

1 CLERK'S OFFICE Submitted by: Chairman of the Assembly at the  
2 APPROVED Request of the Mayor  
Date: 9-15-98 Prepared by: Wohlforth, Argetsinger, Johnson  
3 For Reading: & Brecht  
4 August 18, 1998

5 MUNICIPALITY OF ANCHORAGE

6 ORDINANCE NO. AO 98-144

7 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
8 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL  
9 OBLIGATION REFUNDING SCHOOL BONDS OF THE MUNICIPALITY IN  
10 THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED  
11 \$22,000,000 TO PROVIDE FUNDS REQUIRED TO REFUND CERTAIN  
12 OUTSTANDING GENERAL OBLIGATION SCHOOL BONDS OF THE  
13 MUNICIPALITY; PROVIDING FOR THE FORM AND MANNER OF SALE OF  
14 SAID BONDS; PLEDGING THE FULL FAITH AND CREDIT OF THE  
15 MUNICIPALITY TO THE PAYMENT THEREOF; AUTHORIZING THE CHIEF  
16 FISCAL OFFICER TO NEGOTIATE AND EXECUTE A CONTRACT FOR  
17 THE PURCHASE AND SALE OF SAID BONDS AND RELATED MATTERS.

18 WHEREAS, there are now outstanding general obligation school bonds of the  
19 Municipality of Anchorage (the "Municipality") issued in 1994 pursuant to an ordinance of  
20 the Municipality as set out in Section 2(q) hereof for the purpose of providing funds for  
21 educational capital improvements in the Municipality (the "Outstanding Bonds"); and

22 WHEREAS, after due consideration it appears to the Assembly that it is advisable  
23 for the Municipality to provide for the advance refunding, including the payment of  
24 principal of, premium, if any, and interest on certain of the Outstanding Bonds as further  
25 described herein (the "Refunded Bonds") by the issuance of refunding general obligation  
26 school bonds in order to effect a savings of debt service; and

27 WHEREAS, the Home Rule Charter of the Municipality provides in Section 15.02  
28 that refunding general obligation school bonds may be issued without an election; and

WHEREAS, the Home Rule Charter of the Municipality further provides in  
Section 15.03 that the Assembly by ordinance shall provide for the form and manner of  
sale of bonds and notes including reasonable limitation upon the sale of bonds and notes  
to financial consultants of the Municipality; and

1 WHEREAS, in order to effect such advance refunding in the most economical  
2 manner, it is deemed necessary and advisable that the net proceeds of the sale of the  
3 bonds herein authorized and any other moneys necessary and available for refunding  
4 purposes be invested in obligations to be authorized and approved by the Chief Fiscal  
5 Officer, maturing in such amounts and at such times as are required to pay the interest  
6 on the Refunded Bonds prior to their respective dates of redemption and to redeem the  
7 Refunded Bonds on the earliest dates on which said Refunded Bonds may be called for  
8 redemption; and

9 WHEREAS, because the amount of bond proceeds and the obligations necessary  
10 to pay the principal of, and interest on, and to effect the advance refunding of, the  
11 Refunded Bonds depends, in part, on the interest rates to be borne by the bonds to be  
12 issued pursuant to this Ordinance, the exact principal amount and the amount of each  
13 maturity of the bonds to be issued and the specific obligations to be acquired shall  
14 hereafter be authorized and approved by the Chief Fiscal Officer.

15 NOW, THEREFORE, THE MUNICIPALITY OF ANCHORAGE ORDAINS:

16 Section 1. Purpose. The purpose of this Ordinance is to authorize the issuance  
17 and sale of not to exceed \$22,000,000 of refunding general obligation school bonds of the  
18 Municipality (the "Bonds") to provide the funds to advance refund the Refunded Bonds,  
19 to pay the costs of issuance of the Bonds authorized herein (including the bond insurance  
20 premium, if any), and to fix certain details and to provide for the form and manner of sale  
21 of said Bonds to be issued

22 Section 2. Definitions. The following terms shall have the following meanings in  
23 this Ordinance:

24 (a) "Acquired Obligations" means any of the following securities, if and to the  
25 extent the same are at the time legal for investment of funds of the Municipality: (1) any  
26 bonds or other obligations which as to principal and interest constitute direct obligations

1 of, or are unconditionally guaranteed as to timely payment by, the United States of  
2 America; direct obligations and fully guaranteed certificates of beneficial interest of the  
3 Export-Import Bank of the United States; senior debt obligations of the Federal Home  
4 Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-  
5 backed bonds and guaranteed pass-through obligations of the Government National  
6 Mortgage Association; guaranteed Title XI financings of the U.S. Maritime Administration;  
7 and participation certificates and senior debt obligations of the Federal Home Loan  
8 Mortgage Corporation; or (2) any bonds or other obligations of any state of the United  
9 States of America or of any agency, instrumentality or local governmental unit of any such  
10 state, (a)(i) which are not callable at the option of the obligor prior to maturity, (ii) which  
11 are callable prior to maturity and the issuer has foregone the right to call the obligations  
12 and the obligations are irrevocably escrowed to maturity, or (iii) as to which irrevocable  
13 instructions have been given to the trustee of such bonds or other obligations by the  
14 obligor to give due notice of redemption and to call such bonds for redemption on the date  
15 or dates specified in such instructions, (b)(i) which are fully secured as to principal and  
16 interest and redemption premium, if any, by a fund consisting only of cash or bonds or  
17 other obligations of the character described in clause (1) hereof which fund may be  
18 applied only to the payment of such principal of and interest and redemption premium, if  
19 any, on such bonds or other obligations on the maturity date or dates thereof or the  
20 specified redemption date or dates pursuant to such irrevocable instructions, as  
21 appropriate, and (ii) the principal of and interest on the bonds and obligations of the  
22 character described in clause (1) hereof have been deposited in such fund and, along with  
23 any cash on deposit in such fund, are sufficient to pay principal of and interest and  
24 redemption premium, if any, on the bonds or other obligations described in this clause (2)  
25 on the maturity date or dates thereof or on the redemption date or dates specified in the  
26 irrevocable instructions referred to in subclause (a) of this clause (2), as appropriate, and

1 (c) such securities are unconditionally rated Aaa by Moody's Investors Service or  
2 unconditionally rated AAA by Standard & Poor's, a Division of The McGraw Hill  
3 Companies

4 (b) "Assembly" means the Municipal Assembly of the Municipality, as the  
5 general legislative authority of the Municipality established pursuant to its Home Rule  
6 Charter, as the same shall be duly and regularly constituted from time to time.

7 (c) "Beneficial Owner" means either the person in whose name a Bond is  
8 recorded as the beneficial owner of such Bond by the respective systems of DTC  
9 Participants or, if the Bond is not then registered in the name of Cede & Co. and held in  
10 the Book-Entry System, the registered owner of the Bond.

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

18 (e) "Bond" or "Bonds" means any of the bonds of the Municipality, the issuance  
19 and sale of which are authorized herein.

20 (f) "Bond Insurer" means, with respect to the Bonds, the insurance company  
21 which issues a policy of insurance with respect to payment of the interest on and principal  
22 of the Bonds.

23 (g) "Bond Register" means the registration books maintained by the Paying  
24 Agent (as Bond Registrar), as agent of the Municipality, which include the names and  
25 addresses of the registered owners, or nominees of the registered owners if the Bond is  
26 held in the Book-Entry System, of the Bonds.

1 (h) "Cede & Co." means Cede & Co., the nominee of DTC, and any successor  
2 nominee of DTC with respect to the Bonds.

3 (i) "Code" means the Internal Revenue Code of 1986, as amended from time  
4 to time, together with all regulations effective or promulgated and applicable thereto.

5 (j) "Commission" means the Securities and Exchange Commission.

6 (k) "DTC" means The Depository Trust Company, New York, New York, a  
7 limited purpose trust company organized under the laws of the State of New York, as  
8 depository for the Bonds pursuant to Section 6 hereof, and the term DTC shall include any  
9 corporate successor thereto.

10 (l) "Escrow Agent" means U.S. Bank Trust National Association, Seattle,  
11 Washington, or its successors, as Escrow Agent under the Escrow Agreement.

12 (m) "Escrow Agreement" means the Escrow Agreement between the Escrow  
13 Agent and the Municipality, pursuant to which the Escrow Obligations will be deposited,  
14 together with other moneys, if necessary, to pay the interest on and the redemption price  
15 of the Refunded Bonds.

16 (n) "Escrow Obligations" means direct, non-callable obligations of the United  
17 States of America.

18 (o) "Letter of Representations" means the Blanket Issuer Letter of Representa-  
19 tions from the Municipality to DTC, dated July 1, 1995, including DTC's Operational  
20 Arrangements referenced in said letter, as they may be amended from time to time.

21 (p) "MSRB" means the Municipal Securities Rulemaking Board or any successor  
22 to its functions.

23 (q) "Municipality" means the Municipality of Anchorage created upon ratification  
24 of the Home Rule Charter after the election thereon held on September 9, 1975, and the  
25 successor thereunder to the City of Anchorage, the City of Glen Alps, the City of Girdwood  
26

1 and the Greater Anchorage Area Borough, former municipal corporations of the State of  
2 Alaska.

3 (r) "NRMSIR" means a nationally recognized municipal securities information  
4 repository.

5 (s) "Ordinance" means this Ordinance of the Municipality.

6 (t) "Outstanding Bonds" means the 1994 General Obligation School Bonds  
7 dated June 1, 1994, maturing on July 1, 2011 and July 1, 2014, all or a portion of which  
8 shall be advance refunded with the proceeds of the Bonds.

9 (u) "Paying Agent" means U.S. Bank Trust National Association, Seattle,  
10 Washington, or its successors. The Paying Agent shall also act as Bond Registrar  
11 pursuant to Section 14 hereof.

12 (v) "Refunded Bonds" means all or that portion of the Outstanding Bonds which  
13 shall be advance refunded with the proceeds of the Bonds.

14 (w) "Refunding Bond Fund" means the special fund established pursuant to  
15 Section 12 hereof, and designated as the "1998 General Obligation Refunding School  
16 Bond Fund" for the purpose of holding moneys, including Bond proceeds, to be used to  
17 pay the interest on and to redeem the Refunded Bonds.

18 (s) "Rule" means the Commission's Rule 15c2-12 under the Securities and  
19 Exchange Act of 1934, as the same may be amended from time to time.

20 (y) "SID" means a state information depository for the State of Alaska (should  
21 one be created).

22 Section 3. Authority for Ordinance. The Municipality has ascertained and hereby  
23 determines that each and every matter and thing as to which provision is made in this  
24 Ordinance is necessary in order to carry out and effectuate the purposes of the  
25 Municipality in accordance with the Constitution and statutes of the State of Alaska and  
26

1 the Home Rule Charter of the Municipality, and to incur the indebtedness and issue the  
2 Bonds.

3       Section 4. Obligation of Bonds; Pledge. The Bonds shall be direct and general  
4 obligations of the Municipality and the full faith and credit of the Municipality are hereby  
5 pledged to the payment of the principal of and interest on the Bonds. The Municipality  
6 hereby irrevocably pledges and covenants that it will levy and collect taxes upon all  
7 taxable property within the Municipality without limitation as to rate or amount, in amounts  
8 sufficient, together with other funds legally available therefor, to pay the principal of and  
9 interest on the Bonds as the same become due and payable. In the event that any Bond  
10 Insurer makes any payment under a bond insurance policy with respect to the Bonds,  
11 such payment shall not be deemed a payment of the Municipality and such payment  
12 amounts shall continue to be due and payable by the Municipality under this Ordinance.

13       Section 5. Authorization of Bonds and Purpose of Issuance. For the purpose of  
14 providing the funds required to purchase Escrow Obligations and to provide beginning  
15 cash to effect the advance refunding of the Refunded Bonds in the manner and at the  
16 time hereinafter set forth, and to provide for original issue discount, if any, and to pay all  
17 costs incidental thereto and to the issuance of the Bonds, general obligation bonds of the  
18 Municipality with such designation as is set forth in Section 6 hereof, are hereby  
19 authorized, and shall be issued, in the principal amount of not to exceed Twenty-Two  
20 Million Dollars (\$22,000,000) or so much thereof as is required, together with other  
21 moneys available and used for such purpose, to effect the advance refunding of the  
22 Refunded Bonds. The aggregate principal amount of the Bonds to be issued shall be  
23 hereinafter fixed by the Chief Fiscal Officer.

24       Section 6. Designation, Maturities, Payment Dates, Rates. The Bonds shall be  
25 designated "Municipality of Anchorage, Alaska, 1998 General Obligation Refunding School  
26 Bonds" or such other or additional designation as may be made by the Chief Fiscal

1 Officer, shall be dated and mature on such dates and may be redeemed in such manner  
2 as shall be established by the Chief Fiscal Officer pursuant to Section 22 of this  
3 Ordinance or by the Assembly by resolution.

4 The Bonds shall bear interest from their date payable on such dates at such rates  
5 as may be fixed and determined by the Chief Fiscal Officer pursuant to Section 22 of this  
6 Ordinance or by the Assembly by resolution adopted prior to the delivery of the Bonds.

7 The Bonds shall be registered as to principal and interest as herein provided. The  
8 Bonds shall each be of the denomination of Five Thousand Dollars (\$5,000) or any  
9 integral multiple thereof of the same interest rate and maturity approved by the  
10 Municipality, such approval to be evidenced by the execution of such Bonds. Each Bond  
11 shall bear a number or letter, or a number and letter, distinguishing it from every other  
12 Bond in the manner and with such additional designation as the Paying Agent deems  
13 necessary for purposes of identification. The Bonds may be delivered with the aggregate  
14 principal amount of Bonds maturing on one date represented by one Bond, in typewritten,  
15 printed or lithographed form. The Bonds shall be substantially in the form hereinafter set  
16 forth, with such appropriate variations, omissions or insertions as are permitted or required  
17 by this Ordinance, and may have endorsed thereon such legends or text as may be  
18 necessary or appropriate to conform to the rules and regulations of any governmental  
19 authority or any usage or requirement of law with respect thereto.

20 In order to induce DTC to accept the Bonds as eligible for deposit at DTC, the  
21 Municipality has executed and delivered the Letter of Representations which has been  
22 accepted by DTC. Unless the Chief Fiscal Officer, or the Assembly by resolution, shall  
23 otherwise determine, the Bonds initially issued shall be available for purchase only  
24 through brokers and dealers, who must be or act through participants in DTC, shall be  
25 held in fully immobilized form by DTC acting as depository pursuant to the terms and  
26 conditions set forth in the Letter of Representations, shall be issued in denominations



1 equal to the aggregate principal amount of each maturity of the Bonds and shall initially  
2 be registered in the name of Cede & Co., as the nominee of DTC.

3 Neither the Municipality nor the Paying Agent will have any responsibility or  
4 obligation to DTC participants or the persons for whom they act as nominees with respect  
5 to the Bonds in respect to the accuracy of any records maintained by DTC or any DTC  
6 participant, the payment by DTC or any DTC participant of any amount in respect of the  
7 principal or redemption price of or interest on the Bonds, any notice which is permitted or  
8 required to be given to owners of the Bonds under this Ordinance (except such notices  
9 as shall be required to be given by the Municipality to the Paying Agent or to DTC), the  
10 selection by DTC or any DTC participant of any person to receive payment in the event  
11 of a partial redemption of the Bonds or any consent given or other action taken by DTC  
12 as the owner of the Bonds. For so long as any Bonds are held in fully immobilized form  
13 hereunder, DTC or its successor depository shall be deemed to be the owner of the  
14 Bonds for all purposes hereunder, and all references herein to the owner of the Bonds or  
15 similar terms shall mean DTC or its nominee and shall not mean the owners of any  
16 beneficial interest in the Bonds.

17 Section 7 Additional Details of Bonds Each of the Bonds shall be signed by the  
18 manual or facsimile signature of the Mayor or the Municipal Manager and the official seal  
19 of the Municipality (or a facsimile thereof) shall be affixed, imprinted or otherwise  
20 reproduced on the Bond and attested by the manual or facsimile signature of the  
21 Municipal Clerk or Deputy Municipal Clerk. In case any officer whose signature or  
22 facsimile of whose signature shall appear on any Bonds shall cease to be such officer  
23 before the delivery of such Bonds, such signature or such facsimile shall nevertheless be  
24 valid and sufficient for all purposes the same as if he or she had remained in office until  
25 such delivery.

1 The Bonds shall contain a certificate of the Paying Agent in substantially the  
2 following form:

3  
4 PAYING AGENT'S CERTIFICATE  
OF AUTHENTICATION

5 This Bond is one of the Municipality of Anchorage, Alaska, 1998 General Obligation  
6 Refunding School Bonds, described in and issued pursuant to the within mentioned  
Ordinance.

7 U.S. BANK TRUST NATIONAL ASSOCIATION,  
8 as Paying Agent

9 Date of Authentication:

10 \_\_\_\_\_ By \_\_\_\_\_  
Authorized Agent

11  
12 The principal, redemption price of and the interest on the Bonds shall be payable  
13 in any coin or currency of the United States of America which, at the respective dates of  
14 payment thereof, is legal tender for the payment of public and private debts.

15 For so long as all outstanding Bonds are held in fully immobilized form by DTC and  
16 are registered in the name of Cede & Co. or its registered assigns, payment of principal  
17 and interest thereof shall be made as provided in the Letter of Representations.

18 In the event that the Bonds are not or are no longer held in fully immobilized form  
19 by DTC and registered in the name of Cede & Co. or its registered assigns: (i) the  
20 principal of all Bonds shall be payable upon presentment at the corporate trust office  
21 designated by the Paying Agent; and (ii) payment of interest on the Bonds shall be made  
22 by check or draft mailed by first class mail to the registered owner of record as of the 15th  
23 day of the month preceding each interest payment date at the address appearing on the  
24 Bond Register of the Municipality kept by the Paying Agent, provided that any owner of  
25 Bonds in an aggregate principal amount of \$1,000,000 or more may, at its option, receive  
26 interest payments by wire transfer at any location within the United States of America

1 upon written notice delivered to the Paying Agent not later than the 15th day of the month  
2 preceding any interest payment date.

3       Section 8. Redemption of Bonds. The Bonds may be subject to redemption by or  
4 on behalf of the Municipality prior to maturity and upon notice as hereinafter provided, as  
5 a whole or in part as may be fixed and determined by the Chief Fiscal Officer pursuant  
6 to Section 22 of this Ordinance or by resolution of the Assembly adopted prior to or at the  
7 time of delivery of the Bonds. If fewer than all of the Bonds within a single maturity are  
8 to be called for redemption prior to their scheduled maturity, the portions of Bonds within  
9 a maturity to be redeemed shall be selected by the Paying Agent, acting as Bond  
10 Registrar, by lot in the manner chosen by the Paying Agent. In selecting Bonds to be  
11 redeemed in part within a single maturity, the Paying Agent shall treat each Bond as  
12 representing that number of Bonds of a \$5,000 denomination which is obtained by dividing  
13 the principal amount of such Bond by \$5,000. As long as the Bonds are held in fully  
14 immobilized form, such selection shall be made by DTC in accordance with the Letter of  
15 Representations.

16       Section 9. Notice of Redemption. Except as hereafter provided in this Section,  
17 when the Municipality determines to redeem any Bonds, it shall cause to be given notice  
18 of such redemption in the manner then provided by law, which notice shall state the  
19 redemption date and identify the Bonds to be redeemed by reference to their numbers and  
20 further state that on such redemption date there shall become due and payable upon each  
21 such Bond the principal amount thereof plus the applicable premium, if any (the "Redemp-  
22 tion Price"), together with interest accrued to the redemption date, and that from and after  
23 such date interest thereon shall cease to accrue. Such notice shall be given at least 30  
24 days but not more than 60 days prior to the redemption date by first class mail, postage  
25 prepaid, to the registered owner of any Bond to be redeemed at the address of the  
26 registered owner appearing on the Bond Register; provided, however, that for so long as

1 the Bonds are held in fully immobilized form by DTC and are registered in the name of  
2 Cede & Co. or its registered assigns, all notices of redemption shall be given only as  
3 provided in the Letter of Representations. In addition to the above required mailing, the  
4 Municipality shall also cause to be mailed notice of such intended redemption to the  
5 managing underwriter(s) of the Bonds being redeemed or their respective business  
6 successors, if any, to each NRMSIR or the MSRB, to any SID and, when there is a bond  
7 insurance policy with respect to any Bonds, to the Bond Insurer for such Bonds by  
8 certified or registered mail.

9 If the Bonds are no longer held in immobilized form by DTC, then, in addition to the  
10 foregoing notice, further notice of redemption shall be given by the Paying Agent as set  
11 out below, but no defect in said further notice nor failure to give all or any portion of such  
12 further notice shall in any manner defeat the effectiveness of a call for redemption if notice  
13 thereof is given as above prescribed.

14 Each further notice of redemption given hereunder shall contain the information  
15 required above for an official notice of redemption plus: (i) the CUSIP numbers of all  
16 Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate  
17 of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being  
18 redeemed; and (v) any other descriptive information needed to identify accurately the  
19 Bonds being redeemed.

20 Each further notice of redemption shall be sent at least 35 days before the  
21 redemption date by United States mail to all registered securities depositories then in the  
22 business of holding substantial amounts of obligations of types comprising the Bonds  
23 (such depositories now being DTC; Midwest Securities Trust Company of Chicago, Illinois;  
24 and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania).

1 The Municipality shall notify the Paying Agent of any optional redemption at least  
2 20 days prior to the date on which notice pursuant to this Section is to be given to DTC  
3 or the registered owner of any Bond to be redeemed, as the case may be.

4 The foregoing notice provisions of this Section, including but not limited to the  
5 information to be included in redemption notices and the persons designated to receive  
6 notices, may be amended by additions, deletions and changes in order to maintain  
7 compliance with duly promulgated regulations and recommendations regarding notices of  
8 redemption of municipal securities.

9 Section 10. Payment of Redeemed Bonds. Notice of redemption having been  
10 given in the manner provided in this Ordinance, the Bonds so called for redemption shall  
11 become due and payable on the redemption date stated in said notice at the applicable  
12 Redemption Price on said date plus interest accrued and unpaid to the redemption date  
13 upon presentation and surrender thereof at the corporate trust office of the Paying Agent.  
14 If, on the redemption date, moneys for the redemption of all the Bonds to be redeemed,  
15 together with interest accrued and unpaid to the redemption date, shall be held on behalf  
16 of the Municipality at the corporate trust office of the Paying Agent so as to be available  
17 therefor on said date and if notice of redemption shall have been given as aforesaid, then  
18 from and after the redemption date the Bonds so called for redemption shall cease to bear  
19 interest.

20 Each check or other transfer of funds issued for the payment of the Redemption  
21 Price of Bonds being redeemed shall bear the CUSIP number identifying, by issue and  
22 maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 11 Form of Bond. Each Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Ordinance or by resolution of the Assembly:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
MUNICIPALITY OF ANCHORAGE  
(A Municipal Corporation of the State of Alaska)

NO. R- 1998 GENERAL OBLIGATION REFUNDING SCHOOL BOND \$

INTEREST RATE MATURITY DATE CUSIP NO.  
%

Registered Owner CEDE & Co.

Principal Amount:

The Municipality of Anchorage, a municipal corporation of the State of Alaska (the "Municipality"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, upon presentation and surrender hereof, the Principal Amount shown above, and to pay interest on such principal sum from the date hereof until its obligation with respect to the payment of such principal sum shall be discharged, at the Interest Rate per annum shown above, payable on the first days of \_\_\_\_\_ and \_\_\_\_\_ in each year beginning \_\_\_\_\_, 1999. The principal, interest and redemption price of this Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Principal shall be paid to the Registered Owner or assigns upon presentation and surrender of this Bond at the corporate trust office of U.S. Bank Trust National Association (hereinafter called the Paying Agent), or its successors. Payment of interest shall be

1 made by check or draft mailed to the Registered Owner, as of the 15th day of the month  
2 preceding the interest payment date, at the address appearing on the Bond Register of  
3 the Municipality kept at the corporate trust office of the Paying Agent. Notwithstanding  
4 the foregoing, if this Bond is held in fully immobilized form, payment of principal and  
5 interest shall be as provided in the Blanket Issuer Letter of Representations between the  
6 Municipality and The Depository Trust Company dated July 1, 1995, and The Depository  
7 Trust Company's Operational Arrangements referred to therein as they may be amended  
8 from time to time (together, the "Letter of Representations").

9 This Bond is one of the 1998 General Obligation Refunding School Bonds of  
10 Anchorage, Alaska, of like tenor and effect except as to interest rate, number, redemption  
11 terms and maturity, aggregating \$\_\_\_\_\_ in principal amount, and constituting Bonds  
12 authorized for the purpose of raising funds to advance refund certain general obligation  
13 school bonds of the Municipality, and is issued pursuant to Ordinance No. AO 98-\_\_\_\_  
14 of the Municipality entitled:

15 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
16 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL  
17 OBLIGATION REFUNDING SCHOOL BONDS OF THE MUNICIPALITY IN  
18 THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED  
19 \$22,000,000 TO PROVIDE FUNDS REQUIRED TO REFUND CERTAIN  
20 OUTSTANDING GENERAL OBLIGATION SCHOOL BONDS OF THE  
21 MUNICIPALITY; PROVIDING FOR THE FORM AND MANNER OF SALE OF  
22 SAID BONDS; PLEDGING THE FULL FAITH AND CREDIT OF THE  
23 MUNICIPALITY TO THE PAYMENT THEREOF; AUTHORIZING THE CHIEF  
24 FISCAL OFFICER TO NEGOTIATE AND EXECUTE A CONTRACT FOR  
25 THE PURCHASE AND SALE OF SAID BONDS AND RELATED MATTERS.

26 (the "Ordinance")

27 The Bonds maturing in the years \_\_\_\_\_ through \_\_\_\_\_, inclusive, are not subject to  
28 redemption prior to maturity. The Bonds maturing on and after \_\_\_\_\_,  
are subject to redemption at the option of the Municipality on and after \_\_\_\_\_ 1,  
\_\_\_\_\_, in whole on any date or in part in increments of \$5,000 with maturities selected by  
the Municipality on any interest payment date prior to maturity, at the following prices

expressed as a percentage of the principal amount thereof, plus accrued interest to the date of redemption upon notice as provided in the Ordinance and the Letter of Representations.

	<u>Redemption Date</u>	<u>Redemption Price</u>
1.	_____ through _____ 31, _____	%
1.	_____ and thereafter	

Unless previously redeemed pursuant to the foregoing optional redemption provision, the Bonds maturing on \_\_\_\_\_ 1, 20\_\_ are subject to mandatory redemption on \_\_\_\_\_ 1 of the following years, and in the following principal amounts, beginning on \_\_\_\_\_ 1, 20\_\_, at a price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, upon notice as provided in the Ordinance and the Letter of Representations:

<u>Redemption Year</u>	<u>Term Bonds</u>	<u>Principal Amount</u>
20__		\$
20__		
20__		
20__		
20__		

\* Final Maturity

Interest on any Bonds called for redemption shall cease to accrue on the date fixed for redemption unless such Bonds are not redeemed upon presentation pursuant to such call. Notice of any redemption of Bonds shall be given as provided in the Ordinance and the Letter of Representations. If fewer than all Bonds of like maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by lot within such maturity as provided in the Ordinance and the Letter of Representations.

This Bond is transferable as provided in the Ordinance and the Letter of Representations. The Municipality and the Paying Agent may treat and consider the



1 person in whose name this Bond is registered as the absolute owner hereof for the  
2 purpose of receiving payment of, or on account of, the principal or redemption price, if  
3 any, hereof and interest due hereon and for all other purposes whatsoever.

4 This Bond is a general obligation of the Municipality, and the full faith and credit of  
5 the Municipality are pledged for the payment of the principal of and interest on the Bonds.  
6 The Municipality hereby irrevocably pledges and covenants that it will levy and collect  
7 taxes upon all taxable property within the Municipality without limitation as to rate or  
8 amount, in amounts sufficient, together with other funds legally available therefor, to pay  
9 the principal of and interest on the Bonds as the same become due and payable.

10 IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts or things  
11 required by the Constitution or statutes of the State of Alaska and the Home Rule Charter  
12 of the Municipality to exist, to have happened or to have been performed precedent to or  
13 in the issuance of this Bond, exist, have happened and have been performed, and that  
14 the series of Bonds of which this is one, together with all other indebtedness of the Munic-  
15 ipality, is within every debt and other limit prescribed by said Constitution, statutes or  
16 Charter.

17 IN WITNESS WHEREOF, ANCHORAGE, ALASKA, has caused this Bond to be  
18 signed in its name and on its behalf by the signature of its Municipal Manager and its  
19 corporate seal to be hereunto impressed and attested by the signature of its Clerk, all as  
20 of the \_\_\_\_ day of \_\_\_\_\_, 1998.

21  
22 [SEAL]  
23 ATTEST:

\_\_\_\_\_  
GEORGE J. VAKALIS  
Municipal Manager

24  
25 \_\_\_\_\_  
26 LEJANE FERGUSON  
Clerk

27 MOA/1998 General Obligation Refunding School Bonds  
Ordinance No. AO 98-144

28 APPROVED AND FORWARDED:

1 In the event the Bonds are not or are no longer registered in the name of Cede &  
2 Co. or its assigns, the form of the Bonds may be modified to conform to printing  
3 requirements and the terms of this Ordinance.

4 Section 12. Disposition of the Proceeds of Sale of the Bonds and Authorization of  
5 an Escrow Agreement. The net proceeds received from the sale of the Bonds (exclusive  
6 of accrued interest) shall be deposited in the "1998 General Obligation Refunding School  
7 Bond Fund" (the "Refunding Bond Fund") which is hereby created, and used, together with  
8 such moneys as may be transferred to said account pursuant to this Ordinance, to deposit  
9 cash and to purchase Escrow Obligations maturing as to principal and interest in such  
10 amounts and at such times as to provide for the payment of interest on the Refunded  
11 Bonds to the maturity date or date of redemption of each such Bond and the redemption  
12 price of the Refunded Bonds on the earliest date on which they may be redeemed.

13 Such money and Escrow Obligations shall be irrevocably set aside and held in the  
14 Refunding Bond Fund and deposited in a trust account for safekeeping with U.S. Bank  
15 Trust National Association, Seattle, Washington, which is hereby appointed as Escrow  
16 Agent, pursuant to the Escrow Agreement. Such money and obligations are hereby  
17 pledged to be held and applied solely for the purpose set forth herein, provided, however,  
18 that the Municipality may from time to time transfer, or cause to be transferred, free of  
19 trust from such Refunding Bond Fund any moneys not required for such purpose upon  
20 securing a verification from a certified public accountant and opinion of bond counsel as  
21 set forth in the next succeeding paragraph.

22 The Municipality reserves the right to substitute other Escrow Obligations for  
23 investments in the Refunding Bond Fund in the event it may do so pursuant to  
24 Section 148 of the Code and applicable regulations thereunder, provided, that, at all times  
25 the moneys and Escrow Obligations in the Refunding Bond Fund shall be sufficient to  
26 accomplish the refunding of the Refunded Bonds and the payment of principal and interest

1 as provided herein. Prior to each such substitution, the Municipality shall obtain (1) a  
2 verification by a certified public accountant which shall be satisfactory to bond counsel to the  
3 Municipality that the moneys and Escrow Obligations on deposit after such substitution will  
4 be sufficient to effect such refunding of the Refunded Bonds and the payment of principal  
5 and interest, and (2) an opinion from bond counsel that such substitution shall not cause any  
6 Bond or Refunded Bond to lose its tax-exempt status under Section 14E of the Code. When  
7 all of the Refunded Bonds shall have been redeemed and retired, the Municipality may  
8 cause to be transferred from the Refunding Bond Fund free of trust all moneys remaining  
9 therein

10 Section 1 Call of Refunded Bonds for Prior Redemption. The Municipality hereby  
11 elects to call the Refunded Bonds, or a portion thereof as determined by the Chief Fiscal  
12 Officer, on the first date on which such Refunded Bonds may be redeemed, which date and  
13 price is as follows

<u>Maturity Date</u>	<u>Redemption Date</u>	<u>Price</u>
July 1, 2011	July 1, 2004	102%
July 1, 2014	July 1, 2004	102%

17 The election to make such call for redemption shall be subject to the delivery of the  
18 Bonds to the initial purchasers thereof and shall become irrevocable upon such delivery.

19 The Escrow Agent, acting in concert with the Municipal Clerk and the Chief Fiscal  
20 Officer of the Municipality and the paying agent for the Refunded Bonds, is hereby  
21 authorized and directed to provide for the giving of notice of redemption of the Refunded  
22 Bonds in the manner set forth in the ordinance of the Municipality authorizing their  
23 issuance

24 Section 2. Paying Agent and Bond Registrar (a) U.S. Bank Trust National  
25 Association, Seattle, Washington, is hereby appointed the Paying Agent for the Bonds  
26

1 and the term "Paying Agent" shall include any business successor or successors thereto.  
2 Any company into which the Paying Agent may be merged or converted or with which  
3 it may be consolidated or any company resulting from any merger, conversion or  
4 consolidation to which it shall be a party, provided such company shall be a bank or trust  
5 company organized under the laws of any state of the United States of America or a  
6 national banking association and shall be authorized by law to perform all the duties  
7 imposed upon it by this Ordinance, shall be the successor to the Paying Agent without  
8 the execution or filing of any paper or the performance of any further act. The form of  
9 the Paying Agent/Registrar Agreement, on file with the Municipal Clerk, is hereby  
10 approved and its execution by the Chief Fiscal Officer on behalf of the Municipality with  
11 such changes as may hereinafter be approved by him is hereby authorized.

12 The Paying Agent/Registrar shall maintain a Bond Register which shall include the  
13 names and addresses of the registered owners or nominees of the owners of the Bonds  
14 and which shall provide for the registration, transfer and exchange of Bonds. The  
15 Municipality covenants that, until all Bonds have been surrendered and canceled, it will  
16 maintain a system for recording the ownership of each Bond that complies with the  
17 provisions of Section 149 of the Code.

18 The Paying Agent may become the owner of or may deal in Bonds as fully and  
19 with the same rights as if it was not the Paying Agent.

20 (b) Concerning the use of DTC.

21 (1) Unless otherwise provided by resolution of the Assembly, the Bonds  
22 shall be registered initially in the name of Cede & Co., as nominee of DTC, with  
23 one Bond maturing on each of the maturity dates established in a denomination  
24 corresponding to the total principal amount therein designated to mature on such  
25 date. Registered ownership of such immobilized Bonds, or any portions thereof,  
26 may not thereafter be transferred except (i) to any successor of DTC or its

1 nominee, provided that any such successor shall be qualified under any  
2 applicable laws to provide the service proposed to be provided by it; (ii) to any  
3 substitute depository appointed by the Assembly pursuant to (2) below or such  
4 substitute depository's successor; or (iii) to any person as provided in (4) below.

5 (2) Upon the resignation of DTC or its successor (or any substitute  
6 depository or its successor) from its functions as depository or a determination by  
7 the Assembly that it is no longer in the best interest of owners of beneficial  
8 interests in the Bonds to continue the system of book-entry transfers through DTC  
9 or its successors (or any substitute depository or its successor), the Assembly  
10 may thereafter appoint a substitute depository. Any such substitute depository  
11 shall be qualified under any applicable laws to provide the services proposed to  
12 be provided by it.

13 (3) In the case of any transfer pursuant to clause (i) or (ii) of (1) above, the  
14 Paying Agent shall, upon receipt of all outstanding Bonds, together with a written  
15 request on behalf of the Assembly, issue a single new Bond for each maturity  
16 then outstanding, registered in the name of such successor or such substitute  
17 depository, or their nominees, as the case may be, all as specified in such written  
18 request of the Assembly.

19 (4) In the event that (i) DTC or its successor (or substitute depository or  
20 its successor) resigns from its functions as depository and no substitute  
21 depository can be obtained, or (ii) the Assembly determines that it is in the best  
22 interest of the beneficial owners of the Bonds that they be able to obtain Bond  
23 certificates, the ownership of Bonds may then be transferred to any person or  
24 entity as herein provided and the Bonds shall no longer be held in fully immobi-  
25 lized form. The Municipality shall deliver a written request to the Paying Agent,  
26 together with a supply of definitive Bonds, to issue Bonds as herein provided in

1 any authorized denomination. Upon receipt of all then outstanding Bonds by the  
2 Paying Agent, together with a written request on behalf of the Assembly to the  
3 Paying Agent, new Bonds shall be issued in such denominations and registered  
4 in the names of such persons as are requested in such written request.

5 Section 15. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall  
6 become mutilated or be destroyed, stolen or lost, the Municipality may cause to be  
7 executed, and shall deliver, a new Bond of like interest rate, principal amount, maturity  
8 and series in exchange and substitution for and upon cancellation of such mutilated  
9 Bond, or in lieu of and in substitution for such Bond destroyed, stolen or lost, in each  
10 case upon the registered owner thereof paying the reasonable expenses and charges  
11 of the Municipality and the Paying Agent in connection therewith and in the case of a  
12 Bond destroyed, stolen or lost, filing by the owner with the Paying Agent evidence  
13 satisfactory to the Paying Agent and the Municipality that such Bond was destroyed,  
14 stolen or lost and the owner's ownership thereof, and furnishing the Municipality and the  
15 Paying Agent with indemnity satisfactory to them. Any new Bond so delivered may bear  
16 a number differing from the number of the Bond it replaces.

17 Section 16. Transfer of Bonds and Delivery of New Bonds. If the Bonds are no  
18 longer held in the Book-Entry System or immobilized form, any Bond may be transferred  
19 only upon the books kept for the registration and transfer of Bonds by the Paying  
20 Agent/Registrar, upon surrender thereof at the corporate trust office in Seattle,  
21 Washington, of the Paying Agent, together with an assignment duly executed by the  
22 registered owner or the registered owner's attorney in such form as shall be satisfactory  
23 to the Paying Agent. Upon the transfer of any such Bond, there shall be executed in the  
24 name of the transferee, and the Municipality shall cause to be authenticated and  
25 delivered, a new registered Bond or Bonds of the same maturity and aggregate principal  
26 amount in any of the authorized denominations.

1 In all cases in which Bonds may be transferred under this Ordinance, there shall  
2 be executed, and the Municipality shall authenticate and deliver, Bonds in accordance  
3 with the provisions of this Ordinance. Any such transfer shall be without cost to the  
4 registered owner, except that the Municipality and the Paying Agent may make a charge  
5 for every such registration, exchange or transfer of Bonds sufficient to reimburse them  
6 for any tax, fee or other governmental charge required to be paid with respect to such  
7 registration, exchange or transfer, and such charge or charges shall be paid before any  
8 such new Bond shall be delivered. Neither the Municipality nor the Paying Agent shall  
9 be required to make any such registration, exchange or transfer of a Bond during (i) the  
10 15 days next preceding an interest payment date for such Bond (ii) during a period of  
11 15 days preceding any selection of Bonds to be redeemed or thereafter until after the  
12 mailing of any notice of redemption or (iii) following any publication of notice of  
13 redemption of such Bond.

14 Section 17. Ownership of Bonds. As to any Bond, the person in whose name the  
15 same shall be registered on the Bond Register shall be deemed and regarded as the  
16 absolute owner thereof for all purposes, and payment of or on account of the principal  
17 on such Bond and the interest on such Bond shall be made only to or upon the order of  
18 the registered owner thereof or the registered owner's legal representative, but such  
19 registration may be changed as hereinabove provided. All such payments shall be valid  
20 and effectual to satisfy and discharge the liability upon such Bond, including the interest  
21 thereon, to the extent of the sum or sums so paid.

22 The Bonds shall be negotiable instruments to the extent provided by Alaska  
23 Statutes, Title 45.08. The Municipality and the Paying Agent shall be entitled to treat the  
24 person in whose name any Bond is registered as the absolute owner thereof for all  
25 purposes of this Ordinance and any applicable laws, notwithstanding any notice to the  
26 contrary received by the Paying Agent or the Municipality. Neither the Municipality nor

1 the Paying Agent will have any responsibility or obligation, legal or otherwise, to any  
2 other party, except to the owners of the Bonds

3 Section 18. Arbitrage Covenant. The Municipality covenants with the registered  
4 owners of all Bonds at any time outstanding that it will make no use of the proceeds of  
5 the Bonds which will cause the Bonds to be "arbitrage Bonds" subject to federal income  
6 taxation by reason of Section 148 of the Code. To that end, so long as any of the Bonds  
7 are outstanding, the Municipality, with respect to the proceeds of the Bonds, shall comply  
8 with all requirements of said Section 148 and the regulations thereunder to the extent  
9 that such requirements are, at the time, applicable and in effect

10 Section 19. Compliance with Code. The Municipality hereby covenants to comply  
11 with any and all applicable requirements set forth in the Code in effect from time to time  
12 to the extent that such compliance shall be necessary for the exemption from federal  
13 income taxes of the interest on the Bonds. The Municipality hereby further covenants  
14 to observe any and all applicable requirements in any future federal tax legislation to the  
15 extent that such compliance is determined by the Municipality to be legal and practicable  
16 and required for such exemption.

17 The covenants of this Section shall also be deemed to have been made for the  
18 benefit of any Bond Insurer for so long as a Bond Insurer maintains a policy of insurance  
19 with respect to any of the Bonds.

20 Section 20. Rebate Requirement. The Municipality covenants and agrees that  
21 it will pay any amounts required to comply with the arbitrage rebate requirements of  
22 Section 148(f) of the Code.

23 Section 21. Defeasance. In the event money and/or Acquired Obligations  
24 maturing at such times and bearing interest to be earned thereon in amounts sufficient  
25 to redeem and retire any or all of the Bonds in accordance with their terms are set aside  
26 in a special trust account to effect such redemption or retirement and such moneys and



1 the principal of and interest on such obligations are irrevocably set aside and pledged  
2 for such purpose, then no further payments need be made to pay or secure the payment  
3 of the principal of and interest on such Bonds and such Bonds shall be deemed not to  
4 be outstanding. If the Bonds are insured, any defeasance of the Bonds shall be made  
5 by cash and/or direct, non-callable obligations of the United States of America.

6 Section 22. Sale of Bonds, Final Terms, Approval of Official Statement. The  
7 Bonds shall be sold at negotiated sale. The Chief Fiscal Officer is hereby authorized to  
8 negotiate terms for the purchase of not to exceed Twenty-Two Million Dollars  
9 (\$22,000,000) in principal amount of the Bonds with O'Connor & Company Securities  
10 (the "Underwriter") and to execute a contract with the Underwriter for the purchase of the  
11 Bonds which is in the best interest of the Municipality.

12 The Municipality has been advised by its financial advisor, PaineWebber  
13 Incorporated (the "Financial Advisor"), that market conditions continue to fluctuate and,  
14 as a result, the most favorable market conditions may occur on a day other than a  
15 regular meeting date of the Assembly. The Assembly has determined that it would be  
16 inconvenient, perhaps impossible, to hold a special meeting on short notice and,  
17 accordingly, has determined that it would be in the best interest of the Municipality to  
18 delegate to the Chief Fiscal Officer for a limited time the authority to approve certain  
19 details of the Bonds including the date and the delivery date, the aggregate principal  
20 amount and the principal amount of each maturity, the purchase price, the maturity and  
21 interest payment dates, the redemption provisions and the interest rates of each  
22 maturity. The interest rates for the Bonds of each maturity and the corresponding  
23 principal amount of Bonds shall be determined by agreement among the Underwriter,  
24 Financial Advisor and the Chief Fiscal Officer, shall take into account those factors  
25 which, in their judgment, will result in the lowest net effective interest cost on the Bonds  
26 to their maturity, and shall be set forth as an exhibit to the Purchase Contract for the

1 Bonds; provided that the net interest cost on the Bonds is less than 5.75% and there is  
2 a present value savings in debt service of not less than 2.0% of the par value of the  
3 Refunded Bonds.

4 The Chief Fiscal Officer is hereby authorized to execute the final form of a  
5 purchase contract with the Underwriter for the Bonds upon his approval of the details of  
6 the Bonds including the date and the delivery date, the aggregate principal amount and  
7 the principal amount of each maturity, the purchase price, the maturity and interest  
8 payment dates, the redemption provisions and the interest rate of each maturity, the  
9 underwriter's discount and the true interest cost on the Bonds. The authority granted to  
10 the Chief Fiscal Officer by this Section shall expire in 90 days from the date of approval  
11 of this Ordinance. If the terms of the Bonds have not been approved by the Chief Fiscal  
12 Officer in accordance with the delegated authority of this Section by said date, the Bonds  
13 shall be sold in the manner provided in the following paragraph.

14 The Chief Fiscal Officer is hereby authorized to solicit an offer or offers for the  
15 purchase of the Bonds from a qualified and selected underwriter or underwriters in such  
16 manner as he deems appropriate, and thereafter to negotiate a contract for the purchase  
17 of the Bonds which is in the best interest of the Municipality, said contract or contracts  
18 to be approved by the Assembly by Resolution.

19 The Chief Fiscal Officer is authorized to solicit commitments for a policy of  
20 insurance with respect to payment of the interest on and principal of the Bonds and  
21 thereafter to accept such commitment which in his judgment is in the best interest of the  
22 Municipality. The Chief Fiscal Officer is further authorized to enter into such agreements  
23 with the Bond Insurer related to said policy as are not inconsistent with this Ordinance  
24 and are, in his opinion, in the best interest of the Municipality.

1 The Chief Fiscal Officer is authorized to approve the final terms of, and to execute  
2 on behalf of the Municipality, the Escrow Agreement on file with the Municipal Clerk with  
3 such changes as may hereinafter be approved by him.

4 The Chief Fiscal Officer is further authorized to review and to approve, on behalf  
5 of the Municipality, the Preliminary Official Statement and final Official Statement relating  
6 to the issuance and sale of the Bonds with such changes, if any, as may be deemed by  
7 him to be appropriate, including changes necessary in order to evidence compliance with  
8 Section (b)(5) of the Rule.

9 Section 23 Authority of Officers. The Mayor, the Municipal Manager, the acting  
10 Municipal Manager from time to time, the Chief Fiscal Officer, the Municipal Clerk and  
11 the acting Municipal Clerk from time to time, are, and each of them is, hereby authorized  
12 and directed to do and perform all things and determine all matters not determined by  
13 this Ordinance, or to be determined by a subsequent ordinance or resolution of the  
14 Municipality, to the end that the Municipality may carry out its obligations under the  
15 Bonds and this Ordinance

16 Section 24. Amendatory and Supplemental Ordinances. (a) The Assembly from  
17 time to time and at any time may adopt an ordinance or ordinances supplemental hereto,  
18 which ordinance or ordinances thereafter shall become a part of this Ordinance, for any  
19 one or more of the following purposes:

20 (1) To add to the covenants and agreements of the Municipality in this  
21 Ordinance contained, other covenants and agreements thereafter to be observed,  
22 or to surrender any right or power herein reserved to or conferred upon the  
23 Municipality

24 (2) To make such provisions for the purpose of curing any ambiguities or  
25 of curing, correcting or supplementing any defective provision contained in this  
26 Ordinance or in regard to matters or questions arising under this Ordinance as the

1 Assembly may deem necessary or desirable and not inconsistent with this  
2 Ordinance and which shall not materially adversely affect the interests of the  
3 registered owners of the Bonds

4 Any such supplemental ordinance of the Assembly may be adopted without the  
5 consent of the registered owner of any of the Bonds at any time outstanding, notwith-  
6 standing any of the provisions of subsection (b) of this Section.

7 (b) With the consent of the registered owners of not less than 60% in aggregate  
8 principal amount of the Bonds at the time outstanding affected by the supplemental  
9 ordinance, the Assembly may adopt an ordinance or ordinances supplemental hereto for  
10 the purpose of adding any provisions to or changing in any manner or eliminating any  
11 of the provisions of this Ordinance or of any supplemental ordinance with respect to the  
12 Bonds; provided, however, that no such supplemental ordinance shall:

13 (1) Extend the fixed maturity of any of the Bonds, or reduce the rate of  
14 interest thereon, or reduce the amount or change the date of any sinking fund in-  
15 stallment, or extend the time of payments of interest from their due date, or  
16 reduce the amount of the principal thereof, or reduce any premium payable on the  
17 redemption thereof, without the consent of the registered owners of each Bond  
18 so affected; or

19 (2) Reduce the aforesaid percentage of registered owners of Bonds  
20 required to approve any such supplemental ordinance without the consent of the  
21 registered owners of all of the Bonds then outstanding;

22 and provided, further, that if the Bonds are insured any such supplemental ordinance  
23 may not be adopted without the prior written consent of the Bond Insurer.

24 It shall not be necessary for the consent of the owners of the Bonds under this  
25 subsection to approve the particular form of any proposed supplemental ordinance, but  
26 it shall be sufficient if such consent approves the substance thereof.

1 (c) Upon the adoption of any supplemental ordinance pursuant to the provisions  
2 of this Section, this Ordinance shall be deemed to be modified and amended in  
3 accordance therewith, and the respective rights, duties and obligations of the Municipality  
4 under this Ordinance and all owners of Bonds outstanding hereunder affected by such  
5 supplemental ordinance shall thereafter be determined, exercised and enforced  
6 thereunder, subject in all respects to such modification and amendment, and all the  
7 terms and conditions of any such supplemental ordinance shall be deemed to be part  
8 of the terms and conditions of this Ordinance for any and all purposes.

9 (d) Bonds executed and delivered after the execution of any supplemental  
10 ordinance adopted pursuant to the provisions of this Section may bear a notation as to  
11 any matter provided for in such supplemental ordinance, and if such supplemental  
12 ordinance shall so provide, new Bonds so modified so as to conform, in the opinion of  
13 the Municipality, to any modification of this Ordinance contained in any such supple-  
14 mental ordinance may be prepared by the Municipality and delivered without cost to the  
15 registered owners of the Bonds then outstanding, upon surrender for cancellation of such  
16 Bonds in equal aggregate principal amounts.

17 Section 25. Prohibited Sale of Bonds. No person, firm or corporation, or any  
18 agent or employee thereof, acting as financial consultant to the Municipality under an  
19 agreement for payment in connection with the sale of the Bonds, is eligible to purchase  
20 the Bonds as a member of the original underwriting syndicate either at public or private  
21 sale.

22 Section 26. Miscellaneous. No recourse shall be had for the payment of the  
23 principal of or the interest on the Bonds or for any claim based thereon or on this  
24 Ordinance against any member of the Assembly or officer of the Municipality or any  
25 person executing the Bonds. The Bonds are not and shall not be in any way a debt or  
26 liability of the State of Alaska or of any political subdivision thereof, except the

1 Municipality, and do not and shall not create or constitute an indebtedness or obligation,  
2 either legal, moral or otherwise, of said State or of any political subdivision thereof,  
3 except the Municipality.

4 Section 27. Undertaking to Provide Ongoing Disclosure.

5 (a) Contract/Undertaking. This Section constitutes the Municipality's written  
6 undertaking for the benefit of the Beneficial Owners of the Bonds as required by  
7 Section (b)(5) of the Rule. In this Section, use of the term "Bonds" includes reference  
8 to the bonds authorized by said ordinances.

9 (b) Financial Statements/Operating Data. The Municipality covenants and agrees  
10 to provide or cause to be provided to each NRMSIR and to the SID, in each case as  
11 designated by the Commission in accordance with the Rule, the following annual  
12 financial information and operating data (the "Annual Report") for the prior fiscal year  
13 (commencing in 1999 for the fiscal year ended December 31 1998):

14 Annual audited financial statements for the Municipality prepared in  
15 accordance with generally accepted accounting principles as prescribed by the  
16 Government Accounting Standards Board (or its successor) from time to time and  
17 generally of the type included in the official statement for the Bonds as Appen-  
18 dix A, "1997 General Purpose Financial Statements of the Municipality"; including  
19 the notes thereto and the statistical data included in the Comprehensive Annual  
20 Financial Report of the Municipality for the year. If the annual financial  
21 statements are not available by the Submission Date (as defined below) the  
22 Annual Report shall contain unaudited financial statements in a format similar to  
23 the audited financial statements most recently prepared for the Municipality, and  
24 the Municipality audited financial statements shall be filed in the same manner as  
25 the Annual Report when and if they become available.

1 Such annual information and operating data described above shall be available  
2 on or before six months from the end of the fiscal year (the "Submission Date"). The  
3 Municipality may adjust such date if the Municipality changes its fiscal year by providing  
4 written notice of the change of fiscal year and the new reporting date to each then  
5 existing NRMSIR and the SID. In lieu of providing such Annual Report, the Municipality  
6 may cross-reference to other documents the Municipality provides to the NRMSIRs, any  
7 SID or to the Commission and, if such document is a final official statement within the  
8 meaning of the Rule, which is available from the MSRB.

9 (c) Material Events. The Municipality agrees to provide or cause to be provided,  
10 in a timely manner, to any SID, and to each NRMSIR or to the MSRB notice of the  
11 occurrence of any of the following events with respect to the Bonds, if, in the judgment  
12 of the Municipality, such event is material:

- 13 • Principal and interest payment delinquencies;
- 14 • Non-payment related defaults;
- 15 • Unscheduled draws on debt service reserves reflecting financial difficulties;
- 16 • Unscheduled draws on credit enhancements reflecting financial difficulties;
- 17 • Substitution of credit or liquidity providers, or their failure to perform;
- 18 • Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- 19 • Modifications to rights of owners of the Bonds;
- 20 • Optional, contingent or unscheduled Bond calls other than scheduled
- 21 sinking fund redemption for which notice is given pursuant to Exchange Act
- 22 Release 34-23856;
- 23 • Defeasances;
- 24 • Release, substitution, or sale of property securing repayment of the Bonds;
- 25 • Rating changes.

1 (d) Notice Upon Failure to Provide Financial Data. The Municipality agrees to  
2 provide or cause to be provided, in a timely manner, to each NRMSI? or to the MSRB,  
3 and to any SID, notice of its failure to provide the annual financial information described  
4 in (b) of this Section on or prior to the date set forth in (b) of this Section.

5 (e) Termination/Modification. The Municipality's obligations to provide annual  
6 financial information and notices of material events shall terminate upon the legal  
7 defeasance (if notice is given as provided above), prior redemption or payment in full of  
8 all of the Bonds. This Section of the Ordinance, or any provision hereof, shall be null  
9 and void if the Municipality (1) obtains an opinion of nationally recognized bond counsel  
10 to the effect that those portions of the Rule which require this Section, or any such  
11 provision, are invalid, have been repealed retroactively or otherwise do not apply to the  
12 Bonds and (2) notifies each then existing NRMSIR and the SID of such opinion and the  
13 cancellation of this Section. Notwithstanding any other provision of this Ordinance, the  
14 Municipality may amend this Section and any provision of this Section may be waived  
15 without the consent of the Beneficial Owners, provided that the following conditions are  
16 satisfied:

17 1. If the amendment or waiver relates to the provisions of (b), (c) or (d)  
18 of this Section, it may only be made in connection with a change in circumstances  
19 that arises from a change in legal requirements, change in law, or change in the  
20 identity, nature or status of an obligated person with respect to the Bonds, or the  
type of business conducted;

21 2. The undertaking, as amended or taking into account such waiver,  
22 would, in the opinion of nationally recognized bond counsel, have complied with  
the requirements of the Rule at the time of the original issuance of the Bonds,  
after taking into account any amendments or interpretations of the Rule, as well  
as any change in circumstances; and

23 3. The amendment or waiver either (A) is approved by the Beneficial  
24 Owners in the same manner as provided in this Ordinance for amendments to this  
Ordinance with the consent of the Beneficial Owners, or (B) does not, in the  
25 opinion of nationally recognized bond counsel, materially impair the interests of  
the registered owners or the Beneficial Owners of the Bonds.



1 In the event of any amendment of or waiver of a provision of this Section, the  
2 Municipality shall describe such amendment in the next Annual Report, and shall include,  
3 as applicable, a narrative explanation of the reason for the amendment or waiver and  
4 its impact on the type (or in the case of a change of accounting principles, or the  
5 presentation) of financial information or operating data being presented by the  
6 Municipality. In addition, if the amendment relates to the accounting principles to be  
7 followed in preparing financial statements, (i) notice of such change shall be given in the  
8 same manner as for a material event under Subsection (c), and (ii) the Annual Report  
9 for the year in which the change is made shall present a comparison (in narrative form  
10 and also, if feasible, in quantitative form) between the financial statements as prepared  
11 on the basis of the new accounting principles and those prepared on the basis of the  
12 former accounting principles.

13 (f) Beneficial Owner's Remedies Under This Section. The right of a Beneficial  
14 Owner of a Bond to enforce the provisions of this Section shall be limited to a right to  
15 obtain specific enforcement of the Municipality's obligations hereunder, and any failure  
16 by the Municipality to comply with the provisions of this undertaking shall not be a default  
17 with respect to the Bonds under this Ordinance.

18 (g) Additional Information. Nothing in this Section shall be deemed to prevent the  
19 Municipality from disseminating any other information, using the means of dissemination  
20 set forth in this Section or any other means of communication, or including any other  
21 information in any Annual Report or notice of occurrence or a material event, in addition  
22 to that which is required by this Section. If the Municipality chooses to include any  
23 information in any Annual Report or notice of the occurrence of a material event in  
24 addition to that specifically required by this Section, the Municipality shall have no  
25 obligation under this Ordinance to update such information or to include it in any future  
26 Annual Report(s) or notice of occurrence of a material event.

1 Section 28. Severability. If any one or more of the covenants and agreements  
2 provided in this Ordinance to be performed on the part of the Municipality shall be  
3 declared by any court of competent jurisdiction to be contrary to law, then such covenant  
4 or covenants, agreement or agreements shall be null and void and shall be deemed  
5 separable from the remaining covenants and agreements in this Ordinance and shall in  
6 no way affect the validity of the other provisions of this Ordinance or of the Bonds.

7 Section 29. Effective Date. This Ordinance shall take effect immediately.

8  
9 PASSED AND APPROVED by the Anchorage Assembly, this 15<sup>th</sup> day of  
10 September 1998.

11  
12 ATTEST:

13 Fay Von Hemmigen  
Chairperson

14  
15 Loraine Ferguson  
Municipal Clerk

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made and entered into as of the 28th day of October 1998, by and between the Municipality of Anchorage, Alaska (the "Municipality"), and U.S. Bank Trust National Association, Seattle, Washington, as Escrow Agent (the "Escrow Agent").

### WITNESSETH:

Section 1. Recitals. Pursuant to Ordinance No. AO 94-104(S) (the "Refunded Bond Ordinance") duly passed and approved, the Municipality issued its \$63,000,000 1994 General Obligation School Bonds on June 28, 1994 (the "Bonds").

On the date hereof, the Bonds are outstanding in the aggregate principal amount of \$36,410,000. As identified on Schedule A attached hereto and by this reference made a part hereof, the Bonds maturing in the years 2011 and 2014 (the "Refunded Bonds") are to be redeemed on the dates set forth in Schedule A (each, a "Redemption Date") with the amounts held hereunder and investment earnings thereon.

The Municipality is legally empowered to set aside the assets described herein, and to enter into the Forward Purchase Agreement dated October 28, 1998, (the "Forward Purchase Agreement") with National Westminster Bank Plc (the "Provider"), in order to defease the Refunded Bonds by providing funds sufficient to pay the principal of, and the interest and redemption premium, if any, on, the Refunded Bonds on their Redemption Dates. The proceedings pursuant to which the

Bonds were issued authorize the defeasance of the Refunded Bonds as set forth herein.

The Municipality, pursuant to Ordinance No. AO 98-144 (the "Ordinance"), has determined to deposit with the Escrow Agent a combination of cash and investment assets, as described in Section 2 hereof, to provide for the payment of principal of and interest and redemption premium, if any, on the Refunded Bonds through their respective Redemption Dates and thereby to defease the Refunded Bonds as permitted in the Refunded Bond Ordinance pursuant to which the Bonds were issued.

Section 2. Provisions for Defeasing the Refunded Bonds; Payment of Interest and Principal. To accomplish the defeasance of the Refunded Bonds in the manner set forth in the Refunded Bond Ordinance that authorized the issuance of the Bonds, the Municipality hereby irrevocably deposits with the Escrow Agent cash in the amount of \$860.00, together with the investment securities described in Schedule B hereto, (the "Escrow Obligations") in trust for the security and benefit of the owners of the Refunded Bonds to be held by the Escrow Agent in trust separate and apart from all other cash and investment securities held by the Escrow Agent. The Escrow Agent hereby acknowledges receipt of such amount. The Escrow Agent agrees that it will apply the assets hereunder to provide for the payment of the interest on the Refunded Bonds when and as due for each of the Refunded Bonds to and including their respective Redemption Dates and to redeem on each said Redemption Date the Refunded Bonds to which such Redemption Date applies at the applicable

redemption price as set forth in the Refunded Bond Ordinance authorizing the issuance of the Bonds.

The sufficiency of the cash and Escrow Obligations to accomplish said payment of the Refunded Bonds as described above has been verified by Causey, Demgen & Moore, Inc.

The Municipality hereby irrevocably instructs the Escrow Agent to call on July 1, 2004, the Refunded Bonds at a redemption price of 102% of par plus accrued interest to the redemption date. The Escrow Agent shall provide for the giving of proper notice of the redemption of the Refunded Bonds in the manner and in accordance with the terms of the Refunded Bond Ordinance that authorized the issuance of such Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the Refunded Bonds.

Section 3. Payment of Interest, Principal and Redemption Price on Refunded Bonds. The Escrow Agent shall present for payment on the due dates thereof any Escrow Obligations deposited with it, and any other investment securities purchased hereunder, and shall apply the proceeds derived therefrom and the interest paid thereon, and the cash held by it hereunder, in accordance with the provisions of the Ordinance and this Agreement. Moneys shall, in a timely manner, be transferred by the Escrow Agent to the paying agent for the Refunded Bonds in amounts sufficient for the payments specified in Section 2 hereof.

Section 4. Investments. (a) The Escrow Agent is hereby authorized and directed to enter into and perform its duties under the Forward Purchase Agreement. The Escrow Agent shall invest or reinvest any cash balances held by the Escrow Agent pursuant to the terms of the Forward Purchase Agreement. The Escrow Agent shall not be entitled to and shall not require opinions of counsel or verifications of independent certified public accountants or the satisfaction of any other conditions prior to the performance of the Escrow Agent's obligations under the Forward Purchase Agreement. Furthermore, the Municipality shall not direct the Escrow Agent either to act in contravention of its obligations under the Forward Purchase Agreement or to reinvest during specified intervals other than pursuant to the Forward Purchase Agreement, or to hold uninvested amounts required to be used to purchase Government Obligations pursuant to and as defined under the Forward Purchase Agreement, and the Escrow Agent shall comply with its provisions thereunder. Neither the Municipality nor the Escrow Agent shall amend this Escrow Agreement without the prior written consent of the Provider.

(b) Except for the initial investment in the Escrow Obligations, and except as provided in subparagraph (a) above, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrow Obligations, or to sell, transfer, or otherwise dispose of the Escrow Obligations.

Section 5. Custody and Safekeeping of Assets. All cash, Escrow Obligations, other investment securities, and investment income deposited with or purchased or

received by the Escrow Agent pursuant to this Agreement shall be subject to the trust created by this Agreement, and the Escrow Agent shall be liable for the preservation and safekeeping thereof; provided, however, the Escrow Agent shall not be responsible for any depreciation in value of or loss on any of the Escrow Obligations.

In the event the maturing principal of and interest on the Escrow Obligations held by the Escrow Agent pursuant to this Agreement shall, with the cash held by the Escrow Agent hereunder, be insufficient or shall be projected to become insufficient to make the payments described in Section 2 hereof, the Escrow Agent shall, to the extent it has knowledge thereof, give the Municipality prompt notice of such insufficiency or projected insufficiency.

Section 6. Duties and Obligations of the Escrow Agent. The duties and obligations of the Escrow Agent shall be as prescribed by the provisions of this Agreement and the Ordinance, and the Escrow Agent shall not be liable except for failure in the performance of its duties and obligations as so specifically set forth and its failure to act in good faith in the performance thereof. No implied duties or obligations (financial or otherwise) shall be incurred by the Escrow Agent.

The Escrow Agent may consult with counsel of its choice, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

Section 7. Compensation of Escrow Agent. The arrangements heretofore made for the payment to the Escrow Agent of the sum of \$4,700 for services

rendered by it pursuant to the provisions of this Agreement are satisfactory to it and such payment is inclusive of all fees, compensation and expenses of the Escrow Agent as stated on the fee schedule attached as Schedule C hereto. Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this Agreement, and in the event that the Escrow Agent renders any services hereunder not provided for in this Agreement, or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Escrow Agent shall be compensated reasonably by the Municipality for such extraordinary services and reimbursed for all reasonable fees, costs, and expenses (including the reasonable fees of attorneys) occasioned thereby. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the cash or Escrow Obligations or any other moneys or other assets deposited with, or other investment securities or cash held by, the Escrow Agent for purposes of effecting the redemption or payment of the Bonds as described above, for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

Section 8. Limitation of Escrow Agent Duties. None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Escrow Agent shall be under no liability for the payment of interest on any funds or other property received by it hereunder except to the



extent the Escrow Agent is required by the express terms of this Agreement to invest such funds.

The Escrow Agent's obligations in connection with this Agreement are confined to those specifically described herein. The Escrow Agent is authorized and directed to comply with the provisions of this Agreement and is relieved from all liability for so doing, except in the case of negligence or want of good faith on its part, notwithstanding any demand or notice to the contrary by any party hereto. The Escrow Agent shall not be responsible or liable for the sufficiency, correctness, genuineness or validity of the Escrow Obligations deposited with it; the performance or compliance by any party other than the Escrow Agent with the terms or conditions of any such instruments; or any loss which may occur by reason of forgeries, false representations or the exercise of the Escrow Agent's discretion in any particular manner unless such exercise is negligent or constitutes willful misconduct. If any controversy arises between the Municipality and any third person, the Escrow Agent shall not be required to determine the same, but it may institute, in its discretion, an interpleader or other proceeding in connection therewith as it may deem proper, and in following either course, it shall not be liable. Nothing in this paragraph is intended to create or expand upon any right that the Escrow Agent would otherwise have available to it under applicable law to commence an interpleader action or to alter the obligations of the Escrow Agent under this Agreement.

Section 9 Merger or Consolidation of Escrow Agent. Any company into which the Escrow Agent 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 the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Agreement, shall be the successor to the Escrow Agent without the execution or filing of any paper or the performance of any further act.

Section 10. Deposit of Additional Sums By the Municipality. The Municipality agrees that it will promptly deposit with the Escrow Agent the additional sum or sums of money specified in any Escrow Agent's notice of insufficiency given pursuant to Section 5 hereof.

Section 11. Remission of Funds When Bond Paid in Full. At such time as the Escrow Agent shall have received the representation of the Municipality that all of the payments described in Section 2 hereof have been made or provided for and the confirmation of such representation by the paying agent for the Refunded Bonds as described above, together with such other evidence of such payment as shall be satisfactory to the Municipality and the Escrow Agent in their discretion, the Escrow Agent shall deliver forthwith or remit to the Municipality any remaining cash and Escrow Obligations held pursuant to this Agreement.

Section 12. Notices. All notices, requests or reports required or permitted to be given hereunder shall, until further notice in writing, be given in writing at the following addresses:

To the Municipality:

Municipality of Anchorage, Alaska  
632 West 6th Avenue, Room 810  
Anchorage, Alaska 99501  
Attn: Chief Fiscal Officer

To the Escrow Agent:

U.S. Bank Trust National Association  
Two Union Square  
601 Union Street, Suite 2120  
Seattle, Washington 98101  
Attn: Corporate Trust Department

Section 13. Amendment. This Agreement may be amended by the parties hereto without notice to or consent of the holders of the Refunded Bonds for any of the following purposes:

- (a) Inserting unintentionally omitted material, correcting mistakes, or clarifying ambiguities;
- (b) Pledging additional security to the holders of the Refunded Bonds; or
- (c) Providing for the deposit of additional cash or securities with the Escrow Agent.

Section 14. Miscellaneous. This Agreement is governed by Alaska law and may not be modified except by a writing signed by the parties. In the event any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement pursuant to due and proper authorization, all as of the date and year first above written.

MOA/1998 General Obligation Refunding School Bonds  
Escrow Agreement  
11/16/2000 10:00 AM

MUNICIPALITY OF ANCHORAGE, ALASKA

By   
SOREN E. ORLEY  
Chief Fiscal Officer

U.S. BANK TRUST NATIONAL  
ASSOCIATION, as Escrow Agent

By   
DIANA M. WOODARD  
Vice President

**SCHEDULE A**

**Municipality of Anchorage, Alaska  
1994 General Obligation School Bonds**

**Designation of Refunded Bonds**

<b><u>Principal Amount Defeased</u></b>	<b><u>Maturity Date</u></b>	<b><u>Redemption Date</u></b>	<b><u>Redemption Price</u></b>
\$ 4,380,000	July 1, 2011	July 1, 2004	102%
14,820,000	July 1, 2014	July 1, 2004	102%

**SCHEDULE B**

**Escrow Obligations**

## **SCHEDULE C**

### **Escrow Agent's Fee Schedule**

[Including any Qualifying Government Security purchased pursuant to the Forward Purchase Agreement described in Section 4(a) of the Escrow Agreement to which this Schedule B is attached.]



## PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (this "Agreement"), is entered into as of October 28, 1998, by and between the Municipality of Anchorage, Alaska (the "Municipality") and U.S. Bank Trust National Association, a national banking association (the "Bank"), as Paying Agent and Bond Registrar.

### RECITALS

WHEREAS the Municipality has duly authorized and provided for the issuance of its bonds, entitled 1998 General Obligation Refunding School Bonds (the "Bonds"), in an aggregate principal amount of \$20,735,000 to be issued as fully registered bonds without coupons;

WHEREAS all things necessary to make the Bonds the valid obligations of the Municipality, in accordance with their terms, will be done upon the issuance and delivery thereof;

WHEREAS the Municipality and the Bank wish to provide the terms under which the Bank will act as Paying Agent to pay the principal, redemption premium (if any), and interest on the Bonds, in accordance with the terms hereof, and under which the Bank will act as Bond Registrar for the Bonds;

WHEREAS the Bank has agreed to serve in such capacities for and on behalf of the Municipality and has full power and authority to perform and serve as Paying Agent and Bond Registrar for the Bonds; and

WHEREAS the Municipality and the Bank have each duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement a valid agreement have been done.

NOW, THEREFORE, it is mutually agreed as follows:

### ARTICLE ONE DEFINITIONS

#### Section 1.01 - Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Bank" means U.S. Bank Trust National Association, a national banking association organized and existing under the laws of the United States of America.

"Bond Register" means the book or books of registration kept by the Bank in which are maintained the names and addresses and principal amounts registered to each Registered Owner.

"Bond" or "Bonds" means any one or all of the \$20,735,000 aggregate principal amount of bonds entitled Municipality of Anchorage, Alaska, 1998 General Obligation Refunding School Bonds.

"Code" means the Internal Revenue Code of 1986, as amended.

"Fiscal Year" means the fiscal year of the Municipality ending on December 31 of each year.

"Municipality" means the Municipality of Anchorage, Alaska.

"Municipality Request" means a written request or resolution signed in the name of the Municipality and delivered to the Bank.

"Ordinance" means Ordinance No. AO 98-144, adopted on September 15, 1998, by the Assembly of the Municipality pursuant to which the Bonds are issued.

"Paying Agent" means the Bank when it is performing the function of paying agent for the Bonds.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

"Purchase Contract" means the Bond Purchase Agreement by and between the Municipality and O'Connor & Company Securities dated as of October 21, 1998, relating to the purchase of the Bonds.

"Registered Owner" means a Person in whose name a Bond is registered in the Bond Register.

"Registrar" means the Bank when it is performing the function of registrar for the Bonds.

"Stated Maturity" when used with respect to any Bond means the date specified in Exhibit A to the Purchase Contract as the date on which the principal of such Bond is due and payable.

ARTICLE TWO  
APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 2.01 - Appointment and Acceptance.

The Municipality hereby confirms the appointment of the Bank to act as Paying Agent with respect to the Bonds, to pay to the Registered Owners of the Bonds in accordance with the terms and provisions of this Agreement and the Ordinance, the principal of, redemption premium (if any), and interest on all or any of the Bonds.

The Municipality hereby confirms the appointment of the Bank as Registrar with respect to the Bonds. As Registrar, the Bank shall keep and maintain for and on behalf of the Municipality, books and records as to the ownership of the Bonds and with respect to the transfer and exchange thereof as provided herein and in the Ordinance and in compliance with Section 149(a) of the Code.

The Bank hereby accepts its appointment, and agrees to act as Paying Agent and Registrar.

Section 2.02 - Compensation.

As compensation for the Bank's services as Paying Agent and Registrar, the Municipality hereby agrees to pay the Bank the fees set forth in Exhibit A attached hereto. The Bank reserves the right to adjust such fees for any future Fiscal Year for municipalities for which it provides such services, a copy of which shall be supplied by the Bank to the Municipality at least 90 days prior to any formal notice of such change, and such change shall be effective as to this Agreement upon the first day of the following Fiscal Year (unless this Agreement is terminated pursuant to Section 6.10).

If the incurrence of expenses has been approved in advance, in writing, by the Municipality, the Municipality agrees to reimburse the Bank for all reasonable and necessary out-of-pocket expenses, disbursements and advances, including without limitation the reasonable fees, expenses and disbursements of its agents made or incurred by the Bank in connection with its performance under this Agreement.

ARTICLE THREE  
PAYING AGENT

Section 3.01 - Duties of Paying Agent.

As Paying Agent, the Bank, provided sufficient collected funds have been provided to it for such purpose by or on behalf of the Municipality, shall pay to the Registered

Owner on behalf of the Municipality the principal of, redemption premium (if any), and interest on each Bond in accordance with the provisions of the Ordinance.

Section 3.02 - Payment Dates.

The Municipality hereby instructs the Bank to pay the principal of, redemption premium (if any), and interest on the Bonds on the dates specified in the Purchase Contract and the Bonds.

ARTICLE FOUR  
REGISTRAR

Section 4.01 - Initial Delivery of Bonds.

The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), and delivered to DTC in the form of one Bond for each maturity of each series.

Section 4.02 - Duties of Registrar.

The Bank shall provide for the proper registration of transfer, exchange and replacement of the Bonds. Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by a national or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Registered Owner thereof or the Registered Owner's attorney duly authorized in writing. The Registrar may request any supporting documentation it deems necessary or appropriate to effect a re-registration.

Section 4.03 - Unauthenticated Bonds.

If requested by the Bank, in the event the Bonds shall no longer be held in fully immobilized form by DTC, the Municipality shall provide to the Bank on a continuing basis, an adequate inventory of unauthenticated Bonds to facilitate transfers. The Bank covenants that it will maintain such unauthenticated bonds in safekeeping without charge.

Section 4.04 - Form of Bond Register.

The Bank, as Registrar, will maintain the records of the Registrar in accordance with the Code and the Bank's general practices and procedures in effect from time to time.

#### Section 4.05 - Reports.

The Municipality may inspect and make copies of the information in the Bond Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the content of the Bond Register to any person other than to the Municipality at its written request, except upon receipt of a subpoena or court order or as may otherwise be required by law. Upon receipt of a subpoena or court order, the Bank will notify the Municipality immediately so that the Municipality may have the opportunity to contest the subpoena or court order.

#### Section 4.06 - Canceled Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Municipality, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The Municipality may at any time deliver to the Bank for cancellation any Bonds previously authenticated and delivered which the Municipality may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank for a period of six years shall be destroyed and evidence of such destruction furnished to the Municipality upon its request.

### ARTICLE FIVE THE BANK

#### Section 5.01 - Duties of Bank.

The Bank undertakes to perform the duties set forth herein. No implied duties or obligations shall be read into this Agreement as duties or obligations of the Bank. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium (if any), and interest on the Bonds as the same shall become due and further agrees to establish and maintain such accounts and funds as may be required for the Bank to function as Paying Agent.

#### Section 5.02 - Reliance on Documents; Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Municipality or its bond counsel, as applicable.

(b) No provision of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(c) The Bank may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bank need not examine the ownership of any Bond, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Registered Owner or agent of the Registered Owner.

(d) The Bank may consult with counsel experienced in the matters which are the subject of this Agreement, and the written advice of such counsel or any opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(e) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the actions of such agent or attorney if appointed by it with reasonable care.

#### Section 5.03 - Recitals of Municipality.

The recitals contained in the Ordinance and the Bonds shall be taken as the statements of the Municipality, and the Bank assumes no responsibility for their correctness.

#### Section 5.04 - May Own Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent and Registrar for the Bonds.

#### Section 5.05 - Money Held by Bank.

Money held by the Bank hereunder shall be held in trust solely for the benefit of the Registered Owners of the Bonds, and shall not be commingled with other funds of the Bank.

The Bank shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder; provided, however, if the Municipality delivers instructions regarding the investment of moneys, the Municipality shall be entitled to the interest thereon.

Any money deposited with or otherwise held by the Bank for the payment of the principal, redemption premium (if any), or interest on any Bond and remaining unclaimed for two years after the Stated Maturity of the Bond will be paid by the Bank to the Municipality, upon receipt of a Municipality Request, and the Municipality and the Bank agree that the Registered Owner of such Bond shall thereafter look only to the Municipality for payment thereof, and that all liability of the Bank with respect to such moneys shall thereupon cease.

#### Section 5.06 - Other Transactions.

The Bank may engage in or be interested in any financial or other transaction with the Municipality.

#### Section 5.07 - Interpleader.

The Municipality and the Bank agree that the Bank may seek adjudication of any adverse claim, demand or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Municipality and the Bank waive personal service of any process and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Municipality and the Bank further agree that the Bank has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

### ARTICLE SIX MISCELLANEOUS PROVISIONS

#### Section 6.01 - Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

#### Section 6.02 - Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other party.

#### Section 6.03 - Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Municipality or the Bank shall be mailed or delivered to the Municipality or the Bank, respectively, at the address shown herein or such other address as may have been given by one party to the other by 15 days' written notice.

#### Section 6.04 - Effect of Headings.

The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

#### Section 6.05 - Successors and Assigns.

All covenants and agreements herein by the Municipality and the Bank shall bind their successors and assigns, whether so expressed or not.

Any company into which the Bank 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 the Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a commercial bank, savings bank or trust company organized under the laws of the United States of America or any state of the United States of America or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Agreement, shall be the successor to the Bank without the execution or filing of any paper or the performance of any further act.

#### Section 6.06 - Severability.

If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

#### Section 6.07 - Benefit of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

#### Section 6.08 - Entire Agreement.

This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent and Registrar.



### Section 6.09 - Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10 - Term and Termination.

This Agreement shall be effective from and after its date and until the Bank resigns or is removed by the Municipality; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder. The Bank may resign at any time by giving written notice thereof to the Municipality. If the Bank shall resign, be removed or become incapable of acting, the Municipality shall promptly appoint a successor Paying Agent and Registrar. If an instrument of acceptance by a successor Paying Agent and Registrar shall not have been delivered to the Bank within 30 days after the Bank gives notice of its resignation, the Bank may petition any court of competent jurisdiction at the expense of the Municipality for the appointment of a successor Paying Agent and Registrar. Upon 30 days' advance written notice to the Bank, the Municipality may remove the Bank as Paying Agent and Registrar. In the event of resignation or removal of the Bank as Paying Agent and Registrar, upon the written request of the Municipality, the Bank shall deliver to the Municipality or its designee all funds and Bonds, and all books and records pertaining to the Bank's role as Paying Agent and Registrar with respect to the Bonds, including, but not limited to, the Bond Register. The provisions of Section 5.07 hereof shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11 - Governing Law.

This Agreement shall be construed in accordance with and shall be governed by the laws of the State of Alaska.

Section 6.12 - Documents to be Filed with Bank.

Following the Bank's appointment as Paying Agent and Registrar and upon delivery of the Bonds, the Municipality shall file with the Bank the following documents: (a) a certified copy of the Ordinance and a specimen Bond; (b) an opinion or opinions of legal counsel to the effect that (i) the Municipality is duly organized and existing and authorized to issue the Bonds, (ii) the Bonds, the Ordinance and this Agreement have been duly authorized, executed, issued and delivered and constitute valid and binding obligations of the Municipality in accordance with their terms, (iii) all authorizations, approvals, registrations or consents of all federal, state or other governmental agencies required for the issuance of the Bonds have been given or in the alternative, no such authorizations, approvals, registrations or consents are required, and (iv) this Agreement

is a legal and binding obligation of the Municipality enforceable in accordance with its terms, except as may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights generally; and (c) a Municipality Request containing written instructions to the Bank with respect to the issuance and delivery of the certificates for the Bonds, including the name of the Registered Owners and the denominations of the certificates.

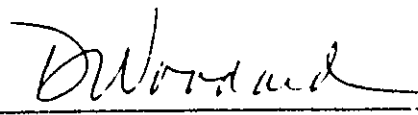
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

MUNICIPALITY OF ANCHORAGE

By   
SOREN E. ORLEY  
Chief Fiscal Officer

Address: 632 West Sixth Avenue  
Room 810  
Anchorage, AK 99501

U.S. BANK TRUST NATIONAL ASSOCIATION,  
as Paying Agent

By   
DIANA M. WOODARD  
Vice President

Address: Two Union Square  
601 Union Street, Suite 2120  
Seattle, WA 98101