

CLERK'S OFFICE

APPROVED

Date: 2-27-01

Submitted by:

Chairman of the Assembly
at the Request of the Mayor

Prepared by:

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Johnson & Brecht

For Reading

February 13, 2001

MUNICIPALITY OF ANCHORAGE

ORDINANCE NO. AO 2001-45

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$70,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TAX ANTICIPATION NOTES OF THE MUNICIPALITY; FIXING CERTAIN DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD VALOREM PROPERTY TAXES TO BE LEVIED DURING YEAR 2001 AND THE FULL FAITH AND CREDIT OF THE MUNICIPALITY TO THE PAYMENT THEREOF; AUTHORIZING THE CHIEF FISCAL OFFICER TO NEGOTIATE AND EXECUTE A CONTRACT FOR THE PURCHASE AND SALE OF SAID NOTES; AND RELATED MATTERS.

WHEREAS, the Municipality of Anchorage, Alaska (the "Municipality") levies ad valorem taxes on real and personal property on an annual basis with payment thereof allowed to be made in installments; and

WHEREAS, the Municipality requires funds to meet on-going expenses until receipt of sufficient money from the payment of ad valorem property taxes to be levied in 2001 and from other revenue sources, and desires to borrow such funds and to issue its tax anticipation notes for this purpose; and

WHEREAS, Alaska Statutes, Title 29.47.010 - .040 and Article XV of the Home Rule Charter of the Municipality provide for the borrowing of money by the Municipality in anticipation of tax revenues; and

WHEREAS, the Home Rule Charter of the Municipality 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

WHEREAS, the Assembly does herein determine that it is necessary and advisable and in the best interest of the Municipality and its inhabitants that tax anticipation notes in

1 an amount not to exceed \$70,000,000 be issued at this time for the purpose of raising
2 funds to pay on-going expenses of the Municipality until sufficient money from receipt of
3 year 2001 ad valorem property taxes and from other revenue sources is available.

4 NOW, THEREFORE, THE MUNICIPALITY OF ANCHORAGE ORDAINS

5 Section 1 Purpose. The purpose of this Ordinance is to authorize the issuance
6 and sale of not to exceed \$70,000,000 of tax anticipation notes to provide funds to pay the
7 on-going expenses of the Municipality until sufficient funds from receipt of year 2001 ad
8 valorem property taxes and from other revenue sources are available, to provide for
9 original issue discount, if any, to pay the costs of issuance of the tax anticipation notes au-
10 thorized herein, and to fix certain details of said notes to be issued

11 Section 2. Definitions. The following terms shall have the following meanings in this
12 Ordinance:

13 (a) "Assembly" means the Municipal Assembly of the Municipality, as the general
14 legislative authority of the Municipality established pursuant to its Home Rule Charter, as
15 the same shall be duly and regularly constituted from time to time.

16 (b) "Beneficial Owner" means either the person in whose name a Note is
17 recorded as the beneficial owner of such Note by the respective systems of DTC
18 Participants, or if the Note is not then registered in the name of Cede & Co. and held in the
19 Book-Entry System, the registered owner of the Note.

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

22 (d) "Commission" means the Securities and Exchange Commission.

23 (e) "DTC" means The Depository Trust Company, New York, New York, a limited
24 purpose trust company organized under the laws of the State of New York, as depository
25 for the Notes pursuant to Section 6 hereof, and the term DTC shall include any corporate
26 successor thereto.

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

4 (g) "MSRB" means the Municipal Securities Rulemaking Board or any successor
5 to its functions.

6 (h) "Municipality" means the Municipality of Anchorage created upon ratification
7 of the Home Rule Charter after the election thereon held on September 9, 1975, and the
8 successor thereunder to the City of Anchorage, the City of Glen Alps, the City of Girdwood
9 and the Greater Anchorage Area Borough, former municipal corporations of the State of
10 Alaska.

11 (i) "NRMSIR" means a nationally recognized municipal securities information
12 repository.

13 (j) "Non-payment Related Default" means:

14 (i) Default by the Municipality in the performance of any covenants of the
15 Municipality in this ordinance if such default continues for 90 days after the
16 Municipality receives written notice specifying and demanding the cure of such
17 default. If the default in the performance of the covenant cannot be completely
18 remedied within 90 days after written notice is given, it shall not be a non-payment
19 related default with respect to Section 23 of this ordinance as long as the
20 Municipality has taken active steps within 90 days after written notice has been
21 given to remedy the non-payment related default and is diligently pursuing such
22 remedy; or

23 (ii) The filing by the Municipality of a petition in bankruptcy or the establish-
24 ment of a receivership for the Municipality under any state or federal bankruptcy or
25 insolvency law.

1 (k) "Note" or "Notes" means any of the Municipality's 2001 General Obligation
2 Tax Anticipation Notes, the issuance and sale of which are authorized herein

3 (l) "Note Register" means the registration books maintained by the Paying Agent
4 (as Note Registrar), as agent of the Municipality, which include the names and addresses
5 of the owners or nominees of the owners of the Notes

6 (m) "Ordinance" means this Ordinance of the Municipality

7 (n) "Paying Agent" means U.S. Bank Trust National Association, Seattle
8 Washington, or its successors. The Paying Agent shall also act as Note Registrar pursuant
9 to Section 11 hereof.

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

12 (p) "SID" means a state information depository for the State of Alaska (should
13 one be created).

14 Section 3. Authority for Ordinance. The Municipality has ascertained and hereby
15 determines that each and every matter and thing as to which provision is made in this Ordinance
16 is necessary in order to carry out and effectuate the purposes of the Municipality in
17 accordance with the Constitution and statutes of the State of Alaska and the Home Rule
18 Charter of the Municipality, and to incur the indebtedness and issue the Notes.

19 Section 4. Obligation of Notes: Pledge The receipts of the Municipality from the
20 payment of ad valorem property taxes levied by the Municipality in year 2001 are hereby
21 pledged to the payment of the principal of and interest on the Notes. In addition, the Notes
22 shall be direct and general obligations of the Municipality and the full faith and credit of the
23 Municipality are hereby pledged to the payment of the principal of and interest on the
24 Notes. The Municipality hereby irrevocably pledges and covenants that it will levy and
25 collect taxes upon all taxable property within the Municipality without limitation as to rate
26

1 or amount, in amounts sufficient, together with other funds legally available therefor, to pay
2 the principal of and interest on the Notes as the same become due and payable.

3 Section 5. Authorization of Notes and Purpose of Issuance. For the purpose of
4 providing the funds required to pay the on-going expenses of the Municipality until
5 sufficient funds from the receipt of year 2001 ad valorem property taxes and from other
6 revenue sources are available, to provide for original issue discount, if any, and to pay all
7 costs incidental to the issuance of the Notes, the Municipality hereby authorizes and
8 determines to issue and sell the Notes in the aggregate principal amount of not to exceed
9 \$70,000,000 as determined by the Chief Fiscal Officer pursuant to Section 18 of this
10 Ordinance.

11 Section 6. Designation, Rates, Maturities, Payment Dates and Form of Notes. The
12 Notes shall be designated "Municipality of Anchorage, Alaska, 2001 General Obligation
13 Tax Anticipation Notes," shall be dated the date of delivery, and shall mature on a date
14 which is not more than one year from the date of delivery as established by the Chief Fiscal
15 Officer pursuant to Section 18 of this Ordinance.

16 The Notes shall bear interest calculated on the basis of a 360-day year composed
17 of twelve 30-day months from their date payable at the maturity thereof at the rate per
18 annum fixed and determined by the Chief Fiscal Officer pursuant to Section 18 of this
19 Ordinance.

20 The Notes shall be registered as to principal and interest as herein provided. The
21 Notes shall each be of the denomination of Five Thousand Dollars (\$5,000) or any integral
22 multiple thereof. Each Note shall bear a number or letter, or a number and letter,
23 distinguishing it from every other Note in the manner and with such additional designation
24 as the Paying Agent deems necessary for purposes of identification. The Notes may be
25 delivered with the aggregate principal amount represented by one Note, in typewritten,
26 printed, or lithographed form. The Notes shall be substantially in the form hereinafter set

1 forth, with such appropriate variations, omissions or insertions as are permitted or required
2 by this Ordinance, and may have endorsed thereon such legends or text as may be
3 necessary or appropriate to conform to the rules and regulations of any governmental
4 authority or any usage or requirement of law with respect thereto.

5 In order to induce DTC to accept the Notes as eligible for deposit at DTC, the
6 Municipality has executed and delivered the Letter of Representations which has been
7 accepted by DTC. The Notes initially issued shall be available for purchase only through
8 brokers and dealers, who must be or act through participants in DTC, shall be held in fully
9 immobilized form by DTC acting as depository pursuant to the terms and conditions set
10 forth in the Letter of Representations, shall be issued in a denomination equal to the
11 aggregate principal amount of the Notes and shall initially be registered in the name of
12 Cede & Co., as the nominee of DTC.

13 Neither the Municipality nor the Paying Agent will have any responsibility or
14 obligation to DTC participants or the persons for whom they act as nominees with respect
15 to the Notes in respect to the accuracy of any records maintained by DTC or any DTC
16 participant, the payment by DTC or any DTC participant of any amount in respect of the
17 principal of or interest on the Notes, any notice which is permitted or required to be given
18 to owners of the Notes under this Ordinance (except such notices as shall be required to
19 be given by the Municipality to the Paying Agent or to DTC) or any consent given or other
20 action taken by DTC as the owner of the Notes. For so long as any Notes are held in fully
21 immobilized form hereunder, DTC or its successor depository shall be deemed to be the
22 owner of the Notes for all purposes hereunder, and all references herein to the owner of
23 the Notes or similar terms shall mean DTC or its nominee and shall not mean the owners
24 of any beneficial interest in the Notes.

25 Section 7. Additional Details of Notes. Each of the Notes shall be signed by the
26 manual or facsimile signature of the Mayor or the Municipal Manager and the official seal

1 of the Municipality (or a facsimile thereof) shall be affixed, imprinted or otherwise repro-
2 duced on the Note and attested by the manual or facsimile signature of the Municipal Clerk
3 or the Deputy Municipal Clerk In case any officer whose signature or facsimile of whose
4 signature shall appear on any Note shall cease to be such officer before the delivery of
5 such Note, such signature or such facsimile shall nevertheless be valid and sufficient for
6 all purposes the same as if he or she had remained in office until such delivery.

7
8 The Notes shall contain a certificate of the Paying Agent in the following form:

9
10 **PAYING AGENT'S CERTIFICATE
OF AUTHENTICATION**

11 This Note is one of the Municipality of Anchorage, Alaska,
12 2001 General Obligation Tax Anticipation Notes described in
13 and issued pursuant to the within mentioned Ordinance.

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

15 Date of Authentication

16 _____ By _____
17 Authorized Agent

18 The principal and the interest on the Notes shall be payable in any coin or currency
19 of the United States of America which, at the date of payment thereof, is legal tender for
20 the payment of public and private debts.

21 For so long as all outstanding Notes are held in fully immobilized form by DTC and
22 are registered in the name of Cede & Co. or its registered assigns, payment of principal
23 and interest thereon shall be made as provided in the Letter of Representations.

24 In the event that the Notes are no longer held in fully immobilized form by DTC and
25 registered in the name of Cede & Co. or its registered assigns, the principal and interest

on the Notes shall be payable at maturity of the Notes upon presentment of the Notes at the corporate trust office designated by the Paying Agent.

Section 8. Redemption of Notes. The Notes are not subject to redemption by or on behalf of the Municipality prior to their scheduled maturity.

Section 9. Form of Note. Each Note shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Ordinance:

UNITED STATES OF AMERICA
STATE OF ALASKA

MUNICIPALITY OF ANCHORAGE
(A Municipal Corporation of the State of Alaska)

NO. \$

2001 GENERAL OBLIGATION TAX ANTICIPATION NOTE

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, calculated on the basis of a 360-day year composed of twelve 30-day months, payable on the Maturity Date identified above. The principal and interest

1 of this Note shall be payable in any coin or currency of the United States of America which
2 at the time of payment is legal tender for the payment of public and private debts. Principal
3 and interest shall be paid to the Registered Owner or assigns upon presentation and
4 surrender of this Note at the corporate trust office designated by U.S. Bank Trust National
5 Association (hereinafter called the "Paying Agent"), or its successors. Notwithstanding the
6 foregoing, if this Note is held in fully immobilized form, payment of principal and interest
7 shall be paid as provided in The Depository Trust Company's Operational Arrangements
8 Guidelines, as amended from time to time (the "Guidelines")

9 This Note is the single Note initially issued of the 2001 General Obligation Tax
10 Anticipation Notes of the Municipality, aggregating \$70,000,000 in principal amount, and
11 constituting Notes authorized for the purpose of providing funds to pay the on-going
12 expenses of the Municipality until sufficient funds from the receipt of 2001 ad valorem
13 property taxes and from other revenue sources are available and is issued pursuant to
14 Ordinance No. AO 2001-45 of the Municipality entitled:

16 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,
17 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO
18 EXCEED \$70,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TAX
19 ANTICIPATION NOTES OF THE MUNICIPALITY; FIXING CERTAIN
20 DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER
21 OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD
22 VALOREM PROPERTY TAXES TO BE LEVIED DURING 2001 AND THE
23 FULL FAITH AND CREDIT OF THE MUNICIPALITY TO THE PAYMENT
24 THEREOF; AUTHORIZING THE CHIEF FISCAL OFFICER TO NEGOTIATE
25 AND EXECUTE A CONTRACT FOR THE PURCHASE AND SALE OF SAID
26 NOTES; AND RELATED MATTERS.

22 (herein, called the "Ordinance").

23 The Notes are not subject to redemption prior to their scheduled maturity.

24 This Note is transferable as provided in the Ordinance and the Guidelines. The
25 Municipality and the Paying Agent may treat and consider the person in whose name this
26

1 Note is registered as the absolute owner hereof for the purpose of receiving payment of,
2 or on account of, the principal of and interest due hereon and for all other purposes
3 whatsoever.

4 The receipts of the Municipality from the payment of ad valorem property taxes
5 levied by the Municipality in 2001 are pledged to the payment of the principal of and
6 interest on this Note. This Note is a general obligation of the Municipality and the full faith
7 and credit of the Municipality are pledged for the payment of the principal of and interest
8 on this Note. The Municipality hereby irrevocably pledges and covenants that it will levy
9 and collect taxes upon all taxable property within the Municipality without limitation as to
10 rate or amount, in amounts sufficient, together with other funds legally available therefor,
11 to pay the principal of and interest on the Notes as the same become due and payable.

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

18 IN WITNESS WHEREOF, THE MUNICIPALITY OF ANCHORAGE, ALASKA, has
19 caused this Note to be signed in its name and on its behalf by the signature of its Municipal
20
21
22
23
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26

1 Manager and its corporate seal to be hereunto affixed, imprinted or otherwise reproduced
2 and attested by the signature of its Clerk, all as of the day of March , 2001
3

4 HARRY J. KIELING, JR.
Municipal Manager

5 [SEAL]

6 ATTEST:
7

8 LEJANE FERGUSON
9 Clerk

10 In the event the Notes are not or are no longer registered in the name of Cede &
11 Co., or its assigns, the form of the Notes may be modified to conform to printing require-
12 ments and the terms of this Ordinance.

13 Section 10. Application of Note Proceeds. The proceeds of the sale of the Notes
14 shall be deposited in the "2001 General Obligation Tax Anticipation Note Fund" which is
15 hereby created, and shall be used and applied to pay the on-going expenses of the
16 Municipality until sufficient funds from the receipt of 2001 ad valorem property taxes and
17 from other revenue sources are available.

18 Section 11 Paying Agent and Note Registrar. (a) U.S. Bank Trust National
19 Association, Seattle, Washington, is hereby appointed Paying Agent for the Notes and the
20 term "Paying Agent" shall include any successor or successors thereto. Any company into
21 which the Paying Agent may be merged or converted or with which it may be consolidated
22 or any company resulting from any merger, conversion or consolidation to which it shall be
23 a party, provided such company shall be a bank or trust company organized under the laws
24 of the United States of America or a national banking association and shall be authorized
25 by law to perform all the duties imposed upon it by this Ordinance, shall be the successor
26 to the Paying Agent without the execution or filing of any paper or the performance of any

1 further act. The form of the Paying Agent/Registrar Agreement, on file with the Municipal
2 Clerk, is hereby approved and its execution by the Chief Fiscal Officer on behalf of the
3 Municipality with such changes as may hereafter be approved by him is hereby authorized.

4 The Paying Agent, as Note Registrar, shall maintain a Note Register which shall
5 include the names and addresses of the owners or nominees of the owners of the Notes
6 and which shall provide for the registration, transfer and exchange of Notes. The
7 Municipality covenants that, until all Notes have been surrendered and canceled, it will
8 maintain a system for recording the ownership of each Note that complies with the
9 provisions of Section 149 of the Code.

10 The Paying Agent may become the owner of or may deal in Notes as fully and with
11 the same rights as if it were not the Paying Agent.

12 (b) Concerning the use of DTC,

13 (1) The Notes shall be registered initially in the name of "Cede & Co.", as
14 nominee of DTC, as a single Note in a denomination corresponding to the total principal
15 amount of the Notes. Registered ownership of such immobilized Notes, or any portions
16 thereof, may not thereafter be transferred except (i) to any successor of DTC or its
17 nominee, provided that any such successor shall be qualified under any applicable laws
18 to provide the service proposed to be provided by it; (ii) to any substitute depository
19 appointed by the Municipality pursuant to (2) below or such substitute depository's
20 successor; or (iii) to any person as provided in (4) below.

21 (2) Upon the resignation of DTC or its successor (or any substitute
22 depository or its successor) from its functions as depository or a determination by the
23 Assembly that it is no longer in the best interest of owners of beneficial interests in the
24 Notes to continue the system of book-entry transfers through DTC or its successor (or any
25 substitute depository or its successor), the Municipality may thereafter appoint a substitute
26

depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of (1) above, the Paying Agent shall, upon receipt of the outstanding Note, together with a written request on behalf of the Municipality, issue a single new Note registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Municipality.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository and no substitute depository can be obtained, or (ii) the Municipality determines that it is in the best interest of the beneficial owners of the Notes that they be able to obtain Note certificates, the ownership of Notes may then be transferred to any person or entity as herein provided and the Notes shall no longer be held in fully immobilized form. The Municipality shall deliver a written request to the Paying Agent, together with a supply of definitive Notes, to issue Notes as herein provided in any authorized denomination. Upon receipt of all then outstanding Notes by the Paying Agent, together with a written request on behalf of the Municipality to the Paying Agent, new Notes shall be issued in such denominations and registered in the names of such persons as are requested in such written request.

Section 12 Mutilated, Destroyed, Stolen or Lost Notes. In case any Note shall become mutilated or be destroyed, stolen or lost, the Municipality may cause to be executed, and shall deliver, a new Note of like principal amount and interest rate in exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of and in substitution for such Note destroyed, stolen or lost, in each case upon the registered owner thereof paying the reasonable expenses and charges of the Municipality and the Paying Agent in connection therewith and in the case of a Note destroyed, stolen or lost, filing by the owner with the Paying Agent evidence satisfactory to the Paying Agent and

1 the Municipality that such Note was destroyed, stolen or lost and the owner's ownership
2 thereof, and furnishing the Municipality and the Paying Agent with indemnity satisfactory
3 to them. Any new Note so delivered may bear a number differing from the number of the
4 Note it replaces.

5 Section 13. Transfer of Notes and Delivery of New Notes. If the Notes are no
6 longer held in book-entry form, any Note may be transferred only upon the books kept for
7 the registration and transfer of Notes by the Paying Agent, as Note Registrar, upon
8 surrender thereof at the corporate trust office designated by the Paying Agent, together
9 with an assignment duly executed by the registered owner or the registered owner's
10 attorney in such form as shall be satisfactory to the Paying Agent. Upon the transfer of any
11 such Note, there shall be executed in the name of the transferee, and the Municipality shall
12 cause to be authenticated and delivered, a new registered Note or Notes of the same
13 aggregate principal amount and the same interest rate in any of the authorized denomina-
14 tions.

15 In all cases in which Notes may be transferred under this Ordinance, there shall be
16 executed, and the Municipality shall authenticate and deliver, Notes in accordance with the
17 provisions of this Ordinance. Any such transfer shall be without cost to the registered
18 owner, except that the Municipality and the Paying Agent may make a charge for every
19 such registration, exchange or transfer of Notes sufficient to reimburse them for any tax
20 fee or other governmental charge required to be paid with respect to such registration, ex-
21 change or transfer, and such charge or charges shall be paid before any such new Note
22 shall be delivered.

23 Section 14. Ownership of Notes. As to any Note, the person in whose name the
24 same shall be registered on the Note Register shall be deemed and regarded as the
25 absolute owner thereof for all purposes, and payment of or on account of the principal of
26 such Note and the interest on such Note shall be made only to or upon the order of the

1 registered owner thereof or the owner's legal representative, but such registration may be
2 changed as hereinabove provided. All such payments shall be valid and effectual to satisfy
3 and discharge the liability upon such Note, including the interest thereon, to the extent of
4 the sum or sums so paid

5 The Notes shall be uncertificated securities to the extent provided by Alaska
6 Statutes, Chapter 45.08. The Municipality and the Paying Agent shall be entitled to treat
7 the person in whose name any Note is registered as the absolute owner thereof for all
8 purposes of this Ordinance and any applicable laws, notwithstanding any notice to the
9 contrary received by the Paying Agent or the Municipality. Neither the Municipality nor the
10 Paying Agent will have any responsibility or obligation, legal or otherwise, to any other
11 party, except to the owners of the Notes.

12 Section 15. Repayment Fund. There is hereby created the "2001 General
13 Obligation Tax Anticipation Note Repayment Fund," the money in which shall be invested
14 in obligations of, or obligations insured or guaranteed by, the United States or an agency
15 or instrumentality of the United States, held for the benefit of the registered owners of the
16 Notes and used on the maturity date of the Notes, to the extent necessary, to pay the
17 principal of and interest on the Notes. The Municipality hereby covenants to pay into said
18 Fund on or before the first day of each of the six months preceding the maturity date of the
19 Notes an amount which is not less than one-sixth of the principal and interest due on
20 maturity of the Notes. Whenever the total of the money deposited in said Fund, together
21 with the earnings from the investment thereof, shall exceed the amount needed to pay in
22 full the principal of and interest on the Notes at maturity, such excess shall be transferred
23 to the general fund of the Municipality.

24 Section 16. Arbitrage Covenant. The Municipality covenants with the registered
25 owners of all Notes at any time outstanding that it will make no use of the proceeds of the
26 Notes which will cause the Notes to be "arbitrage bonds" subject to federal income taxation

1 by reason of Section 148 of the Code. To that end, so long as any of the Notes are
2 outstanding, the Municipality, with respect to the proceeds of the Notes, shall comply with
3 all requirements of said Section 148 and of all regulations of the United States Department
4 of Treasury issued thereunder, to the extent that such requirements are, at the time,
5 applicable and in effect.

6 As part of the performance of this covenant, within 25 days of the end of the six-
7 month period beginning on the date of delivery of the Notes, the Municipality will perform
8 such calculations as are necessary to determine whether or not the Municipality has met
9 the "safe harbor" requirements of Section 148(f)(4)(B)(iii) of the Code with respect to the
10 Notes and, if it has not met such safe harbor requirements, it will, within 45 days after the
11 retirement of the Notes, calculate the amount, if any, of investment profits that must be
12 rebated to the United States, and will pay to the United States the amount of any such
13 investment profit within 60 days of retirement of the Notes.

14 Section 17. Compliance with Code. The Municipality hereby covenants to comply
15 with any and all applicable requirements set forth in the Code in effect from time to time to
16 the extent that such compliance shall be necessary for the exemption from federal income
17 taxes of the interest on the Notes. The Municipality hereby further covenants to observe
18 any and all applicable requirements in any future federal tax legislation to the extent that
19 such compliance is determined by the Municipality to be legal and practicable and required
20 for such exemption

21 Section 18. Sale of Notes, Final Terms, Approval of Official Statement. The Notes
22 shall be sold at negotiated sale to the Underwriter (as herein defined). The Chief Fiscal
23 Officer, with the assistance of the Financial Advisor (as defined below), is hereby
24 authorized to negotiate terms for the purchase of not to exceed Seventy Million Dollars
25 (\$70,000,000) in principal amount of the Notes by Salomon Smith Barney Inc. (the
26

1 "Underwriter"), and is further authorized to execute a contract with the Underwriter for the
2 purchase of the Notes which is in the best interest of the Municipality.

3 The Municipality has been advised by its financial advisor, PaineWebber
4 Incorporated (the "Financial Advisor"), that market conditions continue to fluctuate and, as
5 a result, the most favorable market conditions may occur on a day other than a regular
6 meeting date of the Assembly. The Assembly has determined that it would be inconve-
7 nient, perhaps impossible, to hold a special meeting on short notice and, accordingly, has
8 determined that it would be in the best interest of the Municipality to delegate to the Chief
9 Fiscal Officer for a limited time the authority to approve certain details of the Notes
10 including the delivery date, the total principal amount to be sold, the purchase price, the
11 maturity date and the interest rate. The interest rate for the Notes shall be determined by
12 agreement among the Underwriter, the Financial Advisor and the Chief Fiscal Officer, shall
13 take into account those factors which, in their judgment, will result in the lowest net
14 effective interest cost on the Notes, and shall be set forth as an exhibit to the Purchase
15 Contract for the Notes.

16 The Chief Fiscal Officer is hereby authorized to execute the final form of the
17 Purchase Contract with the Underwriter for the Notes upon her approval of the details of
18 the Notes including the delivery date, the total principal amount, the maturity date, the
19 interest rate per annum and the true interest cost on the Notes. The authority granted to
20 the Chief Fiscal Officer or the acting Chief Fiscal Officer by this Section shall expire on
21 April 30, 2001. If the terms of the Notes have not been approved by the Chief Fiscal
22 Officer in accordance with the delegated authority of this Section by said date, the Notes
23 shall be sold in the manner provided in the following paragraph.

24 The Chief Fiscal Officer is hereby authorized to solicit an offer or offers for the
25 purchase of the Notes from a qualified and selected underwriter or underwriters in such
26 manner as she deems appropriate, and thereafter to negotiate a contract for the purchase

1 of the Notes which is in the best interest of the Municipality, said contract or contracts to
2 be approved by the Assembly by resolution.

3 The Chief Fiscal Officer is authorized to review and to approve, on behalf of the
4 Municipality, the Preliminary Official Statement and Official Statement relating to the
5 issuance and sale of the Notes with such changes, if any, as may be deemed by her to be
6 appropriate, including changes necessary in order to evidence compliance with Securities
7 and Exchange Commission Rule 15c2-12(b).

8 Section 19. Authority of Officers. The Mayor, the Municipal Manager, the Chief
9 Fiscal Officer, the Municipal Clerk and the acting Municipal Clerk from time to time, are,
10 and each of them hereby is, authorized and directed to do and perform all things and
11 determine all matters not determined by this Ordinance, or to be determined by a
12 subsequent ordinance or resolution of the Municipality, to the end that the Municipality may
13 carry out its obligations under the Notes and this Ordinance. The proper officials of the
14 Municipality are authorized and directed to execute all documents and to do everything
15 necessary for the preparation and delivery of a transcript of proceedings pertaining to the
16 Notes and the preparation, authentication and delivery of the single initial Note in definitive
17 form to DTC on behalf of the purchasers thereof.

18 Section 20. Amendatory and Supplemental Ordinances. (a) The Assembly from
19 time to time and at any time may adopt an ordinance or ordinances supplemental hereto,
20 which ordinance or ordinances thereafter shall become a part of this Ordinance, for any
21 one or more of the following purposes:

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

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this Ordinance or in regard to matters or questions arising under this Ordinance as the Assembly may deem necessary or desirable and not inconsistent with this Ordinance and which shall not adversely affect the interests of the registered owners of the Notes.

Any such supplemental ordinance of the Assembly may be adopted without the consent of the registered owner of any of the Notes at any time outstanding, notwithstanding any of the provisions of subsection (b) of this Section.

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

(1) Extend the fixed maturity of the Notes, or reduce the rate of interest thereon, or extend the time of payment of interest from its due date, or reduce the amount of the principal thereof, without the consent of the owner of each Note so affected; or

(2) Reduce the aforesaid percentage of owners of Notes required to approve any such supplemental ordinance without the consent of the owners of all of the Notes then outstanding.

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

(c) Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance

1 therewith, and the respective rights, duties and obligations of the Municipality under this
2 Ordinance and all owners of Notes outstanding hereunder shall thereafter be determined,
3 exercised and enforced thereunder, subject in all respects to such modification and
4 amendment, and all the terms and conditions of any such supplemental ordinance shall
5 be deemed to be part of the terms and conditions of this Ordinance for any and all
6 purposes.

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

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

19 Section 22. Miscellaneous. No recourse shall be had for the payment of the
20 principal of or the interest on the Notes or for any claim based thereon or on this Ordinance
21 against any member of the Assembly or officer of the Municipality or any person executing
22 the Notes. The Notes are not and shall not be in any way a debt or liability of the State of
23 Alaska or of any political subdivision thereof, except the Municipality, and do not and shall
24 not create or constitute an indebtedness or obligation, either legal, moral or otherwise, of
25 said State or of any political subdivision thereof, except the Municipality.

1 Section 23 Undertaking to Provide Ongoing Disclosure. (a) Contract/Undertaking.

2 This Section constitutes the Municipality's written undertaking for the benefit of the
3 Beneficial Owners of the Notes as required by Section (b)(5) of the Rule.

4 (b) Financial Statements/Operating Data. In the case of the Notes, which mature
5 on a date which is not more than one year from the date of delivery, the Municipality, in
6 accordance with the Rule, is not required to provide annual financial information and
7 operating data to each NRMSIR or to any SID.

8 (c) Material Events. The Municipality agrees to provide or cause to be provided, in
9 a timely manner, to any SID, and to each NRMSIR, in each case as designated by the
10 Commission in accordance with the Rule, or to the MSRB notice of the occurrence of any
11 of the following events with respect to the Notes, if such event is material:

12
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 Notes;

19 Modifications to rights of owners of the Notes;

20 Note calls;

21 Defeasances;

22 Release, substitution, or sale of property securing repayment of the Notes;
23 and

24 Rating changes.

1 The Municipality will state in its Preliminary and Final Official Statements that there
2 is no debt service reserve established for the Notes other than the 2001 General Obligation
3 Tax Anticipation Note Repayment Fund created pursuant to Section 15 of this Ordinance.

4 (d) Termination/Modification The Municipality's obligation to provide notices of
5 material events shall terminate upon the payment in full of all of the Notes. This Section
6 of the Ordinance, or any provision hereof, shall be null and void if the Municipality
7 (1) obtains an opinion of nationally recognized bond counsel to the effect that those
8 portions of the Rule which require this Section, or any such provision, are invalid, have
9 been repealed retroactively or otherwise do not apply to the Notes and (2) notifies each
10 then existing NRMSIR and any SID of such opinion and the cancellation of this Section.
11 Notwithstanding any other provision of this Ordinance, the Municipality may amend this
12 Section and any provision of this Section may be waived, provided that the following
13 conditions are satisfied:

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

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

24 (3) The amendment or waiver either (A) is approved by the Beneficial
25 Owners of the Notes in the same manner as provided in this Ordinance for
26 amendments to this Ordinance with the consent of registered owners or (B) does

1 not, in the opinion of nationally recognized bond counsel, materially impair the
2 interests of the Beneficial Owners of the Notes.

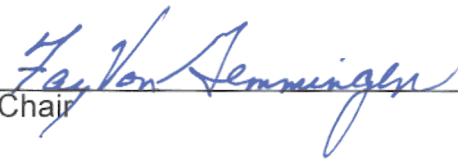
3 In the event of any amendment of or waiver of a provision of this Section, the
4 Municipality shall describe such amendment in a report provided to any SID, and
5 to each NRMSIR, in each case as designated by the Commission in accordance
6 with the Rule, and shall include, as applicable, a narrative explanation of the reason
7 for the amendment or waiver and its impact on the type of information being
8 presented by the Municipality.

9 (e) Beneficial Owner's Remedies Under This Section. The right of a Beneficial
10 Owner of a Note to enforce the provisions of this Section shall be limited to a right to obtain
11 specific enforcement of the Municipality's obligations hereunder, and any failure by the
12 Municipality to comply with the provisions of this undertaking shall not be a default with
13 respect to the Notes under this Ordinance.

14 Section 24. Severability. If any one or more of the covenants and agreements
15 provided in this Ordinance to be performed on the part of the Municipality shall be declared
16 by any court of competent jurisdiction to be contrary to law, then such covenant or
17 covenants, agreement or agreements shall be null and void and shall be deemed
18 separable from the remaining covenants and agreements in this Ordinance and shall in no
19 way affect the validity of the other provisions of this Ordinance or of the Notes.

20 Section 25. Effective Date. This Ordinance shall take effect immediately.

PASSED AND APPROVED by the Anchorage Assembly, this 27th day of February
2001


Chair

ATTEST:


Municipal Clerk