
MUNICIPALITY OF ANCHORAGE

ORDINANCE No. 2022-104 (S)

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE NEGOTIATION BY THE MUNICIPAL MANAGER AND THE EXECUTION AND DELIVERY BY THE MUNICIPALITY OF AN ACQUISITION AGREEMENT FOR A FACILITY LOCATED AT 716 WEST 4TH AVENUE, AND A GROUND LEASE AND A FACILITY LEASEBACK, AUTHORIZING THE CHIEF FISCAL OFFICER TO DETERMINE THE TERMS AND CONDITIONS, INCLUDING FINANCING TERMS, RELATING TO THE GROUND LEASE AND THE FACILITY LEASEBACK, AND APPROPRIATING THE PROCEEDS OF SUCH GROUND LEASE.

**MUNICIPALITY OF ANCHORAGE
ORDINANCE No. 2022-104 (S)**

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* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this ordinance.

Requested by: Chair of the Assembly at
the Request of the Mayor
Prepared by: Cynthia Weed, Bond
Counsel
For Reading: November 9, 2022

MUNICIPALITY OF ANCHORAGE, ALASKA
ORDINANCE No. 2022-104 (S)

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE NEGOTIATION BY THE MUNICIPAL MANAGER AND THE EXECUTION AND DELIVERY BY THE MUNICIPALITY OF AN ACQUISITION AGREEMENT FOR A FACILITY LOCATED AT 716 WEST 4TH AVENUE, AND A GROUND LEASE AND A FACILITY LEASEBACK, AUTHORIZING THE CHIEF FISCAL OFFICER TO DETERMINE THE TERMS AND CONDITIONS, INCLUDING FINANCING TERMS, RELATING TO THE GROUND LEASE AND THE FACILITY LEASEBACK, AND APPROPRIATING THE PROCEEDS OF SUCH GROUND LEASE.

WHEREAS, the Anchorage Community Development Authority (ACDA) was created by Assembly Ordinance (AO No. 2004-181(S-1), As Amended) as an instrumentality of the Municipality of Anchorage, Alaska (the "Municipality"), existing independently of and separately from the Municipality; and

WHEREAS, ACDA currently owns a facility located at 716 West 4th Avenue (the "Facility"); and

WHEREAS, the Municipality currently leases the Facility from ACDA and during the course of the Municipality's tenancy, the Municipality has made a number of leasehold improvements and furnished the Facility for use by the Anchorage Police Department ("APD"); and

WHEREAS, under the current lease agreement the MOA is responsible for all utility, grounds, and non-structural repair and maintenance costs for the Facility excepting only "capital expenses reasonably required to extend the useful life of" the Facility; and

WHEREAS, the Municipality has determined that it would be in the best interests of the Municipality and its APD to acquire title to the Facility including all leasehold improvements and furnishings; and

WHEREAS, the Municipality intends to enter into a purchase and sale agreement (an "Acquisition Agreement") with ACDA for the Facility; and

1 **WHEREAS**, the terms of the Acquisition Agreement will be negotiated by the
2 Municipal Manager; and
3

4 ~~**[WHEREAS, the terms of the Acquisition Agreement will include a two million**~~
5 ~~**dollars (\$2,000,000) down payment to be paid upon Assembly approval; and]**~~

6 **WHEREAS**, the Municipality expects to finance the total acquisition costs, and
7 financing costs and reserve requirement, if any, pursuant to a lease and leaseback
8 arrangement with KeyBank N.A.; now, therefore,
9

10 **THE ANCHORAGE ASSEMBLY ORDAINS:**
11

12 **Section 1. Purpose.** The purpose of this ordinance is to authorize the execution
13 and delivery by the Municipality of the Acquisition Agreement for the Facility and a
14 ground lease and facility lease and such additional documentation as may be
15 required in connection with the acquisition and its financing.
16

17 **Section 2. Approval of Acquisition Agreement.** The Assembly hereby authorizes
18 the Municipal Manager to negotiate and execute and deliver an Acquisition
19 Agreement providing for the acquisition of the Facility by the Municipality for a total
20 purchase price payable to ACDA of not to exceed Eighteen Million Dollars
21 (\$18,000,000), which approval shall be presumed by the execution thereof by the
22 Municipal Manager. The Acquisition Agreement ~~**will [may]**~~ include ~~**[a down**~~
23 ~~**payment to ACDA in an amount not to exceed Two Million Dollars (\$2,000,000)**~~
24 ~~**and]**~~ an agreement by ACDA to pay closing costs for the Acquisition Agreement.
25 Closing costs for the Acquisition Agreement include all escrow and recording fees,
26 and the costs of required title insurance. ~~**[In the event that the closing of the**~~
27 ~~**purchase of the Facility fails, the down payment will be credited to future**~~
28 ~~**payments under the existing lease of the Facility between ACDA and the**~~
29 ~~**Municipality.]**~~
30

31 **Section 3. Approval of Ground Lease and Facility Leaseback.** In order to finance
32 the payment of the purchase price under the Acquisition Agreement, the Assembly
33 further approves the negotiation, execution and delivery of a ground lease (the
34 "Ground Lease") and a facility lease and trust agreement ("Facility Lease") each by
35 the Municipality with U.S. Bank Trust Company, National Association in order to
36 finance the payment of the purchase price of the Facility, including financing costs
37 and required reserves, if any, which approval shall be presumed by the execution
38 thereof by the Chief Fiscal Officer.
39

40 The Chief Fiscal Officer is authorized to review and approve the financing
41 terms and documentation for the Ground Lease and the Facility Lease, including
42 the terms with a selected bank, anticipated to be KeyBank N.A. The Chief Fiscal
43 Officer is hereby authorized, empowered and directed to perform all such acts and
44 things and to execute all documents as shall be necessary to carry out and comply
45 with the provisions of the Acquisition Agreement, the Ground Lease and the Facility
46 Lease and participate in and approve a plan of financing. The Facility Lease shall

not constitute a general obligation of the Municipality to which the full faith and credit of the Municipality are pledged. The lease payments by the Municipality under the Facility Lease shall be subject to appropriation; provided, however, that the Facility Lease may include a covenant on the part of the Municipality, through its Mayor, to include such lease payments coming due in each fiscal year in the Mayor's proposed budget to the Municipal Assembly. If the financing has not been completed and placed as of **August 31** ~~[June 30]~~, 2023, the authority and delegation granted under this ordinance shall expire and shall not be renewed unless this ordinance is amended to extend the term of the delegation or a new ordinance is approved by the Assembly.

Section 4. Appropriation of Funds. The net proceeds of the Ground Lease in an amount of not to exceed **Eighteen** ~~[Twenty]~~ Million Three Hundred Thousand Dollars **\$18,300,000** ~~[\$20,300,000]~~ are hereby appropriated to fund the financing costs, reserve requirements, if any, and the purchase of the Facility in accordance with the Acquisition Agreement ~~[including Two Million Dollars (\$2,000,000) in down payment to be paid on or before execution of the Acquisition Agreement]~~.

Section 5. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the Municipality shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance.

Section 6. Purchase Price for the Facility. Notwithstanding prior sections of this ordinance, the purchase price for the Facility shall be Eighteen Million Dollars (\$18,000,000).

Section 7. Financing Costs. Notwithstanding prior sections of this ordinance, the financing costs shall be paid for with the proceeds of the ground lease, net of the purchase price of Eighteen Million Dollars (\$18,000,000).

Section 8. Responsibility. Notwithstanding prior sections of this ordinance, the sole responsibility of managing the process to acquire the Facility is delegated to the Municipal Manager. The Municipal Manager is hereby authorized to sign all documents on behalf of the Municipality for the acquisition of the Facility, except any document that requires the signature of the Municipal Attorney (or Acting Municipal Attorney) or the Risk Manager (or the Acting Risk Manager).

Section 9. Report to the Municipal Assembly. Notwithstanding prior sections of this ordinance, within 60 days of the closing of the acquisition of

1 **the Facility by the Municipality, the CFO shall report to the Municipal**
2 **Assembly via Assembly Information Memorandum (AIM) with the final terms**
3 **of the acquisition.**

4
5 **Section 10. Authorization to Sell Real Property. Notwithstanding prior**
6 **sections of this ordinance, Anchorage Municipal Code (AMC)**
7 **Section 25.35.060 requires Municipal Assembly approval for ACDA to sell real**
8 **property with a value over Six Million Dollars (\$6,000,000). The Municipal**
9 **Assembly hereby authorizes ACDA to sell the Facility to the Municipality.**

10
11 **Section 11. [Section 6.] Effective Date.** This ordinance shall be effective
12 immediately upon passage and approval by the Assembly.

13
14 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this
15 ____ day of _____, 2023.

16
17
18
19 By _____
20 Chair of the Assembly

21 ATTEST:

22
23
24 _____
25 Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 666-2022 (A)

Meeting Date: November 9, 2022

From: MAYOR

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE NEGOTIATION BY THE MUNICIPAL MANAGER AND THE EXECUTION AND DELIVERY BY THE MUNICIPALITY OF AN ACQUISITION AGREEMENT FOR A FACILITY LOCATED AT 716 WEST 4TH AVENUE, AND A GROUND LEASE AND A FACILITY LEASEBACK, AUTHORIZING THE CHIEF FISCAL OFFICER TO DETERMINE THE TERMS AND CONDITIONS, INCLUDING FINANCING TERMS, RELATING TO THE GROUND LEASE AND THE FACILITY LEASEBACK, AND APPROPRIATING THE PROCEEDS OF SUCH GROUND LEASE.

Background

The Anchorage Community Development Authority ("ACDA") owns a facility located at 716 West 4th Avenue (the "716 Building" or the "Facility") in Anchorage, Alaska and the Municipality of Anchorage (the "Municipality") currently leases it for use by the Anchorage Police Department. The Municipality has decided it is in the best interest of the Municipality to acquire title to the 716 Building. The Municipality proposes to enter into a purchase and sale agreement with ACDA with respect to the acquisition of the 716 Building. In order to fund the payment of the purchase price, financing costs, and reserve requirements, if any, the Municipality proposes to enter into a lease / leaseback transaction through a direct placement with a financial institution.

The attached ordinance authorizes the negotiation by the Municipal Manager a purchase and sale agreement for the acquisition (the "Acquisition Agreement"), and a ground lease ("Ground Lease") and a facility lease and trust agreement (the "Facility Lease") for the financing of the purchase price, and appropriates funds for the payment of the purchase price, financing expenses and reserve requirements, if any. The determination of the structure of the financing, financing terms and conditions are delegated to the Chief Fiscal Officer (the "CFO").

Structure of the Lease / Leaseback Concept

The Lease / Leaseback Concept is commonly used by state and local governments to access funds in the capital marketplace. Generally, the CFO is authorized and directed to solicit proposals from and select a financial institution to act as the "Lessor". Under the terms of the Ground Lease, the Municipality will lease the 716 Building to the Lessor in exchange for an upfront payment. Under the terms of the Facility Lease the Lessor will lease the 716 Building back to the Municipality in exchange for the commitment of the Municipality to make lease payments to the Lessor. The CFO is authorized, empowered and directed to perform all such acts and things and to execute all documents as shall be necessary to carry out and

1 comply with the provisions of the Acquisition Agreement, the Ground Lease and the
2 Facility Lease and participate in and approve a plan for financing payment of the
3 financing costs. The financing costs, including the costs of any insurance policies,
4 if any, required, and reserve requirements, if any, may be paid from the proceeds of
5 the Ground Lease. The Facility Lease shall not constitute a general obligation of
6 the Municipality to which the full faith and credit of the Municipality are
7 pledged. Lease payments by the Municipality under the Facility Lease shall be
8 subject to appropriation. However, the Facility Lease may include a covenant on
9 the part of the Municipality, through the Mayor, to include such lease payments
10 coming due in each fiscal year in the Mayor's proposed budget to the Municipal
11 Assembly in each such fiscal year.

12
13 The proceeds of the financing will be used to acquire the 716 Building.

14 **Budget Impact**

15 The Municipality plans to repay the financial obligations created by this financing
16 with the annual revenue generated by leasing the 716 Building to the Anchorage
17 Police Department (APD) for continued use as APD's Headquarters.

18
19
20 The Administration recommends scheduling a public hearing for this proposed
21 ordinance on November 22, 2022.

22 **Additional Information**

23 **Purchase Price for the Facility**

24
25 **The purchase price for the Facility has been agreed to between the**
26 **Municipality and the ACDA. The Municipality will contract a third-party real**
27 **estate consultant that will review the Acquisition Agreement and verify that**
28 **the terms and conditions therein are in the best interests of the Municipality**
29 **and will make such modifications as may be necessary. The Municipality will**
30 **submit to the Assembly via Assembly Information Memorandum (AIM) the real**
31 **estate consultant's analysis.**
32

33 **Terms and Conditions of the Lease Leaseback Transaction**

34 **The terms and conditions of the lease leaseback transaction are expected to**
35 **be in line with those listed on the Term Sheet dated as of October 27, 2022,**
36 **attached to this Assembly Memorandum, A-Version. This Term Sheet has**
37 **expired, however, KeyBank bankers have indicated they are still willing to**
38 **finance this acquisition under the same terms with an updated interest rate.**
39 **Such terms are subject to modification by the CFO and will be in the best**
40 **interests of the Municipality. If KeyBank decides not to participate in this**
41 **transaction, the Public Finance Staff has other commercial banks that are**
42 **interested in this transaction. Additionally, a new Summary of Economic**
43 **Effect (SEE) is attached to this Assembly Memorandum, A-Version .**
44

45 **Expertise to Execute the Financing of the Acquisition**

46

1 The CFO, Public Finance Division Staff, Bond Counsel to the Municipality,
2 KeyBank Bankers, Legal Counsel to KeyBank, Risk Manager, Department of
3 Law, and US Bank Staff as Trustee for the Municipality have the expertise to
4 complete the financing of the acquisition of the Facility. These are the
5 professionals that will execute the financing of the Facility, most of whom
6 were involved in the execution of the existing lease leaseback transaction for
7 ACDA's original purchase of the Facility.

8 9 Impact on Municipal Departments

10 Upon completion of the proposed transaction there will be very little if any
11 impact on municipal departments. The Anchorage Police Department (APD)
12 is already responsible under the current lease for the operation &
13 maintenance costs to include utilities, janitorial, grounds & parking lot
14 maintenance, snow removal, telecommunication, and maintenance of the
15 building. ACDA's only maintenance responsibility under the current lease is
16 for "Major Maintenance" defined as "capital expenses reasonably required to
17 extend the useful life of the Premises" such as "roof replacement, structural
18 work, and replacement of portions or the entirety of building systems" not
19 including electrical, ventilation, or lighting systems. APD will pay the
20 insurance premium directly to the insurer rather than reimbursing ACDA for
21 the payment.

22 23 Budget and Savings Impact

24 The current annual rent payment to ACDA by APD for use of the Facility under
25 the existing lease equals \$1,849,824. This amount increases or decreases with
26 the U.S. Department of Labor Consumer Price Index for Urban Consumers
27 (CPI-U) each year in October pursuant to the current lease. The annual fixed
28 payment to KeyBank by the Municipality under the proposed lease leaseback
29 agreement is estimated to be \$1.3 million. The average CPI-U of the past four
30 years has been 3.93%. If we assume future increases of CPI-U equals 3.93%
31 for the next five years and zero percent thereafter, the APD will pay \$14.4
32 million more in rent to ACDA over the remaining fifteen years of the lease than
33 would be due to KeyBank under the current lease leaseback agreement.

34
35 If the annual payments by APD (or the Municipality on APD's behalf) to
36 KeyBank are equal to the estimated fixed annual payment amount required
37 under the proposed lease leaseback transaction, this will be a material
38 savings for the taxpayers and a reduction in municipal budget obligations
39 over the next fifteen years.

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE.

Prepared by: Ross Risvold, Public Finance & Investments Manager
Approved: Grant Yutrzenka, **[Acting]** CFO
Concur: **Anne Helzer** **[Blair M. Christensen]**, Acting Municipal
Attorney
Concur: Courtney Petersen, Director, Office of Management
& Budget
Concur: Grant Yutrzenka, **[Acting]** CFO
Concur: **Kent Kohlase**, **Acting** **[Amy Demboski]** Municipal
Manager
Respectfully submitted: Dave Bronson, Mayor

Assembly Memorandum No. 666-2022 (A)
Ordinance No. 2022-104 (S)
2022-104 (S) SEE

Prepared by: **Ross Risvold, Public Finance & Investments Manager**

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - General Government

AO Number: 2022-104(S) Title: **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING THE NEGOTIATION BY THE MUNICIPAL MANAGER AND THE EXECUTION AND DELIVERY BY THE MUNICIPALITY OF AN ACQUISITION AGREEMENT FOR A FACILITY LOCATED AT 716 WEST 4TH AVENUE, AND A GROUND LEASE AND A FACILITY LEASEBACK, AUTHORIZING THE CHIEF FISCAL OFFICER TO DETERMINE THE TERMS AND CONDITIONS, INCLUDING FINANCING TERMS, RELATING TO THE GROUND LEASE AND THE FACILITY LEASEBACK, AND APPROPRIATING THE PROCEEDS OF SUCH GROUND LEASE.**

Sponsor: Municipal Assembly
Preparing Agency: Finance, Public Finance and Investments Division
Others Impacted: ACDA

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)					
Fiscal Years	FY23	FY24	FY25	FY26	FY27
Operating Expenditures					
1000 Personal Services					
2000 Supplies					
3000 APD Current Rent Payments*	--	(1,923)	(1,998)	(2,077)	(2,158)
4000 Debt Issuance Costs	300	--	--	--	--
4000 New Lease Payment	--	1,353	1,353	1,353	1,353
5000 Capital Outlay					
TOTAL DIRECT COSTS:	300	(570)	(645)	(724)	(805)
ADD: 6000 Charge from Others					
LESS: 7000 Charge to Others					
FUNCTION COST:					
REVENUES:					
CAPITAL:					
POSITIONS:					

* The current APD Rent Payment is subject to increases/decreases based upon CPI-U. Amounts for FY2024 and beyond are forecasted at CPI-U increases of 3.93%, the average increase over the past four years.

PUBLIC SECTOR ECONOMIC EFFECTS: The Lease / Leaseback of Municipal property will result in required lease payments under a Facility Lease with a Lender. Estimated lease payments are noted above based upon a borrowed amount of \$18.3 million at an interest rate of 5.48% for a term of 25 years.

PRIVATE SECTOR ECONOMIC EFFECTS: No effects

Term Sheet, dated as of October 27, 2022



SUMMARY TERMS AND CONDITIONS – DATED October 27, 2022

**Municipality of Anchorage, Alaska
Direct Purchase Tax Exempt Facilities Lease Obligation**

Key Government Finance, Inc., ("KGF") is pleased to provide the following proposal for a tax-exempt facilities installment purchase financing available to the Municipality of Anchorage, Alaska ("MOA").

Lessee:	Municipality of Anchorage, Alaska ("MOA or "Lessee")
Lessor:	Key Government Finance, Inc. ("KGF" or "Lessor")
Facility Amount:	Privately Placed Installment Purchase Agreement in an approximate amount of \$18,300,000.00 est.
Purpose:	Proceeds will be used for the purchase of a building located 716 west fourth avenue, Anchorage, Alaska including the prepayment of the Facility Lease and Trust Agreement by and Between Anchorage Community Development Authority and U.S. Bank National Association, as Trustee dated 07/27/18, and to pay costs associated with the financing (the "Property").
Leased Property:	716 West Fourth Avenue, Anchorage, Alaska (the "Leased Property"), subject to KGF's lease to value test, under which the proceeds provided by KGF for the Leased Property shall not exceed 100% of the insured value of the of the Leased Property (the "LTV").
Lease Type/Documentation:	Title to the Leased Property and improvements will be in MOA. MOA will enter into a base/sight lease (the "Site Lease") for a term of not less than 10 years beyond the Maturity (i.e. if a 25 year Maturity is selected, the Site Lease will be for a term of not less than 35 years.) The Site Lease will lease the Leased Property to a Trustee (third party financial institution) on behalf of KGF as the beneficiary of the trust. The property will be leased back to MOA by the Trustee pursuant to a Facility Lease and Trust Agreement, or other documentation agreeable to KGF and the MOA (the "Agreement"). In an event of default or nonappropriation under the Agreement, KGF would have the ability to direct the trustee to take possession of the Leased Property, sell the Site Lease interest or sublease said Leased Property and use proceeds to repay the Agreement. The documentation will be attorney prepared by bond counsel, in a form acceptable to KGF.
Net Lease:	The Agreement will be a triple net lease in that the MOA will be responsible for (a) sales, transfer, use and property taxes, and any other taxes, assessments, levies, fees and charges of any governmental authority imposed against the Property or the Agreement, with the exception of Federal and state taxes on the interest income of KGF, (b) maintenance and repair of the Property, (c) loss, damage or casualty to the Property, (d) insurance as described below, (e) removal of all liens (other than permitted liens) against the Property, and (f) and all costs, fees, charges and expenses related to any of the foregoing or otherwise relating to the installation, use, possession, operation, maintenance, repair and return of the Property.
Maturity:	The maturity date of the Agreement will be not more than 25 years from closing.

Payments and Amortization: Semi-annual payments of principal and interest beginning not more than six months from closing assuming level payments of principal and interest to maturity. Any revision in the amortization that results in an increase in the average life of the financing may also require adjustment to the interest rate quoted.

Tax Status: Tax-Exempt Interest Rate

Interest Rate: The interest rate options are provided as of October 27, 2022 and are subject to adjustment based on the change KeyCorp cost of funds until the closing date of the financing or earlier interest rate lock agreement.

Option A: 5.39% - 20 Year Maturity 15-year fixed interest rate
Option B: 5.48% - 25 Year Maturity 15-year fixed interest rate

The interest rate needs to be selected and accepted by the Borrower no later than November 3, 2022 and would be valid for closing on or before February 1, 2023 (the "Anticipated Closing Date"). If not accepted by November 3, 2022, the interest rate provided above will be subject to index based on market conditions and KeyCorp cost of funds index between the date of this letter and the final closing date.

The interest rates above are provided for an initial fixed interest rate period of 15-years, after the initial fixed interest rate period the interest rate will be subject to adjustment based on an index to the change in the 10-year US Treasury Note rate, for every 1% change in the index, the interest rate will be adjusted by 0.79% and will then be fixed to maturity.

Mandatory Tender: KGF will purchase the Agreement for an initial fixed rate period of 15 years ("Tender Date"). The Agreement will be subject to mandatory tender for purchase on the Tender Date, KGF may elect to waive the mandatory tender on the Tender Date and continue to hold the Agreement to Maturity at an interest indexed per agreement between the parties. If the parties do not enter into such a written agreement prior to the Tender Date, the Agreement will be tendered by the KGF and the MOA shall have the obligation to purchase the Agreement on the Tender Date, at a purchase price equal to the outstanding principal amount plus accrued but unpaid interest. Failure to do so will be a default and will allow the Trustee, at KGF's direction to take action with respect to the Lease Property, including taking possession, subleasing the Leased Property or selling the Site Lease interest.

Optional Redemption: Optional Redemption - The Agreement may be prepaid in whole only on any date, subject to a prepayment premium calculated on the outstanding principal balance at the time of the termination as follows:

Months 1 – 12	not callable
Months 13 – 60	2.00%
Months 61 – 96	1.00%
Months 97 to maturity	0%

Prepayment shall require 60 days prior written notice to KGF and Trustee.

Commitment Fee: KGF will charge a commitment fee of \$15,000.00 payable at closing.

Insurance: MOA will provide adequate property, liability, workers compensation insurance with endorsements and in amounts in accordance with the terms and condition of the Agreement. KGF will be named as a loss payee under such property insurance policies and as an additional insured under such liability policies.

Leasehold Policy: An ALTA commitment for a lender's policy with respect to the Site Lease in an amount at least equal to the principal amount of the Agreement will be required prior to the Closing Date to confirm the description of the Leased Property and the status of title to and any easements, lien, or other encumbrances of record with respect to the Leased Property.

The title policy shall be from a firm that is approved by KGF. All net proceeds received under such title insurance policy will be required to be credited towards the prepayment of the Agreement.

Environmental Indemnity:

Prior to the Closing Date, the MOA will provide KGF with an environmental questionnaire of the Leased Property satisfactory to the KGF and Trustee in all regards. If the environmental questionnaire reveals the need for additional review, the MOA will provide additional environmental assessments as recommended by 3rd party environmental engineer as selected by KGF. Prior to the Closing Date, all necessary environmental filings will be made, and approvals obtained with the appropriate regulatory bodies. The MOA shall indemnify KGF and Trustee for any losses incurred by KGF or Trustee as a result of any environmental contamination of the Leased Property, subject to standard exceptions and rights of contest.

Flood Certificate:

Prior to closing, the KGF shall require the receipt of a satisfactory survey of the Leased Property. The survey must provide certification that the improvements are not located in a special flood hazard area. If the Leased Property is in a flood zone, flood insurance in form and amount satisfactory to KGF will be required.

Financial Reporting and Covenants:

(1) Default Interest Rate - At the election of the KGF, the interest rate will increase while the Event of Default is continuing by 400 basis points (4.00%). "Event of Default" means the declaration by the KGF of an event of default as a result of a determination by the KGF that there has been: (i) a failure to pay principal or interest on the Agreement when due, as provided in the Agreement; or (ii) a failure by the MOA to comply with any of its obligations, or to perform any of its duties, under the Agreement, which failure continues, and is not cured, for a period of more than 60 days after KGF has made written demand on the MOA to cure such failure; or, (iii) a material misrepresentation to KGF by the MOA in the purchase of the Agreement, as reasonably concluded by KGF after investigation and discussion with the MOA; or other customary events of default.

(2) Waiver of Jury Trials – The MOA and KGF will agree to irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to the Agreement or the actions of the MOA or KGF in the negotiation, administration, performance, or enforcement.

(3) Financial Reporting - (a) Receipt of full-year audited financial statement within 270 days of the fiscal year end. (b) Receipt of the MOA's budget for each fiscal year promptly after it is adopted by the Board. (c) Material Event Disclosures that are required to be filed on EMMA (and if filings are made on EMMA, no additional disclosure will be required to be made to the financial institution). (d) other information as Lender may from time-to-time reasonably request.

Cost of Issuance:

MOA will be responsible for all financing costs, including but not limited to Bond Counsel, Trustee, KGF Counsel, title insurance, environmental review if needed, MOA's financial advisor. Financing costs can be included in the borrowing amount. KGF will use Davis Wright Tremaine LLP as outside legal counsel (fee \$25,000.00), Attorney contact information is provided below:

George Mardikes
1300 SW Fifth Avenue, Suite 2400
Portland, OR 97201
Tel: (503) 778-5323, Mobile: (503) 887-3514
Email: georgemardikes@dwt.com
Website: www.dwt.com

Conditions:

Subject to credit approval and valid for closing on or before February 1, 2023 (the "Anticipated Closing Date").

Documents: All documents relating to the Agreement shall be prepared by Bond Counsel and shall be in a form and substance acceptable to KGF and its legal counsel, including legal opinions customary for transactions of this nature including a Tax and Validity Opinion from Bond Counsel regarding the validity and nature of the financing in a form acceptable to KGF.

Other: KGF will enter into the Agreement under the following additional conditions: (i) the Agreement is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the KGF will hold the Agreement as one single instrument; (iii) no CUSIP numbers will be obtained for the Agreement; (iv) no final official Statement has been prepared in connection with the private placement of the Agreement; (v) the Agreement will not close through the DTC or any similar repository and will not be in book entry form; (vi) certificates of participation shall not be used; and (vii) the Agreement is not listed on any stock or other securities exchange. The documents will contain a provision to the effect that failure of Trustee or lender to enforce a covenant that MOA has made under financing documents shall not prevent Trustee or lender from subsequently enforcing such covenant against MOA.

This financing term sheet is provided for discussion purposes only and does not represent a commitment from KGF. It is to be used for internal use only and not to be disclosed to outside third parties without KGF's consent. This financing term sheet is intended as an outline of certain of the material terms of the Agreement and does not purport to summarize all the conditions, covenants, representations, warranties, and other provisions which would be contained in definitive documentation for the lease agreement contemplated hereby.

This term sheet is issued in reliance upon the accuracy of all information presented by you to us and is contingent upon the absence of any material adverse change in your condition, financial or otherwise, from the condition as it was represented to us at the time of this term sheet. This term sheet is subject to our formal approval and the execution of documentation acceptable to each of us. It is not a commitment by us to engage in this transaction. (a) Key Government Finance ("KGF") is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act to you with respect to the information and material contained in this communication; (b) KGF is acting for its own interests; and (c) you should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

Thank you for allowing us the opportunity to present this Proposal. If you have any questions, or would like to discuss additional structure options, please call me at 720-904-4037.

Sincerely,



Kristen M. Sundin, Vice President
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West Regional Manager
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Mobile: 907-727-5414
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tracy.morris@key.com

ACCEPTED THIS ____ DAY OF _____ 2022

Municipality of Anchorage, Alaska

By: _____

Print Name: _____

Title: _____