156</b>	<b>9,336,442</b>	<b>10,291,667</b>	<b>(755,477)</b>
1.25 x Annual Debt Service	2.00	2.24	3.36	3.03	2.32
1.0 x Annual Debt Service/Reserves Account/Repair and Replacement Fund/KDC Lease Payments for Berth IV	0.99	1.16	1.67	1.42	1.09
<b>* Unaudited</b>					
# of Ships	26	28	34	31	37
# of Calls/Stops	429	426	467	456	468
# of Water Passengers	820,914	830,547	885,799	938,124	877,589

\* Reflects statistical information provided by the Ketchikan Visitors Bureau

<sup>1</sup> The figures for 2012 were restated due to the implementation of GASB Statement No. 65.

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**APPENDIX E**

Financial Statements of the  
Alaska Municipal Bond Bank  
for the Year Ended June 30, 2015

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

Financial Statements

For the Year Ended June 30, 2015

Together with Independent Auditor's Report Thereon

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

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# ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

## *Management's Discussion and Analysis*

Year Ended June 30, 2015

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

This financial report has two integral parts: this MD&A and the financial statements with the accompanying notes that follow. Together, they present the Alaska Municipal Bond Bank Authority's (Bond Bank) financial performance during the fiscal year ended June 30, 2015. Summarized prior fiscal year information is shown within this MD&A, as needed, for comparative purposes.

### **Required Financial Statements**

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

### **Financial Highlights**

During fiscal year 2015, the Bond Bank entered into 11 municipal loan agreements for construction projects in 7 communities. The Bond Bank issued \$175.6 million in bonds and had one \$3.2 million direct loan, which resulted in \$81.9 million in loans to communities for new capital projects, and included \$118.0 million used to refinance 25 community loans for savings. Bond Bank bond activity in fiscal year 2015 resulted in present value savings of approximately \$17.1 million to the borrowing communities. In comparison, the Bond Bank's activity level in fiscal year 2014 was an issuance of \$178.5 million, resulting in \$191.4 million in loans to communities for capital projects. During fiscal year 2014 the Bond Bank entered into 9 municipal loan agreements for new capital projects in 7 communities. The Bond Bank's community benefit for fiscal year 2014 was present value savings of approximately \$12.7 million to the borrowing communities.

### **Statement of Net Position**

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

#### **Assets**

Assets represent 1) The value of the Bond Bank's investments and investment income receivable on the financial statement dates, recorded at fair market value, and 2) Bond principal and interest payments receivable from municipalities. The investments generate income for the Bond Bank, used to meet reserve requirements and pay operating costs. Historically excess operating account earnings were transferred to the State of Alaska's (State) general fund each year. The fiscal year ending June 30, 2015 marked the eighth consecutive year that the State operating budget has appropriated any excess earnings of the operating account to the Bond Bank's reserve fund (HB 72, Sec. 25). Interest received on bonds purchased from municipalities is used to pay the Bond Bank's corresponding interest payments on the bonds that it has issued.

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

*Management's Discussion and Analysis*

Year Ended June 30, 2015

**Liabilities**

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

**Restricted and Unrestricted Net Position**

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

The following table shows the value of Bond Bank assets summarized as of June 30, 2015 and 2014, as well as liabilities and net position:

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease) Dollars	Percent
<b>Assets:</b>				
Cash and investments	\$ 72,860,616	\$ 77,969,569	\$ (5,108,953)	-6.55%
Bonds and bond interest receivable	940,576,872	915,839,560	24,737,312	2.70%
Other receivables	75,991	-	75,991	100.00%
<b>Total assets</b>	<b>1,013,513,479</b>	<b>993,809,129</b>	<b>19,704,350</b>	<b>1.98%</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	3,352,177	3,318,954	33,223	1.00%
Bonds and bond interest payable	954,000,573	933,926,183	20,074,390	2.15%
<b>Total liabilities</b>	<b>957,352,750</b>	<b>937,245,137</b>	<b>20,107,613</b>	<b>2.15%</b>
<b>Net Position:</b>				
Restricted	37,473,539	40,270,255	(2,796,716)	-6.94%
Unrestricted	18,687,190	16,293,737	2,393,453	14.69%
<b>Total net position</b>	<b>\$ 56,160,729</b>	<b>\$ 56,563,992</b>	<b>\$ (403,263)</b>	<b>-0.71%</b>

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

The increase in bonds and bond interest receivable, as well as in bonds and bond interest payable, reflects the issuance of approximately \$175.6 million in new bonds during the year, net of principal payments on bonds previously issued of approximately \$53.1 million. \$81.9 million in new bonds and loans during the year were lent to communities for projects, and \$118.0 million in new bonds were used to refinance community loans for savings. Included in the totals above is a short-term direct loan to the Kenai Peninsula Borough in the amount of \$3.2 million.

**ALASKA MUNICIPAL BOND BANK AUTHORITY**

(a Component Unit of the State of Alaska)

*Management's Discussion and Analysis*

Year Ended June 30, 2015

**Statement of Activities**

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

Revenues

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

Expenses

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

The following is a condensed statement of the Bond Banks' changes in net position as of June 30, 2015, and 2014:

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease) Dollars	Percent
Revenues:				
Interest income on bonds receivable	\$ 44,121,701	\$ 34,752,725	\$ 9,368,976	26.96%
Investment earnings	1,141,876	859,892	281,984	32.79%
Total income	45,263,577	35,612,617	9,650,960	27.10%
Expenses:				
Interest expense on bonds payable	44,962,647	35,606,432	9,356,215	26.28%
Operating expenses	704,193	841,091	(136,898)	-16.28%
Total expenses	45,666,840	36,447,523	9,219,317	25.29%
Change in net position	(403,263)	(834,906)	431,643	51.70%
Net position, beginning of period	56,563,992	57,398,898	(834,906)	-1.45%
Net position, end of period	\$ 56,160,729	\$ 56,563,992	\$ (403,263)	-0.71%

Interest income and expense on bonds receivable and payable are a function of the total amount of bonds outstanding, the age of the bonds and the interest rates at which they are issued. The increases in both of these line items of \$9.4 million (interest income) and \$9.4 million (interest expense) are consistent with the increase in bond receivable and payable balances, respectively.

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

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

*Management's Discussion and Analysis*

Year Ended June 30, 2015

**Governmental Funds**

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

The following tables show governmental funds' condensed balance sheets and statements of revenues, expenditures and changes in fund balances as of June 30, 2015, and 2014.

**General Fund**

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Dollars	Percent
<b>Assets:</b>				
Cash, investments and related accrued interest	\$ 14,599,556	\$ 17,775,612	\$ (3,176,056)	-17.87%
Bonds and bond interest receivable	4,922,414	1,836,923	3,085,491	167.97%
Interfund receivable	4,647,774	3,363,749	1,284,025	38.17%
<b>Total assets</b>	<b>24,169,744</b>	<b>22,976,284</b>	<b>1,193,460</b>	<b>5.19%</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	257,400	187,848	69,552	37.03%
<b>Fund Balance:</b>				
Restricted for debt service	4,956,430	4,956,430	-	0.00%
Unassigned	18,955,914	17,832,006	1,123,908	6.30%
<b>Total fund balance</b>	<b>23,912,344</b>	<b>22,788,436</b>	<b>1,123,908</b>	<b>4.93%</b>
<b>Total liabilities and fund balance</b>	<b>\$ 24,169,744</b>	<b>\$ 22,976,284</b>	<b>\$ 1,193,460</b>	<b>5.19%</b>

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

*Management's Discussion and Analysis*

Year Ended June 30, 2015

**Debt Service Fund**

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease)	
			Dollars	Percent
<b>Assets:</b>				
Cash, investments and related accrued interest	\$ 58,261,060	\$ 60,193,957	\$ (1,932,897)	-3.21%
Bonds and bond interest receivable	935,654,458	914,002,637	21,651,821	2.37%
Other receivables	75,991	-	75,991	100.00%
<b>Total assets</b>	<b>993,991,509</b>	<b>974,196,594</b>	<b>19,794,915</b>	<b>2.03%</b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	3,094,777	3,131,106	(36,329)	-1.16%
Interfund payables	4,647,774	3,363,749	1,284,025	38.17%
<b>Total liabilities</b>	<b>7,742,551</b>	<b>6,494,855</b>	<b>1,247,696</b>	<b>19.21%</b>
<b>Fund Balance:</b>				
Restricted for debt service	986,248,958	967,701,739	18,547,219	1.92%
<b>Total liabilities and fund balance</b>	<b>\$ 993,991,509</b>	<b>\$ 974,196,594</b>	<b>\$ 19,794,915</b>	<b>2.03%</b>

**General Fund**

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease)	
			Dollars	Percent
<b>Revenues:</b>				
Interest income	\$ 306,561	\$ 281,398	\$ 25,163	8.94%
<b>Expenditures:</b>				
Operating expenses	704,193	841,091	(136,898)	-16.28%
Excess (deficiency) of revenues over expenditures	(397,632)	(559,693)	162,061	28.96%
Other financing sources (uses) - transfers	1,521,540	(5,185,772)	6,707,312	129.34%
Excess (deficiency) of revenues and transfers over expenditures	1,123,908	(5,745,465)	6,869,373	119.56%
Fund balance, beginning of period	22,788,436	28,533,901	(5,745,465)	-20.14%
<b>Fund balance, end of period</b>	<b>\$ 23,912,344</b>	<b>\$ 22,788,436</b>	<b>\$ 1,123,908</b>	<b>4.93%</b>

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

*Management's Discussion and Analysis*

Year Ended June 30, 2015

**Debt Service Fund**

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Dollars	Percent
<b>Revenues:</b>				
Interest income on bonds receivable	\$ 44,099,543	\$ 34,732,354	\$ 9,367,189	26.97%
Investment earnings	857,473	598,865	258,608	43.18%
<b>Total revenues</b>	<b>44,957,016</b>	<b>35,331,219</b>	<b>9,625,797</b>	<b>27.24%</b>
<b>Expenditures:</b>				
Interest payments	42,333,257	35,947,564	6,385,693	17.76%
Principal payments	53,070,000	56,605,000	(3,535,000)	-6.25%
<b>Total expenditures</b>	<b>95,403,257</b>	<b>92,552,564</b>	<b>2,850,693</b>	<b>3.08%</b>
Excess (deficiency) of revenues over expenditures	(50,446,241)	(57,221,345)	6,775,104	11.84%
<b>Other financing sources (uses):</b>				
Bond proceeds	175,555,000	178,525,000	(2,970,000)	-1.66%
Payments to Bond Escrow Agent	(105,040,000)	-	(105,040,000)	-100.00%
Transfers	(1,521,540)	5,185,772	(6,707,312)	-129.34%
<b>Total other financing sources (uses):</b>	<b>68,993,460</b>	<b>183,710,772</b>	<b>(114,717,312)</b>	<b>-62.44%</b>
Excess of revenues and transfers over expenditures	18,547,219	126,489,427	(107,942,208)	-85.34%
Fund balance, beginning of period as previously reported	967,701,739	851,793,807	115,907,932	13.61%
Removal of conduit debt obligations	-	(10,581,495)	10,581,495	100.00%
Fund balance, beginning of period as restated	967,701,739	841,212,312	126,489,427	15.04%
Fund balance, end of period	\$ 986,248,958	\$ 967,701,739	\$ 18,547,219	1.92%

Long-term Debt

At June 30, 2015 the Bond Bank had \$940,920,000 of bonds and notes outstanding, up 1.9% from \$923,475,000 at June 30, 2014. This excludes conduit debt obligations of the Coastal Energy Loan Program. Payment of principal and interest on the Bond Bank's Coastal Energy Bond is not secured by a pledge of any amounts held by or payable to the Bond Bank under the General Bond Resolution, including the Reserve Account, and is not in any way a debt or liability of the Bond Bank and accordingly, are not included in the basic financial statements. Please see note (7), to the financial statements.

As discussed in the previous sections, net increase in 2015 long term debt balances is due to new bond issuances for loans to communities.

## ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

### *Management's Discussion and Analysis*

Year Ended June 30, 2015

AS 44.85.180(c) was originally enacted in 1975, limiting the Bond Bank outstanding bonds at any time to \$150 million. This Statute has been periodically amended to raise the limit, and modify the definition of authorized borrowers. At the beginning of fiscal year 2015, the limit was \$1.5875 billion.

During fiscal year 2015, the legislature passed, and the Governor signed into law a bill to authorize the Authority to make loans to Joint Action Agencies and Regional Health Organizations, effective May 26, 2015. Joint Action Agency lending is now part of the main political subdivision program. Regional Health Organization lending is limited to no more than \$205 million in total, no more than 49% of any single project where the other 51% of the project's funding is in place, and not more than \$102.5 million for any single project. With this legislation, the total debt limit as of June 30, 2015 was \$1.7925 billion, comprised of \$1.5 billion in authority for political subdivisions, \$87.5 million for the University of Alaska, and \$205 million for Regional Health Organizations. Total Bond Bank bonds and notes outstanding as of June 30, 2015 was approximately \$940.9 million. The limit on additional bond issuance as of June 30, 2015 was approximately \$851.6 million, of which \$559.1 million of authority was available for the main political subdivision program, \$87.5 million has been specifically designated to the University of Alaska, and \$205 million has been specifically designated to Regional Health Organizations.

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

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease)	
			Dollars	Percent
GO bonds payable	\$ 940,920,000	\$ 919,090,000	\$ 21,830,000	2.38%
Revenue bonds payable	-	4,385,000	(4,385,000)	-100.00%
	<u>\$ 940,920,000</u>	<u>\$ 923,475,000</u>	<u>\$ 17,445,000</u>	<u>1.89%</u>

### **Contacting the Bond Bank's Financial Management**

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Bond Bank's finances and to demonstrate the Bond Bank's accountability of its assets. If you have any questions about this report or need additional financial information, contact the Finance Director or the Executive Director of the Bond Bank at (907) 465-2893 or (907) 465-3750 respectively.



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

3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report**

Board of Directors  
Alaska Municipal Bond Bank Authority  
Juneau, Alaska

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alaska Municipal Bond Bank Authority (the Authority), a component unit of the State of Alaska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Alaska Municipal Bond Bank Authority, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

*BDO USA, LLP*

September 30, 2015  
Anchorage, Alaska

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

Statement of Net Position and  
Governmental Funds Balance Sheets

June 30, 2015

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 922,551	\$ 4,753,632	\$ 5,676,183	\$ -	\$ 5,676,183
Investments, at fair value (note 4)	13,672,353	53,341,867	67,014,220	-	67,014,220
Accrued interest receivable:					
Bonds receivable	46,184	12,879,458	12,925,642	-	12,925,642
Investment securities	4,652	165,561	170,213	-	170,213
Bonds receivable (note 5)	4,876,230	922,775,000	927,651,230	-	927,651,230
Other receivables	-	75,991	75,991	-	75,991
Interfund receivables	4,647,774	-	4,647,774	(4,647,774)	-
Total assets	<u>\$ 24,169,744</u>	<u>\$ 993,991,509</u>	<u>\$ 1,018,161,253</u>	<u>(4,647,774)</u>	<u>1,013,513,479</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 45,819	\$ -	\$ 45,819	-	45,819
Due to Primary Government	211,581	-	211,581	-	211,581
Principal and interest payments received in advance	-	3,094,777	3,094,777	-	3,094,777
Accrued interest payable	-	-	-	13,080,573	13,080,573
Interfund payables	-	4,647,774	4,647,774	(4,647,774)	-
Long-term liabilities (note 6):					
Portion due or payable within one year:					
General obligation bonds payable	-	-	-	56,455,000	56,455,000
Portion due or payable after one year:					
General obligation bonds payable	-	-	-	884,465,000	884,465,000
Total liabilities	<u>257,400</u>	<u>7,742,551</u>	<u>7,999,951</u>	<u>949,352,799</u>	<u>957,352,750</u>
<b>FUND BALANCES/NET POSITION</b>					
Fund balances:					
Restricted (note 2)	4,956,430	986,248,958	991,205,388	(991,205,388)	-
Unassigned	18,955,914	-	18,955,914	(18,955,914)	-
Total fund balances	<u>23,912,344</u>	<u>986,248,958</u>	<u>1,010,161,302</u>	<u>(1,010,161,302)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 24,169,744</u>	<u>\$ 993,991,509</u>	<u>\$ 1,018,161,253</u>		
Net position:					
Restricted (note 2)				37,473,539	37,473,539
Unrestricted				18,687,190	18,687,190
Total net position				<u>\$ 56,160,729</u>	<u>\$ 56,160,729</u>

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

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

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

For the Year Ended June 30, 2015

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues:					
Investment earnings	\$ 284,403	\$ 857,473	\$ 1,141,876	\$ -	\$ 1,141,876
Interest income on bonds receivable	22,158	44,099,543	44,121,701	-	44,121,701
Total revenues	<u>306,561</u>	<u>44,957,016</u>	<u>45,263,577</u>	<u>-</u>	<u>45,263,577</u>
Expenditures / expenses:					
Debt service:					
Principal payments	-	53,070,000	53,070,000	(53,070,000)	-
Interest payments / expense	-	42,333,257	42,333,257	2,629,390	44,962,647
Professional services	485,784	-	485,784	-	485,784
Personal services	175,489	-	175,489	-	175,489
Administrative travel	36,720	-	36,720	-	36,720
Office expense	6,200	-	6,200	-	6,200
Total expenditures / expenses	<u>704,193</u>	<u>95,403,257</u>	<u>96,107,450</u>	<u>(50,440,610)</u>	<u>45,666,840</u>
Excess (deficiency) of revenues over expenditures / expenses	<u>(397,632)</u>	<u>(50,446,241)</u>	<u>(50,843,873)</u>	<u>50,440,610</u>	<u>(403,263)</u>
Other financing sources / (uses):					
Proceeds from bond refunding	-	175,555,000	175,555,000	(175,555,000)	-
Payments to refunded bond escrow agent	-	(105,040,000)	(105,040,000)	105,040,000	-
Transfers to/from Custodial Fund	1,428,076	(1,428,076)	-	-	-
Transfers - internal activities	93,464	(93,464)	-	-	-
Total other financing sources / (uses)	<u>1,521,540</u>	<u>68,993,460</u>	<u>70,515,000</u>	<u>(70,515,000)</u>	<u>-</u>
Net change in fund balance / net position	<u>1,123,908</u>	<u>18,547,219</u>	<u>19,671,127</u>	<u>(20,074,390)</u>	<u>(403,263)</u>
Fund balances / net position:					
Beginning of the year	<u>22,788,436</u>	<u>967,701,739</u>	<u>990,490,175</u>	<u>(933,926,183)</u>	<u>56,563,992</u>
End of the year	<u>\$ 23,912,344</u>	<u>\$ 986,248,958</u>	<u>\$ 1,010,161,302</u>	<u>\$ (954,000,573)</u>	<u>\$ 56,160,729</u>

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

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

Notes to Financial Statements

For the Year Ended June 30, 2015

**(1) History/Reporting Entity**

The Alaska Municipal Bond Bank Authority (Authority or Bond Bank) was created pursuant to Alaska Statute, Chapter 85, Title 44, as amended, (Act) as a public corporation and instrumentality of the State of Alaska (State), but with a legal existence independent of and separate from the State. The Authority is a discretely presented component unit of the State of Alaska for purposes of financial reporting. The Authority commenced operations in August 1975.

The Authority was created for the purpose of making monies available to authorized borrowers within the State to finance capital projects primarily through the issuance of bonds by the Authority. Bond proceeds are then used to purchase, from authorized borrowers general obligation and revenue bonds.

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

AS 44.85.180(c) was originally enacted in 1975, limiting Bond Bank outstanding bonds at any time to \$150 million. This Statute has been periodically amended to raise the limit, and modify the definition of authorized borrowers. At the beginning of fiscal year 2015, the limit was \$1.5875 billion.

During fiscal year 2015, the legislature passed, and the Governor signed into law a bill to authorize the Authority to make loans to Joint Action Agencies and Regional Health Organizations, effective May 26, 2015. Joint Action Agency lending is now part of the main political subdivision program. Regional Health Organization lending is limited to no more than \$205 million in total, no more than 49% of any single project where the other 51% of the project's funding is in place, and not more than \$102.5 million for any single project. With this legislation, the total debt limit as of June 30, 2015 was \$1.7925 billion, comprised of \$1.5 billion in authority for political subdivisions, \$87.5 million for the University of Alaska, and \$205 million for Regional Health Organizations. Total Bond Bank bonds and notes outstanding as of June 30, 2015 was approximately \$940.9 million. The limit on additional bond issuance as of June 30, 2015 was approximately \$851.6 million, of which \$559.1 million of authority was available for the main political subdivision program, \$87.5 million has been specifically designated to the University of Alaska, and \$205 million has been specifically designated to Regional Health Organizations.

**(2) Summary of Significant Accounting Policies**

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

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

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

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

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

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

The Authority reports the following major governmental funds:

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

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

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

**General Fund**

The General Fund is comprised of a Custodian Account and an Operating Account. The Custodian Account is established to account for appropriations by the State of Alaska Legislature available to fund the Special Reserve Accounts. The Operating Account is established to account for the ordinary operations of the Authority. Moneys are derived from the following sources: (a) amounts appropriated by the Legislature, (b) fees and charges collected, (c) income on investments of the Statutory Reserve Account in excess of required debt service reserves required by bond resolutions and (d) any other monies made available for purposes of the General Fund from any other source. Amounts in the Operating Account may be used to pay (a) administrative expenses of the Authority, (b) fees and expenses of the Trustee and paying agents, (c) financing costs incurred with respect to issuance of bonds and (d) any expenses in carrying out any other purpose then authorized by the Act. The excess revenues of the Operating Account are returned to the State of Alaska. The State of Alaska may appropriate the excess revenues to the Bond Bank Custodian Account to fund Reserve Accounts.

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Notes to Financial Statements

**Debt Service Fund**

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

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

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

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

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

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

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Notes to Financial Statements

At June 30, 2015, the 1976 General Bond Resolution, 2005 General Bond Resolution, and 2010 General Bond Resolution reserves must be the least of: (i) 10% of the initial principal amount of each Series of Bonds outstanding; (ii) the maximum annual principal and interest requirements on all bonds outstanding; (iii) 125% of the average annual debt service on all bonds then outstanding; or (iv) such lower amount as may be allowed by law. Amounts in excess of the required debt service in any reserve are transferred to the Operating Account on a periodic basis.

On September 23, 2015 the Bond Bank determined that the amount on deposit in the 1976 Resolution Reserve Fund was below the reserve requirement due to a transfer of funds from the 1976 resolution reserve fund to the 2005 resolution reserve fund during the fiscal year. On September 24, 2015 the Bond Bank deposited \$627,000 to replenish the 1976 Resolution Reserve Fund to the October 1, 2015 reserve requirement. As of October 1, 2015 the amount held in the 1976 Resolution Reserve Fund satisfies the reserve requirement and is equal to the amount of debt service due on February 1, 2016. On that date, all remaining bonds issued under the 1976 Resolution will be retired and the amount held in the 1976 Resolution Reserve Fund will be transferred to the Bond Bank's Custodian Account.

*(c) Adjustments*

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

*(d) Restricted Assets*

Certain resources set aside for the repayment of the Authority's bonds, net of certain proceeds from additional bonds issued, are classified as restricted on the statement of net position because they are maintained in separate trust accounts and their use is limited by applicable bond covenants. Cash and cash equivalents and investments include \$37,473,539 of restricted assets. These assets were funded as follows:

Original State of Alaska appropriation	\$	18,601,414
2008 appropriation of excess earnings		855,347
2009 appropriation of excess earnings		819,843
2010 appropriation of excess earnings		32,628
2011 appropriation of excess earnings		86,814
2012 appropriation for loan forgiveness		13,000,000
Total State of Alaska appropriated equity	\$	33,396,046

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Notes to Financial Statements

Restricted for Debt Service:

Appropriated amounts residing in reserve accounts	\$ 28,439,616
Appropriated amounts residing in Custodial account	<u>4,956,430</u>
Total State of Alaska appropriated equity	33,396,046
Bond Bank equity residing in reserve accounts	<u>4,077,493</u>
Total restricted for debt service/net position	<u><u>\$ 37,473,539</u></u>

**(e) Bond Receivables**

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

**(f) Long-Term Obligations**

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

**(g) Fund Equity**

Generally, fund equity represents the difference between the current assets and current liabilities and is classified as fund balance. Bond Bank, in accordance with GASB Statement No. 54 provisions, which require classification of fund balance as nonspendable, restricted, committed, assigned or unassigned, had fund balances in restricted and unassigned categories.

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

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

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

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

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Notes to Financial Statements

**(h) Interfund Receivables, Payables and Transfers**

Interfund balances represent cash collected or disbursed on behalf of another fund. Interfund transfers are transfers between funds that are required when revenue is generated in one fund and expenditures are paid from another fund.

**(i) Interest Arbitrage Rebate**

Bonds issued and funds segregated into reserves after August 15, 1986 are subject to Internal Revenue Service income tax regulations which require rebates to the U.S. Government of interest income earned on investments purchased with the proceeds from the bonds or any applicable reserves in excess of the allowable yield of the issue. Amounts owed are expensed when paid and refunds are recorded when received at the five year anniversary date of the bond issue or upon final repayment. Beginning for FY 2013 the Bond Bank's arbitrage rebate consultant will update all general obligation bond rebate analysis annually as of June 30. As of June 30, 2015 the Bond Bank's net arbitrage rebate liability was \$-0-.

**(j) Income Taxes**

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

**(3) Cash**

The Authority considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents at June 30, 2015 consist of money market accounts held with various financial institutions.

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

**(4) Investments**

The fair value of debt security investments by contractual maturity as of June 30, 2015 is shown below.

	Less than 1	1-5	6-10	More than 10	Total
<b>General Fund</b>					
U.S. Treasury securities	\$ 1,252,441	\$ 7,984,825	\$ 1,004,336	\$ -	\$ 10,241,602
U.S. Government agencies securities	431,023	2,999,728	-	-	3,430,751
	<u>1,683,464</u>	<u>10,984,553</u>	<u>1,004,336</u>	<u>-</u>	<u>13,672,353</u>
<b>Debt Service Fund</b>					
U.S. Treasury securities	3,570,518	37,527,012	5,056,641	-	46,154,171
U.S. Government agencies securities	2,691,106	4,496,590	-	-	7,187,696
	<u>6,261,624</u>	<u>42,023,602</u>	<u>5,056,641</u>	<u>-</u>	<u>53,341,867</u>
<b>Total investments</b>	<u>\$ 7,945,088</u>	<u>\$ 53,008,155</u>	<u>\$ 6,060,977</u>	<u>\$ -</u>	<u>\$ 67,014,220</u>

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

**(a) Investment Policies**

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

Custodian Account

The Custodian Account investment portfolio is designed with the objective of attaining the highest market rate of return subject to the required use of the Custodian Account for operation, funding transfers to the state, and funding reserves. The Custodian Account balance must maintain a minimum balance of \$5 million, and be forecasted to maintain that \$5 million balance for the subsequent twelve-month period, and an analysis of risk profile and historical benefit between the varying strategies must be undertaken before any shift in the investment strategy of the Account. The Custodian Account has to maintain sufficient liquidity to meet operating requirements, provide the prior fiscal year's state dividend, and to allow transfers to reserves as needed for bond issuance activity. Long-term preservation of principal is the third objective of the Custodian Account's investment program. Investments shall be undertaken in a manner that minimizes the probability of long-term loss.

- There are no arbitrage restrictions.

The bond resolutions limit investments to:

- 5% +/- 2% money market funds (no less than \$750,000).
- 95% +/- 3% government agencies and U.S. Treasuries.
- The performance benchmark is 5% +/- 2% three month U.S. Treasury Bill, and 95% +/- 3% Barclays 1-5 year government bond index.

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

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

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Bond Reserve Funds

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

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

The 2005 and 2010 Reserve Fund bond resolutions limit investments to:

- 90% +/- 10% government agencies and U.S. Treasuries with maturities of less than 5 years.
- 10% +/- 10% government agencies and U.S. Treasuries with maturities of more than 5 years and less than 10 years.
- Performance benchmark is 90% Barclays US 1-5 year government bond index and 10% Barclays US aggregate index.

The 1976 Reserve Fund bond resolutions limit investments to:

- Government agencies and U.S. Treasuries with maturities of 3 years or less.
- Performance benchmark is Barclays US 1-3 year government bond index.

Municipal Debt Payments

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

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

**(b) Concentration Risk**

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

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Notes to Financial Statements

**(c) Credit Risk**

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

**(d) Custodial Credit Risk**

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

**(e) Interest Rate Risk**

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

**(5) Bonds Receivable**

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

	City of Galena	Kenai Peninsula Borough	Total General Fund Bonds Receivable
2016	\$ 162,182	\$ 395,000	\$ 557,182
2017	163,812	383,000	546,812
2018	165,457	387,000	552,457
2019	167,119	392,000	559,119
2020	168,798	398,000	566,798
2021-2025	848,862	1,245,000	2,093,862
	\$ 1,676,230	\$ 3,200,000	\$ 4,876,230

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Bonds receivable by debt service program at June 30, 2015 mature in varying annual installments as follows:

Year ending June 30	1976 General	2005 General	2010 General	Total Principal
2016	\$ 2,520,000	\$ 51,835,000	\$ 140,000	\$ 54,495,000
2017	-	53,870,000	145,000	54,015,000
2018	-	54,220,000	150,000	54,370,000
2019	-	55,600,000	160,000	55,760,000
2020	-	52,885,000	165,000	53,050,000
2021-2025	-	241,415,000	900,000	242,315,000
2026-2030	-	179,550,000	1,070,000	180,620,000
2031-2035	-	124,640,000	1,280,000	125,920,000
2036-2040	-	47,815,000	285,000	48,100,000
2041-2045	-	40,230,000	-	40,230,000
2046-2050	-	13,900,000	-	13,900,000
	<u>\$ 2,520,000</u>	<u>\$ 915,960,000</u>	<u>\$ 4,295,000</u>	<u>\$ 922,775,000</u>

**(6) Long-Term Liabilities**

During the year ended June 30, 2015 the Authority's long-term liabilities changed as follows:

	Beginning of year	New debt	Repayments/ Adjustments	End of year
General obligation bonds payable	\$ 919,090,000	\$ 175,555,000	(153,725,000)	\$ 940,920,000
Revenue bonds payable	4,385,000	-	(4,385,000)	-
Total	<u>\$ 923,475,000</u>	<u>\$ 175,555,000</u>	<u>\$ (158,110,000)</u>	<u>\$ 940,920,000</u>

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

Bond Bank's long term liabilities consist of the following as of June 30, 2015:

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
<b>1976 General Bond Resolution Program:</b>				
2005-C Series	4.00%-5.00%	\$ 1,425,000	5.00%	\$ -
Haines Borough				
Petersburg				
Northwest Arctic Borough				
2006-A Series	4.00%-4.35%	1,095,000	4.00%	-
Aleutians East Borough				
Ketchikan Gateway Borough				
Lake and Peninsula Borough				
Nome				
Wrangell				
Total 1976 General Bond Resolution Fund		<u>2,520,000</u>		<u>-</u>
<b>2005 Series General Bond Resolution Program:</b>				
2005-One Series	3.00%-5.00%	2,510,000	3.00%-5.00%	350,000
Ketchikan, City of				
Nome				
Seward				
2006-One Series	4.00%-6.00%	335,000	4.50%-6.00%	-
Kenai Peninsula Borough				
Seward				
2006-Two Series - Ketchikan, City of	4.25%-4.75%	32,660,000	5.00%	1,765,000
2007-One Series	4.00%-5.50%	14,865,000	4.00%-5.50%	1,265,000
Kenai Peninsula Borough				
Inter-Island Ferry Authority				
Nome				
Northwest Arctic Borough				
Petersburg				
Seward				
Sitka, City and Borough of				
Wasilla				
2007-Two Series	3.75%-5.00%	22,575,000	4.50%	685,000
Kenai Peninsula Borough				
Aleutians East Borough				
2007-Three Series	4.25%-5.50%	3,775,000	4.00%	415,000
Bethel, City of				
Juneau, City and Borough of				
2007-Four Series - Kenai Peninsula Borough	4.25%-5.00%	1,955,000	4.25%-4.50%	1,070,000
2007-Five Series - Kodiak, City of	4.00%-6.00%	5,425,000	-	-
2008-One Series	4.00%-5.00%	47,385,000	5.00%	3,260,000
Dillingham				
Kodiak Island Borough				
Kodiak, City of				
Seward				
2008-Two Series	4.40%-6.00%	9,945,000	4.75%-6.00%	1,200,000
Seward				
Sitka, City and Borough of				
Skagway				
2009-One Series	3.00%-5.63%	4,000,000	4.00%-5.50%	560,000
Kodiak, City of				
Unalaska, City of				
2009-Two Series	4.00%-6.00%	4,990,000	4.00%-6.00%	1,400,000
Cordova				
Nome, City of				
Unalaska, City of				
Kodiak, Island Borough				

(continued)

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
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Notes to Financial Statements

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2009-Three Series - Juneau, City and Borough of	2.00%-4.00%	6,730,000	2.00%-4.00%	495,000
2009-A-Four Series Kenai Peninsula Borough Ketchikan Gateway Borough	3.00%-4.00%	575,000	3.00%-4.00%	430,000
2009-B-Four Series - Ketchikan Gateway Borough	4.63%-5.40%	20,425,000	-	-
2010-A-Series One Ketchikan, City of Ketchikan Gateway Borough Kenai, City of Northwest Arctic Borough Petersburg Unalaska	2.00%-5.00%	7,515,000	3.00%	-
2010-B Series One Kenai, City of Northwest Arctic Borough Petersburg Unalaska	5.99%-6.34%	7,415,000	-	-
2010-A Series Two Juneau, City and Borough of Cordova King Cove, City of	2.00%-3.00%	650,000	3.00%	325,000
2010-B Series Two Juneau, City and Borough of Cordova King Cove, City of	3.75%-4.91%	11,405,000	-	-
2010-A Series Three Aleutians East Borough Unalaska King Cove, City of	2.00%-4.00%	2,445,000	2.00%-4.00%	405,000
2010-B Series Three Aleutians East Borough Unalaska King Cove, City of	4.93%-5.43%	6,900,000	-	-
2010-A Series Four Kenai Peninsula Borough Ketchikan, City of Ketchikan Gateway Borough Sitka, City and Borough of Sitka, City and Borough of (Refunding) Soldotna	2.00%-5.00%	19,220,000	-	-
2010-B Series Four Kenai Peninsula Borough Ketchikan, City of Ketchikan Gateway Borough Sitka, City and Borough of Soldotna	1.42%-6.26%	47,915,000	-	-
2011-Series One Kodiak Island Borough Wrangell	3.00%-5.13%	6,980,000	3.00%	415,000
2011-Series Two Juneau, City and Borough of Sitka, City and Borough of	2.00%-4.38%	8,295,000	2.00%	815,000

(continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2011-Series Three	2.00%-5.00%	67,575,000	2.00%-5.00%	1,390,000
Wrangell				
Aleutians East Borough				
Northwest Arctic Borough				
Ketchikan Gateway Borough				
Kenai Peninsula Borough				
Cordova				
Hoonah				
Skagway				
Seward				
Kodiak Island Borough				
2012-Series One	2.00%-5.00%	11,585,000	-	-
Juneau, City and Borough of (Wildflower Court)				
Juneau, City and Borough of				
2012-Series Two	1.75%-5.00%	46,605,000	2.00%-4.00%	1,900,000
Juneau, City and Borough of				
Ketchikan, City of				
Ketchikan Gateway Borough				
Kodiak Island Borough				
Nome, City of				
North Pole, City of				
Palmer, City of				
Petersburg				
Sitka, City and Borough of				
Valdez				
2012-Series Three	1.50%-5.00%	18,340,000	-	-
Juneau, City and Borough of (School)				
Juneau, City and Borough of (REF)				
Petersburg				
Haines Borough				
2013-Series One	2.00%-5.00%	91,695,000	-	-
Juneau, City and Borough of (Hospital Rev Ref)				
Juneau, City and Borough of				
Kenai Peninsula Borough				
Ketchikan Gateway Borough				
Kodiak Island Borough				
Sand Point, City of				
Sitka, City and Borough of (Harbor)				
Sitka, City and Borough of (Electric)				
2013-Series Two A	2.00%-4.00%	17,095,000	-	-
Homer, City of				
Ketchikan, City of				
Ketchikan, City of (REF)				
Skagway				
2013-Series Two B				
Kodiak Island Borough	3.00%-4.00%	16,505,000	-	-
2013 Series Three	1.50%-5.00%	70,505,000	-	-
Juneau, City and Borough of				
Kenai Peninsula Borough				
Lake and Peninsula Borough				
Sitka, City and Borough of				
2014-Series One A	.38%-5.00%	58,530,000	-	-
Juneau, City and Borough of				
Kodiak Island Borough				
Kenai Peninsula Borough- Exempt				
Kenai Peninsula Borough- Taxable				

(continued)

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
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Notes to Financial Statements

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2014-Series Two A	3.00%-5.00%	45,080,000	-	-
Ketchikan, City of (Harbor)				
Ketchikan, City of (Hospital)				
King Cove, City of				
2014-Series Three	1.25%-5.00%	55,370,000	-	-
City & Borough of Juneau				
City of Saxman				
City & Borough of Sitka				
City of Adak (REF)				
Municipality of Anchorage (Rev REF)				
Haines Borough (REF)				
Kenai Peninsula				
City of Nome (REF)				
Northwest Arctic Borough (REF)				
Petersburg Borough (REF)				
City of Seward (REF)				
City of Seward (REF) - 2				
2015-Series One	2.00%-5.00%	60,635,000	-	-
City of Craig - New Money				
City of Cordova - New Money				
City of Cordova (REF2005A)				
City of Ketchikan (REF2005A)				
Northwest Arctic Borough (REF2005A)				
City and Borough of Sitka (REF2005A)				
City of Unalaska (REF2005A)				
Ketchikan Gateway Borough (REF2005E)				
Aleutians East Borough (REF2006A)				
City of Nome (REF2006A)				
City of Wrangell (REF2006A)				
City and Borough of Sitka (REF2008-2)				
City of Unalaska (REF2009-1)				
City of Cordova (REF2009-2)				
City of Nome (REF2009-2)				
2015-Series Two	2.00%-5.00%	59,550,000	-	-
City of Cordova - CC				
Municipality of Skagway - PSB				
City and Borough of Juneau - PP				
Municipality of Skagway - PP				
City and Borough of Juneau - School				
City and Borough of Juneau (REF2007-3)				
Kenai Peninsula Borough (REF2007-4)				
<b>Total 2005 Series General Bond Resolution Fund</b>		<u>915,960,000</u>		<u>18,145,000</u>
2010 Series General Bond Resolution Program:				
2010-A-1 Series One	3.00%-4.00%	595,000	-	-
Ketchikan Gateway Borough				
2010-A-2 Series One	5.78%-6.86%	3,700,000	-	-
Ketchikan Gateway Borough				
<b>Total 2010 Series General Bond Resolution Program</b>		<u>4,295,000</u>		<u>-</u>
		<u>\$ 922,775,000</u>		<u>\$ 18,145,000</u>

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

All bonds are secured by bonds receivable and by amounts in the reserve account. The Act further provides that if a municipality defaults on its principal and/or interest payments, upon written notice by the Authority, the State of Alaska must consider paying to the Authority all funds due from the defaulting municipality from the State in an amount sufficient to clear the default. The Bond Bank Executive Director is obligated per resolution to seek and the State may provide an appropriation annually to replenish reserves. This appropriation was requested, and the State has included this appropriation in the fiscal year 2016 State Budget.

In October 2014 the Authority issued \$55.3 million in general obligation and refunding bonds with interest rates ranging between 1.25% and 5%. The Authority issued the bonds to advance refund \$31,145,000 of the outstanding the 2004B (Anchorage) Revenue bond and 2004D, 2005C, 2005-1, and 2006-1 General Obligation bonds with interest rates averaging between 4.188% and 4.95%. The Authority used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the series bonds listed above. As a result, these bonds are considered defeased, and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds was \$31,145,000 at June 30, 2015.

The advance refunding reduced total debt service payments over the next 20 years by nearly \$3.5 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2.8 million.

In February 2015 the Authority issued \$60.6 million in general obligation and refunding bonds with interest rates ranging between 2% and 5%. The Authority issued the bonds to advance refund \$57,140,000 of the outstanding 2005A, 20005B, 2006A, 2008-1, 2009-1, and 2009-2 General Obligation bonds with interest rates averaging between 3.44% and 4.96%. The Authority used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the series bonds listed above. As a result, these bonds are considered defeased, and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds was \$57,140,000 at June 30, 2015. The advance refunding reduced total debt service payments over the next 20 years by nearly \$5.4 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4.9 million.

In May 2015 the Authority issued \$59.5 million in general obligation and refunding bonds with interest rates ranging between 2% and 5%. The Authority issued the bonds to advance refund \$16,755,000 of the outstanding 2007-3 and 2007-4 General Obligation bonds with interest rates averaging between 4.5% and 4.7%. The Authority used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the series bonds listed above. As a result, these bonds are considered defeased, and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds was \$16,755,000 at June 30, 2015. The advance refunding reduced total debt service payments over the next 18 years by nearly \$635,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$740,000.

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
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Notes to Financial Statements

The above bonds mature in varying annual installments. The maturities at June 30, 2015 are as follows:

Year ending June 30	1976		2005		2010	
	General		General	Reserve	General	
2016	\$ 2,520,000		\$ 51,835,000	\$ 1,960,000	\$ 140,000	
2017	-		53,870,000	425,000	145,000	
2018	-		54,220,000	4,805,000	150,000	
2019	-		55,600,000	1,035,000	160,000	
2020	-		52,885,000	925,000	165,000	
2021-2025	-		241,415,000	4,135,000	900,000	
2026-2030	-		179,550,000	3,095,000	1,070,000	
2031-2035	-		124,640,000	-	1,280,000	
2036-2040	-		47,815,000	1,765,000	285,000	
2041-2045	-		40,230,000	-	-	
2046-2050	-		13,900,000	-	-	
	<u>\$ 2,520,000</u>		<u>\$ 915,960,000</u>	<u>\$ 18,145,000</u>	<u>\$ 4,295,000</u>	

Year ending June 30	Total Principal	Total Interest
2016	\$ 56,455,000	\$ 41,814,124
2017	54,440,000	40,384,854
2018	59,175,000	38,258,782
2019	56,795,000	35,858,065
2020	53,975,000	33,488,178
2021-2025	246,450,000	132,451,843
2026-2030	183,715,000	80,285,636
2031-2035	125,920,000	39,690,036
2036-2040	49,865,000	18,973,450
2041-2045	40,230,000	8,742,050
2046-2050	13,900,000	1,265,749
	<u>\$ 940,920,000</u>	<u>\$ 471,212,767</u>

**(7) Conduit Debt**

Under the Coastal Energy Loan Program (Program), the Authority issued \$5,000,000 1986 Series A Coastal Energy Bonds (Bonds) payable to the National Oceanic and Atmospheric Administration (NOAA). The proceeds of these bonds were used to purchase port revenue bonds from the City of Nome. The City of Nome entered into a tripartite agreement with NOAA and the Authority effective August 2, 1994 to defer payment of the principal and accrual of interest for ten years. Effective January 29, 2009 a second amendment to the tripartite agreement was executed. The amendment authorized the issuance of 2009A Bonds for the purpose of refunding by exchange the outstanding City of Nome, Alaska, Port Revenue Bond 1986 Series A. As of June 30, 2015 the aggregate amount outstanding for conduit debt obligations was \$4,360,984.

Also under the Program, the Authority issued \$6,563,000 1987 Series A Coastal Energy Bonds payable to NOAA. The proceeds of these bonds were used to purchase port revenue bonds from the City of St. Paul. The City of St. Paul entered into a tripartite agreement with NOAA and the Authority effective December 14, 2000 to modify and defer payment. As of June 30, 2015 the aggregate amount outstanding for the City of St. Paul conduit debt obligations was \$6,005,878.

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

Notes to Financial Statements

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

The Coastal Energy Bonds and related accounts are included in the Bond Bank's statutory limit for total bonds outstanding.

**(8) Commitments**

During 2011 State Legislature appropriated \$2,450,000 to Bond Bank to issue a 15-year, one percent interest loan to the City of Galena to retire existing debt obligations and make certain utility improvements. The intent of the legislature was that loan repayments made for the loan be paid into the State of Alaska General Fund in accordance with the provisions of the AS 44.85.270(h). The amount of receipts available to the Authority during fiscal 2014 as discussed in Note 2(d), included \$178,200 of City of Galena loan repayments for the year ended June 30, 2015. There were no excess receipts over operating expenditures during fiscal year 2015.

The amount of Authority receipts determined under AS 44.85.270(h) and, as discussed in Note 2(d), available for transfer by the Authority and appropriation to the Bond Bank Authority Reserve Fund under AS 44.85.270(a) was \$-0- for fiscal year 2015; the cumulative state appropriated amount, therefore, remained \$33,396,046 at June 30, 2015.

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

**(9) Subsequent Events**

Subsequent to June 30, 2015, the Bond Bank issued the 2015 Series Three general obligation bonds in the principle amount of \$96.21 million. The 2015 Series Three bond proceeds are being used for the following purposes: (i) to make five loans to Governmental Units for new money purposes; and (ii) to pay a portion of the costs of issuance of the 2015 Series Three Bonds. The 2015 Series Three Bond proceeds used for new money purposes include: (i) a loan to the University of Alaska to pay a portion of the costs of constructing a new Combined Heat and Power Plant at the University's Fairbanks campus; (ii) a loan to Haines Borough for mechanical system upgrades and replacement of an air handling unit at Haines High School; (iii) two loans to the Kodiak Island Borough for expansion of Kodiak High School and for various renewal and replacement projects in Borough schools, and (iv) a loan to the City of King Cove to pay a portion of the costs to construct a run-of-the-river hydroelectric facility. The 2015 Series Three Bonds priced on August 26, 2015, and are expected to close on or about September 16, 2015. The True Interest Cost (TIC) for the total issuance was 4.00% with last maturity on October 1, 2044.

Supplemental Schedule

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

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

June 30, 2015

	1976 General "Special"	2005 Resolution	2010 Resolution	Total
<b>ASSETS</b>				
Cash	\$ 502	\$ 1,178,748	\$ 8,862	\$ 1,188,112
Accrued interest receivable	4,171	160,415	975	165,561
Marketable securities	505,315	52,439,321	397,232	53,341,868
Interaccount receivables	787,596	-	-	787,596
Other receivables	-	128,048	-	128,048
	<u>\$ 1,297,584</u>	<u>\$ 53,906,532</u>	<u>\$ 407,069</u>	<u>\$ 55,611,185</u>
<b>LIABILITIES</b>				
Interaccount payables	\$ -	\$ 5,003,712	\$ 12,977	\$ 5,016,689
Bond payable	-	18,145,000	-	18,145,000
Accrued interest payable	-	201,107	-	201,107
	<u>-</u>	<u>23,349,819</u>	<u>12,977</u>	<u>23,362,796</u>
<b>RESERVES</b>				
State appropriated	-	28,046,530	393,086	28,439,616
Unappropriated	1,401,670	2,674,358	1,465	4,077,493
Unrealized gain (loss)	(104,086)	(164,175)	(459)	(268,720)
	<u>1,297,584</u>	<u>30,556,713</u>	<u>394,092</u>	<u>32,248,389</u>
	<u>\$ 1,297,584</u>	<u>\$ 53,906,532</u>	<u>\$ 407,069</u>	<u>\$ 55,611,185</u>

See Independent Auditor's report

## Continuing Disclosure Tables

Pursuant to the Securities and Exchange Commission Rule 15c2-12 and the Authority's continuing disclosure undertakings, the Authority is obligated to provide annual financial information. In addition to annual financial statements the Authority must provide a statement of authorized, issued and outstanding bonded debt, reserve fund balances, and government unit statistics in substantially the same form as Appendix C of official statements of the Authority. The following supplemental information related to the 1976, 2005, and 2010 master resolutions is provided in compliance with the Appendix C filing requirement.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule of 1976 Master Resolution Program - Community Concentration

June 30, 2015

Borrower	Outstanding Par	Percent of Outstanding
Lake & Peninsula Borough	\$ 965,000	38.29%
Haines Borough	835,000	33.13%
Northwest Arctic Borough	310,000	12.30%
Petersburg Borough	280,000	11.11%
Ketchikan Gateway Borough	130,000	5.16%
Total Outstanding Par	<u>\$ 2,520,000</u>	<u>100.00%</u>

See Independent Auditor's report

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule 1976 Master Resolution Program  
Debt Service Requirements

June 30, 2015

<u>Borrower</u>	<u>2016*</u>
Lake and Peninsula Borough	\$ 1,003,600
Haines Borough	855,875
Northwest Arctic Borough	317,750
Petersburg Borough	287,000
Ketchikan Gateway Borough	<u>135,200</u>
Total Outstanding Par	<u>\$ 2,599,425</u>

\* Final year in which bonds issued under the 1976 Resolution will be outstanding.

See Independent Auditor's report

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule of 2005 Master Resolution Program - Community Concentration

June 30, 2015

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	\$ 149,205,000	15.97%
City and Borough of Juneau	137,680,000	14.74%
Kenai Peninsula Borough	117,195,000	12.55%
City of Ketchikan	104,750,000	11.21%
Kodiak Island Borough	85,790,000	9.18%
Ketchikan Gateway Borough	40,300,000	4.31%
Northwest Arctic Borough	39,055,000	4.18%
City of Seward	36,950,000	3.96%
City of Unalaska	35,960,000	3.85%
Aleutians East Borough	28,610,000	3.06%
Municipality of Skagway	21,430,000	2.29%
City of Cordova	18,985,000	2.03%
Lake & Peninsula Borough	17,780,000	1.90%
City of Kodiak	13,205,000	1.41%
Petersburg Borough	11,945,000	1.28%
City of Dillingham	11,275,000	1.21%
Haines Borough	10,580,000	1.13%
City of Nome	5,425,000	0.58%
Municipality of Anchorage	3,735,000	0.40%
City of Homer	3,475,000	0.37%
City of Bethel	2,790,000	0.30%
City of Valdez	2,725,000	0.29%
City of Sand Point	2,500,000	0.27%
City of King Cove	2,175,000	0.23%
City of Soldotna	2,120,000	0.23%
City of Craig	1,810,000	0.19%
City of Kenai	1,615,000	0.17%
City and Borough of Wrangell	1,550,000	0.17%
City of Wasilla	1,540,000	0.16%
City of Hoonah	1,135,000	0.12%
City of Palmer	860,000	0.09%
City of Adak	825,000	0.09%
City of North Pole	820,000	0.09%
City of Saxman	165,000	0.02%
Reserve Obligations	18,145,000	1.94%
Total Outstanding Par	<u>\$ 934,105,000</u>	<u>100.00%</u>

See Independent Auditor's report

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule 2005 Master Resolution Program - Debt Service Requirements

June 30, 2015

Borrower	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City of Ketchikan Utility - 2005 Loan	\$ 1,331,680	\$ 1,332,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kenai Peninsula Borough Cent. Em. Svcs. Dist. - 2006 Loan	124,800	-	-	-	-	-	-	-	-	-
City of Seward - 2006 Port Loan	223,600	-	-	-	-	-	-	-	-	-
City of Ketchikan Port - 2006 Loan	2,555,069	2,556,963	2,553,063	2,548,063	2,550,038	2,543,850	2,544,363	2,541,300	2,539,525	2,538,763
City of Nome - 2007 Refunding	179,894	177,419	180,247	182,859	180,619	178,609	-	-	-	-
Northwest Arctic Borough - 2007 Refunding	255,856	1,259,844	1,249,172	1,248,350	1,248,825	1,245,163	-	-	-	-
Petersburg Borough - 2007 Refunding	141,944	145,919	140,159	144,391	143,681	147,991	-	-	-	-
City of Seward - 2007 Refunding	235,606	241,044	241,709	237,394	238,363	234,525	239,994	-	-	-
City and Borough of Sitka - 2007 Refunding	847,319	848,781	851,672	849,219	-	-	-	-	-	-
City of Wasilla - 2007 Refunding	420,819	421,681	423,241	424,588	-	-	-	-	-	-
Kenai Peninsula Borough - 2007 Loan	313,225	312,625	-	-	-	-	-	-	-	-
Petersburg Borough - 2007 Loan	91,431	88,544	90,778	92,894	90,100	92,356	89,425	91,297	92,906	89,406
Aleutians East Borough - 2007 Refunding	945,438	947,338	1,772,238	1,818,363	1,835,863	1,844,988	1,856,938	2,121,938	2,271,750	2,347,869
South Kenai Peninsula Hospital - 2007 Refunding	144,700	144,100	143,500	142,825	146,950	789,450	788,250	784,350	787,325	-
City and Borough of Juneau - 2007 III Dock Loan	353,925	356,325	353,625	-	-	-	-	-	-	-
City of Bethel - 2007 III Court Facility Loan	291,838	293,038	294,125	295,125	290,750	291,000	290,750	290,000	293,625	291,625
Kenai Peninsula Borough South Hospital Service Area	696,506	694,413	695,300	-	-	-	-	-	-	-
City of Kodiak M&P Loan	128,671	125,971	128,121	125,121	127,521	125,287	127,878	125,313	127,593	124,700
City of Kodiak Lift Loan	240,330	240,980	241,330	241,380	242,030	243,271	244,186	244,804	245,126	245,119
Kodiak Island Borough 2008 One Loan	622,460	624,960	620,160	624,960	623,960	621,323	623,048	623,360	622,210	624,180
City of Dillingham 2008 One Loan	1,179,590	1,176,340	1,178,540	1,174,540	1,174,540	1,176,390	1,176,753	1,179,565	1,174,515	1,176,040
Kodiak Police Station 2008 One Loan	531,990	532,240	529,040	505,640	507,840	509,128	504,990	505,365	505,015	508,735
City of Seward Long Term Care 2008 One Loan	1,970,163	1,971,913	1,970,513	1,972,713	1,973,313	1,969,750	1,969,488	1,970,925	1,968,725	1,971,855
City and Borough of Sitka 2008 Two Loan	355,620	353,220	355,100	-	-	-	-	-	-	-
Municipality of Skagway 2008 Two Loan	393,035	394,435	395,210	391,110	395,330	393,630	396,210	392,815	393,803	393,923
City of Seward 2008 Two Loan	393,886	393,686	393,151	394,751	393,151	391,176	393,816	395,826	392,276	393,396
City of Unalaska 2009 One Loan	857,500	860,500	856,625	855,875	-	-	-	-	-	-
City of Kodiak 2009 One Boat Lift Loan	68,713	67,713	71,588	70,338	69,088	67,838	71,463	69,963	68,425	66,850
City of Unalaska 2009 Two Loan	558,775	558,800	563,588	560,413	-	-	-	-	-	-
City of Cordova 2009 Two Loan	801,750	798,063	799,188	801,338	-	-	-	-	-	-
City of Nome 2009 Two Loan	29,869	28,806	32,775	31,425	-	-	-	-	-	-
City and Borough of Juneau - 2009 Three Loan	1,500,650	1,485,600	1,495,800	1,444,800	1,468,800	-	-	-	-	-
Ketchikan Gateway Borough-2009 Four Loan	1,777,769	1,775,519	1,768,232	1,754,104	1,743,479	1,731,390	1,722,642	1,707,107	1,694,654	1,684,964
City of Kenai-2010 One Loan	178,798	175,398	176,998	178,398	172,704	172,011	171,018	164,725	163,433	161,840
Ketchikan Gateway Borough-2010 One Loan	729,800	725,800	731,000	730,000	728,000	-	-	-	-	-
Northwest Arctic Borough-2010 One Loan	283,565	283,165	282,565	281,765	280,765	284,565	281,315	276,127	275,640	269,552
Petersburg Borough - 2010 One Loan	238,044	239,094	234,494	234,794	234,894	234,794	238,694	235,849	232,010	227,870
City of Unalaska-2010 One Loan	425,149	427,149	428,749	424,949	425,949	426,549	424,299	424,017	417,835	411,055
Northwest Arctic Borough - 2010 Refunding	967,200	-	-	-	-	-	-	-	-	-
City and Borough of Juneau - 2010 Two Loan	1,139,319	1,139,029	1,129,772	1,117,534	1,107,744	2,472,665	1,820,539	1,779,639	1,517,673	1,742,096
City of Cordova 2010 Two Loan	49,780	48,430	46,859	45,138	48,188	46,070	-	-	-	-
City of King Cove 2010 Two Loan	41,512	45,743	44,762	43,686	42,540	41,363	40,155	38,847	42,319	40,652
Aleutians East Borough - 2010 Loan	397,078	398,878	395,378	396,578	397,966	392,943	390,877	383,441	380,636	372,462
City of King Cove 2010 Three Loan	59,892	58,692	62,392	60,992	59,680	58,205	61,359	59,389	57,419	55,449
City of Unalaska 2010 Three Loan	436,267	437,267	437,867	438,067	433,605	432,617	429,319	420,652	416,616	407,211
Kenai Peninsula Borough 2010 Four Loan	1,468,022	1,459,887	1,442,725	1,431,305	1,411,775	1,395,269	1,376,201	1,358,946	1,338,264	1,314,029
City of Ketchikan 2010 Four Loan	628,044	623,153	616,549	608,190	603,500	597,854	586,163	578,214	568,842	562,857
Ketchikan Gateway Borough 2010 Four Loan	333,976	332,198	324,287	320,209	315,233	314,574	308,091	300,753	292,534	288,269
City and Borough of Sitka 2010 Four Loan	4,064,732	4,064,932	4,075,151	4,062,570	4,047,570	4,058,570	4,050,648	4,038,926	4,030,419	4,000,527
City of Soldotna 2010 Four Loan	219,070	215,646	216,594	211,905	211,752	206,311	205,509	199,279	197,602	195,333

(continued)

See Independent Auditor's report

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

Supplemental Schedule 2005 Master Resolution Program - Debt Service Requirements

June 30, 2015

Borrower	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City and Borough of Wrangell 2011 One Loan	25,075	24,475	28,875	28,000	27,000	26,000	-	-	-	-
Kodiak Island Borough 2011 One Loan	621,850	622,550	622,950	621,400	622,800	623,600	623,800	625,513	626,275	626,088
City and Borough of Juneau 2011 Two Loan	658,831	657,831	658,831	657,300	659,600	655,200	-	-	-	-
City and Borough of Sitka 2011 Two Loan	407,609	408,009	412,134	410,090	407,590	407,390	411,790	407,690	408,071	411,271
Aleutians East Borough 2011 Three Refunding	833,750	976,625	229,375	229,875	226,000	231,625	230,625	-	-	-
Kenai Peninsula Borough 2011 Three Refunding	1,647,050	1,640,450	1,630,075	1,621,825	1,617,850	1,617,375	958,750	953,250	-	-
Ketchikan Gateway Borough 2011 Three Refunding	621,250	616,300	618,175	618,800	615,900	616,875	614,000	609,875	-	-
Northwest Arctic Borough 2011 Three Refunding	2,484,400	2,491,900	2,486,775	2,492,025	2,492,700	2,488,875	2,485,000	2,485,625	1,681,000	-
Wrangell 2011 Three Refunding	93,800	41,000	-	-	-	-	-	-	-	-
Kenai Peninsula Borough (Central Hospital) 2011 Three	3,525,050	3,522,125	3,521,750	3,520,000	3,521,000	3,525,500	3,528,625	3,533,750	3,520,875	-
City of Cordova 2011 Three	54,800	57,875	55,625	53,375	56,250	54,000	56,375	-	-	-
City of Hoonah 2011 Three	107,600	114,875	111,625	113,250	90,500	93,125	90,375	92,500	89,500	91,700
Kodiak Island Borough 2011 Three	298,600	300,475	300,975	300,975	301,550	301,625	300,125	298,125	300,500	298,600
Municipality of Skagway 2011 Three	34,350	33,675	37,800	37,800	35,900	35,000	34,000	37,875	36,625	35,500
City of Seward 2011 Three	243,350	244,175	244,300	244,175	244,350	244,275	243,400	242,275	245,775	244,600
City and Borough of Juneau G. O. Refunding 2012 One	1,319,125	1,091,625	-	-	-	-	-	-	-	-
Juneau Wildflower Court Refunding 2012 One	1,702,025	1,344,900	1,418,125	1,486,925	1,555,825	437,725	484,575	534,966	583,463	442,172
Juneau 2012 Two	1,902,150	1,920,400	1,940,250	1,958,400	-	-	-	-	-	-
City of Ketchikan 2012 Two	356,944	354,444	356,644	352,519	352,019	355,894	355,344	354,294	351,544	353,169
Ketchikan Gateway Borough 2012 Two	689,150	686,150	682,350	689,250	681,625	-	-	-	-	-
Kodiak Island Borough 2012 Two	1,449,250	1,449,850	1,439,500	1,447,950	1,439,025	1,442,275	1,433,950	1,433,125	1,433,250	1,435,000
City of Nome 2012 Two	147,300	148,200	148,900	148,825	147,950	146,825	146,100	150,000	133,250	-
City of North Pole 2012 Two	36,550	100,250	102,550	99,400	100,775	101,900	103,200	104,250	99,750	100,125
City of Palmer 2012 Two	111,050	108,050	105,800	108,450	104,850	105,725	106,800	107,625	107,500	107,625
Petersburg Borough 2012 Two	494,000	490,600	496,600	491,075	488,125	488,375	489,750	485,250	468,125	246,000
City and Borough of Sitka 2012 Two	1,455,650	1,456,250	1,460,150	1,456,775	1,455,650	1,456,650	1,451,200	1,453,000	1,450,375	630,375
City of Valdez 2012 Two	341,950	347,850	348,250	351,850	343,725	340,225	342,550	344,125	343,500	317,750
Haines Borough 2012 Three	87,219	85,981	84,744	82,719	85,344	82,844	85,219	87,344	84,344	86,544
Juneau 2012 Three Refunding	909,050	916,950	918,950	928,250	937,125	948,625	947,875	959,750	973,750	-
Juneau 2012 Three School Construction	1,455,375	1,440,838	1,430,600	1,400,375	1,363,625	1,364,875	1,363,125	1,363,250	-	-
Petersburg Borough 2012 Three	101,525	104,838	103,050	105,000	101,500	102,875	104,000	104,875	105,500	101,450
Kenai Peninsula Borough (Bear Creek Fire) 2013 One	97,420	95,620	93,820	97,020	94,520	97,520	95,320	93,120	95,920	92,920
City and Borough of Juneau (Bartlett Hospital) 2013 One	1,652,113	1,657,213	1,659,263	1,665,563	1,661,863	1,661,513	1,666,713	1,665,313	1,667,513	1,668,263
City and Borough of Juneau 2013 One	201,010	202,410	203,610	199,610	204,610	200,210	200,810	201,210	201,410	200,160
Ketchikan Gateway Borough 2013 One	608,150	610,550	607,150	608,150	608,400	607,600	611,000	608,400	-	-
Kodiak Island Borough 2013 One	1,690,140	1,689,740	1,688,140	1,690,340	1,687,590	1,691,790	1,689,390	1,690,590	1,690,190	1,687,690
City of Sand Point 2013 One	183,180	180,580	182,980	180,180	181,680	183,680	180,480	182,280	183,880	184,380
City and Borough of Sitka (Harbor) 2013 One	310,300	309,700	308,900	307,900	310,150	308,550	311,750	309,550	312,150	307,400
City and Borough of Sitka (Electric) 2013 One	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360
City of Homer 2013 Two	289,750	292,050	287,850	288,650	289,300	293,300	291,900	290,300	293,500	294,500
City of Ketchikan 2013 Two	1,064,400	1,069,500	1,069,200	1,068,450	1,072,250	1,069,850	1,071,650	1,072,450	1,077,250	1,079,250
Kodiak Island Borough 2013 Two	1,355,538	1,356,788	1,355,988	1,355,888	1,360,188	1,361,588	1,361,788	1,363,038	1,367,288	1,364,288
Municipality of Skagway 2013 Two	66,950	71,350	70,300	69,250	68,200	71,800	70,200	68,600	72,000	69,750
City and Borough of Juneau 2013 Three	902,325	902,475	903,650	905,450	903,650	902,125	902,000	905,000	902,000	-
Kenai Peninsula Borough	1,628,725	1,627,300	1,626,550	1,626,600	1,626,600	1,627,325	1,628,500	1,627,675	1,630,175	1,630,175
Lake and Peninsula Borough 2013 Three	1,424,450	1,420,088	1,421,950	1,419,850	1,423,900	1,423,250	1,424,250	1,423,500	1,422,000	1,423,375
City and Borough of Sitka 2013 Three	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975
Kenai Peninsula Borough 2014 One	2,958,056	2,956,280	2,956,670	2,960,067	2,960,062	2,959,103	2,955,849	2,957,500	2,955,500	2,958,250
Kodiak Island Borough 2014 One	1,775,663	1,777,113	1,774,713	1,772,713	1,775,113	1,772,113	1,776,363	1,773,113	1,772,613	1,769,613
City and Borough of Juneau 2014 One	403,838	403,838	407,838	404,838	406,538	403,138	404,638	405,638	406,138	406,138
City of Ketchikan Hospital (G.O.) 2014 Two	1,753,700	1,753,700	2,553,700	2,553,700	2,551,700	2,552,700	2,556,450	2,557,700	2,556,450	2,557,700

(continued)

See Independent Auditor's report

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

Supplemental Schedule 2005 Master Resolution Program - Debt Service Requirements

June 30, 2015

Borrower	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City of Ketchikan Harbor (G.O.) 2014 Two	207,500	203,900	205,300	205,550	205,550	205,300	204,800	209,050	207,800	206,300
City of King Cove Electric 2014 Two	165,250	160,650	161,050	160,050	163,800	42,050	41,050	40,050	39,050	38,050
City and Borough of Juneau 2014 Three	911,838	910,469	909,900	908,400	909,000	911,375	907,625	907,750	911,500	908,875
City and Borough of Sitka 2014 Three	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250
City of Saxman 2014 Three	12,763	12,681	12,550	12,350	12,125	11,875	11,625	11,375	16,000	15,500
City of Adak Refunding 2014 Three	104,138	107,969	106,000	103,000	104,500	100,500	101,375	102,000	102,375	102,500
Municipality of Anchorage Refunding 2014 Three	294,900	292,950	294,700	294,600	298,500	296,375	294,000	296,250	298,000	294,375
Haines Borough Refunding 2014 Three	426,688	1,196,844	1,196,100	1,198,600	1,195,375	1,191,125	1,194,625	1,190,750	1,189,500	1,190,625
Kenai Peninsula Borough Refunding 2014 Three	64,488	178,769	180,650	180,750	180,000	183,250	181,125	178,750	181,000	177,875
City of Nome Refunding 2014 Three	269,200	266,275	271,350	268,650	269,625	269,125	268,125	266,625	269,500	271,625
Northwest Arctic Borough Refunding 2014 Three	159,825	448,013	445,300	448,200	448,875	447,250	449,750	446,375	447,125	442,000
Petersburg Borough Refunding 2014 Three	143,100	401,475	399,550	398,750	401,000	401,125	400,500	399,125	401,875	398,750
City of Seward 2005 Refunding 2014 Three	37,613	102,206	105,400	107,500	104,125	105,250	106,125	106,750	107,125	102,375
City of Seward 2006 Refunding 2014 Three	118,100	118,100	323,900	320,400	320,475	318,975	316,975	319,350	320,975	321,850
City of Cordova 2015 One New Money	135,821	136,325	134,225	136,725	134,125	136,075	132,575	133,950	135,075	135,950
City of Cordova 2015 One 2005 Refunding	194,569	189,275	193,300	191,200	193,800	-	-	-	-	-
City of Cordova 2015 One 2009 Refunding	537,946	567,300	564,850	566,950	593,350	1,354,000	1,348,500	1,345,875	1,345,875	1,343,375
City of Craig 2015 One New Money	135,990	136,488	134,388	136,888	134,288	136,238	132,738	134,113	135,238	136,113
Aleutians East Borough 2015 One 2006 Refunding	424,423	328,850	276,000	253,100	250,400	251,375	255,750	269,125	169,125	117,500
Ketchikan Gateway Borough 2015 One 2005 Refunding	589,288	583,350	594,200	586,500	-	-	-	-	-	-
Ketchikan 2015 One 2005 Refunding	804,128	797,725	800,700	-	-	-	-	-	-	-
Nome 2015 One 2006 Refunding	88,629	85,975	88,950	91,450	83,950	86,125	87,750	89,125	90,250	86,250
Nome 2015 One 2009 Refunding	20,466	19,700	19,700	19,700	49,100	52,625	50,875	49,125	52,250	50,250
Northwest Arctic Borough 2015 One 2005 Refunding	1,637,307	1,636,200	1,637,600	1,635,100	1,630,400	1,640,000	-	-	-	-
Sitka 2015 One 2005 Refunding	396,269	400,250	397,800	398,100	397,800	-	-	-	-	-
Sitka 2015 One 2008 Refunding	203,908	196,275	196,275	539,275	535,075	533,500	539,125	538,625	537,688	536,000
Unalaska 2015 One 2005 Refunding	395,905	394,975	397,600	397,900	392,700	-	-	-	-	-
Unalaska 2015 One 2009 Refunding	847,629	815,900	815,900	815,900	1,852,438	1,853,125	1,849,844	1,848,994	1,846,138	1,841,825
Wrangell 2015 One 2006 Refunding	242,501	245,625	238,450	240,050	241,250	240,875	-	-	-	-
Cordova 2015 Two	179,705	209,150	211,450	212,650	212,650	212,400	211,900	211,150	213,750	212,500
Skagway 2015 Two	680,524	684,700	683,550	680,150	684,400	682,900	680,900	683,400	683,100	684,600
City and Borough of Juneau 2015 Two (G.O. Refunding)	704,260	698,050	705,350	705,750	708,750	-	-	-	-	-
City and Borough of Juneau 2015 Two (Harbor Refunding)	268,558	362,100	362,100	742,100	738,100	738,350	737,600	740,850	741,650	743,150
Kenai Peninsula Borough 2015 Two	404,856	407,200	402,050	1,097,050	1,097,300	1,090,800	1,092,800	1,091,000	1,091,000	1,093,250
Juneau 2015 Two (Cruise Dock)	1,690,869	1,689,400	1,687,500	1,692,500	1,688,250	1,692,250	1,689,000	1,688,750	1,686,250	1,686,500
Skagway 2015 Two (Port)	362,113	362,738	363,088	361,688	363,438	359,688	360,688	361,188	361,188	360,688
Total Loan Obligation Debt Service	\$ 92,515,057	\$ 93,255,969	\$ 91,567,293	\$ 90,703,592	\$ 85,671,672	\$ 81,956,394	\$ 77,110,315	\$ 76,775,896	\$ 72,186,901	\$ 63,075,684

See Independent Auditor's report

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

Supplemental Schedule of 2010 Master Resolution Program - Community  
Concentration

June 30, 2015

<u>Borrower</u>	<u>Outstanding Par</u>	<u>Percent of Outstanding</u>
Ketchikan Gateway Borough	\$ 4,295,000	100.00%
Total Outstanding Par	<u>\$ 4,295,000</u>	<u>100.00%</u>

See Independent Auditor's report

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

Supplemental Schedule 2010 Master Resolution Program - Debt Service Requirements

June 30, 2015

Borrower	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Ketchikan Gateway Borough	\$ 400,544	\$ 400,544	\$ 399,644	\$ 403,444	\$ 400,474	\$ 395,791	\$ 390,819	\$ 385,558	\$ 380,007	\$ 374,168
Total Loan Obligation DS	<u>\$ 400,544</u>	<u>\$ 400,544</u>	<u>\$ 399,644</u>	<u>\$ 403,444</u>	<u>\$ 400,474</u>	<u>\$ 395,791</u>	<u>\$ 390,819</u>	<u>\$ 385,558</u>	<u>\$ 380,007</u>	<u>\$ 374,168</u>

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**APPENDIX F**

2005 General Obligation Bond Resolution  
and the 2013 First Supplemental Resolution

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**ALAKSA MUNICIPAL BOND BANK**

Adopted July 13, 2005

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**GENERAL OBLIGATION BOND RESOLUTION**

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.

BE IT RESOLVED by the Board of Directors of the Alaska Municipal Bond Bank as follows:

**ARTICLE I**

**STATUTORY AUTHORITY AND DEFINITIONS**

**Section 101 - Authority for This Resolution.** This Resolution is adopted pursuant to the provisions of the Act.

**Section 102 - Resolution Constitutes Contract.** In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Bank with the Holders of Bonds and shall be deemed to be and shall constitute a contract between the Bank, the Trustee and the Holders from time to time of the Bonds. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Bank shall be for the benefit, protection and security of the Holders of any and all of such Bonds. Each Bond, Credit Enhancement facility, and Interest Rate Exchange Agreement, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction

**"Bond Year"** shall mean each one-year period that ends on an anniversary of the date of issue of the Bonds.

**"Book-Entry System"** shall mean the system in which the Bonds (represented by one Bond certificate for each maturity of the Bonds) are delivered into the possession of DTC and are issued and fully-registered as to principal and interest in the name of Cede & Co., and whereby beneficial interests in the Bonds are purchased by investors through DTC Participants, such interests shown and transfers thereof effected only through the records maintained by the respective DTC Participants from whom such such investor acquired such beneficial interest.

**"Business Day"** shall mean any day other than a Saturday or Sunday or any other day on which banks in New York, Alaska, or the state or states in which any Trustee appointed hereunder performs its duties hereunder are authorized or required to be closed or are closed.

**"Capital Appreciation Bonds"** shall mean Bonds, the interest on which (a) is compounded and accumulated at the rates and on the dates set forth in the Series Resolution authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (b) is payable upon maturity or redemption of such Bonds.

**"Continuing Disclosure Certificate"** shall mean, for each Series, the continuing disclosure certificate executed by the Bank for the purpose of satisfying the continuing disclosure

over any other Bond, Credit Enhancement facility, or Interest Rate Exchange Agreement except as expressly provided in this Resolution.

**Section 103 - Definitions.** The following terms shall, for all purposes of this Resolution, have the following meanings unless the context shall clearly indicate some other meaning:

**"Accountant's Certificate"** shall mean a certificate signed by an independent certified public accountant or a firm of independent certified public accountants selected by the Bank.

**"Accreted Amount"** shall mean, with respect to Capital Appreciation of Bonds of any Series and as of the date of calculation, the amount established pursuant to the Series Resolution authorizing such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded principal and interest on such Bonds.

**"Act"** shall mean the Alaska Municipal Bond Bank Authority Act, constituting Chapter 85, Title 44, of the Alaska Statutes, as amended to the date of adoption of this Resolution.

**"Administrative Expenses"** shall mean the Bank's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative and operating expenses, legal, accounting and consultant's services and expenses, payments to pension, retirement, health and hospitalization funds, and any other

requirements of Rule 15c2-12 of the Securities and Exchange Commission with respect to such Series, as such continuing disclosure certificate is originally executed and as it may be amended from time to time in accordance with its terms.

**"Counsel's Opinion"** shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to state and municipal financing (who may be counsel to the Bank) selected by the Bank and acceptable to the Trustee.

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

**"Credit Enhancement Agency"** shall mean any bank or other institution that provides Credit Enhancement.

**"Current Interest Bonds"** shall mean Bonds not constituting Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the Interest Payment Dates provided therefor in a Series Resolution.

**"Debt Service"** shall mean for any Series of Bonds Outstanding, an amount equal to the sum of (a) all interest payable during such period of calculation, plus (b) the Principal Installments, if any, payable during such period of calculation on such Series of Bonds.

expenses required or permitted to be paid by the Bank under the provisions of the Act or this Resolution or otherwise.

**"Aggregate Debt Service"** for any period shall mean, as of any date of calculation and with respect to all Bonds, the sum of the amounts of Debt Service for such period.

**"Annual Debt Service"** shall mean the total amount of Debt Service for any Outstanding Bonds in any Fiscal Year.

**"Authorized Denominations"** with respect to any Series of Bonds issued hereunder, has the meaning specified in the related Series Resolution.

**"Authorized Officer"** shall mean the Chairman, Vice Chairman, Executive Secretary, or Executive Director of the Bank and any other director, officer or employee of the Bank authorized by resolution of the Bank to perform such act or discharge such debt.

**"Bank"** shall mean the Alaska Municipal Bond Bank, a public body corporate and politic constituted as a public corporation and instrumentality of the State of Alaska within the Department of Revenue but having a legal existence independent of and separate from the State exercising public and essential governmental functions and created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Bank.

**"Beneficial Owner"** shall mean the person in whose name a Bond is recorded as

the beneficial owner of such Bond by the respective systems of DTC and the DTC Participants or the Holder of the Bond if the Bond is not then held in book-entry form.

**"Bond"** or **"Bonds"** shall mean any Alaska Municipal Bond Bank Bond or Bonds, or Alaska Municipal Bond Bank Authority Bond or Bonds, as the case may be, authenticated and delivered under this Resolution pursuant to a Series Resolution.

**"Bondholder"** or **"Holder"** or words of similar import, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds issued in fully registered form or the bearer of any Bond or Bonds issued in bearer form or registered to bearer. When all Bonds of a Series are held by a securities depository, "Bondholder" or "Holder" shall mean the beneficial owner of the Series in question determined under the rules of that securities depository; otherwise "Bondholder" or "Holder" means owner of record on the bond register maintained by the Paying Agent. To the extent that the full payment of the interest on and principal of Bonds of a Series is secured by Credit Enhancement, the Credit Enhancement Agency shall be considered to be the "Bondholder" or "Holder" of all the Bonds of that Series for purposes of exercising any rights with respect to supplements and amendments to this Resolution if the Credit Enhancement Agreement so provides.

**"Executive Director"** shall mean the Executive Director or Acting Executive Director of the Bank.

**"Fees and Charges"** shall mean all fees and charges authorized to be charged by the Bank pursuant to section 44.65.080(8), (15) and (16) of the Act and charged by the Bank to Governmental Units pursuant to the terms and provisions of Loan Agreements.

**"Fiduciary"** or **"Fiduciaries"** shall mean the Trustee, and Paying Agent, or any or all of them, as may be appropriate.

**"Fiscal Year"** shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June or such other date as is authorized by statute and/or selected by the Bank.

**"Fitch"** shall mean Fitch Ratings, organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency (other than Standard & Poor's or Moody's) designated by the Authorized Officer.

**"Government Obligations"** shall mean direct obligations of, or obligations of the payment of and interest on which are unconditionally guaranteed by, the United States of America.

**"Governmental Unit"** shall mean a municipality or such other entity of which the Bank is authorized by law to purchase its revenue bonds, general obligation bonds, notes, or other forms of indebtedness and which otherwise satisfies conditions found herein and in the Loan Agreement.

**"Governmental Unit's Allocable Proportion"** shall mean the proportionate amount of the total requirement in respect of which the term is used determined by the ratio that the Loan then outstanding to such Governmental Unit bears to the total of all Loans then outstanding to all Governmental Units.

**"Interest Account"** shall mean the account by that name established by Section 602.

**"Interest Payment Date"** shall mean any date upon which interest on any Bonds is payable in accordance with the terms thereof.

**"Interest Rate Exchange Agreement"** shall mean an agreement entered into by the Bank or the Trustee, on behalf of the Bank, providing for an interest rate cap, floor or swap with respect to any Bonds or Municipal Bonds.

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

- (1) Governmental Obligations;
- (2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the

following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself);

(a) *Farmers Home Administration* ("FmHA")  
Certificates of Ownership;

(b) *Federal Housing Administration* ("FHA")  
Debentures;

(c) *General Services Administration*  
Participation certificates;

(d) *Government National Mortgage Association* ("GNMA" or "Ginnie Mae")  
GNMA-guaranteed mortgage-backed bonds or GNMA-guaranteed pass-through obligations (participation certificates);

(e) *United States Maritime Administration*  
Guaranteed Title XI financing;

(f) *United States Department of Housing and Urban Development* ("HUD")  
Project Notes Local Authority Bonds;

(3) Bonds, debentures, notes or other evidence of indebtedness

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Rating Agencies and such agreement must be approved in writing prior to its acquisition by each bond insurer then insuring any Series of Bonds; and

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

"**Loan**" shall mean a loan heretofore or hereafter made by the Bank to a Governmental Unit pursuant to the Act and more particularly described in the applicable Series Resolution.

"**Loan Agreement**" shall mean an agreement, and any amendments thereto, heretofore or hereafter entered into between the Bank and a Governmental Unit setting forth the terms and conditions of a Loan.

"**Loan Obligation**" shall mean that amount of Bonds and the Bonds themselves issued by the Bank for the purchase of Municipal Bonds of a Governmental Unit.

"**Maximum Annual Debt Service**" shall mean, with respect to any Outstanding Series of Bonds, the highest remaining Annual Debt Service for such Series of Bonds.

"**Moody's**" shall mean Moody's Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to

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issued or guaranteed by any of the following government agencies (stripped securities are only permitted if they have been stripped by the agency itself);

(a) *Federal Home Loan Bank System*. Senior debt obligations (Consolidated debt obligations);

(b) *Federal Home Loan Mortgage Corporation*. ("FHLMC" or "Freddie Mac") rated AAA by Standard & Poor's and Aaa by Moody's Participation Certificates (Mortgage-backed securities) Senior debt obligations;

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

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

(e) *Resolution Funding Corp.* ("REFCORP")  
Only the interest component of

REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book-entry form are acceptable; and

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

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

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

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit

Insurance Corporation ("FDIC"), including Bank Insurance Fund ("BIF") and Savings Association Insurance Fund ("SAIF");

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

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

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

(10) Repurchase agreements providing for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date; provided, however, that the repurchase agreement must satisfy certain criteria articulated in writing to the Bank by the

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any other nationally recognized securities rating agency (other than Fitch or Standard & Poor's) designated by the Authorized Officer.

"**Municipal Bonds**" shall mean general obligation bonds, revenue bonds, notes or other evidences of debt issued by any Governmental Unit as now or hereafter defined in the Act which have heretofore been or will hereafter be acquired by the Bank as evidence of a Loan to the Governmental Unit pursuant to the Act.

"**Municipal Bonds Interest Payment**" shall mean that portion of a Municipal Bonds Payment made or required to be made by a Governmental Unit to the Bank which represents the interest due or to become due on the Governmental Unit's Municipal Bonds.

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

"**Municipal Bonds Principal Payment**" shall mean that portion of a Municipal Bonds Payment made or required to be made by a Governmental Unit to the Bank which represents the principal due or to become due on the Governmental Unit's Municipal Bonds.

"**Notes**" shall mean any obligations referred to herein issued by the Bank other than Bonds.

"**Operating Fund**" shall mean the fund by that name established by Section 602.

"**Outstanding**" when used with reference to Bonds, other than Bonds referred to in Section 1105 hereof, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Resolution except:

(1) Any Bonds canceled by the Bank or the Trustee at or prior to such date;

(2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Resolution; and

(3) Bonds deemed to have been paid as provided in subsection (B) of Section 1301.

"**Paying Agent**" for the Bonds of any Series shall mean the bank or trust company and its successor or successors, which may include the Trustee, designated by the Bank as Paying Agent pursuant to the provisions of this Resolution and a Series Resolution or any other resolution of the Bank adopted prior to authentication and delivery of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

"**Principal Account**" shall mean the account by that name established by Section 602.

"**Principal Installment**" shall mean, as of any date of calculation and with respect to the Outstanding Bonds of any Series, (i) the

principal amount of such Bonds which are due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with this Resolution of Sinking Fund Payments payable before such future date for the retirement of such Bonds or (ii) the unsatisfied balance of any Sinking Fund Payment due on a certain future date for such Bonds, plus the aggregate amount of the premiums, if any, which would be applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds, unsatisfied balance and applicable premiums, if any or (iv) for any particular Series of Bonds the amount specified in the Supplemental Resolution authorizing such Series of Bonds.

"**Put Bond**" shall mean any Bond that is part of a Series of Bonds subject to mandatory purchase by the Bank, its agent or a third party from the Owner of the Bond pursuant to provisions of the Series Resolution authorizing the issuance of the Bond.

"**Rating Agencies**" shall mean Moody's, Standard & Poor's and Fitch or their respective successors and assigns and/or such other securities rating agency selected by the Bank to provide a rating with respect to a Series of Bonds, or any portion thereof, which Rating Agency, as of the applicable date, shall have

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assigned a rating to any Series of Bonds or any portion thereof.

**"Rebate Calculation Date"** shall mean, with respect to each Series of Bonds, the interest payment date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last bond for such Series.

**"Rebate Fund"** shall mean the fund by that name established by Section 602.

**"Rebate Requirement"** shall mean the amount of arbitrage profits earned from the investment of gross proceeds of the Bonds in nonpurpose investments described in Section 148(f)(2) of the Code and defined as "Rebate Amount" in Section 1.148-3 of the Treasury Regulations, which are payable to the United States at the times and in the amounts specified in Section 148(D)(3) of the Code and Section 1.148-3 of the Treasury Regulations.

**"Record Date"** shall have the meaning set forth in the Series Resolution authorizing the particular Series of Bonds.

**"Redemption Account"** shall mean the account by that name established by Section 602.

**"Redemption Price"** shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, of any, payable upon redemption thereof pursuant to the provisions of such Bond, this Resolution and

the Series Resolution pursuant to which the same was issued.

**"Refunding Bonds"** shall mean all Bonds, whether issued in one or more series, authenticated and delivered on original issuance for the purpose of refunding Bonds or other obligations of the Bank and all Bonds thereafter authenticated and delivered upon the transfer or exchange of or in lieu of or in substitution for such Bond pursuant to this Resolution.

**"Regular Record Date"** shall mean, unless otherwise provided in a Series Resolution, with respect to the Bonds, the fifteenth (15th) day immediately preceding each Interest Payment Date (or the Business Day immediately preceding such fifteenth (15th) day, if such fifteenth (15th) day is not a Business Day).

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

**"Reserve Fund"** shall mean the 2005 General Obligation Bond Resolution Reserve Account established by Section 602 within the Alaska Municipal Bond Bank Reserve Fund created by Section 44.85.270 of the Act.

**"Reserve Fund Obligations"** shall mean the amount of Bonds issued by the Bank to obtain funds deposited in the Reserve Fund.

**"Reserve Fund Requirement"** shall mean the least of (i) Maximum Annual Debt

Service with respect to all Bonds Outstanding; (ii) 125% of Average Annual Debt Service with respect to all Bonds Outstanding; (iii) 10% of the initial principal amount of each Series of Bonds then Outstanding, or (iv) such lower amount as may be required by law. The Reserve Fund Requirement may be satisfied entirely, or in part, by Credit Enhancement as provided for herein; provided, however, any Credit Enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution for any prior Credit Enhancement previously issued shall not, by itself, cause a withdrawal or a downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

**"Resolution"** shall mean this General Obligation Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions hereof.

**"Security Instrument"** shall mean an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term "Security Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices; provided, however, that no such device or instrument shall be a "Security Instrument" for purposes of this Resolution unless specifically so designated in a Series Resolution authorizing the use of such device or instrument.

**"Security Instrument Agreement"** shall mean any agreement entered into by the Bank and a Security Instrument Issuer pursuant to a Series Resolution and/or the applicable portions of a Series Resolution providing for the issuance by such Security Instrument Issuer of a Security Instrument.

**"Security Instrument Costs"** shall mean, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Series Resolution authorizing the use of such Security Instrument. Such Security Instrument Agreement or Series Resolution shall specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

**"Security Instrument Issuer"** shall mean any bank or other financial institution, insurance company, surety company or other institution issuing a Security Instrument.

**"Security Instrument Repayment Obligations"** shall mean, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Bank under the Security Instrument Agreement or the Series Resolution authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security

Instrument Repayment Obligations any Security Instrument Costs. Each Security Instrument Agreement or the Series Resolution authorizing the use of such Security Instrument shall specify any amounts payable under it which, when outstanding, shall constitute Security Instrument Repayment Obligations and shall specify the portions of any such amounts that are allocable as principal of and as interest on such Security Instrument Repayment Obligations.

**"Series of Bonds" or "Bonds of a Series"** or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

**"Series Resolution"** shall mean a resolution of the Bank authorizing the issuance of a Series of Bonds in accordance with the terms and provisions hereof and adopted in accordance with Article X.

**"Sinking Fund Installment"** shall mean, as of any particular date of calculation and with respect to the Outstanding Bonds of any Series, the amount required to be paid at all events by the Bank on a single future date for the retirement of Bonds of such Series which mature after said future date, but does not include any amount payable by the Bank by reason only of the maturity of a Bond.

**"Standard & Poor's"** shall mean Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns, except that if such corporation or division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the

term "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or Fitch) designated by the Authorized Officer.

**"State"** shall mean the State of Alaska.

**"Supplemental Resolution"** shall mean a resolution supplemental to or amendatory of this Resolution, (other than a Series Resolution) adopted by the Bank in accordance with Article X.

**"Trustee"** shall mean the bank or trust company appointed pursuant to Section 801 to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to this Resolution.

**"Variable Rate Bonds"** shall mean, as of any date of calculation, Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated at a rate which is not susceptible to a precise determination.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Resolution, refer to this Resolution.

## ARTICLE II AUTHORIZATION AND ISSUANCE OF BONDS

**Section 201 - Authorization of Bonds and Interest Rate Exchange Agreements.** (A) Bonds are hereby authorized for issuance hereunder by the Bank. The Bonds may be issued in one or more Series pursuant to one or more Series Resolutions which shall state the purpose or purposes for which each Series of Bonds is being issued as hereinafter provided without limitation as to amount except as provided in this Resolution or as may be limited by law. Interest Rate Exchange Agreements may only be executed and delivered by the Bank in connection with the issuance and delivery of a Series of Bonds hereunder or in connection with the renewal, substitution or extension of an Interest Rate Exchange Agreement.

(B) There is hereby created by this Resolution, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of, interest on and Sinking Fund Installments for, all of the Bonds issued pursuant to this Resolution. The Bonds shall be general obligations of the Bank payable as to principal or Redemption Price of, interest on, and Sinking Fund Installments for the Bonds solely from the sources provided in this Resolution and any Series Resolution. The State shall not be liable on the Bonds and the Bonds shall not be a debt or liability, or

constitute a pledge or loan of the faith and credit, of the State. The Bonds shall contain on the face thereof a statement to the effect that the Bank is obligated to pay the principal or Redemption Price, if any, of the Bonds and the interest thereon only from revenues or funds of the Bank and that the State is not obligated to pay such principal or Redemption Price, if any, or interest and that neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal or Redemption Price, if any, of, or the interest on, the Bonds.

**Section 202 - Issuance and Delivery of Bonds.** After their authorization by a Series Resolution, Bonds of a Series may be executed by or on behalf of the Bank and delivered to the Trustee for authentication and, upon compliance by the Bank with the requirements, if any, set forth in such Series Resolution and with the requirements of Section 203 or, in the case of Refunding Bonds, Section 204, the Trustee shall thereupon authenticate and deliver such Bonds to or upon the order of the Bank.

**Section 203 - Provisions for Issuance of Bonds.** (A) The issuance of the Bonds shall be authorized by a Series Resolution or Series Resolutions of the Bank adopted subsequent hereto and the Bonds may be issued in one or more Series. The Bonds of each Series, including Refunding Bonds, shall, in addition to the title "Alaska Municipal Bond Bank General Obligation Bonds," contain such further appropriate particular designations added to such title and the appropriate Series designation

as the Bank may determine in such Series Resolution. Each Bond shall bear upon its face the designations so determined for the Series to which it belongs.

(B) Each Series Resolution authorizing the issuance of a Series of Bonds shall specify:

(1) The authorized principal amount of said Series of Bonds;

(2) The purposes for which such Series of Bonds is being issued, which shall be one or more of the following: (i) making Loans to Governmental Units, (ii) making payments into the Reserve Fund, (iii) the funding of Notes theretofore issued by the Bank for any purposes for which Bonds may have been issued, (iv) the refunding of Bonds and related purposes, as provided in Section 204, and (v) any other purpose authorized by law;

(3) The date and the maturity date or dates and amounts of each maturity of the Bonds of said Series or the method of determining the same;

(4) (i) The interest rate or rates (if any) or maximum interest rate of the Bonds of such Series, or the method of determining such rate or rates (which may be determinable at one or more specified times set forth in the Series Resolution, which may accrete or compound with such frequencies or in such manner as shall be specified in such Series Resolution and which shall be as otherwise specified in the Series Resolution), and the Interest Payment Dates and Record Dates therefor and (ii) a manner of calculating accreted value or

compounded principal value during all or any part of the term of the Series of Bonds being authorized, if interest is not payable currently and the Bank determines that it is necessary or appropriate;

(5) The denomination or denominations of, and the manner of numbering and lettering, the Bonds of such Series, provided that each Bond shall be of the denomination of \$5,000 or a multiple thereof, not exceeding the aggregate principal amount of the Bonds of such Series maturing in the year of maturity of the Bond for which the denomination is to be specified unless otherwise provided in the Series Resolution authorizing the issuance of such Bonds;

(6) The Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of and interest on the Bonds of such Series or the manner of appointing and designating the same;

(7) The Redemption Price or Prices, if any, and, subject to the provisions of Article IV, the redemption terms for the Bonds of such Series or the method of determining the same;

(8) The amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity of such Series, or the method of determining such Sinking Fund Installment;

(9) The form or forms of the Bonds of such Series and of the Trustee's certificate of authentication;

(10) The manner of execution of the Bonds of such Series;

(11) If, at the time of issuance of the Bonds of such Series, an Interest Rate Exchange Agreement will apply to such Bonds or such Bonds are to be secured by Credit Enhancement, the form of Credit Enhancement or Interest Rate Exchange Agreement to be obtained, the identity of the Credit Enhancement Agency or of the counterparty to the Interest Rate Exchange Agreement, and the substantial form of the significant documents relating to the Credit Enhancement or Interest Rate Exchange Agreement;

(12) If Bonds of such Series are to contain any tender or put options or the like, whether such Bonds are to be remarketed and, if so, the identity of any remarketing agent and the substantial form of any remarketing agreement relating to such Bonds; and

(13) Any other provisions deemed advisable by the Bank, not in conflict with the provisions of this Resolution.

All Bonds of each Series of like maturity shall be identical in all respects, except as to denominations, interest rate, and numbers and letters.

(C) All (but not less than all) the Bonds of each Series shall be executed by the Bank for issuance under the Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Bank or to such other party as may be specified in a written order of the Bank, but only upon the receipt by the Trustee of:

(1) A Counsel's Opinion to the effect that (i) the Bank has the right and power to execute and deliver this Resolution and the Series Resolution authorizing such Series under the Act as amended to the date of such Opinion; (ii) this Resolution and such Series Resolution has been duly and lawfully executed and delivered by the Bank, is in full force and effect and is valid and binding upon the Bank and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect); (iii) this Resolution and such Series Resolution creates the valid pledge and assignment which it purports to create of the Municipal Bonds, subject to the application thereof to the purposes and on the conditions permitted by this Resolution; (iv) the Bonds of such Series are valid and binding general obligations of the Bank, enforceable in accordance with their terms and the terms of this Resolution and such Series Resolution; and (v) the Bonds of such Series have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with this Resolution;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer;

(3) Either an original of the Series Resolution authorizing such Series or a copy thereof certified by an Authorized Officer;

(4) Except in the case of Refunding Bonds, a certificate of an Authorized Officer stating that the Bank is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution;

(5) Such further documents, moneys and securities as are required by the provisions of this Section 203, and Section 204, or Article X, or any Series Resolution or Supplemental Resolution adopted pursuant to Article X.

Section 204 - Provisions for Refunding Bonds. (A) All or any part of one or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits as are required by the provisions of the Act, this Section and of the Series Resolution authorizing said Series of Refunding Bonds.

(B) A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 203) of:

(1) Instructions to the Trustee to give due notice of redemption (which notice, in the case of an optional redemption, shall state that the redemption is conditioned by the Trustee on the receipt of sufficient funds for redemption) of all the Bonds to be refunded on the redemption date specified in such instructions;

(2) Either (i) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, or (ii) direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds or other obligations to be refunded and the principal of and interest on which when due, together with the moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued), if any, contemporaneously deposited with the Trustee, will be sufficient to pay when due the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, which moneys or Investment Securities shall be held by the Trustee or any one or more of the Paying Agents or an escrow agent or trustee for other obligations in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds or other obligations to be refunded; and

(3) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection (A) and this subsection (B) of this Section 204.

(C) From and after the delivery of the Refunding Bonds of a Series, the Trustee shall make appropriate adjustment between the Interest Account and Principal Account when disbursing and applying Municipal Bonds Payments deposited in the Debt Service Fund pursuant to the provisions of Section 604 to the end that such portion of the Municipal Bonds Payment as shall represent Municipal Bonds Interest Payment not required for deposit in the Interest Account for the purpose of paying interest accruing upon the Bonds shall be deposited in the Principal Account. Any surplus which might result upon and after such deposit shall be disposed of in the manner specified in the Series Resolution authorizing such Series.

(D) Neither investment Securities nor moneys deposited with the Trustee or an escrow agent or trustee for other obligations pursuant to paragraph (B)(2) of this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the applicable Redemption Price of the Bonds or other obligations to be refunded, together with accrued interest on such Bonds or other obligations to the redemption date, and any cash received from such principal or interest payments, if not then needed for such purpose, shall, to the extent practicable, be reinvested in such Investment Securities as are described in clause (i) of said paragraph maturing at times and in amounts sufficient to pay when due the applicable Redemption Price of such Bonds or other obligations, together with such accrued interest.

### ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS

Section 301 - Description of Bonds:  
Payment. (A) The Bonds of each Series issued under the provisions hereof may be issued only as registered bonds and subject to Section 303 hereof, each Bond shall be entitled "General Obligation Bonds" and shall bear such additional letter or number series designation as shall be determined in the Series Resolution authorizing the Bonds of the Series of which such Bond is one. Unless otherwise specified in the Series Resolution authorizing such Series of Bonds, Bonds of each Series shall be in Authorized Denominations each or any integral multiple thereof, shall be numbered consecutively from 1 upwards and shall bear interest payable on Interest Payment Dates.

(B) The Bonds of each Series issued hereunder shall be dated as of and bear interest from the date specified in the Series Resolution that authorized such Series, which date may be contemporaneous with or prior to or after the date of issuance of such Bonds.

(C) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America, as at the respective time of payment shall be legal tender for payment of public and private debts. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Bank kept for such purpose by the Trustee, the registrar hereinafter provided for as the Holder thereof, by

check or draft mailed to the Holder at her or his address as it appears on such registration books or to owners of \$1,000,000 or more in aggregate principal amount of Bonds by wire transfer to a bank account designated by the Holder in written instructions furnished to the Trustee. The interest on Bonds so payable, and punctually paid or duly provided for, on any interest Payment Date will be paid to the person who is the Holder thereof at the close of business on the applicable Record Date for such interest. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee, as paying agent, except as otherwise provided by Series Resolution. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(D) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions hereof as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board or otherwise, as may be specified in the Series Resolution authorizing such Series of Bonds.

Section 302 - Legends. The Bonds of each Series shall contain or have endorsed thereon a statement to the effect that the State shall not be liable thereon and that such Bond shall not be a debt of the State and may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this

Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Bank prior to the delivery thereof to the Bondholder.

Section 303 - Execution and Authentication. (A) The Bonds shall be executed in the name of the Bank by the manual or facsimile signature of its Chairman or Vice-Chairman and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of its Secretary or such officer or employee of the Bank as shall be directed by the Series Resolution authorizing the issuance thereof, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bonds of a Series may be signed and sealed on behalf of the Bank by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Bank, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office or employment.

(B) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in the Series Resolution authorizing such Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Bank shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Holder thereof is entitled to the benefits of the Resolution.

Section 304 - Interchangeability of Bonds. 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 their attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series, maturity, and interest rate as the surrendered Bond.

Section 305 - Negotiability, Transfer and Registry. All the Bonds issued under this Resolution shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Bank shall maintain and keep, at the corporate trust office of the Trustee,

books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the Bank shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Bank shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee.

The Bank and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Bank as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Bank nor any Fiduciary shall be affected by any notice to the contrary. The Bank agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense judgment or liability incurred by it, acting in good faith and without negligence under this Resolution, in so treating any such registered owner.

Section 306 - Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Bank shall

execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Bank or the Trustee may, as a condition precedent to the privilege of making such exchange or transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Notwithstanding any other provision of this Resolution the cost of preparing each registered Bond upon each exchange or transfer, and any other expenses of the Bank or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Bank as an Administrative Expense. Neither the Bank or the Trustee shall be required (i) to make any exchange or transfer of Bonds of any Series during the ten (10) days (or such other period of time as may be specified in the Series Resolution authorizing such Series) next preceding an interest payment date on the Bonds of such Series or proceeding any selection of Bond of such Series to be redeemed or (ii) to transfer or exchange any Bonds previously called for redemption.

Section 307 - Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Bank shall execute and the Trustee shall authenticate and deliver a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in

exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Bank evidence satisfactory to the Bank and the Trustee that such Bond have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Bank and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Bank and the Trustee may prescribe and paying such expenses as the Bank and the Trustee may incur in connection therewith. All Bonds so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Bank. Any such new Bonds issued pursuant to this section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Bank, regardless of whether the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution, in any moneys or securities held by the Bank or the Fiduciaries for the benefit of the Bondholders. If a Bondholder satisfies the conditions set forth in this section for the replacement of a mutilated Bond or a Bond alleged to be destroyed, stolen, or lost and such Bond has matured or all principal thereof and interest thereon shall become due for any other reason, then the Trustee may pay such principal of and interest on such Bond without issuing a replacement Bond.

Section 308 - Preparation of Definitive Bonds; Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Bank may execute, in the same manner as is provided in Section 303, and upon the request of the Bank, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds, substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued in such denominations as may be authorized by the Bank, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Bank at its own expense shall prepare and execute and, upon the surrender thereof of such temporary Bonds to the Trustee. The Trustee shall authenticate and, without charge to the holder thereof, deliver in exchange therefor definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

If the Bank shall authorize the issuance of temporary Bonds in more than one denomination, the holder of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, Series and maturity of any other authorized denomination or

denominations, and thereupon the Bank shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 306, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series and maturity in such other authorized denomination or denominations as shall be requested by such holder.

All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

Section 309 - Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may, at any time, be cremated or otherwise destroyed by the Trustee, who shall execute a Certificate of cremation or destruction in duplicate by the signature of one of its authorized officers describing the Bonds so cremated or otherwise destroyed, and one executed Certificate shall be filed with the Bank and the other executed Certificate shall be retained by the Trustee.

#### ARTICLE IV REDEMPTION OF BONDS

Section 401 - Redemption Provisions. The Bonds of each Series may be subject to redemption prior to maturity at such times and

upon such terms as shall be fixed by the related Series Resolution. If less than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular units of Bonds, as determined in accordance with Section 403 herein, to be redeemed shall be selected by lot by the Trustee, or in any manner as the Trustee, in its sole discretion, may deem appropriate and fair.

**Section 402 - Notice of Redemption.** (A) In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 402. Unless otherwise specified in the Series Resolution authorizing the issuance of the applicable Series of Bonds, notice of redemption (i) shall be filed with the paying agent designated for the Bonds being redeemed and (ii) shall be mailed by first class mail, postage prepaid, to all Bondholder of Bonds to be redeemed at their addresses as they appear on the registration books of the Trustee, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

(1) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds

or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(2) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the original issue date or dated date of and interest rate on such Bonds;

(3) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(4) the date of mailing of redemption notices and the redemption date;

(5) the redemption price;

(6) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(7) the place where such Bonds are to be surrendered for payment of the

redemption price, designating the name and address of the redemption agent with the name of a contact person and telephone number.

(B) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, at least two (2) Business Days in advance of the mailed notice to Bondholders, by registered or certified mail or overnight delivery service, to all registered securities depositories then in the business of holding substantial amounts (as reasonably determined by the Bondholders) of obligations of types comprising the Bonds and to at least two national information services that disseminate notices of redemption of obligations such as the Bonds. Such further notice shall contain the information required in clause (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(C) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(D) If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys

with the Trustee not later than the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

(E) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Bondholders of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Bondholders shall not affect the validity of the proceedings for the redemption of the Bonds.

(F) In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

**Section 403 - Partially Redeemed Fully Registered Bonds.** Unless otherwise specified in the Series Resolution authorizing the issuance of the applicable Series of Bonds, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Bank shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Holder thereof, at the

expense of the Bank, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. Unless otherwise provided by Series Resolution, a portion of any Bond of a denomination of more than the minimum Authorized Denomination to be redeemed will be in the principal amount of the minimum Authorized Denomination or an integral multiple thereof, and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of the minimum Authorized Denomination which is obtained by dividing the principal amount of such Bonds by the minimum Authorized Denomination.

#### ARTICLE V CUSTODY AND APPLICATION OF CERTAIN PROCEEDS OF BONDS

**Section 501 - Application of Certain Proceeds.** (A) Each Series Resolution authorizing the issuance of a Series of Bonds, a portion of the proceeds derived from the sale of which is to be applied to the purchase of Municipal Bonds, shall specify the name of each Governmental Unit which is to receive a Loan by the Bank from such proceeds and the amount of such proceeds to be applied to the making of each such Loan which shall be the amount of each such Loan. Contemporaneously with the issuance, sale and delivery of any Series of Bonds, the Bank shall apply the amount of the proceeds derived from the sale of such Series of Bonds, if any, as shall be specified in said Series Resolution for the purpose of making

such Loans to each of the Governmental Units specified in the Series Resolution authorizing the issuance of such Series of Bonds.

(B) Accrued interest, if any, received upon the delivery of such Series of Bonds shall be deposited in the Interest Account. The amount received as a premium over the principal amount of such Series of Bonds, if any, upon the delivery of such Series of Bonds shall be applied as provided in the Series Resolution authorizing such Series of Bonds.

(C) The amount, if any, necessary to cause the amount on deposit in the Reserve Fund to satisfy the Reserve Fund Requirement.

(D) Any remaining proceeds derived from the sale of a Series of Bonds shall be applied as provided in the Series Resolution authorizing such Series of Bonds.

**Section 502 - Loans.** (A) A Loan to each Governmental Unit shall be made from the portion of the proceeds derived from the sale of each Series of Bonds specified in the Series Resolution authorizing the issuance of such Series of Bonds and the amount of each such Loan shall be the amount specified in such Series Resolution. All such payments made pursuant to such Series Resolution shall be subject to the provisions and restrictions of this Article V, and the Bank covenants that it will not cause or permit to be paid from such portion of the proceeds derived from the sale of such Series of Bonds any sums except in accordance with such provisions and restrictions.

(B) The Trustee shall pay to each Governmental Unit the amount of the Loan upon receipt by the Trustee of:

(1) a written requisition of the Bank signed by an Authorized Officer stating

(i) the name of the Governmental Unit to which the payment is to be made; and  
(ii) the amount to be paid;

(2) a certificate signed by an Authorized Officer and attached to the requisition certifying that the terms and provisions of the Loan Agreement providing for such Loan are in compliance with Section 913, and that to the knowledge of such Authorized Officer such Governmental Unit is not in default under any of the terms or provisions of said Loan Agreement;

(3) a Counsel's Opinion stating that such Municipal Bonds are valid obligations of such Governmental Unit as required by the Act and that the Loan Agreement has been duly authorized and executed by the Governmental Unit and constitutes a valid and binding obligation of the Governmental Unit enforceable in accordance with its terms; and

(4) such Municipal Bonds of such Governmental Unit, registered as to both principal and interest in the name of the Bank or the Trustee and delivered in accordance with the Act.

Upon receipt of such requisition, accompanying certificate, Counsel's Opinion and Municipal Bonds, the Trustee shall pay such

amount directly to the Governmental Unit entitled thereto as named in such requisition.

**Section 503 - Retention and Inspection of Documents.** All requisitions and certificates and Counsel's Opinions and Municipal Bonds received by the Trustee, as required in this Article V as conditions of payment may be relied upon by and shall be retained in the possession of the Trustee, subject to all times during normal business hours to the inspection of the Bank and, after written request received by the Trustee at least five business days prior to the date of inspection, by any Holder of at least five per cent in principal amount of the Series of Outstanding Bonds.

#### ARTICLE VI ESTABLISHMENT OF FUNDS AND ACCOUNTS AND APPLICATION THEREOF

**Section 601 - Pledge.** (A) The Bonds shall be direct and general obligations of the Bank, and its full faith and credit are pledged to the payment of the principal and redemption premium, if any, of and interest on the Bonds, subject to any agreements heretofore and hereafter made with the Holders of any other notes or bonds of the Bank pledging any particular revenues or assets not pledged under this Resolution.

(B) The Municipal Bonds and the Municipal Bonds Payment, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by this Resolution to be held by the Trustee are hereby pledged and assigned for the payment of the principal of, Redemption Price of, interest

on, and Sinking Fund Installments for, the Bonds in accordance with the terms and provisions of this Resolution, subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution authorizing the Bank to create Security Interests in said Municipal Bonds and Municipal Bonds Payment in favor of Credit Enhancement Agencies and counterparties to Interest Rate Exchange Agreements. Subject to the provisions of Section 605 of this Resolution, this pledge shall be valid and binding from and after the date of adoption of this Resolution, and the Municipal Bonds and the Municipal Bonds Payment and all other monies and securities in the funds and accounts established by this Resolution to be held by the Trustee hereby pledged shall immediately be subject to the lien of such pledge without any further act, and such lien shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bank, regardless of whether such parties have notice thereof.

Section 602 - Establishment of Funds and Accounts. (A) The Alaska Municipal Bond Debt Service Fund (the "Debt Service Fund") is hereby established and shall be maintained and held by the Trustee pursuant to the provisions of this Resolution. There is hereby created and established in the Debt Service Fund an "Interest Account," a "Principal Account" and a "Redemption Account" each of which shall be held by the Trustee. Amounts in the Interest Account, the Principal Account and the Redemption Account shall be used solely for the purpose of paying the principal of,

Redemption Price of, interest on and Sinking Fund Installments for, the Bonds and of retiring such Bonds at or prior to maturity in the manner provided herein and in any Series Resolution. Amounts deposited in the Interest Account and the Principal Account shall be disbursed and applied by the Trustee at the times and in the manner provided in this Article VI and in paragraph (3) of Section 203.

(B) There is hereby established within the Alaska Municipal Bond Bank Reserve Fund created by Section 44.85.270 of the Act, a 2005 General Obligation Bond Resolution Reserve Account (the "Reserve Fund") which shall be maintained and held by the Trustee pursuant to the provisions of this Resolution.

(C) There is hereby established a Rebate Fund, and within such fund, a separate account for each Series of Bonds.

(D) There is hereby established an Operating Fund which shall be held by the Bank pursuant to the provisions of this Resolution.

Section 603 - Reserve Fund. (A) On or before the first day of each month, the Trustee shall set aside from amounts in the Reserve Fund derived from income or interest earned and profits realized by the Reserve Fund due to the investment thereof, an amount which, when added to the amounts theretofore set aside for such purpose and not paid into the Interest Account, will on such day be equal to the unpaid interest on the Reserve Fund Obligations accrued and to accrue to the last day of such month. If the Trustee so determines, said amounts may be deposited in an account which

the Trustee may create in the Reserve Fund under the name of "Reserve Fund Obligations Interest Account". On or before each interest payment date of the Reserve Fund Obligations, said amounts shall be deposited in the Interest Account.

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

(C) On or before December 31 of each year, after complying with the provisions of paragraphs (1) and (2) above to the extent required by such date, the Trustee shall withdraw from the Reserve Fund, any amount remaining therein derived from income or interest earned and profits realized by the Reserve Fund due to the investment thereof, and pay over said amount to the Bank for deposit in the Operating Fund but only to the extent that there remains after such withdrawal an amount in the Reserve Fund at least equal to the Required Debt Service Reserve.

(D) The Reserve Fund Requirement may be satisfied with (i) monies made available by the State and paid to the Bank for the purpose of the Alaska Municipal Bond Bank Reserve Fund created by Section 44.85.270 of

the Act in the amount provided by a Series Resolution: (ii) all monies paid to the Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Required Debt Service Reserve; (iii) such portion of the proceeds of sale of Bonds, if any, as shall be provided by any Series Resolution; (iv) Credit Enhancement; (v) any other monies which may be made available to the Bank for the purposes of the Reserve Fund from any other source or sources; or (vi) any combination of the foregoing.

(E) In the event there shall be, on any interest payment date, a deficiency in the Interest Account, or, in the event there shall be, on any principal payment date or Sinking Fund installment payment date, a deficiency in the Principal Account, the Trustee shall make up such deficiencies from the Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of securities held in the Reserve Fund, if necessary, in such amounts as will, at the respective times, provide monies in the Interest Account and Principal Account sufficient to make up any such deficiency. If a deficiency still exists immediately prior to a debt service payment date and after the withdrawal of cash, the Bank shall then draw from any Credit Enhancement for the Bonds in sufficient amount to make up such difference. Drawings under the Credit Enhancement shall be made on a pro-rata basis (in proportion to the respective maximum coverages) available under the Credit Enhancement. Such draw shall be made at such times and under such conditions as such Credit Enhancement shall provide.

Section 604 - Interest Account, Principal Account and Redemption Account.

(A) Except as otherwise provided in paragraph (3) of Section 204, the Trustee shall deposit Municipal Bonds Interest Payments and any other monies available for the payment of interest in the Interest Account upon receipt thereof. The Trustee shall, on or before each interest payment date of the Bonds, pay, out of amounts then held for the credit of the Interest Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of the interest becoming due on the Bonds on such interest payment date, and such amounts so withdrawn are hereby irrevocably pledged for and shall be applied to the payment of such interest. The Trustee shall also pay out of the Interest Account to itself and the appropriate Paying Agents, on or before any redemption date for Bonds being refunded by Refunding Bonds, the amount required for the payment of interest on the Bonds then to be redeemed, to the extent not otherwise provided in this Resolution.

(B) The Trustee shall deposit Municipal Bonds Principal Payments and any other monies available for the payment of principal in the Principal Account, upon receipt thereof. The Trustee shall, on or before each principal payment date or Sinking Fund installment date for, the Bonds, pay, out of the monies then held for the credit of the Principal Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of the principal or Sinking Fund Installment due on the Bonds on such date, and

such amounts so withdrawn are hereby irrevocably pledged for and shall be applied to the payment of such principal or Sinking Fund Installment.

(C) The Trustee shall establish in the Redemption Account a separate sub-account for the Bonds of each Series Outstanding.

(1) Any monies deposited into the Redemption Account from any source other than pursuant to Section 607 or Section 916 shall be applied to the purchase or redemption of Bonds in a manner to be determined by the Bank in accordance with Article IV. Any monies deposited into the Redemption Account pursuant to Section 607 shall be applied to the purchase or redemption of Reserve Fund Obligations in a manner to be determined by the Bank in accordance with Article IV.

(2) The Bank shall deposit or cause to be deposited in the Redemption Account such portion of the monies received as the proceeds of sale or redemption of Municipal Bonds, as required by Section 916 hereof, and, upon any such deposit, shall advise the Trustee in writing of the Series of Bonds to which the same relates. Upon receipt, such monies shall be set aside by the Trustee in the appropriate Series sub-account. Monies so held in each separate sub-account by the Trustee shall be applied to the purchase or retirement of the Bonds of the Series in respect of which such sub-account was created as follows:

(i) The Trustee shall promptly apply such monies to the purchase of Bonds of the Series in respect of which

such sub-account was created having the same maturity date or dates and in the same principal amount within each maturity as the Municipal Bonds Principal Payments required to be made for the Municipal Bonds sold by the Bank or redeemed by the Governmental Unit at the most advantageous price obtainable with reasonable diligence, such price, however, not to exceed the Redemption Price which would be payable on the next ensuing date on which the Bonds of the Series so purchased are redeemable according to their terms. The Trustee shall pay the interest accrued on the Bonds so purchased to the date of sale or redemption of the Municipal Bonds from the interest account and the balance of the purchase price from the applicable sub-account in the Redemption Account, as hereinabove provided, but no such purchase shall be made by the Trustee within the period of forty-five (45) days next preceding a date on which such Bonds are subject to redemption under the provisions of the Series Resolution authorizing the issuance thereof.

(ii) In the event the Trustee is able to purchase the requisite principal amount of Bonds from a sub-account in accordance with and under the foregoing provisions of this subparagraph (b) at a purchase price less than the sum of the deposits to such sub-account from the proceeds

from the sale or redemption of Municipal Bonds and the applicable transfers from the Interest Account, upon the payment by the Trustee of the purchase price of such Bonds, the Trustee shall transfer the balance of monies remaining in such sub-account to the Bank for deposit in the Operating Fund.

(iii) In the event the Trustee is unable to purchase the requisite principal amount of Bonds the Trustee shall call for redemption on the next ensuing redemption date such amount of Bonds of the Series in respect of which such sub-account was created, having the same maturity date or dates and in the same principal amount within each maturity as the Municipal Bonds Principal Payments required to be made for the Municipal Bonds sold by the Bank or redeemed by the Governmental Unit, as, at the Redemption Price thereof, will exhaust said sub-account as nearly as may be. Such redemption shall be made pursuant to the provisions of Article IV hereof. The Trustee shall pay the interest accrued on the Bonds so redeemed to the date of sale or redemption of the Municipal Bonds from the Interest Account and the balance of such interest to the date of redemption of the Bonds and the Redemption Price from the applicable sub-account.

(3) The Bank may, from time to time, by written instructions direct the Trustee to make purchases under subparagraph (b) above only

after receipt of tenders. The Bank may specify the length of notice to be given and the date on which tenders are to be accepted or may authorize the Trustee to determine the same in its discretion. All such tenders shall be by sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified under subparagraph (b) above for the purchase of Bonds. The Trustee shall accept tenders with the lowest price, as determined by the Trustee, and if the monies available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at an equal price above the amount of monies available for purchase then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five (45) days next preceding any date on which such Bonds are subject to redemption.

(D) Monies set aside from time to time with the Trustee and Paying Agents for the payment of principal or Redemption Price of, interest on and Sinking Fund Installments for, the Bonds shall be held in trust for the Holders of the Bonds. Until so set aside for the payment of such principal, Redemption Price, interest, and Sinking Fund Installments, all monies in such accounts shall be held in trust for the benefit of the Holders of all Bonds at the time Outstanding equally and ratably and without any preference or distinction as between Bonds of different Series, except that monies on deposit in the separate sub-accounts established in the

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Redemption Account shall be held in trust for and applied to the payment of the Bonds of the Series for which the applicable sub-account was established.

Section 605 - Rebate Fund. (A) The Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund which shall be held separate and apart from all other funds and accounts established under this Resolution and from all other moneys of the Trustee.

(B) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of this Resolution. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of the Rebate Requirement for all Series of Bonds, as verified in writing by an independent public accountant or other qualified professional selected by the Bank at the time the Rebate Requirement is determined, less amounts of the Rebate Requirement theretofore paid to the United States for all Series of Bonds, the Trustee shall, upon the Bank's request, withdraw from the Rebate Fund and pay to or upon the order of the Bank an amount not to exceed such excess to the Bank for deposit in the Operating Fund.

(C) The Bank shall determine the amount of the Rebate Requirement with respect to each Series of Bonds on each applicable Rebate Calculation Date. The Bank shall deposit into the Rebate Fund the Rebate Requirement, if any, with respect to each Series of Bonds. The Bank shall instruct the Trustee to

withdraw from the Rebate Fund and pay over to the United States Government with respect to each Series of Bonds: (1) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebate Requirement pertaining to such Series of Bonds plus the amount, if any, of Rebate Requirement theretofore paid to the United States with respect to such Series of Bonds, and (2) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebate Requirement with respect to such Series. The determination of rebatable arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Bank from the Rebate Fund pursuant to this Resolution must be verified in writing by an independent public accountant or other qualified professional selected by the Bank.

(D) The Trustee shall, at least sixty (60) days prior to each Rebate Calculation Date, notify the Bank of the requirements of this Section. By agreeing to give this notice, the Trustee assumes no responsibility whatsoever for compliance by the Bank with the requirements of Section 148 of the Code or any successor. The Bank expressly agrees that (notwithstanding any other provision of this Resolution) any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Bank to comply with the

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requirements of said Section 148 or any successor thereof.

(E) The Trustee, on behalf of the Bank, shall keep and retain, until the date six years after the retirement of the last of the Bonds of each Series, records with respect to each Series of the Bonds and the investment and expenditure of amounts on deposit with the Trustee to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of amounts on deposit with the Trustee with respect to each Series of the Bonds. For purposes of the computation required above, the Trustee shall, upon request, furnish to the Bank all information in the Trustee's control which is necessary for such computations.

(F) The Bank hereby covenants and agrees that it will not enter, and will not cause the Trustee to enter into, any transaction or cause any transaction to be entered into with respect to the investment of gross proceeds of the Bonds, or otherwise, which reduces the amount which may be required to be paid to the United States pursuant to the arbitrage rebate requirements specified herein above, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on each Series of the Bonds not been relevant to either party.

(G) The provisions of this Section may be amended or deleted, with respect to any or all series of the Bonds, from this Resolution

upon receipt by the Bank and the Trustee of an opinion of bond counsel that such amendment or deletion will not adversely affect the exclusion from gross income of interest on the Bonds.

Section 606 - Operating Fund. There shall be deposited in the Operating Fund all Fees and Charges collected by the Bank or the Trustee, to the extent not otherwise encumbered or pledged, and any other monies which may be made available to the Bank for the purposes of the Operating Fund from any other source or sources including, without limiting the generality of the foregoing, amounts transferred pursuant to paragraph (3) of Section 603, subparagraph (b)(ii) of paragraph (3) of Section 604 and the amount received as a premium over the principal amount of a Series of Bonds, if any, to the extent provided in the Series Resolution authorizing such Series. Monies at any time held for the credit of the Operating Fund shall be used for and applied solely to the following purposes:

(a) To pay the Administrative Expenses of the Bank;

(b) To pay the fees and expenses of the Trustee and Paying Agents;

(c) To pay financing costs incurred with respect to a Series of Bonds, including fees and expenses of the attorneys, initial Trustee's and Paying Agents' fees and expenses, costs and expenses of financial consultants, printing costs and expenses, the payment to any officers, departments, boards, agencies, divisions and commissions of, or reimbursement to, the State of any statement of cost and expense or

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advances rendered to the Bank pursuant to the Act, and all other financing and other miscellaneous costs; and

(d) To pay any expenses in carrying out any other purpose then authorized by the Act.

All amounts in the Operating Fund shall be free and clear of any lien or pledge created by this Resolution but shall be held and applied in accordance with this section.

Section 607 - Reduction of Required Debt Service Reserve. Whenever the amount of the Required Debt Service Reserve is reduced, the Trustee, only upon the written request of the Bank signed by an Authorized Officer, shall withdraw from any amounts on deposit in the Reserve Fund and deposit in the Redemption Account any amount not exceeding the amount of such reduction of the Required Debt Service Reserve. The amount to be withdrawn from the Reserve Fund in each instance pursuant to the provisions of this paragraph shall be determined by the Bank and the amount thereof certified to the Trustee in writing signed by an Authorized Officer.

Section 608 - Trustee's Maintenance of Records on Payment of Bonds. In connection with the payment, redemption or purchase of all Bonds under the provisions of this Resolution, the Trustee shall keep accurate records of the source of the monies used to pay, redeem or purchase such Bonds.

Section 609 - Obtaining Credit Enhancements and Interest Rate Exchange Agreements. Except as otherwise provided in a

Series Resolution authorizing the issuance of a Series of Bonds, the Bank may obtain Credit Enhancement or an Interest Rate Exchange Agreement with respect to such Bonds either at the time of issuance of the Bonds or any time thereafter.

Section 610 - Creation of Additional Funds, Accounts and Subaccounts; Separate Credit Enhancement Funds; Pledge with Respect to Credit Enhancements and Interest Rate Exchange Agreements. (A) The Trustee shall establish within any Fund such Accounts in addition to the Accounts herein established as the Bank shall by Series Resolution or Supplemental Resolution determine and shall in like manner establish within any Account such additional subaccounts for the purposes of such Account as the Bank shall so determine.

(B) The Bank may at any time by execution of a Series Resolution or Supplemental Resolution establish a Fund or Account in which to hold any Credit Enhancement and the proceeds thereof or drawings thereunder (a "Credit Enhancement Fund") for the benefit of any Series of Bonds to which such Credit Enhancement has been pledged, which pledge may be (but is not required to be) exclusively for the benefit of such Series of Bonds or certain designated Series of Bonds and not equally and ratably among all the Series of Bonds. Amounts held in a Credit Enhancement Fund shall not be considered a part of the Municipal Bonds Payment but, rather, shall be subject to such lien and pledge as may be created in the Series Resolution creating such Credit Enhancement Fund.

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(C) If the Bank creates a Credit Enhancement Fund, the Bank may direct, in the Series Resolution creating such Credit Enhancement Fund, that the Trustee pay, and if so directed in writing by the Bank the Trustee shall pay, principal (including premium, if any) of and interest on the Bonds secured by such Credit Enhancement Fund directly from amounts in such Credit Enhancement Fund and that the Trustee reimburse, and if so directed in writing by the Bank the Trustee shall reimburse, such Credit Enhancement Fund for such payment from the Credit Enhancement Fund; provided, however, that the Bank may, in the Series Resolution authorizing the Series of Bonds to be secured by Credit Enhancement, treat any, or any part of any, obligation owed or which may in the future be owed to the Credit Enhancement Agency pursuant to the Credit Enhancement Instrument as the Series of Bonds secured by such Credit Enhancement if the Corporation, at the time of issuance of said Series of Bonds and at the time of the creation of any such obligation satisfies the requirements of Section 203, in which case the Trustee shall pay the principal of and interest on any such obligations in accordance with the terms of this Resolution treating such obligations as a Series of Bonds. In a Series Resolution authorizing a Series of Bonds secured by a Credit Enhancement Fund the Bank may fix provisions relating to such Fund pursuant to the terms of a Series Resolution. In addition to the foregoing, the Bank may agree to permit a Credit Enhancement Agency to be subrogated to the rights of any Bondholders whose Bonds are secured by the Credit Enhancement provided

that such Credit Enhancement Agency is not in default under such Credit Enhancement.

ARTICLE VII  
SECURITY FOR DEPOSITS AND  
INVESTMENT OF FUNDS

Section 701 - Security for Deposits. All monies held hereunder by the Trustee shall be continuously and fully secured, for the benefit of the Bank and the Holders of the Bonds in such manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds. The Trustee or any Paying Agent shall not be required to give security for the deposit of any monies with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any monies which shall be represented by obligations purchased under the provisions of this Resolution as an investment of such monies.

Section 702 - Investment of Funds and Accounts Held by the Trustee. (A) Upon the deposit of any amounts in any fund or account held by the Trustee under the provisions of this Resolution, in the manner hereinabove prescribed, the Bank may furnish the Trustee with a schedule of dates on which it is estimated by the Bank that such monies in said fund or account will be required to be expended. The Bank may from time to time amend the schedule so furnished. Upon receipt of such schedule or amended schedule, the Bank may direct the Trustee to, or in the absence of receipt of such

schedule or such direction the Trustee shall, invest and reinvest in Investment Securities the monies in said fund or account so that the maturity date or date of redemption at the option of the holder of such obligations shall coincide as nearly as practicable with the times at which monies are needed by the Bank to be so expended. The Bank also may direct the Trustee that all or part of the amounts in the Interest Account and the Principal Account in the Debt Service Fund not be invested for specified periods of time.

(B) Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of this Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account, except that the income or interest earned and profits realized by the Reserve Fund due to the investment thereof shall be transferred by the Trustee in accordance with and to the extent provided by paragraphs (1), (3) and (5) of Section 603.

(C) In determining whether or not the amount in the Reserve Fund is at least equal to the Reserve Fund Requirement, the Trustee shall include the amount of interest earned or accrued thereon as of the date of evaluation and shall also include, but only if any other requirement therefor specified in a Series Resolution has been satisfied, the principal

component of any Credit Enhancement then on deposit in the Reserve Fund.

(D) Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Resolution whenever it shall be requested in writing by an Authorized Officer of the Bank to do so or whenever it shall be necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the Bank in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Resolution as of the end of the preceding month.

Section 703 - Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article, in the manner provided in this Article, or for any loss resulting from any such investment so made except for its own negligence or default.

ARTICLE VIII  
THE TRUSTEE AND THE PAYING AGENTS

Section 801 - Appointment and Acceptance of Duties of Trustee. J.P. Morgan Trust Company, National Association, a trust company or bank having the powers of a trust company doing business and having a corporate trust office in Seattle, Washington, is hereby appointed as Trustee for the Holders from time to time of the Bonds. The Trustee shall signify

its acceptance of the duties and obligations imposed upon it by this Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in the Resolution.

Section 802 - Appointment and Acceptance of Duties of Paying Agents. The Bank shall appoint one or more Paying Agents for the Bonds of any Series in the Series Resolution authorizing such Bonds or shall appoint such Paying Agent or Paying Agents by or pursuant to a resolution of the Bank adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 812 for the appointment of a successor Paying Agent. The Trustee may be appointed to act as Paying Agent notwithstanding that it may then be acting in the capacity of Trustee. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance executed and delivered to the Bank and the Trustee. The principal or corporate trust offices of the Paying Agents are hereby designated as the respective agencies of the Bank for the payment of the interest on and principal or Redemption Price of the Bonds.

Section 803 - Responsibilities of Fiduciaries. (A) The recitals of fact herein and in

the Bonds contained shall be taken as the statements of the Bank and the Fiduciaries assume any responsibility for the correctness of the same. No Fiduciary shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or in respect of the security afforded by this Resolution, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representations contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless indemnified to its satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others or the use or application by the Bank of the Bonds or the proceeds thereof.

(B) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Resolution, and no implied covenants or obligations shall be read into this Resolution against the Trustee, and, in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinion expressed therein, upon certificates or opinions

furnished to the Trustee and conforming to the requirements of this Resolution.

(C) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Resolution and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(D) No provision of this Resolution shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that (1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Resolution, and (3) no provision of this Resolution shall require the Trustee to expend risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Except as otherwise expressly provided herein, the Trustee

shall determine whether any conditions or requirements set forth herein for any purpose have been met, and such determination by the Trustee shall be conclusive.

(E) Regardless of whether it is therein expressly so provided, every provision of this Resolution, any Series Resolution, or any related document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(F) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Resolution at the request or direction of any of the Bondholders pursuant to this Resolution, unless such Bondholders shall have offered to the Trustee security or indemnity to its satisfaction against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(G) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document.

(H) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(I) The permissive right of the Trustee to do things enumerated in this Resolution shall not be construed as a duty.

(J) In accepting the trusts hereby created, the Trustee acts solely as Trustee for the Bondholders and not in its individual capacity and all persons, including, without limitation, the Bondholders and the Bank having any claim against the Trustee arising from this Resolution shall look only to the funds and accounts held by the Trustee or its agent hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

Section 804 - Evidence on Which Fiduciaries May Act. Each Fiduciary may rely and shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Bank, and the opinion of such shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in reliance thereon. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, including payment of moneys out of any Fund or Account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and

established by a certificate signed by an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Bank to any Fiduciary shall be sufficiently executed if executed in the name of the Bank by an Authorized Officer.

**Section 805 - Compensation.** The Bank shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under this Resolution. The Bank further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

**Section 806 - Permitted Acts and Functions.** The Trustee and any Paying Agent

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be executed, acknowledged and delivered by the Bank. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee. The Bank shall pay the expenses of effecting a transfer under this Section.

**Section 811 - Merger or Consolidation.** Any company into which the Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which Fiduciary may sell or transfer all of its corporate trust business, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, provided that such company shall be a trust company or bank which is qualified to be a successor to the Trustee under Section 809 or which is qualified to be a successor to the Paying Agent under Section 812.

**Section 812 - Resignation or Removal of the Paying Agents and Appointment of Successors.** Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days written notice to the Bank and the Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Bank. Any successor Paying Agent shall be appointed by the Bank and shall be a trust company or bank having the powers of a trust company having a capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000), and willing and

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may become the owner of any Bonds, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

**Section 807 - Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than ninety (90) days' written notice to the Bank and to the registered owners of Bonds, specifying the date when such resignation shall take effect and such resignation shall take effect immediately upon the appointment of a successor Trustee pursuant to Section 809 hereof.

**Section 808 - Removal of Trustee.** The Trustee shall be removed by the Bank if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Bank, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Bank. The Bank may remove the Trustee at anytime, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Bank by filing with the Trustee

able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any monies held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed. In the event that for any reason there shall be a vacancy in the office of Paying Agent, the Trustee shall act as such Paying Agent.

**Section 813 - Evidence of Signatures of Bondholders and Ownership of Bonds.**

(A) Any request, consent or other instrument which this Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by the certificate, which need not

an instrument signed by an Authorized Officer of the Bank.

**Section 809 - Appointment of Successor Trustee.** In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Bank covenants and agrees that it will thereupon appoint a successor Trustee. The Bank shall provide written notice of such appointment to the registered owners of the Bonds.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Bank written notice, as provided in Section 807, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section 809 in succession to the Trustee shall be a trust company or bank in good standing having the powers of a trust company within or outside the State, and having a capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000) if there be such a

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trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

**Section 810 - Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Bank, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Bank, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Bank be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law,

be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which she purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary;

(2) The amount of Bonds transferable by delivery held by any person executing such request or other instrument as a Bondholder, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an officer of a trust company, bank, financial institution or other depository or member of the National Association of Securities Dealers, Inc. wherever situated, showing that at the date therein mentioned such person

exhibited to such officer or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by such officer that the depository held that Bonds therein referred to on the date of the certificate and that they will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Trustee, and a certificate of the Trustee, which need not be acknowledged or verified, that such consent has not been given.

(B) Except in the case of Bonds transferable by delivery only, the ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Bank or any Fiduciary in accordance therewith.

#### ARTICLE IX COVENANTS OF THE BANK

The Bank covenants and agrees with the Holders of the Bonds as follows:

**Section 901 - Payment of Bonds.** The Bank shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds according to the true intent and

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meaning thereof, and shall duly and punctually pay, or cause to be paid, all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

**Section 902 - Extension of Payment of Bonds.** The Bank shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in case of any default under this Resolution to the benefit of this Resolution or to any payment out of any assets of the Bank or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to this Resolution) prior to benefits accorded to or the payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Bank to issue Refunding Bonds as provided in Section 203 and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

**Section 903 - Offices for Servicing Bonds.** The Bank shall at all times maintain an office or agency where Bonds may be presented for transfer or exchange, and where notices, presentations and demands upon the Bank in respect of the Bonds or of this Resolution may

be served. The Bank hereby appoints the Trustee as its agent to maintain such office or agency for the transfer or exchange of Bonds and for the service of such notices, presentations and demands upon the Bank and may appoint one or more co-registrars for such purposes. The Bank hereby appoints the Trustee as Paying Agent and hereby appoints the Paying Agent as its agent to maintain such offices or agencies for the payment of Bonds.

**Section 904 - Further Assurances.** At any and all times the Bank shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary for the better assuring, conveying, granting, assigning, confirming all and singular the rights, Municipal Bonds Payments, the Municipal Bonds and other monies, securities, funds and property hereby pledged or assigned, or intended so to be, or which the Bank may hereafter become bound to pledge or assign.

**Section 905 - Power to Issue Bonds and Make Pledges.** The Bank is duly authorized pursuant to law to authorize and issue the Bonds for the purposes herein authorized and to adopt this Resolution and to pledge the Municipal Bonds Payments, the Municipal Bonds and other monies, securities, funds and property purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Municipal Bonds Payments, the Municipal Bonds, and other monies, securities, funds and property so pledged are and will be free and clear of any

pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, except for the liens in favor of the Trustee and Paying Agents provided in Section 805 hereof, and all corporate or other action on the part of the Bank to that end has been duly and will be duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Bank in accordance with their terms. The Bank shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Municipal Bonds Payments, the Municipal Bonds and other monies, securities, funds and property pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

**Section 906 - General Covenants of the Bank.** (A) The Bank shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Bank under law and this Resolution in accordance with the terms hereof.

(B) Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law and this Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Bank, shall be within every debt and other limit prescribed by the laws of the State.

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

(D) Upon failure of a Governmental Unit to make any principal or interest payment on the date specified in, and as required by, the applicable Loan Agreement securing payment of the Municipal Bonds, the Trustee shall immediately notify the Executive Director of the Bank who shall then take the following actions:

(i) the Executive Director shall within two days of the Governmental Unit's failure to make the Municipal Bonds Payment pursuant to the terms of the applicable Loan Agreement, contact such Governmental Unit and request payment;

(ii) in the event payment is not made by the Governmental Unit pursuant to (i) above, the Trustee shall make up such deficiencies from the Reserve Fund as provided for in Section 603(E) of this Resolution;

(iii) in the event payment is not made by the Governmental Unit pursuant to (i) above, and the Reserve

Fund is drawn upon to make up such deficiency pursuant to (ii) above, the Executive Director shall initiate intercept proceedings with the applicable State agencies pursuant to Section 917 of this Resolution;

(iv) in the event amounts collected pursuant to (iii) above are insufficient to replenish amounts held in the Reserve Fund to the Reserve Fund Requirement, the Executive Director shall contact the Governor of the State and the State legislature as set forth in Section 911(B) of this Resolution; and

(v) if there remains a deficiency in the Reserve Fund after the Executive Director has exhausted the requirements found in (i) through (iv) above, the Executive Director shall request a loan from the Department of Revenue pursuant to AS 44.85.270(f) and provide for such loan to be used to cause the amount in the Reserve Fund to satisfy the Reserve Fund Requirement.

**Section 907 - Accounts and Reports.** (A) The Bank shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Municipal Bonds Payments, Municipal Bonds, the Fees and Charges and all funds and accounts established by this Resolution, which shall at all reasonable times be subject to the inspection of the Trustee or the Holders of an aggregate of not less than

twenty-five per centum (25%) in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(B) The Bank shall annually, on or before the last day of January in each year, file with the Trustee a copy of an audit for the preceding Fiscal Year, accompanied by an Accountant's Certificate, and an annual report setting forth in complete and reasonable detail: (a) its operations and accomplishments; (b) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the Bank for its operating and capital outlay purposes; (c) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Municipal Bonds Payments, Municipal Bonds, Fees and Charges and the status of reserve, funds and the funds and accounts established by this Resolution; and (d) a schedule of its Bonds Outstanding and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year. A copy of each such annual report and Accountant's Certificate shall be mailed promptly thereafter by the Trustee to each Bondholder who shall have filed his name and address with the Bank for such purpose.

**Section 908 - Personnel and Servicing of Programs.** (A) The Bank shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such

personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Bank shall be qualified for their respective positions.

(B) The Bank may pay to the respective State agency, governmental unit or political subdivision of the State from the Operating Fund such amounts as are necessary to reimburse the respective State agency, governmental unit or political subdivision of the state for the reasonable costs of any services performed for the Bank.

**Section 909 - Waiver of Laws.** The Bank shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Bank.

**Section 910 - Fees and Charges.** The Bank shall establish, make, maintain and charge such Fees and Charges to each Governmental Unit to which a Loan is made, and shall from time to time revise such Fees and Charges whenever necessary, so that such Fees and Charges actually collected from each such Governmental Unit will at all times produce monies which, together with such Governmental Unit's Allocable Proportion of other monies available under the provisions of this Resolution, and other monies available thereto, including any 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 paragraph (3) of Section 603, will be at least sufficient:

(a) To pay, as the same become due, the Governmental Unit's Allocable Proportion of the Administrative Expenses of the Bank; and

(b) To pay, as the same become due, the Governmental Unit's Allocable Proportion of the fees and expenses of the Trustee and Paying Agents.

The Bank shall provide the Trustee with a schedule of the Fees and Charges to be paid by each Governmental Unit, and of each revision thereof, and shall require each Governmental Unit to make payment of the Fees and Charges required to be paid by it directly to the Trustee. The Trustee shall promptly advise the Bank of each and every failure of a Governmental Unit to make payment of Fees and Charges when due in accordance with the applicable schedule.

**Section 911 - Administration of Reserve Fund.** (A) The Bank shall establish and maintain the Reserve Fund in accordance with the provisions of this Resolution. All monies and securities held in the Reserve Fund shall be used, disbursed and applied only in accordance with the provisions of this Resolution and for no other purpose. Monies and securities held in the Reserve Fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount in such Fund to an amount less than the

Required Debt Service Reserve except as otherwise provided in this Resolution.

(B) The Bank shall cause the Chairman of the Board of Directors of the Bank annually, before each January 30, to make and deliver to the Governor of the State and to the legislature his certificate stating the amount, if any, required to restore the Alaska Municipal Bond Bank Reserve Fund to the amount of the Required Debt Service Reserve and a copy of such certificate shall be promptly delivered by the Bank to the Trustee. Monies received by the Bank from the State pursuant to such a certification, in accordance with the provisions of Section 44.85.270(g) of the Act shall, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Required Debt Service Reserve, be deposited in the Reserve Fund, as required by paragraph (D) of Section 603.

(C) The Bank shall annually submit to the State a budget request for an appropriation to cause, if necessary, amounts held in the Reserve Fund to equal the Reserve Fund Requirement. (Amendment: Effective August 19, 2009)

Section 912 - Issuance of Additional Obligations. (A) The Bank shall not subsequent to the issuance of the initial Series of Bonds under this Resolution create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Municipal Bonds and the Municipal Bonds Payments or which will be payable from the Debt Service Fund or the

Reserve Fund, except that additional Series of Bonds may be issued from time to time pursuant to a Series Resolution subsequent to the issuance of the initial Series of Bonds under this Resolution on a parity with the Bonds of such initial Series of Bonds and secured by an equal charge and lien on the Municipal Bonds and the Municipal Bonds Payments and payable equally and ratably from the Debt Service Fund and Reserve Fund for the purposes of (i) making Loans to Governmental Units, (ii) making payments into the Interest Account, (iii) making payments into the Reserve Fund, (iv) funding of Notes theretofore issued by the Bank for any purposes for which Bonds may have been issued, and (v) subject to the provisions and limitations of Section 203, the refunding of any Bonds then Outstanding, under the conditions and subject to the limitations in this Section 912 provided.

(B) No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under this Resolution unless:

(1) the aggregate principal amount of Bonds and Notes of the Bank outstanding at the time of issuance and delivery of such additional Bonds including the principal amount of such additional Bonds will not exceed any limit thereon imposed by law;

(2) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by this Resolution or any Series Resolution to be paid into the Debt Service Fund and into the Reserve Fund;

(3) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds and the deposit in the Reserve Fund of any amount provided therefor in the Series Resolution authorizing the issuance of such additional Bonds, shall not be less than the Required Debt Service Reserve; and

(4) the maturities of, or Sinking Fund installments for, the additional Bonds then being issued representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds in accordance with the provisions of Section 203, shall be equal to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

(C) The Bank expressly reserves the right to adopt one or more other general obligation bond resolutions and reserves the right to issue Notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges or payable from the Debt Service Fund or the Reserve Fund created pursuant to this Resolution.

Section 913 - Loan Agreement Provisions. No Loan shall be made by the Bank from the proceeds of the sale of Bonds, and no Bonds shall be issued by the Bank for the purpose of providing funds with which to make a Loan, unless the Loan Agreement under which such Loan is to be made shall comply with, and no Bonds shall be issued by the Bank to fund Notes or to refund Bonds unless the Loan

Agreement under which the Loan was made from the proceeds of such Notes or Bonds, shall also comply with, the following terms, conditions, provisions and limitations:

(a) The Governmental Unit which is a party to such Loan agreement must be a Governmental Unit as defined by the Resolution and the Loan Agreement must be executed in accordance with existing laws;

(b) The Governmental Unit, prior to or simultaneously with the issuance of Bonds of the Bank issued to make a Loan to the Governmental Unit, shall issue Municipal Bonds which are valid obligations of the Governmental Unit as required by the Act;

(c) The Municipal Bonds Interest Payments to be made by the Governmental Unit under such Loan Agreement shall be not less than the interest payments the Bank is required to make on the Loan Obligation and shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bonds) as to provide funds sufficient to pay interest on the Loan Obligation as the same becomes due;

(d) The Municipal Bonds Principal Payments to be made by the Governmental Unit under such Loan Agreement shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bonds) as to provide funds sufficient to pay the principal of the Loan Obligation as the same matures;

(e) The Governmental Unit shall be obligated to pay Fees and Charges to the Bank at the times and in the amounts which will enable the Bank to comply with the provisions of Section 910;

(f) The Governmental Unit shall agree that in the event the amounts referred to in paragraphs (c) and (d) are not paid by it to the Bank on or before the times specified in the Loan Agreement, any money payable to the Governmental Unit by any department or agency of the State shall be withheld from such Governmental Unit and paid over directly to the Trustee acting under the General Obligation Bond Resolution and that the said agreement shall be full warrant, authority and direction to make such payment to any official of the State responsible for such payment upon notice to such official by the Bank as provided in the Act:

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

redeemed; provided, however, that in the event the Loan Obligation has been refunded and the Refunding Bonds theretofore were issued in a principal amount in excess of or less than the Loan Obligation remaining unpaid at the date of issuance of such Refunding Bonds, the amount which the Governmental Unit 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 Obligation has been refunded and the interest the Bank is required to pay on the Refunding Bonds theretofore is less than the interest that the Bank was required to pay on the Loan Obligation, the amount which the Governmental Unit 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.

(h) The Governmental Unit shall give the Bank at least fifty (50) days' notice of intention to redeem its Municipal Bonds.

Section 914 - Modification of Loan Agreement Terms. The Bank shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal of or interest on any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders; provided, however, that, in the event the Loan Obligation is being or has been refunded and

the Refunding Bonds theretofore are in a principal amount in excess of or less than the principal amount of the Bonds refunded, the Bank may consent to the modification of and modify the Loan agreement relating to such Loan and the Municipal Bonds evidencing the same, and the Municipal Bonds Payments to be made thereunder so long as such Municipal Bonds Payments are sufficient in amount and payable at the times required for the payment of the principal of and interest on such Refunding Bonds, and further provided, however, that, in the event the Loan Obligation has been refunded and the interest the Bank is required to pay on the Refunding Bonds issued for the purpose of refunding such original Bonds is less than the interest the Bank was required to pay on such original Bonds refunded by the Bank, the Municipal Bonds Interest Payments to be made by the Governmental Unit in respect of such Loan may be reduced so that the amounts required to be paid shall be sufficient to pay interest on such Refunding Bonds Outstanding.

Section 915 - Sale of Municipal Bonds by Bank. The Bank shall not sell any Municipal Bonds except as provided in subsection (g) of Section 913.

Section 916 - Disposition of the Proceeds of Sale or Redemption of Municipal Bonds. In the event Municipal Bonds or other obligations securing a Loan shall be sold by the Bank or redeemed by the Governmental Unit in accordance with terms of the applicable Loan Agreement, the Bank shall, upon such sale by the Bank or redemption by the Governmental Unit, deposit the proceeds of such sale or

redemption, except an amount thereof equal to the costs and expenses of the Bank in effecting the redemption of the Bonds to be redeemed, into the applicable sub-account or sub-accounts in the Redemption Account and shall apply the same to the purchase, retirement or redemption of the appropriate Bonds in accordance with the provisions of this Resolution. The balance in such applicable sub-account or sub-accounts of such proceeds of sale or redemption of Municipal Bonds after the redemption of the Bonds to be redeemed shall be deposited in the Operating Fund.

Section 917 - Enforcement of Municipal Bonds. The Bank shall diligently enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds evidencing Loans made by the Bank, including the prompt collection, and the giving of notice to the Commissioner of Revenue, Commissioner of Commerce, Community and Economic Development and the Commissioner of Administration and any other department or agency of the State which is custodian of any money payable to the Governmental Unit in the payment of its Municipal Bonds Payment and shall promptly transfer any such monies, upon receipt thereof, to the Trustee and, in such event, or if such monies are paid directly to the Trustee, the Trustee shall deposit any such monies in the Principal Account and Interest Account in place of said unpaid Municipal Bonds Payment or in the event deficiencies in said Accounts created by such default shall have

been made up by the Reserve Fund pursuant to paragraph (5) of Section 603, in the Reserve Fund to the extent of such deficiencies.

**Section 919 - Continuing Disclosure Bankruptcy.** (A) The Bank hereby covenants and agrees that it will comply with and carry out all the provisions of each Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Bank to comply with any Continuing Disclosure Certificate shall not be considered an Event of Default, and any Bondholder may take such actions only as may be provided in such Continuing Disclosure Certificate.

(B) The Bank hereby covenants and agrees that it will notify the Rating Agencies then rating the Bonds of any change in the Act which would permit it or require it to declare bankruptcy under the Bankruptcy Code.

**Section 919 - Tax Covenants.** The Bank shall not knowingly take or cause any action to be taken which would cause interest on any Bonds to become taxable for federal income tax purposes. The Bank shall at all times do and perform all acts and things necessary or desirable, including, but not limited to, complying with the rebate provisions of Section 148 of the Code, as applicable, and complying with the provisions of any letter of instructions from bond counsel, in order to assure that interest paid on Bonds shall, for purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from taxation. The Bank shall not permit at any time or times any proceeds of any Bonds or any amounts held

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hereunder to be used, directly or indirectly, in a manner which would result in the exclusion of any Bond from the treatment afforded by subsection (a) of Section 103 of the Code.

ARTICLE X  
SERIES RESOLUTION AND SUPPLEMENTAL  
RESOLUTIONS

**Section 1001 - Modification and Amendment without Consent.** Notwithstanding any other provisions of this Article X, or Article XI, the Bank may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(A) To provide for the issuance of a Series of Bonds pursuant to the provisions of this Resolution and to specify and determine such matters and things referred to in Article II of this Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(B) To add to the covenants and agreements of the Bank for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Bank contained in this Resolution;

(C) To prescribe further limitations and restrictions upon the issuance of Bonds and the

incurring of indebtedness by the Bank which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(D) To surrender any right, power or privilege reserved to or conferred upon the Bank by the terms of this Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Bank contained in this Resolution;

(E) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of this Resolution of the Municipal Bonds and Municipal Bonds Payments or of any other monies, securities or funds;

(F) To modify any of the provisions of this Resolution or any previously adopted Series Resolution in any other respect; provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such modified resolutions shall contain a specific reference to the modifications;

(G) To cure any ambiguity or defect or inconsistent provision in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect.

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**Section 1002 - Supplemental Resolutions Effective with Consent of Bondholders.** The provisions of this Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, with the consent of Bondholders in accordance with and subject to the provisions of Article XI which Supplemental Resolution, upon the filing with the Trustee of a copy thereof, certified by an Authorized Officer and upon compliance with the Article XI, shall become fully effective in accordance with its terms as provided in said Article.

**Section 1003 - General Provisions Relating to Series Resolutions and Supplemental Resolutions.** This Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the rights or obligations of the Bank to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 904 or the right or obligation of the Bank to execute and deliver to the Trustee or any Paying Agent any instrument which elsewhere in this Resolution it is provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Bank when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this

Resolution, is authorized or permitted by this Resolution and is valid and binding upon the Bank and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditor's rights generally from time to time in effect).

The Trustee is hereby authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of this Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel's Opinion that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the Bank without the written consent of the Trustee or Paying Agent affected thereby.

ARTICLE XI  
AMENDMENTS

**Section 1101 - Powers of Amendment.** Any modification or amendment of this Resolution and of the rights and obligations of the Bank and of the Holders of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 1102, (a) of the Holders of at least two-thirds in principal amount

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of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that such modification or amendment shall not (i) permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or Sinking Fund Installment therefor, (ii) or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or (iii) a reduction of the percentage of the Holders of which is required to effect any such modification or amendment, or (iv) permit the creation of any lien prior to or on a parity with the lien created by this Resolution (except in the manner provided by this Resolution) or deprive the Holders of the Bonds of the lien created by this Resolution, without the consent of the Holders of all the Bonds Outstanding or of the Series of Bonds affected by such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series.

**Section 1102 - Consent of Bondholders.**

(A) The Bank may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1101, to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary

thereof or reference thereto), together with a request to Bondholders for their consent thereto, shall be to by, or on behalf of, the Bank's to Bondholders. Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 and (b) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Bank in accordance with the provisions of this Resolution, is authorized or permitted hereby and is valid and binding upon the Bank and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter provided in this Section.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 813. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 813 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (regardless of whether such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving

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such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 813. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Bank and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution adopted by the Bank on a stated date, a copy of which is on file with the Trustee, has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the Bank by mailing such notice to Bondholders at least once not more than ninety days (90) after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed. The Bank shall file with the Trustee proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing

thereof. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Bank, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for purpose commenced within such forty day period; except that any Fiduciary and the Bank during such forty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

**Section 1103 - Modifications by Unanimous Consent.** The terms and provisions of this Resolution and the rights and obligations of the Bank and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Bank of a copy of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1102, except that no notice to Bondholders either by mailing or publication shall be required provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee or Paying

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same shall become due during the period for which the Bank shall be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Governmental Unit under the applicable Loan Agreement.

**Section 1203 - Remedies.** (A) Upon the happening and continuance of any Event of Default specified in paragraph (a) of Section 1202, the Trustee shall proceed, or upon the happening and continuance of any Event of Default specified in paragraphs (b) and (c) of Section 1202, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

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

(2) by bringing suit upon the Bonds;

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Agents without the filing with the Trustee of its written assent thereto in addition to the consent of Bondholders.

**Section 1104 - Mailing and Publication.** Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Bank, (ii) to each Holder of any Bond payable to bearer who shall have filed with the Trustee an address for notices, and (iii) to the Trustee.

**Section 1105 - Exclusion of Bonds.** Bonds owned or held by or for the account of the Bank shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Resolution, and the Bank shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Resolution. At the time of any consent or other action taken under this Resolution, the Bank shall furnish the Trustee a certificate of an authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

**Section 1106 - Notation on Bonds.** Bonds delivered after the effective date of any action taken as in Article X or XI provided may, and if the Trustee so determines, shall, bear notation by endorsement or otherwise in form approved by the Bank and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of his Bond

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

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;

(B) Upon the occurrence of an Event of Default under Section 1202(a), unless the principal of all the Bonds shall have already become due and payable, the Trustee, by notice in writing to the Bank, may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, shall, in accordance with the provisions of the Act, declare the principal of all the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Resolution or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered, the Bank shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal at the rate borne by the

for such purpose at the corporate trust office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Bank or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Bank to conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

#### ARTICLE XII DEFAULTS AND REMEDIES

**Section 1201 - Trustee to Exercise Powers of Statutory Trustee.** The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 44.85.310 and 320 of the Act and the right of Bondholders to appoint a trustee pursuant to Section 44.85.310 and 320 of the Act is hereby abrogated pursuant to Section 44.85.220(18) of the Act.

**Section 1202 - Events of Default.** Each of the following events is hereby declared an "Event of Default," that is to say; if

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

(b) the Bank shall fail or refuse to comply with the provisions of

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Section 44.85.270(g) of the Act, or such amounts as shall be certified by the Chair of the Bank to the Governor and to the Legislature pursuant to such provisions of the Act shall not be appropriated and paid to the Bank prior to the termination of the then current State fiscal year; or

(c) the Bank shall fail or refuse to comply with the provisions of the Act, other than as provided in (b) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in this Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds.

Provided, however, that an Event of Default shall not be deemed to exist under the provisions of this paragraph (c) upon the failure of the Bank to make and collect Fees and Charges required to be made and collected by the provisions of this Resolution or upon the failure of the Bank to enforce any obligation undertaken by a Governmental Unit pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payment so long as the Bank may otherwise be directed by law and so long as the Bank shall be provided with monies from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the

respective Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made thereof, then, and in every such case, the Holders of at least a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Bank and to the Trustee, may, on behalf of the Holders of all of the bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

(C) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Bank for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Bank for any portion of such amounts remaining unpaid, with interest, costs

and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

**Section 1204 - Priority of Payments After Default.** During the continuance of an Event of Default, in the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with interest on overdue installments of interest and, if the amount available shall not be sufficient to pay in full any installment,

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then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

**SECOND:** To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds together with interest on overdue installments of interest without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

herein provided and for the benefit of all Holders of the Outstanding Bonds. Notwithstanding the foregoing provisions of this Section or any other provisions of this Article XII, the obligation of the Bank shall be absolute and unconditional to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders thereof at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

**Section 1208 - Possession of Bonds by Trustee Not Required.** All rights of action under this Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds, subject to the provisions of this Resolution.

**Section 1209 - Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, or by statute.

**Section 1210 - No Waiver of Default.** No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair

Whenever monies are to be applied by the Trustee pursuant to the provisions of this Section 1204, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such monies with the Paying Agents, or otherwise setting aside such monies in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Bank, to any Bondholder or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid. Interest on overdue installments of interest shall

any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

**Section 1211 - Notice of Event of Default.** The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Fund or the Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

be equal to the rate on the Bond as to which the interest installment is overdue.

The provisions of this Section 1204 are in all respects subject to the provisions of Section 902.

**Section 1205 - Termination of Proceedings.** In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

**Section 1206 - Bondholders' Direction of Proceedings.** Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to following any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

**Section 1207 - Limitation on Rights of Bondholders.** No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law

#### ARTICLE XIII DEFEASANCE

**Section 1301 - Defeasance.** (A) If the Bank shall pay or cause to be paid to the Holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Resolution, and also shall pay or cause to be paid all other sums payable hereunder by the Bank, including any amounts payable to the United States, then the pledge of any revenues and assets hereby pledged and all other rights granted hereby shall, at the election of the Bank (evidenced by a certificate of an Authorized Officer filed with the Trustee, signifying the intention of the Bank to discharge all such indebtedness and this Resolution and any Supplemental Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, be discharged and satisfied. In such event, the Trustee shall, upon the written request of the Bank, execute and deliver to the Bank all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Bank all moneys or securities held by them pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) If funds shall have been set aside and shall be held in trust by Fiduciaries for the payment of principal, interest and Redemption Price (through deposit by the Bank of funds for such payment or redemption or otherwise) at the maturity or upon the date upon which such

hereunder, or for the protection or enforcement of any right under this Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein and thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Resolution or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner

Bonds have been duly called for redemption thereof, such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section. All Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bank shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article IV notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either funds in an amount which shall be sufficient, or Investment Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds defeased and the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient in the opinion of an Accountant delivered to the Trustee, to pay when due the principal or Redemption Price, if any, and interest due and to become due on said Bonds on any date prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Bank shall have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the Holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and having

such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of said Bonds and (iv) a Counsel's Opinion stating that all conditions precedent to the satisfaction and discharge of this Resolution have been complied with, the defeasance complies with the terms of this Resolution, and the defeasance will not adversely affect the tax status of the Bonds. Neither Investment Securities or moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Bank, as received by the Trustee, free and clear of any trust, lien or pledge.

(C) If, through the deposit of moneys by the Bank or otherwise, the Fiduciaries shall hold, pursuant to this Resolution, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds or to pay, in the case of Bonds in respect of which the Bank shall have taken all action necessary to redeem

prior to maturity, the Redemption Price and interest to such redemption date, then at the written request of the Bank all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of Outstanding Bonds.

(D) Anything in this Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for one year after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for one year after the date of deposit of such moneys if deposited with the Fiduciary after the said date when all of the Bonds became due and payable, shall be repaid by the Fiduciary to the Bank, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged.

(E) The references in this section to "Investment Securities described in clause (1) of the definition thereof" shall include only direct and general obligations of the United States which are not-callable prior to the scheduled maturity in the related escrow deposit agreement where the Outstanding Bonds to be deemed to be paid upon the deposit thereof are insured by a municipal bond insurance company licensed and authorized to issue the policy in the State.

#### ARTICLE XIV MISCELLANEOUS

Section 1401 - Preservation and Inspection of Documents. All documents received by the Trustee or any Paying Agent under the provisions of this Resolution or any Series Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Bank, the Trustee or any Paying Agent and, after written request received by the Trustee at least five business days prior to the date of inspection, by any Holder of five percent in principal amount of any Series of Outstanding Bonds, and their agents and representatives, any of whom may make copies thereof.

Section 1402 - Parties of Interest. Nothing in this Resolution or in any Series Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Bank, Trustee, Paying Agents and the Holders of the Bonds, remedies or claims under or by reason of this Resolution or any Series Resolution or any covenants, conditions or stipulations thereof; and all covenants, stipulations, promises and agreements in this Resolution and any Series Resolution contained by or on behalf of the Bank shall be for the sole and exclusive benefit of the Bank, Trustee and Paying Agents and the Holders from time to time of the Bonds.

Section 1403 - No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and

obligations of the Bank contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Bank and not of any member, officer or employee of the Bank in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption price or of interest on the Bonds or for any claim based thereon or on this Resolution against any member, officer or employee of the Bank or any natural person executing the Bond.

Section 1404 - Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations, provided in this Resolution on the part of the Bank, Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Resolution.

Section 1405 - Headings. Any headings preceding the texts of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 1406 - Conflict. All resolutions or parts of resolutions or other proceedings of

the Bank in conflict herewith be and the same are repealed insofar as such conflict exists.

Section 1407 - Governing Law. This Resolution and the Bonds shall be construed in accordance with, and governed by, the laws of the State of Alaska.

Section 1408 - Effective Date. This Resolution shall take effect immediately upon its adoption.

ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2013-02

FIRST SUPPLEMENTAL RESOLUTION AUTHORIZING MODIFICATIONS  
TO THE 2005 GENERAL OBLIGATION BOND RESOLUTION  
OF THE ALASKA MUNICIPAL BOND BANK

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

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

WHEREAS, the Resolution authorizes modifications of any of the provisions of the Resolution provided that such modifications shall not be effective until all Bonds of any Series of Bonds Outstanding as of the date of such Supplemental Resolution shall cease to be Outstanding; and

WHEREAS, it has been determined to be in the best interests of the Bank to make certain modifications to the Resolution; and

WHEREAS, it is the purpose of this First Supplemental Resolution to modify the terms of the Resolution as follows: (i) to authorize 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) to require 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) to allow for certain amendments and modifications to the Resolution to be effective upon securing the consent of Holders of at least two-thirds in principal amount of Bonds then Outstanding, and (iv) to establish that consent of Holders of Bonds, when required under the terms of the Resolution, includes the consent of an underwriter or purchaser of a Series of Bonds at the time such Bonds are issued;

WHEREAS, in order to provide for the modifications to the Resolution, the Bank has authorized the delivery of this First Supplemental Resolution;

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

cease to be Outstanding and satisfaction of the requirements set forth in Section 203 hereof

(b) Withdrawal of Income and Interest Earned, and Profits Realized in the Reserve Fund. Section 603(C) of the Resolution authorizes the Trustee to withdraw from the Reserve Fund amounts derived from income or interest earned and profits realized and to pay to the Bank such amounts on or before December 31 of each year subject to certain condition set forth therein.

This Supplemental Resolution modifies Section 603(C) to require that income or interest earned and profits realized from investments in the Reserve Fund be withdrawn by the Trustee and paid to the Bank on or before June 30 of each year.

Section 603(C) of the Resolution is hereby modified as set forth in Schedule A-2 hereto, effective after all Bonds issued prior to the Effective Date shall cease to be Outstanding and satisfaction of the requirements set forth in Section 203 hereof.

(c) Powers of Amendment. Section 1101 of the Resolution authorizes modifications to, and amendments of, the Resolution subject to, among other things, the written consent of the Bondholders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given.

This Supplemental Resolution modifies Section 1101 of the Resolution to allow modifications to, and amendments of, the Resolution, subject to the remaining requirements set forth in Section 1101, effective upon the written consent of Bondholders of at least two-thirds in principal amount of Bonds then Outstanding.

Section 1101 of the Resolution is hereby modified as set forth in Schedule A-3 hereto, effective after all Bonds issued prior to the Effective Date shall cease to be Outstanding and satisfaction of the requirements set forth in Section 203 hereof.

(d) Consent of Underwriters or Purchasers of Bonds. This Supplemental Resolution modifies Article XI of the Resolution by adding Section 1107, providing that for all purposes of Article XI and Article X of the Resolution, an underwriter or purchaser of a Series of Bonds may consent to a modification of, or amendment to, the Resolution as Bondholder of such Bonds at the time such Series of Bonds is issued.

Article XI of the Resolution is hereby modified as set forth on Schedule A-4 hereto, effective after all Bonds issued prior to the Effective Date shall cease to be Outstanding and satisfaction of the requirements set forth in Section 203 hereof.

ARTICLE I  
AUTHORITY AND DEFINITIONS

Section 101 – First Supplemental Resolution.

This First Supplemental Resolution (the "Supplemental 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 Supplemental Resolution, unless otherwise defined herein, all capitalized terms herein shall have the same meanings, respectively, as such terms are given in Article I of the Resolution.

- (1) "Effective Date" means the date this Supplemental Resolution is adopted by the Bank.

ARTICLE II  
MODIFICATIONS TO THE RESOLUTION

Section 201 – Authority to Modify the Resolution.

The Resolution, at Section 1001(F), authorizes the modification of any of the provisions of the Resolution, effective only after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution shall cease to be Outstanding, and all Bonds issued thereafter shall contain a specific reference to the modifications.

Section 202 - Modifications.

(a) Reduction of Required Debt Service Reserve. This Supplemental Resolution authorizes the Trustee to release to the Bank amounts held in the Reserve Fund which exceed the Reserve Fund Requirement whenever there is a reduction in the Required Debt Service Reserve. The Bank agrees that any amounts released to it shall be used in a manner which will not adversely impact the tax exempt status of any Bonds issued pursuant to the terms of the Resolution. The Trustee shall have no duty or obligation to monitor or determine whether the Bank's use of funds released from the Reserve Fund adversely impacts the tax exempt status of any Bonds

Sections 604(C)(1) and 607 of the Resolution are hereby modified as set forth on Schedule A-1 hereto, effective after all Bonds issued prior to the Effective Date shall

Section 203 – Effective Date.

The modifications of the Resolution as set forth in this Article II shall take effect upon (i) the filing with the Trustee of a copy of this Supplemental Resolution adopted by the Bank, certified by an Authorized Officer, (ii) the Bonds of each Series Outstanding as of the Effective Date of this Supplemental Resolution shall cease to be Outstanding, and (iii) the delivery to the Trustee of an Opinion of Counsel as required by Section 1005 of the Resolution. In addition, Bonds issued after the Effective Date shall include language specifically referring to this Supplemental Resolution and the modifications to the Resolution authorized herein.

ARTICLE III  
MISCELLANEOUS

Section 304 - Chairman and Executive Director.

The Chairman and the Executive Director are each hereby authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this Supplemental Resolution.

Section 305 – Effective Date.

This Supplemental Resolution is hereby approved and adopted by the Bank this 19th day of February, 2013, which shall be the Effective Date as defined herein.

**MODIFICATION TO THE RESOLUTION**

**SCHEDULE A-1**

**Release of Amounts Held in the Reserve Fund**

[Strike-out = deletions; double underscore = insertions.]

- 1. Section 604(C)(1) of the Resolution is hereby modified to read as follows:

(C) The Trustee shall establish in the Redemption Account a separate sub-account for the Bonds of each Series Outstanding.

(1) Any monies deposited into the Redemption Account from any source other than pursuant to Section 607 or Section 607 shall be applied to the purchase or redemption of Bonds in a manner to be determined by the Bank in accordance with Article IV. ~~Any monies deposited into the Redemption Account pursuant to Section 607 shall be applied to the purchase or redemption of Reserve Fund Obligations in a manner to be determined by the Bank in accordance with Article IV.~~

- 2. Section 607 of the Resolution is hereby modified to read as follows.

Section 607 - Reduction of Required Debt Service Reserve. Whenever the Required Debt Service Reserve is reduced and the amount so deposited in the Reserve Fund exceeds of the Required Debt Service Reserve is reduced, the Trustee shall, only upon the written request of the Bank signed by an Authorized Officer, shall withdraw such excess amounts from any amounts on deposit in the Reserve Fund and provide the Bank with such amounts free and clear of any lien or claims created by the Resolution deposit in the Redemption Account any amount not exceeding the amount of each reduction of the Required Debt Service Reserve. The amount to be withdrawn from the Reserve Fund in each instance pursuant to the provisions of this paragraph shall be determined by the Bank and the amount thereof certified to the Trustee in writing signed by an Authorized Officer. The Bank agrees that any amounts released to it pursuant to this Section 607 shall be used in a manner which will not adversely impact the tax exempt status of any Bonds issued pursuant to the terms of the Resolution.

**SCHEDULE A-2**

**Modification to Section 603(C) – Withdrawals from the Reserve Fund**

[Strike-out = deletions; double underscore = insertions.]

Section 603(C) of the Resolution is hereby modified to read as follows:

(C) On or before ~~December 31~~ June 30 of each year, after complying with the provisions of paragraphs (1) and (2) above to the extent required by such date, the Trustee shall withdraw from the Reserve Fund, any amount remaining therein derived from income or interest earned and profits realized by the Reserve Fund due to the investment thereof, and pay over said amount to the Bank for deposit in the Operating Fund but only to the extent that there remains after such withdrawal an amount in the Reserve Fund at least equal to the Required Debt Service Reserve.

**SCHEDULE A-3**

**Modification to Section 1101 – Powers of Amendment**

[Strike-out = deletions; double underscore = insertions.]

Section 1101 of the Resolution is hereby modified to read as follows:

Section 1101 - Powers of Amendment. Any modification or amendment of this Resolution and of the rights and obligations of the Bank and of the Holders of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 1102. (a) of the Holders of at least two-thirds in principal amount of the Bonds then Outstanding ~~at the time such consent is given~~, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and then Outstanding ~~at the time such consent is given~~; provided, however, that such modification or amendment shall not (i) permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or Sinking Fund Installment therefor, (ii) or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or (iii) a reduction of the percentage of the Holders of which is required to effect any such modification or amendment, or (iv) permit the creation of any lien prior to or on a parity with the lien created by this Resolution (except in the manner provided by this Resolution) or deprive the Holders of the Bonds of the lien created by this Resolution, without the consent of the Holders of all the Bonds Outstanding or of the Series of Bonds affected by such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series.

**SCHEDULE A-4**

**Consent of Underwriter or Purchaser Modification**

[Strike-out = deletions; double underscore = insertions.]

Article XI of the Resolution is modified by addition of Section 1107 to read as follows:

Section 1107 - Underwriter or Purchaser as Bondholder of Bonds. For all purposes of this Article XI and of Article X, an underwriter or purchaser of a Series of Bonds may consent to an amendment of this Resolution as a Bondholder of such Bonds at the time such Series of Bonds is issued.

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## **APPENDIX G**

### **Proposed Forms of Continuing Disclosure Certificates**

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## APPENDIX G

### PROPOSED 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 Two (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. 2016-02 adopted on March 29, 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

## PROPOSED FORM OF GOVERNMENTAL UNIT

### CONTINUING DISCLOSURE CERTIFICATE

The City of Ketchikan, Alaska (the "City") executes and delivers this Continuing Disclosure Certificate (the "Disclosure Certificate") in connection with the issuance by the Alaska Municipal Bond Bank (the "Bond Bank") of \$59,595,000 Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series Two (the "Bonds"). The Bonds are being issued under the General Bond Resolution of the Issuer 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 the Series Resolution No. 2016-02, adopted on March 29, 2016 (the "Series Resolution," and together with the General Bond Resolution, the "Bond Resolution"). The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. The City 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 ("SEC") Rule 15c2-12(b)(5). The City currently is an "Obligated Person" within the meaning of the Rule.

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 City pursuant to, and as described in, Section 3 of this Disclosure Certificate.

"City" means the City of Ketchikan, Alaska.

"Fiscal Year" means the fiscal year of the City (currently the 12-month period ending December 31) as such fiscal year may be changed from time to time as required by State law and the City's ordinances.

"Issuer" means the Alaska Municipal Bond Bank.

"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 SEC 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 December 31, 2015, and for so long as the City has outstanding with the Issuer an amount of bonds equal to or greater than 10 percent of all bonds outstanding under the

General Bond Resolution as of the last day of the fiscal year of the Issuer (currently June 30), the City will provide to the MSRB the following:

(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 the following annual financial information and operating data: (i) annual financial statements for the City, prepared in accordance with generally accepted accounting principles applicable to governmental entities, as such principles may be changed from time to time and (ii) financial information generally of the type included in Appendix D of the Official Statement relating to the Bonds.

Any or all of these items may be incorporated by specific reference to documents available to the public on the internet website of MSRB or filed with the Securities and Exchange Commission. The City 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 of the City may be submitted separately from the remainder of the Annual Report.

(b) If not provided as part of the Annual Report, then promptly upon their public release, the audited financial statements of the City for each Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to governmental entities, as such principles may be changed from time to time.

Section 4. Notice of Failure to Provide Information. The City 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. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of its loan obligation with the Issuer and as otherwise described in Section 3 of this Disclosure Certificate.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City 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 City;

(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; and

(c) The City obtains an opinion of nationally recognized bond counsel to the effect that the amendment will not adversely affect the Issuer's compliance with the Rule or its continuing disclosure undertaking; and

(d) The City notifies and provides the Issuer and the MSRB with the 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 7. Default. In the event of a failure of the City 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 City 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 legal remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel specific performance.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Issuer, the Trustee, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 9. Prior Compliance. The City is in compliance with all of its prior undertakings pursuant to the Rule.

[SIGNATURE PAGE FOLLOWS]

DATED this 21st day of April 2016.

**CITY OF KETCHIKAN, ALASKA**

By: \_\_\_\_\_  
Name  
Title

## **APPENDIX H**

### **DTC and Book-Entry System**

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## **DTC AND BOOK-ENTRY SYSTEM**

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2016 Series Two Bonds. The 2016 Series Two Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016 Series Two Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

3. Purchases of 2016 Series Two Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Series Two Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Series Two Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Series Two Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Series Two Bonds, except in the event that use of the book-entry system for the 2016 Series Two Bonds is discontinued.

4. To facilitate subsequent transfers, all 2016 Series Two Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Series Two Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Series Two Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Series Two Bonds are credited,

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Series Two Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Series Two Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Series Two Bond documents. For example, Beneficial Owners of 2016 Series Two Bonds may wish to ascertain that the nominee holding the 2016 Series Two Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2016 Series Two Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Series Two Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016 Series Two Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the 2016 Series Two Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Bank or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the 2016 Series Two Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Series Two Bond certificates are required to be printed and delivered.

10. The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 Series Two Bond certificates will be printed and delivered to DTC.

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

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