

Submitted by: Chairman of the Assembly at the
Request of the Mayor
Prepared by: Wohlforth, Vassar, Johnson
& Brecht
For Reading: September 21, 2004

CLERK'S OFFICE

APPROVED

MUNICIPALITY OF ANCHORAGE

Date: 10-12-04 ORDINANCE NO. AO 2004-135

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED EIGHTY-SIX MILLION TWO HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$86,240,000) IN AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION SCHOOL BONDS OF THE MUNICIPALITY FOR THE PURPOSE OF RAISING FUNDS TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENT PROJECTS IN THE MUNICIPALITY; FIXING CERTAIN DETAILS OF SAID BONDS; PROVIDING FOR THE FORM AND MANNER OF SALE OF SAID BONDS; PLEDGING 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 BONDS; AND RELATED MATTERS.

WHEREAS, pursuant to Ordinance No. AO 99-41(S-1, as amended) of the Municipality passed and approved on March 2, 1999, the following question referred to at the election held on April 20, 1999 as Proposition 11:

PROPOSITION NO. 11

Shall Anchorage borrow up to \$173,150,000 through the issuance of general obligation bonds and increase the municipal tax cap by an amount up to \$3,137,150 to pay for associated annual operations and maintenance costs.

The general obligation bond proceeds will pay costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects within Anchorage. The increase in the municipal tax cap will pay for operations and maintenance costs related to the proposed educational capital improvements.

The proposed educational capital improvement projects which include, but are not limited to, the following:

| | <u>Projects</u> | Estimated Projects Cost (Principal) | Estimated Interest | Estimated Principal and Interest Paid by the State (70%) | Estimated Principal and Interest Paid by Anchorage | Estimated Annual Operation and Maintenance Cost |
|-----|---|---|-----------------------|--|---|--|
| | Reimbursement Projects | | | | | |
| 1. | Dimond High School - Replacement Construction | \$60,160,000 | \$36,796,332 | \$67,869,432 | \$29,086,900 | \$0 |
| 2. | South Anchorage Area High School - New School Construction | 62,359,800 | 38,141,818 | 70,351,133 | 30,150,485 | 3,032,500 |
| 3. | Chugiak High School - HVAC, Elec- trical and Fire Upgrades | 2,831,089 | 1,731,610 | 3,193,889 | 1,368,810 | 0 |
| | Non-Reimbursement Projects | | | | | |
| 4. | Government Hill Elementary School - Addition and Renovation | 9,800,000 | 5,994,082 | 0 | 15,794,082 | 104,650 |
| 5. | Russian Jack Elementary School - Re- placement | 2,000,000 | 1,236,975 | 0 | 3,236,975 | 0 |
| 6. | Districtwide HVAC | 3,050,000 | 1,865,505 | 0 | 4,915,505 | 0 |
| 7. | Districtwide Roof Repairs | 2,900,000 | 1,773,760 | 0 | 4,673,760 | 0 |
| 8. | Electrical Support for Elementary Schools | 400,000 | 244,658 | 0 | 644,658 | 0 |
| 9. | Dimond High School - Replacement Design and Demolition | 7,840,000 | 4,795,265 | 0 | 12,635,265 | 0 |
| 10. | New South Anchorage Area High School Design and Site Improvement | 5,640,200 | 3,449,779 | 0 | 9,089,979 | 0 |
| 11. | Chugiak High School - Renovation, Phase I, House 2 | 7,168,911 | 4,384,800 | 0 | 11,553,711 | 0 |
| 12. | Central Middle School - Renovation | 3,000,000 | 1,834,874 | 0 | 4,834,874 | 0 |
| 13. | New Eagle River Area Secondary School Design | 3,000,000 | 1,834,874 | 0 | 4,834,874 | 0 |
| 14. | New Muldoon Area Middle School Design | 3,000,000 | 1,834,874 | 0 | 4,834,874 | 0 |

Total principal amount will not exceed \$173,150,000.

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value (based on the estimated 1999 assessed valuation) an annual increase in the municipal tax cap (Charter 14.03(b)(2)) of \$21.82 to pay for annual operation and maintenance costs related to the proposed educational capital improvements.

Voter approval of this bond proposition also authorizes for each \$100,000 of assessed real and personal property value (based on the estimated 1999 assessed valuation) an annual increase in taxes of \$48.08 to retire the proposed bond

indebtedness.

No bonds will be issued, however, to finance costs of projects listed under AReimbursement Projects@ above unless and until such projects qualify for 70% debt service reimbursement from the State of Alaska under existing or new legislation. Receipt of State reimbursement is subject to legislative appropriations.

The debt will be paid first from real and personal property taxes levied and collected areawide in Anchorage. Anchorage will also pledge its full faith and credit for payment of the debt.

(No. AO 99-41(S-1, as Amended))

(herein called "Proposition 1999-11") was passed and approved, and said election has been duly canvassed and the results thereof certified and confirmed in accordance with law, and \$700,000 principal amount of said general obligation bonds remain authorized, but unissued, under Proposition 1999-11; and

WHEREAS, pursuant to Ordinance No. AO 2002-15(S) of the Municipality passed and approved on February 5, 2002, the following question referred to at the election held on April 2, 2002 as Proposition 5:

PROPOSITION NO. 5

EDUCATIONAL CAPITAL IMPROVEMENT BONDS

Shall Anchorage borrow up to \$52,125,000 through the issuance of general obligation bonds to pay for educational capital improvements within Anchorage and increase the municipal tax cap by an amount of \$198,794 to pay for associated annual operations and maintenance costs?

The general obligation bond proceeds will be used to pay costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects within Anchorage. The proposed educational capital improvement projects include, but are not limited to, the following school renovations, additions, and replacements:

Projects

Estimated Cost

| | |
|--|-------------|
| Bartlett High School - Ph 2 Design | \$1,900,000 |
| Chugiak High School - Deferred Ph 3 Design and Construct. | 4,300,000 |
| Dimond High School - Demolition | 3,000,000 |
| East High School Deferred Ph I Design/Construct. | 1,500,000 |
| Ph 2 & Sprinklers, Design/Construct. | 4,200,000 |
| Ph 3 Design | 1,200,000 |
| Polaris K-12 School - Design | 700,000 |
| Service High School Deferred Ph 1 Design/Construct. | 1,350,000 |
| Ph 2A Design/Construct. | 17,000,000 |
| Wendler Middle School Ph 2 Construct. - Possible Match with EED Grant | 9,800,000 |
| Ptarmigan Elementary School Addition Design/Construct. | 6,400,000 |
| Planning Whaley School Assessment, Clark Middle School Planning, Birchwood ABC and Willowcrest Elementary Traffic Safety | 275,000 |
| Chugach Optional School Planning/Design | 500,000 |

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value (based on the estimated 2002 assessed valuation): (i) an annual increase in taxes of approximately \$26.36 to retire the proposed bonds, and (ii) an annual increase in the municipal tax cap (Charter 14.03(b)(2)) of approximately \$1.18 to pay for annual operation and maintenance costs related to the proposed capital improvements. The debt will be paid from real and personal property taxes levied and collected areawide in Anchorage. Anchorage will also pledge its full faith and credit for payment of the debt.

Anchorage is currently seeking State reimbursement for payment of 70% of the principal and interest on approximately \$3,700,000 of these bonds.

(No. AO 2002-15(S) (As Amended))

(herein called "Proposition 2002-5") was passed and approved, and said election has been duly canvassed and the results thereof certified and confirmed in accordance with law, and \$5,570,000 principal amount of said general obligation bonds remain authorized, but unissued, under Proposition 2002-5; and

WHEREAS, pursuant to Ordinance No. AO 2002-40 of the Municipality passed and approved on February 12, 2002, the following question referred to at the election held on April 2, 2002 as Proposition 6:

PROPOSITION NO. 6

EDUCATIONAL CAPITAL IMPROVEMENT BONDS

Shall Anchorage borrow up to \$46,570,000 through the issuance of general obligation bonds?

The general obligation bond proceeds will be used to pay costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects within Anchorage. The proposed educational capital improvement projects include, but are not limited to, the following:

| <u>Projects</u> | <u>Estimated Cost</u> |
|--|-----------------------|
| Asbestos/ADA/Code Issues (districtwide) | \$1,615,000 |
| Minor Building Renewal Projects (31 schools and 48 schools/facilities fencing) | 7,260,000 |
| Electrical Projects (40 schools) | 3,285,000 |
| Maintenance Equipment (districtwide) | 1,650,000 |
| Mechanical Upgrades (27 schools) | 15,795,000 |
| Roof Replacement and Repairs (7 schools) | 1,860,000 |
| Traffic Safety Upgrades (4 schools) | 675,000 |
| Code Renovations (including King Career Center) | 7,300,000 |
| Districtwide Sprinkler Upgrades | 2,000,000 |
| Public Sewer Service for: | |
| Birchwood Elementary School and Chugiak High School | 2,200,000 |
| Public Water Connection for: | |
| Girdwood School | 250,000 |
| 10 Replacement School Buses | 830,000 |
| Girdwood Playground Remediation | 1,850,000 |

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value (based on the estimated 2002 assessed valuation) an annual increase in taxes of approximately \$23.61 to retire the proposed debt. The debt will be paid from real and personal property taxes levied and collected areawide in Anchorage. Anchorage will also pledge its full faith and credit for payment of the debt.

Anchorage is currently seeking State reimbursement for payment of 70% of the principal and interest on approximately \$4,312,523 of these bonds.

(No. AO 2002-40)

(herein called "Proposition 2002-6") was passed and approved, and said election has been duly canvassed and the results thereof certified and confirmed in accordance with law, and \$1,750,000 principal amount of said general obligation bonds remain authorized, but unissued, under Proposition 2002-6; and

WHEREAS, pursuant to Ordinance No. AO 2003-9(S) of the Municipality passed and approved on February 11, 2003, the following question referred to at the election held on April 1, 2003 as Proposition 9:

PROPOSITION NO. 9

EDUCATIONAL CAPITAL IMPROVEMENT BONDS

Shall Anchorage borrow up to \$41,790,000 through the issuance of general obligation bonds to pay for educational capital improvements within Anchorage?

\$27,750,000 of these bonds qualify for partial State debt reimbursement (subject to annual legislative appropriation as described below).

The general obligation bond proceeds will be used to pay costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects within Anchorage. The proposed educational capital improvement projects include, but are not limited to, the following:

| <u>Projects:</u> | <u>Estimated Cost</u> |
|---|------------------------------|
| Districtwide Major Maintenance: | |
| Districtwide Mechanical Upgrades | \$3,990,000 |
| Districtwide Code/Hazmat/ADA Projects | 2,365,000 |
| Districtwide Electrical Projects | 5,257,000 |
| Districtwide Roof Replacement and Repairs | 3,499,000 |
| Districtwide Minor Building Renewal | |

| | |
|--|------------|
| Projects | 5,678,000 |
| Districtwide Restroom Upgrades | 2,083,000 |
| Districtwide Traffic Safety/Site Upgrades | 4,128,000 |
| Security Upgrades - Locks: Phase 1 | 750,000 |
| Emergency Preparedness/Shelters | 3,200,000 |
| Student Transportation (10 Replacement School Buses) | 840,000 |
| Site Selection and Acquisition | 10,000,000 |

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value (based on the estimated 2003 assessed valuation) an annual increase in taxes of approximately \$18.64 to retire the proposed bonds.

As stated above, \$27,750,000 of the bonds qualify for 70% State debt reimbursement. If the State chooses to make full reimbursement, the annual increase in taxes would be \$9.97 (based on \$100,000 of 2003 assessed real and personal property value). State reimbursement is subject to annual legislative appropriation.

The debt will be paid from real and personal property taxes levied and collected areawide in Anchorage. Anchorage will also pledge its full faith and credit for payment of the debt.

(No. AO 2003-9(S))

(herein called "Proposition 2003-9") was passed and approved, and said election has been duly canvassed and the results thereof certified and confirmed in accordance with law, and \$20,175,000 principal amount of said general obligation bonds remain authorized, but unissued, under Proposition 2003-9; and

WHEREAS, pursuant to Ordinance No. AO 2003-11(S) of the Municipality passed and approved on February 11, 2003, the following question referred to at the election held on April 1, 2003 as Proposition 11:

PROPOSITION NO. 11

EDUCATIONAL CAPITAL IMPROVEMENT BONDS

Shall Anchorage borrow up to \$125,540,000 through the issuance of general obligation bonds to pay for educational capital improvements within Anchorage and increase the

municipal tax cap by an amount of \$2,414,400 to pay for associated annual operations and maintenance costs?

All of these bonds qualify for partial State debt reimbursement (subject to annual legislative appropriation as described below).

The general obligation bond proceeds will be used to pay costs of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects within Anchorage. The proposed educational capital improvement projects include, but are not limited to, the following:

| <u>Projects:</u> | <u>Estimated Cost</u> | <u>Estimated Annual Operation and Maintenance</u> |
|---|-----------------------|---|
| School Renovations/Additions/Replacement | | |
| Bartlett High School - Phase 2 Construction | \$26,940,000 | \$70,300 |
| Chester Valley Elementary School - Design Funding | 750,000 | 0 |
| Chugach Optional School - Construction Funding | 7,000,000 | 49,625 |
| New Eagle River Area High School - Construction Funding | 51,000,000 | 2,129,575 |
| East High School - Phase 3 Construction and Phase 4 Design Funding | 18,200,000 | 0 |
| Polaris K-12 School - Construction Funding | 18,600,000 | 164,900 |
| Sand Lake Elementary School - Design Funding | 750,000 | 0 |
| Service High School - Phase 2A Deferred Inflation, Phase 2B Design, Phases 3 and 4 Preliminary Design Funding | 2,300,000 | 0 |

1 Voter approval of this bond proposition authorizes for each
2 \$100,000 of assessed real and personal property value (based
3 on the estimated 2003 assessed valuation): (i) an annual
4 increase in taxes of approximately \$56.01 to retire the
5 proposed bonds, and (ii) an annual increase in the municipal
6 tax cap (Charter 14.03(b)(2)) of approximately \$12.87 to pay
7 for annual operation and maintenance costs related to the
8 proposed capital improvements.

9 As stated above, \$47,440,000 of the bonds qualify for 70%
10 State debt reimbursement and \$78,100,000 of the bonds
11 qualify for 60% State debt reimbursement. If the State
12 chooses to make full reimbursement, the annual increase in
13 taxes would be \$20.29 (based on \$100,000 of 2003 assessed
14 real and personal property value). State reimbursement is
15 subject to annual legislative appropriation.

16 The debt will be paid from real and personal property taxes
17 levied and collected areawide in Anchorage. Anchorage will
18 also pledge its full faith and credit for payment of the debt.

19 (No. AO 2003-11(S))

20 (herein called "Proposition 2003-11") was passed and approved, and said election has
21 been duly canvassed and the results thereof certified and confirmed in accordance with
22 law, and \$52,410,000 principal amount of said general obligation bonds remain authorized,
23 but unissued, under Proposition 2003-11; and

24 WHEREAS, pursuant to Ordinance No. AO 2004-25(S) of the Municipality passed
25 and approved on February 17, 2004, the following question referred to at the election held
26 on April 6, 2004 as Proposition 4:

27 PROPOSITION NO. 4

28 EDUCATIONAL CAPITAL IMPROVEMENT BONDS

Shall Anchorage borrow up to \$36,380,000 through the
issuance of general obligation bonds to pay costs of code
upgrades, sprinklers, security upgrades, roof replacements,
mechanical upgrades, and other educational capital
improvements within Anchorage? \$34,365,000 of the
estimated costs of the projects currently qualify for 60% or
70% State debt reimbursement (subject to annual Legislative
appropriation as described below).

The general obligation bond proceeds will be used to pay costs
of planning, designing, acquiring property for, site preparation,
constructing, acquiring, renovating, installing and equipping
educational capital improvement projects within Anchorage.

The proposed educational capital improvement projects include, but are not limited to, the following:

| <u>Projects</u> | <u>Estimated Cost</u> |
|---|-----------------------|
| Districtwide Security Upgrades - Locks Phase 2 | \$1,300,000 |
| Multi-School Security System Upgrades | 1,250,000 |
| Multi-School Sprinklers (Eagle River, Mt. View and Gladys Wood) | 950,000 |
| Districtwide Roof Replacement and Repairs | 1,000,000 |
| Districtwide Mechanical Upgrades | 7,230,000 |
| Heavy Equipment Replacement | 985,000 |
| Heating System Conversions - 5 Schools | 5,000,000 |
| Districtwide Minor Building Renewal Projects | 6,890,000 |
| Districtwide Code/Hazmat/ADA Projects | 800,000 |
| Replacement School Buses | 830,000 |
| Districtwide Electrical Projects | 9,345,000 |
| Multi-School Traffic Safety Planning/Design | 200,000 |
| Traffic Safety/Site Upgrades | 600,000 |

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value (based on the estimated 2004 assessed valuation) an annual increase in taxes of approximately \$14.64 to retire the proposed bonds.

\$34,365,000 of the estimated costs of the projects currently qualify for 60% or 70% State debt reimbursement. If the State chooses to make full reimbursement, the annual increase in taxes would be \$5.16 (based on \$100,000 of 2004 assessed real and personal property value). State reimbursement is subject to annual Legislative appropriation.

The debt will be paid from real and personal property taxes levied and collected areawide in Anchorage. Anchorage will also pledge its full faith and credit for payment of the debt.

(No. AO 2004-25(S))

(herein called "Proposition 2004-4") was passed and approved, and said election has been duly canvassed and the results thereof certified and confirmed in accordance with law, and \$36,380,000 principal amount of said general obligation bonds remain authorized, but unissued, under Proposition 2004-4; 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 Municipality has determined and does hereby determine that it is necessary to continue to plan, design, acquire property for, prepare the sites for, construct, acquire, renovate, install and equip some of the educational capital improvements of the Municipality specified in Propositions 1999-11, 2002-5, 2002-6, 2003-9, 2003-11, and 2004-4, and to pay the capital costs thereof (hereinafter referred to, as specified in said Proposition, as the "Projects"); and

WHEREAS, it is deemed necessary and advisable and in the best interest of the Municipality and its inhabitants that not to exceed \$400,000 principal amount of general obligation school bonds referred to in Proposition 1999-11, constituting a portion of the \$700,000 principal amount of unsold general obligation school bonds referred to therein, and not to exceed \$4,365,000 principal amount of general obligation bonds referred to in Proposition 2002-5, constituting a portion of the \$5,570,000 principal amount of unsold general obligation school bonds referred to therein, and not to exceed \$1,505,000 principal amount of general obligation bonds referred to in Proposition 2002-6, constituting a portion of the \$1,750,000 principal amount of unsold general obligation school bonds referred to therein, and not to exceed \$14,265,000 principal amount of general obligation bonds referred to in Proposition 2003-9, constituting a portion of the \$20,175,000 principal amount of unsold general obligation school bonds referred to therein, and not to exceed \$47,850,000 principal amount of general obligation bonds referred to in Proposition 2003-

11, constituting a portion of the \$52,410,000 principal amount of unsold general obligation school bonds referred to therein, and not to exceed \$17,855,000 principal amount of general obligation bonds referred to in Proposition 2004-4, constituting a portion of the \$36,380,000 principal amount of unsold general obligation school bonds referred to therein, be hereby authorized, as hereinafter fixed and determined, for the purpose of raising funds to pay the Costs (as hereinafter defined) of the Projects; and

NOW, THEREFORE, THE MUNICIPALITY OF ANCHORAGE ORDAINS:

Section 1) Purpose. The purpose of this Ordinance is to authorize the issuance and sale of not to exceed \$86,240,000 of general obligation school bonds of the Municipality (the "Bonds") to provide funds to pay capital costs of the Projects, to pay the costs of issuance of the Bonds authorized herein (including the bond insurance premium, if any), and to fix certain details and to provide for the form and manner of sale of said Bonds to be issued

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

(a) "Acquired Obligations" means any of the following securities, if and to the extent the same are at the time legal for investment of funds of the Municipality: (1) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed as to timely payment by, the United States of America; direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; guaranteed Title XI financings of the U.S. Maritime Administration; and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; or (2) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state, (a)(i) which are not

1 callable at the option of the obligor prior to maturity, (ii) which are callable prior to maturity
2 and the issuer has foregone the right to call the obligations and the obligations are
3 irrevocably escrowed to maturity, or (iii) as to which irrevocable instructions have been
4 given to the trustee of such bonds or other obligations by the obligor to give due notice of
5 redemption and to call such bonds for redemption on the date or dates specified in such
6 instructions, (b)(i) which are fully secured as to principal and interest and redemption
7 premium, if any, by a fund consisting only of cash or bonds or other obligations of the
8 character described in clause (1) hereof which fund may be applied only to the payment of
9 such principal of and interest and redemption premium, if any, on such bonds or other
10 obligations on the maturity date or dates thereof or the specified redemption date or dates
11 pursuant to such irrevocable instructions, as appropriate, and (ii) the principal of and
12 interest on the bonds and obligations of the character described in clause (1) hereof have
13 been deposited in such fund and, along with any cash on deposit in such fund, are suffi-
14 cient to pay principal of and interest and redemption premium, if any, on the bonds or other
15 obligations described in this clause (2) on the maturity date or dates thereof or on the
16 redemption date or dates specified in the irrevocable instructions referred to in subclause
17 (a) of this clause (2), as appropriate, and (c) such securities are unconditionally rated Aaa
18 by Moody's Investors Service or unconditionally rated AAA by Standard & Poor's Ratings
19 Services, a Division of The McGraw Hill Companies.

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

23 (c) "Authorized Municipal Representative" means the Chief Fiscal Officer of the
24 Municipality or his written designee.

25 (d) "Bond" or "Bonds" means any of the bonds of the Municipality, the issuance
26 and sale of which are authorized herein as the evidence of the indebtedness referred to in
27 Proposition 1999-11, 2002-5, 2002-6, 2003-9, 2003-11, and 2004-4.

1 (e) "Bond Insurer" means, with respect to the Bonds, an insurance company
2 which issues a policy of insurance with respect to payment of the interest on and principal
3 of the Bonds.

4 (f) "Bond Register" means the registration books maintained by the Paying
5 Agent (as ABond Registrar®), as agent of the Municipality, which include the names and
6 addresses of the registered owners or nominees of the registered owners, if the Bonds are
7 held in the Book-Entry System, of the Bonds.

8 (g) "Bond Registrar" means U.S. Bank National Association, Seattle,
9 Washington, or its successors.

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

17 (i) "Cede & Co." means Cede & Co., the nominee of DTC, and any successor
18 nominee of DTC with respect to the Bonds.

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

21 (k) "Commission" means the Securities and Exchange Commission.

22 (l) "Cost" or "Costs" means the cost of planning, designing, acquiring property
23 for, equipping, acquiring, replacing, installing, rehabilitating and constructing the Projects,
24 including interest on the Bonds during the period of planning, designing, equipping,
25 acquiring, replacing, installing, rehabilitating and constructing the Projects, the cost,
26 whether incurred by the Municipality or by another, of field surveys and advance planning
27 undertaken in connection with the Projects properly allocable to the Projects, the cost of

1 acquisition of any land or interest therein required as the site or sites of the Projects or for
2 use in connection therewith, the cost of any indemnity and surety bonds and premiums on
3 insurance incurred in connection with the Projects prior to or during acquisition or
4 construction thereof, all related direct administrative and inspection expenses, whether
5 incurred by the Municipality or by another, in connection with the Projects prior to or during
6 acquisition or construction thereof and allocable portions of direct costs of the Municipality,
7 legal fees, fees and expenses of the Paying Agent, costs of issuance of the Bonds by the
8 Municipality, including financing charges and fees and expenses of bond counsel, financial
9 advisor and consultants in connection therewith, the cost of any bond insurance premium,
10 the cost of audits, the cost of all machinery, apparatus and equipment, the cost of
11 engineering, architectural services, designs, plans, specifications and surveys, estimates of
12 cost, the reimbursement of all moneys advanced from whatever source for the payment of
13 any item or items of cost of the Projects, and all other expenses necessary or incident to
14 determining the feasibility or practicability of the Projects, and such other expenses not
15 specified herein as may be necessary or incident to the acquisition and development of the
16 Projects, the financing thereof and the putting of the same into use and operation.

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

21 (n) "Letter of Representations" means the Blanket Issuer Letter of
22 Representations from the Municipality to DTC dated July 1, 1995, including DTC's
23 Operational Arrangements referenced in said letter, as they may be amended from time to
24 time.

25 (o) "MSRB" means the Municipal Securities Rulemaking Board or any successor
26 to its functions.
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1 (p) "Municipality" means the Municipality of Anchorage created upon ratification
2 of the Home Rule Charter after the election thereon held on September 9, 1975, and the
3 successor thereunder to the City of Anchorage, the City of Glen Alps, the City of Girdwood
4 and the Greater Anchorage Area Borough, former municipal corporations of the State of
5 Alaska.

6 (q) "NRMSIR" means a nationally recognized municipal securities information
7 repository.

8 (r) "Ordinance" means this Ordinance of the Municipality.

9 (s) "Paying Agent" means U.S. Bank National Association, Seattle, Washington,
10 or its successors as described in Section 13 of this Ordinance. The Paying Agent shall
11 also act as Bond Registrar pursuant to Section 13 hereof.

12 (t) "Paying Agent Agreement" means the Agreement between the Municipality
13 and the Paying Agent relating to the Bonds.

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

16 (v) "SID" means a state information depository for the State of Alaska (should
17 one be created).

18 Section 3) Authority for Ordinance. The Municipality has ascertained and hereby
19 determines that each and every matter and thing as to which provision is made in this Ordinance
20 is necessary in order to carry out and effectuate the purposes of the Municipality in
21 accordance with the Constitution and statutes of the State of Alaska and the Home Rule
22 Charter of the Municipality, and to incur the indebtedness and issue the Bonds as referred
23 to in Propositions 1999-11, 2002-5, 2002-6, 2003-9, 2003-11, and 2004-4.
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Section 4) Obligation of Bonds; Pledge. The Bonds shall be a full faith and credit of the obligations of the Municipality and the full faith and credit of the Municipality shall be pledged to the payment of the principal of and interest on the Bonds. The Municipality hereby irrevocably pledges and covenants that it will levy and collect taxes on all property within the Municipality without limitation as to rate sufficient, together with other funds legally available therefor, to pay the principal and interest on the Bonds as the same become due and payable. If an Insurer makes any payment under a bond insurance policy with respect to the Bonds, such payment shall not be deemed a payment of the Municipality and the principal and interest shall continue to be due and payable by the Municipality under the Bonds.

Section 5) Authorization of Bonds and Purpose of Issuance. The Bonds are being raised for the purpose of raising funds to pay the Costs of acquiring and developing the Bonds. The Bonds authorized by Propositions 1999-11, 2002-5, 2002-6, 2003-9, 2003-11, and 2004-4 with said Propositions is hereby determined to be necessary, and to pay the principal and interest, issue discount, if any, and to pay all costs incidental thereto on the Bonds as follows:

| <u>Proposition No.</u> | <u>Not to Exceed Principal Amount</u> |
|------------------------|---------------------------------------|
| 1999-11 | \$ 400,000 |
| 2002-5 | 4,365,000 |
| 2002-6 | 1,505,000 |
| 2003-9 | 14,265,000 |
| 2003-11 | 47,850,000 |
| 2004-4 | 17,855,000 |

The Bonds shall be general obligation school bonds of the Municipality constituting but unissued Bonds, referred to in Propositions 1999-11, 2002-5, 2002-6, 2003-9, 2003-11, and 2004-4 with such designation as is set forth in Section 6 hereof and shall be issued in the aggregate principal amount of not to exceed TWO MILLION TWO HUNDRED FORTY THOUSAND AND 00/100.

Section 6) Designation, Maturities, Payment Dates, Rate

1 shall be designated "Municipality of Anchorage, Alaska, 2004 General Obligation Bonds,
2 Series D (Schools)" or such other or additional designation as may be made by the
3 Authorized Municipal Representative, shall be issued in one or more series or may be
4 combined and sold as a single series with other bonds authorized by an ordinance
5 approved by the Assembly, shall be dated and mature on such dates and may be
6 redeemed in such manner as shall be established by the Authorized Municipal
7 Representative pursuant to Section 21 of this Ordinance or by the Assembly by resolution
8 adopted prior to delivery of the Bonds.

9 The Bonds shall bear interest from their dated date payable on such dates at such
10 rates as may be fixed and determined by the Authorized Municipal Representative
11 pursuant to Section 21 of this Ordinance or by the Assembly by resolution adopted prior to
12 the delivery of the Bonds.

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

26 In order to induce DTC to accept the Bonds as eligible for deposit at DTC, the
27 Municipality has executed and delivered the Letter of Representations which has been

1 accepted by DTC. Unless the Authorized Municipal Representative, or the Assembly by
2 resolution, shall otherwise determine, the Bonds initially issued shall be available for
3 purchase only through brokers and dealers, who must be or act through participants in
4 DTC, shall be held under the Book-Entry System by DTC acting as depository pursuant to
5 the terms and conditions set forth in the Letter of Representations, shall be issued in
6 denominations equal to the aggregate principal amount of each maturity of the Bonds and
7 shall initially be registered in the name of Cede & Co., as the nominee of DTC.

8 Neither the Municipality nor the Paying Agent will have any responsibility or
9 obligation to DTC participants or the persons for whom they act as nominees with respect
10 to the Bonds regarding the accuracy of any records maintained by DTC or any DTC
11 participant, the payment by DTC or any DTC participant of any amount in respect of the
12 principal or redemption price of or interest on the Bonds, any notice which is permitted or
13 required to be given to registered owners of the Bonds under this Ordinance (except such
14 notices as shall be required to be given by the Municipality to the Paying Agent or to DTC),
15 the selection by DTC or any DTC participant of any person to receive payment in the event
16 of a partial redemption of the Bonds or any consent given or other action taken by DTC as
17 the owner of the Bonds. For so long as any Bonds are held under the Book-Entry System,
18 DTC or its successor depository shall be deemed to be the owner of the Bonds for all
19 purposes hereunder, and all references herein (except for Section 29) to the owner of the
20 Bonds or similar terms shall mean DTC or its nominee and shall not mean the owners of
21 any beneficial interest in the Bonds.

22 Section 7) Additional Details of Bonds. Each of the Bonds shall be signed by the
23 manual or facsimile signature of the Mayor or the Municipal Manager and the official seal
24 of the Municipality (or a facsimile thereof) shall be affixed, imprinted or otherwise
25 reproduced on the Bond and attested by the manual or facsimile signature of the Municipal
26 Clerk, acting Municipal Clerk or Deputy Municipal Clerk. In case any officer whose
27 signature or facsimile of whose signature shall appear on any Bonds shall cease to be

such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery.

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

**PAYING AGENT'S CERTIFICATE
OF AUTHENTICATION**

This Bond is one of the Municipality of Anchorage, Alaska, 2004 General Obligation Bonds, Series D (Schools) described in and issued pursuant to the within mentioned Ordinance.

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

Date of Authentication:

By _____
Authorized Agent

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

For so long as all outstanding Bonds are held under the Book-Entry System, payment of principal and interest thereof shall be made as provided in the Letter of Representations.

1 In the event that the Bonds are not or are no longer held under the Book-Entry
2 System: (i) payment of principal on each principal payment date on all Bonds shall be
3 payable upon presentment at the corporate trust office of the Paying Agent in Seattle,
4 Washington or such other location as may be designated by the Paying Agent; and (ii)
5 payment of interest on the Bonds shall be made by check or draft mailed by first class mail
6 to the owner of record as of the 15th day of the month preceding each interest payment
7 date at the address appearing on the Bond Register of the Municipality kept by the Paying
8 Agent, provided that any owner of Bonds in an aggregate principal amount of \$1,000,000
9 or more may, at its option, receive interest payments by wire transfer at any location within
10 the United States of America upon written notice delivered to the Paying Agent not later
11 than the 15th day of the month preceding any interest payment date.

12 Section 8) Redemption of Bonds. The Bonds may be subject to redemption by or
13 on behalf of the Municipality prior to maturity and upon notice as hereinafter provided, as a
14 whole or in part as may be fixed and determined by the Authorized Municipal
15 Representative pursuant to Section 21 of this Ordinance or by resolution of the Assembly
16 adopted prior to or at the time of delivery of the Bonds. If fewer than all of the Bonds within
17 a single maturity are to be called for redemption prior to their scheduled maturity, the
18 portions of Bonds within a maturity to be redeemed shall be selected by the Paying Agent,
19 acting as Bond Registrar, by lot in the manner chosen by the Paying Agent. In selecting
20 Bonds to be redeemed in part within a single maturity, the Paying Agent shall treat each
21 Bond as representing that number of Bonds of a \$5,000 denomination which is obtained by
22 dividing the principal amount of such Bond by \$5,000. As long as the Bonds are held
23 under the Book-Entry System, such selection shall be made by DTC in accordance with the
24 Letter of Representations.

25 Section 9) Notice of Redemption. Except as hereafter provided in this Section 9,
26 when the Municipality determines to redeem any Bonds, the Paying Agent shall give notice
27 of such redemption (which notice may be conditional) in the manner then provided by law,

1 which notice shall state the redemption date and identify the Bonds to be redeemed by
2 reference to their numbers and/or letters and further may be conditional or may state that
3 on such redemption date there shall become due and payable upon each such Bond, or
4 portion thereof, the principal amount thereof plus the applicable premium, if any (the
5 "Redemption Price"), together with interest accrued to the redemption date, and that from
6 and after such date interest thereon shall cease to accrue. Such notice shall be given at
7 least 30 days but not more than 60 days prior to the redemption date by first class mail,
8 postage prepaid, to the registered owner of any Bond to be redeemed at the address of the
9 registered owner appearing on the Bond Register; provided, however, that for so long as
10 the Bonds are held under the Book-Entry System, all notices of redemption shall be given
11 only as provided in the Letter of Representations. In addition to the above required
12 mailing, the Paying Agent shall also cause to be mailed notice of such intended redemption
13 to the managing underwriter(s) of the Bonds or their respective business successors, if
14 any, to each NRMSIR or the MSRB, to any SID and, when there is a bond insurance policy
15 with respect to any Bonds, to the Bond Insurer, if any, by certified or registered mail.

16 If the Bonds are no longer held under the Book-Entry System, then, in addition to
17 the foregoing notice, further notice of redemption shall be given by the Paying Agent as set
18 out below, but no defect in said further notice nor failure to give all or any portion of such
19 further notice shall in any manner defeat the effectiveness of a call for redemption if notice
20 thereof is given as above prescribed.

21 Each further notice of redemption given hereunder shall contain the information
22 required above for an official notice of redemption plus: (i) if fewer than all outstanding
23 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the
24 principal amounts) of the Bonds to be redeemed, (ii) if the Bonds are no longer held under
25 the Book-Entry System the Bonds are to be surrendered for payment at the corporate
26 trust office of the Paying Agent in Seattle, Washington, or such other location as may be
27 designated by the Paying Agent (iii) the CUSIP numbers of all Bonds being redeemed, (iv)

1 the dated date of the Bonds, (v) the rate of interest for each Bond being redeemed, (vi)
2 the date of the notice, and (vii) any other descriptive information needed to identify
3 accurately the Bonds being redeemed.

4 The Municipality shall notify the Paying Agent of any optional redemption at least 5
5 days prior to the date on which notice pursuant to this Section is to be given to DTC or the
6 registered owner of any Bond to be redeemed, as the case may be.

7 The foregoing notice provisions of this Section 9, including but not limited to the
8 information to be included in redemption notices and the persons designated to receive
9 notices, may be, but is not required to be, amended by additions, deletions and changes in
10 order to maintain compliance with duly promulgated regulations and recommendations
11 regarding notices of redemption of municipal securities.

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

23 Each check or other transfer of funds issued for the payment of the redemption price
24 of Bonds being redeemed shall bear the CUSIP number identifying, by issue and maturity,
25 the Bonds being redeemed with the proceeds of such check or other transfer.

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

Ordinance or by other ordinance or resolution of the Assembly:

UNITED STATES OF AMERICA
STATE OF ALASKA

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

NO. GOSB-

\$

2004 GENERAL OBLIGATION BOND, SERIES D
(SCHOOLS)

INTEREST RATE
%

MATURITY DATE

CUSIP NO.

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT:

1 The Municipality of Anchorage, a municipal corporation of the State of Alaska (the
2 "Municipality"), for value received, acknowledges itself indebted and hereby promises to
3 pay to the Registered Owner identified above, or registered assigns, on the Maturity Date
4 identified above, upon presentation and surrender hereof, the Principal Amount shown
5 above, and to pay interest on such principal sum from the date hereof until its obligation
6 with respect to the payment of such principal sum shall be discharged, at the Interest Rate
7 per annum shown above, payable on the first days of _____ and _____ in each
8 year beginning _____, 200____. The principal, interest and redemption price
9 of this Bond shall be payable in any coin or currency of the United States of America which
10 at the time of payment is legal tender for the payment of public and private debts. Principal
11 shall be paid to the Registered Owner or assigns upon presentation and surrender of this
12 Bond at the corporate trust office of U.S. Bank National Association (hereinafter called the
13 Paying Agent), or its successors. Payment of interest shall be made by check or draft
14 mailed to the Registered Owner, as of the 15th day of the month preceding the interest
15 payment date, at the address appearing on the Bond Register of the Municipality kept at
16 the corporate trust office of the Paying Agent. Notwithstanding the foregoing, if this Bond
17 is held in fully immobilized form, payment of principal and interest shall be as provided in
18 the Blanket Issuer Letter of Representations between the Municipality and The Depository
19 Trust Company, dated July 1, 1995, and The Depository Trust Company's Operational
20 Arrangements referred to therein, as they may be amended from time to time (together, the
21 "Letter of Representations").

22 This Bond is one of the 2004 General Obligation Bonds, Series D (Schools) of
23 Anchorage, Alaska, of like tenor and effect except as to interest rate, number, redemption
24 terms and maturity, aggregating \$_____ in principal amount, and constituting Bonds
25 authorized for the purpose of raising funds to pay the cost of educational capital improve-
26 ments in the Municipality, with the question of their issuance for such purpose approved
27 and ratified by a majority vote of the qualified voters of the Municipality who voted on

Proposition 1999-11 at the election held in the Municipality on April 20, 1999, Propositions 2002-5 and 2002-6 at the election held in the Municipality on April 2, 2002, and Propositions 2003-9(S) and 2003-11(S) at the election held in the Municipality on April 1, 2003, and Proposition 2004-4 at the election held in the Municipality on April 6, 2004, and is issued pursuant to Ordinance No. AO 2004-___ of the Municipality entitled:

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED EIGHTY-SIX MILLION TWO HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$86,240,000) IN AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION SCHOOL BONDS OF THE MUNICIPALITY FOR THE PURPOSE OF RAISING FUNDS TO PAY THE COSTS OF EDUCATIONAL CAPITAL IMPROVEMENT PROJECTS IN THE MUNICIPALITY; FIXING CERTAIN DETAILS OF SAID BONDS; PROVIDING FOR THE FORM AND MANNER OF SALE OF SAID BONDS; PLEDGING 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 BONDS; AND RELATED MATTERS.

(the "Ordinance").

The Bonds maturing in the years ___ through ___, inclusive, are not subject to 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 ___ 3_, ___ ___ 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 unconditionally 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.

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

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

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts or things required by the Constitution or statutes of the State of Alaska and the Home Rule Charter

1 of the Municipality to exist, to have happened or to have been performed precedent to or in
2 the issuance of this Bond, exist, have happened and have been performed, and that the
3 series of Bonds of which this is one, together with all other indebtedness of the Munic-
4 ipality, is within every debt and other limit prescribed by said Constitution, statutes or
5 Charter.

6 IN WITNESS WHEREOF, ANCHORAGE, ALASKA, has caused this Bond to be
7 signed in its name and on its behalf by the manual or facsimile signature of its [Mayor]
8 [Municipal Manager] and its corporate seal to be hereunto impressed or imprinted or
9 otherwise reproduced and attested by the manual or facsimile signature of its [Deputy]
10 Municipal Clerk, all as of the ____ day of _____, 2004.

11 [S E A L]

[Mayor] [Municipal Manager]

12 A T T E S T:

13
14 _____
15 [Deputy] Municipal Clerk

16 In the event the Bonds are not or are no longer held under the Book-Entry System,
17 the form of the Bonds may be modified to conform to printing requirements and the terms
18 of this Ordinance.

19 Section 12) Disposition of Proceeds and Establishment of Funds. The net pro-
20 ceeds of the sale of the Bonds shall be deposited in the hereby authorized funds and
21 accounts of the Municipality. There is hereby authorized to be created certain funds of the
22 Municipality to be held and maintained in the custody of the Paying Agent pursuant to the
23 terms of the Paying Agent Agreement. The funds maintained by the Paying Agent may be
24 further subdivided into accounts or subaccounts.

25 All moneys and securities deposited with the Paying Agent pursuant to the terms of
26 the Paying Agent Agreement shall be applied, and invested, only in accordance with the
27 provisions of the Paying Agent Agreement. All income earned, or gains realized, as a

1 result of the investment of amounts in funds or accounts created pursuant to the terms of
2 the Paying Agent Agreement shall be deposited therein and constitute a part thereof.

3 Section 13) Paying Agent and Bond Registrar. (a) U.S. Bank National Association,
4 Seattle, Washington, is hereby appointed the Paying Agent for the Bonds and the term
5 "Paying Agent" shall include any business successor or successors thereto. Any company
6 into which the Paying Agent may be merged or converted or with which it may be
7 consolidated or any company resulting from any merger, conversion or consolidation to
8 which it shall be a party, provided such company shall be a bank or trust company
9 organized under the laws of any state of the United States of America or a national banking
10 association and shall be authorized by law to perform all the duties imposed upon it by this
11 Ordinance, shall be the successor to the Paying Agent without the execution or filing of any
12 paper or the performance of any further act.

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

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

21 (b) Concerning the use of DTC,

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

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

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Assembly that it is no longer in the best interest of owners of beneficial interests in the Bonds to continue the system of book-entry transfers through DTC or its successors (or any substitute depository or its successor), the Assembly may thereafter appoint a substitute 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 all outstanding Bonds, together with a written request on behalf of the Assembly, issue a single new Bond for each maturity then outstanding, 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 Assembly.

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 Assembly determines that it is in the best interest of the registered owners of the Bonds that they be able to obtain Bond certificates, the ownership of Bonds may then be transferred to any person or entity as herein provided and the Bonds shall no longer be held under the Book-Entry System. The Municipality shall deliver a written request to the Paying Agent, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt of all then outstanding Bonds by the Paying Agent,

together with a written request on behalf of the Assembly

Bonds shall be issued in such denominations and registered
persons as are requested in such written request.

Section 14) Mutilated, Destroyed, Stolen or Lost Bonds

become mutilated or be destroyed, stolen or lost, the Municipality
executed, and shall deliver, a new Bond of like interest rate, principal
series in exchange and substitution for and upon cancellation of
lieu of and in substitution for such Bond destroyed, stolen or lost,
registered owner thereof paying the reasonable expenses and costs
and the Paying Agent in connection therewith and in the case of
or lost, filing by the owner with the Paying Agent evidence satisfactory
and the Municipality that such Bond was destroyed, stolen or lost,
ownership thereof, and furnishing the Municipality and the Paying Agent
satisfactory to them. Any new Bond so delivered may bear a new
number of the Bond it replaces.

Section 15) Transfer of Bonds and Delivery of New Bonds

no longer held in the Book-Entry System or immobilized form, any
only upon the books kept for the registration and transfer of Bonds
upon surrender thereof at the corporate trust office of the Trust Company
Washington, or such other location as may be designated by the Trust Company
with an assignment duly executed by the registered owner or its
attorney in such form as shall be satisfactory to the Paying Agent.
such Bond, there shall be executed in the name of the transferee
shall cause to be authenticated and delivered, a new registered Bond of
same maturity and aggregate principal amount in any of the authorized

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

13 Section 16) Ownership of Bonds. As to any Bond, the person in whose name the
14 same shall be registered on the Bond Register shall be deemed and regarded as the
15 absolute owner thereof for all purposes (except for Section 26 hereof), and payment of or
16 on account of the principal on such Bond and the interest on such Bond shall be made only
17 to or upon the order of the registered owner thereof or the registered owner's legal
18 representative, but such registration may be changed as hereinabove provided. All such
19 payments shall be valid and effectual to satisfy and discharge the liability upon such Bond,
20 including the interest thereon, to the extent of the sum or sums so paid.

21 The Bonds shall be uncertificated securities to the extent provided by Alaska
22 Statutes, Chapter 45.08. The Municipality and the Paying Agent shall be entitled to treat
23 the person in whose name any Bond is registered as the absolute owner thereof for all
24 purposes of this Ordinance and any applicable laws, notwithstanding any notice to the
25 contrary received by the Paying Agent or the Municipality. Neither the Municipality nor the
26 Paying Agent will have any responsibility or obligation, legal or otherwise, to any other
27 party, except to the registered owners of the Bonds.

1 Section 17) Arbitrage Covenant. The Municipality covenants with the registered
2 owners of all Bonds at any time outstanding that it will make no use of the proceeds of the
3 Bonds which will cause the Bonds to be "arbitrage bonds" subject to federal income
4 taxation by reason of Section 148 of the Code. To that end, so long as any of the Bonds
5 are outstanding, the Municipality, with respect to the proceeds of the Bonds, shall comply
6 with all requirements of said Section 148 and the regulations thereunder to the extent that
7 such requirements are, at the time, applicable and in effect.

8 Section 18) Compliance with Code. The Municipality hereby covenants to comply
9 with any and all applicable requirements set forth in the Code in effect from time to time to
10 the extent that such compliance shall be necessary for the exemption from federal income
11 taxes of the interest on the Bonds. The Municipality hereby further covenants to observe
12 any and all applicable requirements in any future federal tax legislation to the extent that
13 such compliance is determined by the Municipality to be legal and practicable and required
14 for such exemption.

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

18 Section 19) Rebate Requirement. The Municipality covenants and agrees that it will
19 pay any amounts required to comply with the arbitrage rebate requirements of
20 Section 148(f) of the Code.

21 Section 20) Defeasance. In the event money and/or Acquired Obligations maturing
22 at such times and bearing interest to be earned thereon in amounts sufficient to redeem
23 and retire any or all of the Bonds in accordance with their terms are set aside in a special
24 trust account to effect such redemption or retirement and such moneys and the principal of
25 and interest on such obligations are irrevocably set aside and pledged for such purpose,
26 then no further payments need be made to pay or secure the payment of the principal of
27 and interest on such Bonds and such Bonds shall be deemed not to be outstanding. If the

1 Bonds are insured, any defeasance of the Bonds shall be made by cash and/or direct, non-
2 callable obligations of the United States of America and/or agencies of the United States of
3 America.

4 Section 21) Sale of Bonds, Final Terms, Approval of Official Statement. The Bonds
5 shall be sold at negotiated sale to the Underwriters (as hereinafter defined). The
6 Authorized Municipal Representative, with the assistance of the Financial Advisor (as
7 defined herein), is hereby authorized to negotiate terms for the purchase of the Bonds by
8 Bear, Stearns, & Co., Inc., Citicorp Global Markets Inc., George K. Baum & Co., Morgan
9 Stanley, and Siebert Brandford Shank & Co., LLC (collectively, the "Underwriters"), and to
10 execute a purchase contract with the representative of the Underwriters, for the purchase
11 of the Bonds (the "Purchase Contract") which is in the best interest of the Municipality.

12 The Municipality has been advised by its financial advisor, UBS Financial Services
13 Inc. (the "Financial Advisor"), that market conditions continue to fluctuate and, as a result,
14 the most favorable market conditions may occur on a day other than a regular meeting
15 date of the Assembly. The Assembly has determined that it would be inconvenient,
16 perhaps impossible, to hold a special meeting on short notice and, accordingly, has
17 determined that it would be in the best interest of the Municipality to delegate to the
18 Authorized Municipal Representative for a limited time the authority to approve certain
19 details of the Bonds including the date and the delivery date, the principal amount of each
20 maturity, the purchase price, the maturity and interest payment dates, the redemption
21 provisions and the interest rates of each maturity. The interest rates for the Bonds of each
22 maturity and the corresponding principal amount of Bonds shall be determined by
23 agreement among the Underwriters and the Authorized Municipal Representative. The
24 Authorized Municipal Representative shall take into account those factors which, in his
25 judgment, will result in the lowest true interest cost on the Bonds, and shall be set forth as
26 an exhibit to the purchase contract for the Bonds; provided that the true interest cost on the
27 Bonds is less than 6.00% and the Underwriters' discount does not exceed .75% of the par

value of the Bonds.

The Authorized Municipal Representative is hereby authorized to execute the Purchase Contract with the Underwriters for the Bonds upon his approval of the details of the Bonds including the date and the delivery date, the aggregate principal amount and the principal amount of each maturity, the purchase price, the maturity and interest payment dates, the redemption provisions and the interest rate of each maturity, the underwriters' discount and the true interest cost on the Bonds. The authority granted to the Authorized Municipal Representative by this Section 21 shall expire in 90 days from the date of approval of this Ordinance. If the Purchase Contract has not been executed by the Authorized Municipal Representative in accordance with the delegated authority of this Section 21 by said date, the Bonds may only be sold in the manner provided in the following paragraph.

The terms of this paragraph apply only if the Authorized Municipal Representative has not entered into a Purchase Contract for the Bonds within 90 days of approval of this Ordinance. The Authorized Municipal Representative is hereby authorized to solicit an offer or offers for the purchase of the Bonds in such manner as he deems appropriate, and thereafter to negotiate a contract for the purchase of the Bonds which is in the best interest of the Municipality, said contract or contracts be executed by the Authorized Municipal Representative after approval of a Resolution by the Assembly.

The Authorized Municipal Representative is hereby authorized to solicit commitments for a policy of insurance with respect to payment of the interest on and principal of the Bonds and thereafter to accept such commitment from an insurer (the "Bond Insurer") which in his judgment is in the best interest of the Municipality. The Authorized Municipal Representative is hereby further authorized to enter into such agreements with the Bond Insurer related to said policy as are not inconsistent with this Ordinance and are, in his opinion, in the best interest of the Municipality.

The Authorized Municipal Representative is authorized to approve the final terms of,

and to execute on behalf of the Municipality, the Paying Agent Agreement.

The Authorized Municipal Representative is further authorized to review and to deem final (in the case of the preliminary official statement) and approve (in the case of the final official statement), on behalf of the Municipality, the preliminary official statement and final official statement relating to the issuance and sale of the Bonds with such changes, if any, as may be deemed by his to be appropriate, including changes necessary in order to evidence compliance with Section (b)(5) of the Rule.

Section 22) Authority of Officers. The Mayor, the Municipal Manager, the Chief Fiscal Officer, the Municipal Attorney, the Municipal Clerk, the acting Municipal Clerk and the Deputy Municipal Clerk from time to time, are, and each of them is, hereby authorized and directed to do and perform all things and determine all matters not determined by this Ordinance, or to be determined by a subsequent ordinance or resolution of the Municipality, to the end that the Municipality may carry out its obligations under the Bonds and this Ordinance.

Section 23) Amendatory and Supplemental Ordinances. (a) The Assembly from time to time and at any time may adopt an ordinance or ordinances supplemental hereto, which ordinance or ordinances thereafter shall become a part of this Ordinance, for any one or more of the following purposes:

(1) To add to the covenants and agreements of the Municipality in this Ordinance contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the 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 materially adversely affect the interests of the

registered owners of the Bonds.

Any such supplemental ordinance of the Assembly may be adopted without the consent of the registered owner of any of the Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this Section 23.

(b) With the consent of the registered owners of not less than 60% in aggregate principal amount of the Bonds at the time outstanding affected by the supplemental ordinance, 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 with respect to the Bonds; provided, however, that no such supplemental ordinance shall:

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

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

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

It shall not be necessary for the consent of the registered owners of the Bonds 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 23, this Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Municipality

1 under this Ordinance and all registered owners of Bonds outstanding hereunder affected
2 by such supplemental ordinance shall thereafter be determined, exercised and enforced
3 thereunder, subject in all respects to such modification and amendment, and all the terms
4 and conditions of any such supplemental ordinance shall be deemed to be part of the
5 terms and conditions of this Ordinance for any and all purposes.

6 (d) Bonds executed and delivered after the execution of any supplemental
7 ordinance adopted pursuant to the provisions of this Section 23 may bear a notation as to
8 any matter provided for in such supplemental ordinance, and if such supplemental
9 ordinance shall so provide, new Bonds so modified so as to conform, in the opinion of the
10 Municipality, to any modification of this Ordinance contained in any such supplemental
11 ordinance may be prepared by the Municipality and delivered without cost to the registered
12 owners of the Bonds then outstanding, upon surrender for cancellation of such Bonds in
13 equal aggregate principal amounts.

14 Section 24) Prohibited Sale of Bonds. No person, firm or corporation, or any agent
15 or employee thereof, acting as financial consultant to the Municipality under an agreement
16 for payment in connection with the sale of the Bonds, is eligible to purchase the Bonds as a
17 member of the original underwriting syndicate either at public or private sale.

18 Section 25) Miscellaneous. No recourse shall be had for the payment of the
19 principal of or the interest on the Bonds or for any claim based thereon or on this
20 Ordinance against any member of the Assembly or officer of the Municipality or any person
21 executing the Bonds. The Bonds are not and shall not be in any way a debt or liability of
22 the State of Alaska or of any political subdivision thereof, except the Municipality, and do
23 not and shall not create or constitute an indebtedness or obligation, either legal, moral or
24 otherwise, of said State or of any political subdivision thereof, except the Municipality.
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26
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28

Section 26) Undertaking to Provide Ongoing Disclosure.

The Municipality will execute a certificate for ongoing disclosure in form and substance satisfactory to the Underwriters, and the Authorized Municipal Representative is hereby authorized and directed to execute such certificate.

Section 27) Severability. If any one or more of the covenants and agreements provided in this Ordinance to be performed on the part of the Municipality shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance or of the Bonds.

Section 28) Effective Date. This Ordinance shall take effect immediately.

PASSED AND APPROVED by the Anchorage Assembly, this 12th day of October 2004.


Chairman

ATTEST:


Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 710-2004

Meeting Date: September 21, 2004

1 **From:** Mayor

2
3 **Subject:** Not to Exceed \$86,240,000 General Obligation Bonds (Schools)

4
5 Attached Ordinance No. AO 2004-135 provides for the issuance of not to exceed
6 \$86,240,000 General Obligation Bonds (Schools). Proceeds from the sale are to be
7 used for Municipality of Anchorage (Schools) capital projects approved by the voters
8 April 1999, April 2002, April 2003 and April 2004.

9
10 The current schedule for the sale and related matters calls for a public hearing on the
11 Ordinance on October 12, 2004. Sale of the bonds will follow soon after.

12
13 The Chief Fiscal Officer is authorized by Section 21 of the Ordinance to negotiate terms
14 for purchase of the bonds and to execute a contract for their purchase in the
15 Municipality's best interest.

16
17 THE ADMINISTRATION RECOMMENDS APPROVAL OF AO NO. 2004-134.

18
19 Recommended by: Richard G. Whitehead, Acting Public Finance Director

20 Concurrence: Jeffrey E. Sinz, Chief Fiscal Officer

21 Concurrence: Denis C. LeBlanc, Municipal Manager

22 Respectfully submitted: Mark Begich, Mayor

Content Information**Content ID :** 002183**Type:** Ordinance - AO**Title:** An Ordinance Authorizing and Providing for the Issuance of NTE \$86,240,000 General Obligation School Bonds, Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** General Obligation, School Bonds**Date Prepared:** 9/16/04 2:37 PM**Director Name:** Jeffrey Sinz**Assembly Meeting** 9/21/04**Date MM/DD/YY:****Public Hearing Date** 10/12/04**MM/DD/YY:**

10

2004 SEP 16 PM 9:59

2004 SEP 16 PM 9:59

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Workflow History

| <u>Workflow Name</u> | <u>Action Date</u> | <u>Action</u> | <u>User</u> | <u>Security Group</u> | <u>Content ID</u> |
|--------------------------|--------------------|---------------|-------------|-----------------------|-------------------|
| AllOrdinanceWorkflow | 9/16/04 2:39 PM | Checkin | pruittns | Public | 002183 |
| Finance_SubWorkflow | 9/16/04 2:56 PM | Approve | sinzje | Public | 002183 |
| OMB_SubWorkflow | 9/16/04 3:01 PM | Approve | pearcydl | Public | 002183 |
| Legal_SubWorkflow | 9/16/04 4:19 PM | Approve | fehlenrl | Public | 002183 |
| MuniManager_SubWorkflow | 9/16/04 5:13 PM | Approve | leblancdc | Public | 002183 |
| MuniMgrCoord_SubWorkflow | 9/17/04 8:22 AM | Approve | katkusja | Public | 002183 |