

1 Requested by: Chairman of the
2 Assembly at the
3 request of the
4 Mayor
5 Prepared by: Cynthia M. Weed
6 Preston Gates & Ellis LLP
7 For Reading: February 15, 2005
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

CLERK'S OFFICE
APPROVED
Date: 3-1-05

MUNICIPALITY OF ANCHORAGE, ALASKA

ORDINANCE NO. AO 2005-33

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE,
ALASKA, PROVIDING FOR THE ISSUANCE OF LEASE
REVENUE REFUNDING BONDS OF THE MUNICIPALITY
IN THE AGGREGATE AMOUNT OF NOT TO EXCEED
\$50,000,000 FOR THE PURPOSE OF PROVIDING FUNDS
TO REFUND CERTAIN OUTSTANDING LEASE
REVENUE BONDS OF THE MUNICIPALITY AND TO
PAY COSTS OF ISSUANCE; PROVIDING FOR THE FORM
AND MANNER OF SALE OF THE BONDS;
AUTHORIZING THE PREPARATION AND APPROVAL OF
A PRELIMINARY AND FINAL OFFICIAL STATEMENT;
AUTHORIZING A TRUST AGREEMENT AMENDMENT
AND AN AGREEMENT FOR ONGOING DISCLOSURE;
AUTHORIZING THE APPOINTMENT OF AN ESCROW
AGENT AND THE EXECUTION OF AN ESCROW
AGREEMENT; AND AUTHORIZING THE SALE OF SUCH
BONDS.

30 WHEREAS, the Municipality of Anchorage, a unified home rule municipality organized
31 under the Constitution and laws of the State of Alaska (the "Municipality"), owns and maintains
32 certain correctional facilities within the Municipality; and

33 WHEREAS, the Municipality and the State of Alaska, acting through its Department of
34 Corrections ("DOC") have executed a Prisoner Care Agreement, dated as of May 18, 1999 with
35 respect to offenders confined for the violation of state or municipal law and delivered by the
36 Anchorage Police Department; and

1 WHEREAS, the State of Alaska (the "State") was authorized by the Second Session of
2 the 20th Alaska Legislature (Ch. 15, SLA 1998) (the "1998 Act") to lease correctional facility
3 space ("Facility") from the Municipality upon satisfaction of certain conditions set forth in
4 Section 5(b) of the 1998 Act; and

5 WHEREAS, the Municipality entered into a Ground Lease, dated April 15, 2000 (the
6 "Ground Lease") with U.S. Bank Trust National Association, now known as U.S. Bank National
7 Association, as Trustee (the "Trustee") with respect to the property on which the Facility is now
8 situated; and

9 WHEREAS, the State of Alaska Department of Administration ("DOA"), as leasing
10 agent for DOC, simultaneously entered into an Agreement of Lease, dated April 15, 2000 (the
11 "Original Agreement of Lease") with the Trustee pursuant to which DOA agreed, *inter alia*, to
12 make payments sufficient to pay the principal of and interest on the revenue bonds of the
13 Municipality; and

14 WHEREAS, pursuant to Ordinance No. AO 99-159(S) of the Municipality and the Trust
15 Agreement, dated as of April 15, 2000 (the "Trust Agreement") between the Municipality and
16 the Trustee, the Trustee executed and delivered the Municipality of Anchorage, Alaska Lease
17 Revenue Bonds, Correctional Facility, Series 2000 in the initial aggregate principal amount of
18 \$60,440,000 (the "2000 Bonds"), remaining outstanding and maturing on February 1 of the
19 following years in the following amounts and bearing interest at the following rates per annum:
20

Maturity Date (February 1)	Amount	Interest Rate
2006	\$ 2,290,000	5.250%
2007	2,415,000	5.250
2008	2,550,000	5.750
2009	2,690,000	5.125
2010	2,840,000	5.500
2011	3,000,000	5.500
2012	3,175,000	5.875
2013	3,370,000	5.875
2014	3,575,000	6.000
2015	3,755,000	6.000
2016	4,030,000	6.000
2017	4,270,000	5.625
2018	4,520,000	5.625
2019	4,785,000	5.750
2020	5,065,000	5.750

; and

WHEREAS, the 2000 Bonds maturing on or after February 1, 2011 (the "Refunded Bonds") are subject to redemption prior to their stated maturity in whole or in part on any date on or after February 1, 2010 at a price of par plus accrued interest to the date of redemption; and

WHEREAS, as a result of changed market conditions it appears that substantial debt service savings may be obtained by refunding the Refunded Bonds through the issuance of the bonds herein authorized (hereinafter defined as the "Bonds"); and

WHEREAS, the issuance of the Bonds is expected to result in lower lease rental payments by DOA under the Original Agreement of Lease and a corresponding amendment to the Original Agreement of Lease to reflect the lower lease payments; and

WHEREAS, the Constitution and statutes of the State of Alaska and Article XV of the Home Rule Charter of the Municipality permit the Municipality to issue obligations payable out of revenues without ratification by an election; and

WHEREAS, in order to effect such refunding in the most economical manner it is deemed necessary and advisable that the proceeds of the sale of the Bonds and, if necessary,

1 other moneys available and required for refunding purposes be invested in obligations maturing
2 in such amounts and at such times as are required to redeem and retire the Refunded Bonds; and

3 WHEREAS, it is necessary to establish the form and manner of sale of such revenue
4 refunding bonds and to make provision for establishing the additional terms thereof;

5 NOW, THEREFORE, THE MUNICIPALITY OF ANCHORAGE ORDAINS:

6 Section 1. Purpose. The purpose of this ordinance is to authorize the issuance and
7 sale of not to exceed \$50,000,000 of lease revenue refunding bonds to provide money, together
8 with funds, if any, to be provided by the Municipality, to pay for all or a part of the costs of
9 refunding all or a portion of the Refunded Bonds, to fund reserves, as necessary, and to pay costs
10 of issuance and to fix the form, certain covenants and manner of sale for said revenue refunding
11 bonds.

12 Section 2. Definitions; Interpretation. Capitalized terms which are not otherwise
13 defined shall be defined as set forth below.

14 *Acquired Obligations* means and includes any of the following securities, if and to the
15 extent the same are at the time legal for investment of funds of the Municipality:

16 (i) any bonds or other obligations which as to principal and interest constitute
17 direct obligations of, or are unconditionally guaranteed by, the United States of America,
18 including obligations of any federal agency or corporation which has been or may hereafter be
19 created pursuant to an act of Congress as an agency or instrumentality of the United States of
20 America to the extent unconditionally guaranteed by the United States of America; and

21 (ii) any bonds or other obligations of any state of the United States of America
22 or of any agency, instrumentality or local governmental unit of any such state (a) which are not
23 callable at the option of the obligor prior to maturity or as to which irrevocable instructions have

1 | been given to the trustee of such bonds or other obligations by the obligor to give due notice of
2 | redemption and to call such bonds for redemption on the date or dates specified in such
3 | instructions, (b) which are fully secured as to principal and interest and redemption premium, if
4 | any, by a fund consisting only of cash or bonds or other obligations of the character described in
5 | clause (i) hereof which fund may be applied only to the payment of such principal of and interest
6 | and redemption premium, if any, on such bonds or other obligations on the maturity date or dates
7 | thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as
8 | appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the
9 | character described in clause (i) hereof which have been deposited in such fund along with any
10 | cash on deposit in such fund are sufficient to pay principal of and interest and redemption
11 | premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity
12 | date or dates thereof or on the redemption date or dates specified in the irrevocable instructions
13 | referred to in subclause (a) of this clause (ii), as appropriate.

14 | ***Agreement of Lease*** means the Original Agreement of Lease, as amended by the
15 | Agreement of Lease Amendment.

16 | ***Agreement of Lease Amendment*** means the Agreement of Lease Amendment, dated as
17 | of the Dated Date, between the Registrar and DOA.

18 | ***Assembly*** means the general legislative authority of the Municipality, as the same may be
19 | constituted from time to time.

20 | ***Beneficial Owner*** means the beneficial owner of all or a portion of a Bond while such
21 | Bond is in fully immobilized form.

22 | ***Bond Counsel*** means Preston Gates & Ellis LLP, of Seattle, Washington or any successor
23 | firm, then serving as bond counsel to the Municipality.

1 **Bond Ordinance** means the ordinance to which this Appendix is attached, authorizing the
2 issuance and sale of the Bonds.

3 **Bond Payment Date** means each date on which a payment of principal of and/or interest
4 on the Bonds is scheduled to mature.

5 **Bond Purchase Contract** means the agreement between the Municipality and the
6 Underwriters pursuant to which the Underwriters agree to purchase the Bonds for resale to
7 investors.

8 **Bond Register** means the books for registration of Bonds maintained by the Registrar.

9 **Bonds** means the Municipality of Anchorage, Alaska, Lease Revenue Refunding Bonds,
10 Correctional Facility, Series 2005.

11 **Bond Year** means each one-year period that ends on the date selected by the Municipality
12 Representative. The first and last Bond Years may be short periods. If no day is selected by the
13 Municipality Representative before the earlier of the final maturity date of the Bonds or the date
14 that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of
15 the date of issue and on the final maturity date of the Bonds.

16 **Business Day** means any day other than a Saturday, a Sunday, a day on which banking
17 institutions in the State of Alaska, the State of New York, or a day on which the New York Stock
18 Exchange is closed.

19 **Charter** means the Anchorage Municipal Charter as the same may be amended from time
20 to time.

21 **Chief Fiscal Officer** means the chief fiscal officer of the Municipality appointed and
22 confirmed pursuant to Section 5.05 of the Charter.

23 **Closing Date** means the date on which the Bonds are delivered to the Underwriters.

1 **Code** means the Internal Revenue Code of 1986, as amended, together with all
2 regulations promulgated or proposed thereunder.

3 **Commission** means the Securities and Exchange Commission.

4 **Dated Date** means date of original issuance and delivery of the Bonds.

5 **Disclosure Agreement** means the agreements for ongoing disclosure in compliance with
6 the Rule executed and delivered by the Municipality Representative and the DOR Representative
7 on behalf of the State Bond Committee.

8 **DOA** means the State of Alaska Department of Administration.

9 **DOA Representative** means the Commissioner of DOA and any other officer appointed
10 by the Commissioner.

11 **DOC** means the State of Alaska Department of Corrections.

12 **DOC Representative** means the Commissioner of the DOC and any other officer
13 appointed by the Commissioner.

14 **DOR** means the State of Alaska Department of Revenue.

15 **DOR Representative** means the Commissioner, the Acting Commissioner or the Deputy
16 Commissioner of DOR or the Debt Manager of DOR and any other officer appointed by any of
17 the foregoing.

18 **DTC** means The Depository Trust Company, New York, New York, a limited purpose
19 trust company organized under the laws of the State of New York, as depository for the Bonds or
20 any successor or substitute depository for the Bonds.

21 **Escrow Agent** means the Registrar, acting in the capacity of escrow agent under the
22 Escrow Agreement.

1 **Escrow Agreement** means the Escrow Deposit Agreement, if any, pursuant to which all
2 or a portion of the proceeds of the Bonds will be held by the Escrow Agent to defease the
3 Refunded Bonds.

4 **Facility** means the jail constructed and equipped with the proceeds of the 2000 Bonds.

5 **Future Parity Bonds** means any revenue refunding bonds of the Municipality issued in
6 the future having a lien and charge on Revenues and the money in the Lease Payment Fund equal
7 to the lien thereon of the 2000 Bonds and the Bonds.

8 **Government Obligations** means Qualified Investments within the meaning of
9 subsection (1) of the definition thereof.

10 **Ground Lease** means the Ground Lease dated April 15, 2000 between the Municipality
11 and the Registrar.

12 **Insurer** means the insurance company, if any, issuing the Municipal Bond Insurance
13 Policy with respect to the Bonds.

14 **Lease Payment Fund** means the special fund of that name established pursuant to
15 Ordinance No. AO 99-159(S).

16 **Lease Payments** means the payments to be made by DOA under the Agreement of Lease
17 and identified in Exhibit B to the Agreement of Lease.

18 **Letter of Representation** means the blanket issuer letter of representations from the
19 Municipality to DTC.

20 **Mayor** means the Mayor of the Municipality, elected pursuant to Section 5.01 of the
21 Charter.

1 ***Municipal Bond Insurance Policy*** means the municipal bond insurance policy issued by
2 the Insurer guaranteeing the scheduled payment when due of the principal of and interest on the
3 Bonds as provided therein.

4 ***Municipal Manager*** means the Municipal Manager of the Municipality.

5 ***Municipality*** means the Municipality of Anchorage, a home rule municipality of the
6 State.

7 ***Municipality Representative*** means the Chief Fiscal Officer of the Municipality or any
8 other officer or employee of the Municipality designated by the Chief Fiscal Officer.

9 ***Net Proceeds***, when used with reference to the Bonds, means the principal amount of the
10 Bonds, plus accrued interest and original issue premium, if any, and less original issue discount.

11 ***1998 Act*** means Chapter 15, SLA 1998, Second Session of the 20th Alaska Legislature.

12 ***Original Agreement of Lease*** means the Agreement of Lease, dated as of April 15, 2000,
13 between the Registrar and DOA

14 ***Original Trust Agreement*** means the Trust Agreement, dated April 15, 2000, between
15 the Municipality and the Registrar.

16 ***Outstanding*** means, in connection with the Bonds as of the time in question, all Bonds
17 executed and delivered under this ordinance, except:

18 (a) Bonds theretofore canceled or required to be canceled under Section 5 of
19 this ordinance;

20 (b) Bonds for the payment or prepayment of which the necessary amount shall
21 have been or shall concurrently be deposited with an escrow agent, or Bonds provision for the
22 payment of which shall have been made in accordance their terms; provided that, if such Bonds
23 are being prepaid prior to maturity, the required notice of prepayment shall have been given; and

1 (c) Bonds in substitution for which other Bonds have been executed and
2 delivered.

3 ***Owner or Registered Owner*** when all Bonds are held by a securities depository, means
4 the beneficial owner of the Bond in question determined under the rules of that securities
5 depository; otherwise ***Owner*** means Registered Owner.

6 ***Parity Bonds*** means the Outstanding 2000 Bonds, the Bonds and any Future Parity
7 Bonds.

8 ***Principal Office*** means the office of the Registrar in Seattle, Washington at 1420 Fifth
9 Avenue, Seventh Floor, Seattle Washington 98101; provided, that with respect to payments on
10 the Bonds and any exchange, transfer, or other surrender of the Bonds, Principal Office means
11 c/o U.S. Bank National Association, 60 Livingston Avenue, 1st Floor – Bond Drop Window, St.
12 Paul, Minnesota 55107; or such other location designated by the Registrar by written notice.

13 ***Prisoner Care Agreement*** means the Prisoner Care Agreement, dated as of May 18,
14 1999, between the Municipality and DOC, as such Agreement may be amended, extended and
15 superseded by similar agreements in the future between the Municipality and DOC.

16 ***Private Person*** means any natural person engaged in a trade or business or any trust,
17 estate, partnership, association, company or corporation.

18 ***Private Person Use*** means the use of property in a trade or business by a Private Person
19 if such use is other than as a member of the general public. Private Person Use includes
20 ownership of the property by the Private Person as well as other arrangements that transfer to the
21 Private Person the actual or beneficial use of the property (such as a lease, management or
22 incentive payment contract or other special arrangement) in such a manner as to set the Private
23 Person apart from the general public. Use of property as a member of the general public includes

1 attendance by the Private Person at municipal meetings or business rental of property to the
2 Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the
3 rental paid by any Private Person who desires to rent the property. Use of property by nonprofit
4 community groups or community recreational groups is not treated as Private Person Use if such
5 use is incidental to the governmental uses of property, the property is made available for such
6 use by all such community groups on an equal basis and such community groups are charged
7 only a *de minimis* fee to cover custodial expenses.

8 ***Record Date*** means the close of business on the 15th day of the month preceding each
9 Bond Payment Date (or the next business day if such first day is not a business day).

10 ***Refunded Bonds*** means the 2000 Bonds maturing on and after February 1, 2011.

11 ***Refunding Account*** means the Account by that name created pursuant to Section 19 of
12 this ordinance.

13 ***Registrar*** means U.S. Bank National Association, Seattle, Washington, or its corporate
14 successor.

15 ***Revenues*** means the payments to be made by DOA to the Municipality under the
16 Agreement to Lease.

17 ***Rule*** means the SEC's Rule 15c2-12 under the Securities Exchange Act of 1934, as the
18 same may be amended from time to time.

19 ***State*** means the State of Alaska.

20 ***Trust Agreement*** means the Original Trust Agreement, as amendment by the Trust
21 Agreement Amendment.

22 ***Trust Agreement Amendment*** means the Trust Agreement Amendment, dated as of the
23 Dated Date, between the Municipality and the Registrar.

1 **2000 Bonds** means the Municipality of Anchorage, Alaska, Lease Revenue Refunding
2 Bonds, Correctional Facility, Series 2005, issued pursuant to Ordinance No. 99-159(S), which
3 remain outstanding in the principal amount of \$52,370,000.

4 **Underwriters** means, with respect to the Bonds, collectively, Bear, Stearns & Co. Inc.,
5 Citigroup Global Markets Inc., George K. Baum & Company, Morgan Stanley & Co.
6 Incorporated and Siebert Brandford Shank & Co., LLC.

7 ***Rules of Interpretation.***

8 (a) Unless the context otherwise indicates, words expressed in the singular
9 shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is
10 for convenience only and shall be deemed to mean and include the neuter, masculine or feminine
11 gender, as appropriate.

12 (b) Headings of articles and sections herein and the table of contents hereof
13 are solely for convenience of reference, do not constitute a part hereof and shall not affect the
14 meaning, construction or effect of any document.

15 (c) All references herein to "Articles," "Sections" and other subdivisions are
16 to the corresponding Articles, Sections or subdivisions of the document; the words "herein,"
17 "hereof," "hereby," "hereunder" and other words of similar import refer to the document as a
18 whole and not to any particular Article, Section or subdivision hereof.

19 (d) Whenever in any document the consent of the Insurer is required, such
20 consent shall be required to be obtained in writing, but shall not be required if the Bonds have
21 been fully defeased in accordance with the Trust Agreement or if the Insurer is in default of its
22 obligations under the Municipal Bond Insurance Policy.

1 Section 3. Compliance with Parity Conditions The Municipality has reserved the
2 right in Ordinance No. AO 99-159(S) to issue Future Parity Bonds for refunding purposes upon
3 compliance with certain conditions as set forth in Section 14 of Ordinance No. AO 99-159(S)
4 (the "Parity Conditions").

5 The Assembly hereby finds and determines as follows:

6 The Agreement to Lease is not in default or otherwise terminated and the
7 Municipality has been requested by the State to issue the Bonds;

8 The Municipality, DOA and the Registrar shall enter into and approve an
9 amendment to or restatement of the Agreement to Lease providing for Lease Payments sufficient
10 to pay all payments of all principal of, interest and premium, if any, on the Bonds;

11 The amendment or restatement of the Agreement to Lease or a memorandum
12 thereof shall be recorded, if necessary, in the official land records of the Municipality;

13 The Municipality shall receive an opinion of Bond Counsel to the effect that the
14 issuance of the Bonds shall not adversely affect the tax-exempt status of the Outstanding Parity
15 Bonds; and

16 The aggregate annual debt service and aggregate principal amount on the
17 Outstanding Parity Bonds and the Bonds will not exceed the limits imposed in the 1998 Act.

18 Section 4. Authorization; Description of the Bonds.

19 (a) *Authorization.* For the purpose of paying the costs of refunding the
20 Refunded Bonds and paying costs incidental to the foregoing and to the issuance of the Bonds,
21 the Municipality shall issue its revenue refunding bonds in the aggregate principal amount of not
22 to exceed \$50,000,000 (the "Bonds").

1 (b) *Designation; Description.* The Bonds shall be designated as the
2 "Municipality of Anchorage, Alaska, Lease Revenue Refunding Bonds, Correctional Facility,
3 Series 2005," shall be fully registered as to both principal and interest, shall be issued in the
4 denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall
5 represent more than one maturity. The Bonds shall be numbered separately in such manner with
6 any additional designation as the Registrar deems necessary for purposes of identification, shall
7 be dated as of the Dated Date and shall bear interest from the Dated Date, payable on each Bond
8 Payment Date specified in the Bond Purchase Contract.

9 The exact principal amount of the Bonds and the principal maturity schedule shall be
10 determined at the time of marketing of the Bonds and shall be consistent with the pricing
11 guidelines established in Section 17 of this ordinance.

12 (c) *Bonds Not General Obligations.* The Bonds shall be obligations only of
13 the Lease Payment Fund and shall be payable and secured as provided herein. The Bonds are not
14 general obligations of the Municipality. The Bonds shall not constitute an indebtedness of the
15 Municipality within the meaning of the Charter or constitutional provisions and limitations of the
16 State.

17 Section 5. Place and Medium of Payment. The principal of and interest on the Bonds
18 shall be payable in lawful money of the United States of America. Interest on the Bonds shall be
19 calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Bonds
20 are in fully-immobilized form, such payments of principal and interest thereon shall be made as
21 provided in the operational arrangements of DTC as referred to in the Letter of Representations.

22 In the event that the Bonds are no longer in fully-immobilized form, interest on the Bonds
23 shall be paid by check or draft mailed to the Registered Owners of the Bonds at the addresses for

1 such Registered Owners appearing on the Bond Register on the 15th day of the month preceding
2 the interest payment date. Principal of the Bonds shall be payable upon presentation and
3 surrender of such Bonds by the Registered Owners at the principal office of the Registrar.

4 Section 6. Registration, Transfer and Exchange.

5 (a) *Appointment of Registrar.* The Bonds shall be issued only in registered
6 form as to both principal and interest. U.S. Bank National Association, Seattle, Washington, is
7 appointed initially to serve as the authenticating agent, paying agent and bond registrar (the
8 "Registrar"). The Municipality is hereby authorized to enter into a written agreement with the
9 Registrar to evidence the Registrar's commitment to act as Registrar in accordance with the
10 terms set forth in this ordinance and providing for the payment of the fees and expenses of the
11 Registrar. The Registrar may be removed at any time at the option of the Municipality upon
12 prior notice to the Registrar, the Insurer, DTC, each NRMSIR and SID, if any, and a successor
13 Registrar appointed. Each Registrar shall warrant at the time of acceptance of its duties
14 hereunder that it (i) is a trust company or bank in good standing located in or incorporated under
15 the laws of a state of the United States; (ii) is duly authorized to exercise trust powers; and (iii) is
16 subject to examination by a federal or state authority. No resignation or removal of the Registrar
17 shall be effective until a successor shall have been appointed and until the successor Registrar
18 shall have accepted the duties of the Registrar hereunder.

19 The Registrar shall keep, or cause to be kept, at its principal corporate trust office,
20 sufficient books for the registration and transfer of the Bonds which shall at all times be open to
21 inspection by the Municipality (the "Bond Register"). The Registrar is authorized, on behalf of
22 the Municipality, to authenticate and deliver Bonds transferred or exchanged in accordance with
23 the provisions of such Bonds and this ordinance and to carry out all of the Registrar's powers

1 and duties under this ordinance. The Registrar shall be responsible for its representations
2 contained in the Certificate of Authentication on the Bonds.

3 (b) *Letter of Representations/Book-Entry System.* In order to induce DTC to
4 accept the Bonds as eligible for deposit at DTC, the Municipality has executed and delivered the
5 Letter of Representations. The Bonds initially issued shall be held in book-entry only form by
6 DTC acting as depository pursuant to the terms and conditions set forth in the Letter of
7 Representations.

8 (c) *Municipality and Registrar Not Responsible for DTC.* Neither the
9 Municipality nor the Registrar will have any responsibility or obligation to DTC participants or
10 the persons for whom they act as nominees with respect to the Bonds in respect of the accuracy
11 of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC
12 participant of any amount in respect of the principal or interest on the Bonds, any notice which is
13 permitted or required to be given to Registered Owners under this ordinance (except such notices
14 as shall be required to be given by the Municipality to the Registrar and the Insurer or to DTC),
15 or any consent given or other action taken by DTC as the Registered Owner.

16 (d) *DTC as Registered Owner.* The Municipality and the Registrar, each in its
17 discretion, may deem and treat the Registered Owner as the absolute owner thereof for all
18 purposes, and neither the Municipality nor the Registrar shall be affected by any notice to the
19 contrary. Payment of any such Bond shall be made only as described in this section, but such
20 registration may be transferred as herein provided. All such payments made as described in this
21 section shall be valid and shall satisfy and discharge the liability of the Municipality upon such
22 Bond to the extent of the amount or amounts so paid. The Municipality and the Registrar shall
23 be entitled to treat DTC as the absolute owner of all Bonds for all purposes of this ordinance and

1 any applicable laws, notwithstanding any notice to the contrary received by the Registrar or the
2 Municipality. Neither the Municipality nor the Registrar will have any responsibility or
3 obligation, legal or otherwise, to any other party including DTC or its successor (or substitute
4 depository or its successor), except to the Registered Owners.

5 (e) *Use of DTC/Book-Entry System.*

6 (1) *Bonds Registered in the Name Designated by DTC.* The Bonds
7 shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with one Bond for
8 each maturity in a denomination corresponding to the total principal therein designated to mature
9 on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may
10 not thereafter be transferred except (i) to any successor of DTC or its nominee, *provided that* any
11 such successor shall be qualified under any applicable laws to provide the service proposed to be
12 provided by it; (ii) to any substitute depository appointed by the Municipality pursuant to
13 subparagraph (2) below or such substitute depository's successor; or (iii) to any person as
14 provided in paragraph (4) below.

15 (2) *Substitute Depository.* Upon the resignation of DTC or its
16 successor (or any substitute depository or its successor) from its functions as depository or a
17 determination by the Municipality that it is no longer in the best interest of owners of beneficial
18 interests in the Bonds to continue the system of book entry transfers through DTC or its
19 successor (or any substitute depository or its successor), the Municipality may thereafter appoint
20 a substitute depository. Any such substitute depository shall be qualified under any applicable
21 laws to provide the services proposed to be provided by it.

22 (3) *Issuance of New Bonds to Successor/Substitute Depository.* In the
23 case of any transfer pursuant to clause (i) or (ii) of paragraph (1) above, the Registrar shall, upon

1 receipt of all outstanding Bonds, together with a written request on behalf of the Municipality,
2 issue a single new Bond for each maturity of such Bonds then outstanding, registered in the
3 name of such successor or such substitute depository, or their nominees, as the case may be, all
4 as specified in such written request of the Municipality.

5 (4) *Termination of Book-Entry System.* In the event that (i) DTC or its
6 successor (or substitute depository or its successor) resigns from its functions as depository, and
7 no substitute depository can be obtained, or (ii) the Municipality determines that it is in the best
8 interest of the owners of beneficial interests in the Bonds that they be able to obtain Bond
9 certificates, the ownership of Bonds may then be transferred to any person or entity as herein
10 provided, and the Bonds shall no longer be held in fully immobilized form. The Municipality
11 shall deliver a written request to the Registrar, together with a supply of definitive Bonds, to
12 issue Bonds as herein provided in any authorized denomination. Upon receipt of all then
13 Outstanding Bonds by the Registrar together with a written request on behalf of the Municipality
14 to the Registrar, new Bonds shall be issued in such denominations and registered in the names of
15 such persons as are requested in such written request.

16 (f) *Transfer or Exchange of Registered Ownership; Change in*
17 *Denominations.* If the Bonds are no longer held in immobilized, book-entry form, the registered
18 ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be
19 valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond
20 duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a
21 manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the
22 surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or
23 transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the

1 same date, maturity and interest rate and for the same aggregate principal amount in any
2 authorized denomination, naming as Registered Owner the person or persons listed as the
3 assignee on the assignment form appearing on the surrendered Bond, in exchange for such
4 surrendered and canceled Bond. Any Bond may be surrendered to the Registrar and exchanged,
5 without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and
6 interest rate, in any authorized denomination. The Registrar shall not be obligated to transfer or
7 exchange any Bond during the 15 days preceding any interest payment date or principal payment
8 date. No charge shall be imposed upon Registered Owners in connection with any transfer or
9 exchange, except for taxes or governmental charges related thereto.

10 (g) *Registration Covenant.* The Municipality covenants that, until all Bonds
11 have been surrendered and canceled, it will maintain a system for recording the ownership of
12 each Bond that complies with the provisions of Section 149 of the Code.

13 Section 7. Right of Prior Redemption and Purchase. The Bonds may be subject to
14 optional, extraordinary optional or mandatory redemption prior to their scheduled maturity as
15 determined in accordance with the terms of Section 17 of this ordinance.

16 Section 8. Notice of Redemption. Notice of any intended redemption of Bonds shall
17 be given not less than 30 nor more than 45 days prior to the date fixed for redemption by United
18 States mail to Registered Owners of the Bonds to be redeemed at their addresses as they appear
19 on the Bond Register on the day the notice is mailed; *provided, however*, that for so long as the
20 Bonds are registered in the name of Cede & Co. or its registered assigns, all notices shall be
21 given only as provided in the Letter of Representations. The requirements of this section shall be
22 deemed to be complied with when notice is mailed as herein provided, whether or not it is
23 actually received by the Registered Owner.

1 All official notices of redemption shall be dated and shall state:

2 (a) the redemption date;

3 (b) the redemption price;

4 (c) if fewer than all outstanding Bonds are to be redeemed, the identification
5 (and, in the case of partial redemption, the respective principal amounts per maturity) of the
6 Bonds to be redeemed;

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

10 (e) the place where such Bonds are to be surrendered for payment of the
11 redemption price, which place shall be designated by the Registrar.

12 On or before any redemption date, the Municipality shall deposit with the Registrar an
13 amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds
14 which are to be redeemed on that date.

15 Official notice of redemption having been given as aforesaid, the Bonds or portions of
16 Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption
17 price therein specified, and from and after such date (unless the Municipality shall default in the
18 payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.
19 Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall
20 be paid by the Registrar at the redemption price. Installments of interest due on or prior to the
21 redemption date shall be payable as herein provided for payment of interest. All Bonds which
22 have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

1 In addition to the foregoing notice, further notice shall be given by the Registrar as set
2 out below, but no defect in said further notice nor failure to give all or any portion of such further
3 notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is
4 given as above prescribed.

5 Section 9. Form of Bonds. The Bonds shall be in substantially the following form
6 with such additions and modifications as shall be appropriate to reflect the final negotiated terms
7 of the Bonds.

8 UNITED STATES OF AMERICA

9
10 No. _____ \$ _____

11
12 STATE OF ALASKA
13 ANCHORAGE, ALASKA

14
15 LEASE REVENUE REFUNDING BOND
16 CORRECTIONAL FACILITY, SERIES 2005

17
18 INTEREST RATE: MATURITY DATE: CUSIP NO.:

19
20 REGISTERED OWNER: CEDE & CO.

21
22 PRINCIPAL AMOUNT:

23
24 Anchorage, Alaska (the "Municipality"), a home rule municipality of the State of Alaska,
25 hereby acknowledges itself to owe and for value received promises to pay to the Registered
26 Owner identified above, or its registered assigns, solely out of the special fund of the
27 Municipality known as the "Lease Payment Fund" (the "Lease Payment Fund") created by
28 authority of Ordinance No. AO 2005-33 of the Municipality (the "Bond Ordinance") on the
29 Maturity Date identified above, the Principal Amount indicated above together with interest
30 thereon at the Interest Rate shown above, payable on _____, 2005, and semiannually
31 thereafter on the first days of _____ and _____, or until such Principal Amount shall
32 have been paid or duly provided for. Payments of principal of and interest on this bond shall be
33 made as provided in The Depository Trust Company Operational Arrangements Memorandum
34 dated December 12, 1994, as amended from time to time and referred to in the Blanket Issuer
35 Letter of Representations dated July 1, 1995, between the Municipality and The Depository Trust
36 Company (together, the "Letter of Representations") for so long as this bond is held in book
37 entry only form. U.S. Bank National Association, Seattle, Washington has been appointed as the
38 authentication agent, paying agent and registrar for the bonds of this issue (the "Registrar").
39

1 This bond is one of an issue of bonds (the "Bonds") of like date and tenor except as to
2 number, rate of interest, and date of maturity, aggregating the principal sum of \$ _____ and is
3 issued pursuant to the Constitution and statutes of the State of Alaska and the Home Rule Charter
4 and duly adopted ordinances and resolutions of the Municipality, including particularly, the
5 Bond Ordinance for the purpose of paying all or a portion of the costs of refunding certain
6 outstanding lease revenue bonds of the Municipality. The definitions contained in the Bond
7 Ordinance shall apply to capitalized terms contained herein.
8

9 The bonds of this issue are subject to optional and/or mandatory redemption in the
10 manner, at the times and at the redemption prices determined as provided in the Bond Ordinance.
11

12 Notice of any such intended redemption shall be given in the manner agreed upon
13 pursuant to the Letter of Representations and the operational arrangements of DTC referred to
14 therein and in the Bond Ordinance. From and after the date fixed for redemption, interest on any
15 Bonds so called for redemption shall cease to accrue, provided funds for such redemption are on
16 deposit in the Lease Payment Fund.
17

18 The Municipality does hereby pledge and bind itself to set aside and cause to be paid into
19 the Lease Payment Fund the various amounts required by the Bond Ordinance to be paid into and
20 maintained in said Fund all within the times provided in the Bond Ordinance. The Municipality
21 has further pledged and bound itself to pay into such Lease Payment Fund, as collected, all Lease
22 Payments.
23

24 The pledge contained herein and in the Bond Ordinance may be discharged by making
25 provision, at any time, for the payment of the principal of and interest on this Bond in the manner
26 provided in the Bond Ordinance.
27

28 Said amounts so pledged to be paid into the Lease Payment Fund are hereby declared to
29 be a lien and charge upon Lease Payments superior to all other charges of any kind or nature and
30 equal in rank to the lien and charge thereon for amounts pledged to the payment of the Lease
31 Revenue Bonds, Correctional Facility, Series 2000 and any bonds hereafter issued.
32

33 It is hereby certified that all acts, conditions and things required by the Constitution and
34 statutes of the State of Alaska and the Home Rule Charter, resolutions and ordinances of the
35 Municipality to be done precedent to and in the issuance of this Bond have happened, been done
36 and performed.
37

1 IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska, has caused this Bond
2 to be executed with the manual or facsimile signature of its [Mayor][Municipal Manager] and to
3 be countersigned with the manual or facsimile signature of its [Deputy]Municipal Clerk and the
4 official seal of the Municipality to be impressed or imprinted hereon, this ____ day of
5 _____, 2005.

6 MUNICIPALITY OF
7 ANCHORAGE, ALASKA

8
9 By /s/manual or facsimile signature
10 [Mayor][Municipal Manager]

11 Countersigned:

12
13 /s/manual or facsimile signature
14 [Deputy]Municipal Clerk

15
16 (Form of Certificate of Authentication)

17
18 Date of Authentication:

19
20 This Bond is one of the Municipality of Anchorage, Alaska Lease Revenue Refunding
21 Bonds, Correctional Facility, Series 2005, described in and issued pursuant to the within
22 mentioned Bond Ordinance.

23
24 U. S. BANK NATIONAL ASSOCIATION,
25 Registrar

26
27
28 By _____
29 Authorized Signer

30
31 In the event the Bonds are no longer held in book-entry only form, the form of Bonds
32 may be modified to conform to printing requirements and the terms of this ordinance.

33 Section 10. Execution of Bonds. The Bonds shall be executed on behalf of the
34 Municipality with the manual or facsimile signature of the Mayor or Municipal Manager of the
35 Municipality, attested with the manual or facsimile signature of the Municipal Clerk or Deputy
36 Municipal Clerk and authenticated by the manual signature of an authorized representative of the
37 Registrar. The official seal of the Municipality shall be impressed or imprinted or otherwise
38 reproduced on each Bond. In case any of the officers who shall have signed, attested or

1 registered any of the Bonds shall cease to be such officer before such Bonds have been actually
2 issued and delivered, such Bonds shall be valid nevertheless and may be issued by the
3 Municipality with the same effect as though the persons who had signed, attested or registered
4 such Bonds had not ceased to be such officers.

5 Section 11. Lost, Stolen, Destroyed or Mutilated Bonds. In case any Bonds shall at
6 any time become mutilated or be lost, stolen or destroyed, the Municipality in the case of such a
7 mutilated Bond shall, and in the case of such a lost, stolen or destroyed Bond in its discretion
8 may, execute and deliver a new Bond of the same interest rate and maturity and of like tenor and
9 effect in exchange or substitution for and upon the surrender and cancellation of such mutilated
10 Bond, or in lieu of or in substitution for such destroyed, stolen or lost Bond, or if such stolen,
11 destroyed or lost Bond shall have matured, instead of issuing a substitute therefor, the
12 Municipality may at its option pay the same without the surrender thereof. Except in the case
13 where a mutilated Bond is surrendered, the applicant for the issuance of a substitute Bond shall
14 furnish to the Registrar evidence satisfactory to it of the theft, destruction or loss of the original
15 Bond, and of the ownership thereof, and also such security and indemnity as may be required by
16 the Municipality, and no such substitute Bond shall be issued unless the applicant for the
17 issuance thereof shall reimburse the Municipality for the expenses incurred by the Municipality
18 in connection with the preparation, execution, issuance and delivery of the substitute Bond, and
19 any such substitute Bond shall be equally and proportionately entitled to the security of this
20 ordinance with all other Bonds issued hereunder, whether or not the Bond alleged to have been
21 lost, stolen or destroyed shall be found at any time or be enforceable by anyone.

22 Section 12. Lease Payment Fund. There has heretofore been created by Section 11 of
23 Ordinance No. AO 99-159(S) of the Municipality of Anchorage a special fund of the

1 Municipality known as the "Lease Payment Fund" (the "Lease Payment Fund"), which fund is a
2 trust fund to be maintained in the custody of the Registrar to be drawn upon for the sole purpose
3 of paying the principal of and interest and premium, if any, on the Outstanding Parity Bonds and
4 the Bonds. The Lease Payment Fund shall be held by the Registrar and may be further
5 subdivided into subaccounts for purposes of paying debt service and/or holding reserves for the
6 payment of debt service on the Outstanding Parity Bond and the Bonds. The Municipality
7 hereby covenants and agrees that all Lease Payments shall be deposited in the Lease Payment
8 Fund as received. The payments into the Lease Payment Fund for the payment of the
9 Outstanding Parity Bonds and the Bonds shall constitute a charge and lien upon Lease Payments
10 of equal rank with the charge and lien on said Lease Payments for the payments required to be
11 made into the Lease Payment Fund for the payment of the principal of, premium, if any, and
12 interest on any Future Parity Bonds.

13 The Municipality hereby irrevocably obligates and binds itself to set aside and pay into
14 the Lease Payment Fund out of Lease Payments or out of any other moneys legally available
15 therefor on or before the date on which any Bond Payment is due such amounts as will be
16 sufficient to pay Bond Payments scheduled to become due on the date of maturity of such Bonds.

17 The Lease Payment Fund shall be drawn upon solely for the purpose of paying the
18 principal of and premium, if any, and interest on Parity Bonds. Moneys set aside from time to
19 time with the Registrar for such payments shall be held in trust for the owners of Parity Bonds in
20 respect of which the same shall have been so set aside. Until so set aside, all moneys in the
21 Lease Payment Fund shall be held in trust for the benefit of the owners of all Parity Bonds at the
22 time outstanding equally and ratably.

1 Section 13. Specific Covenants. The Municipality hereby makes the following
2 covenants with the Registered Owner of each of the Outstanding Bonds for as long as any of the
3 same remain outstanding.

4 (a) *Insurance.* The Municipality will at all times carry or cause to be carried
5 fire insurance and such other forms of insurance with respect to the Facility in such amounts and
6 with such deductibles as under good business practice are ordinarily carried on such buildings,
7 equipment, property and facilities.

8 (b) *Books and Accounts.* The Municipality will cause proper books and
9 accounts with respect to the operation of the Facility to be maintained; will cause its books and
10 accounts to be audited annually by a certified public accountant, copies of which audits shall,
11 upon request, be furnished to the purchaser or purchasers or owners of the Bonds. Said audit
12 shall show whether or not the Municipality has in all respects performed and complied with the
13 covenants set forth in this ordinance, including the payments into the Lease Payment Fund herein
14 provided for.

15 (c) *Disposal of Properties.* The Municipality will not mortgage, sell, lease, or
16 in any manner encumber or dispose of all or substantially all the Property (voluntarily or
17 involuntarily), except to the State, unless provision is made for payment into the Lease Payment
18 Fund of a sum sufficient to pay the principal of, premium, if any, and interest on all outstanding
19 Parity Bonds payable therefrom, nor will it mortgage, sell, lease, or in any manner encumber or
20 dispose of voluntarily or involuntarily any part of the Facility unless

21 (i) the State has executed a consent to such mortgage, sale or lease
22 and confirmed that its obligations under the Agreement of Lease remain in full force and effect,

1 (ii) an opinion of Bond Counsel is provided to the Municipality to the
2 effect that such sale, mortgage, lease or disposition will not by itself adversely affect the
3 tax-exempt status of interest on the Bonds, and

4 (iii) consent of the Insurer is obtained pursuant to the Trust Agreement
5 Amendment.

6 Section 14. Tax Covenants.

7 (a) *Covenants Regarding Arbitrage and Private Activity Bonds.* The
8 Municipality hereby covenants that it will not make any use of the proceeds of sale of the Bonds
9 or any other funds of the Municipality which may be deemed to be proceeds of such Bonds
10 pursuant to Section 148 of the Code which will cause the Bonds to be "arbitrage bonds" within
11 the meaning of said section and the applicable regulations thereunder. The Municipality will
12 comply with the requirements of Section 148 of the Code (or any successor provision thereof
13 applicable to the Bonds) and the applicable regulations thereunder throughout the term of the
14 Bonds.

15 The Municipality will take any action determined by the Municipality, after consultation
16 with its Bond Counsel, to be legal and practicable and required to be taken by the Municipality
17 under future federal laws or regulations in order to maintain the exemption of the interest on the
18 Bonds from federal income taxation.

19 (b) *Qualification Under Section 265(b) of the Code.* The Municipality has not
20 designated the Bonds as "qualifying tax-exempt obligations" pursuant to Section 265(b) of the
21 Code for investment by financial institutions.

22 (c) *Private Person Use Limitation for Bonds.* The Municipality covenants
23 that for as long as the Bonds are outstanding, it will not permit:

1 (1) More than 10% of the Net Proceeds of the Bonds to be used for
2 any Private Person Use; and

3 (2) More than 10% of the principal or interest payments on the Bonds
4 in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be
5 used for any Private Person Use or secured by payments in respect of property used or to be used
6 for any Private Person Use, or (B) derived from payments (whether or not made to the
7 Municipality) in respect of property, or borrowed money, used or to be used for any Private
8 Person Use.

9 The Municipality further covenants that, if:

10 (3) More than five percent of the Net Proceeds of the Bonds are to be
11 used for any Private Person Use; and

12 (4) More than five percent of the principal or interest payments on the
13 Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement)
14 directly or indirectly:

15 (A) secured by any interest in property used or to be used for
16 any Private Person Use or secured by payments in respect of property used or to be used for any
17 Private Person Use, or

18 (B) derived from payments (whether or not made to the
19 Municipality) in respect of property, or borrowed money, used or to be used for any Private
20 Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or
21 Private Person Use payments described in subsection (4) hereof that is in excess of the five
22 percent limitations described in such subsections (3) or (4) will be for a Private Person Use that
23 is related to the state or local governmental use of the Project, and (ii) any Private Person Use

1 will not exceed the amount of Net Proceeds of the Bonds used for the state or local governmental
2 use portion of such projects to which the Private Person Use of such portion of the project
3 relates. The Municipality further covenants that it will comply with any limitations on the use of
4 the projects by other than state and local governmental users that are necessary, in the opinion of
5 its bond counsel, to preserve the tax exemption of the interest on the Bonds. The covenants of
6 this section are specified solely to assure the continued exemption from regular income taxation
7 of the interest on the Bonds.

8 Section 15. Future Parity Bonds.

9 (a) *Limitations on Issuance of Additional Bonds.* Except as provided in
10 subsection (b) below, the Municipality shall not issue any series of obligations payable from
11 Revenues or Lease Payments (*i.e.*, on a parity of lien with Parity Bonds at the time Outstanding)
12 except that the Municipality reserves the right to issue future obligations for refunding purposes
13 only having a parity of lien upon the Revenues and the Lease Payment Fund ("Future Parity
14 Bonds") upon compliance with the following conditions:

15 (i) as long as the Agreement of Lease is not in default or otherwise
16 has been terminated the Municipality shall have been requested by the State to issue Future
17 Parity Bonds;

18 (ii) the Municipality, DOA and the Registrar shall have entered into
19 and approved an amendment to or restatement of the Agreement of Lease providing for Lease
20 Payments sufficient to pay all payments of all principal of, interest and premium, if any, on the
21 Future Parity Bonds, and

22 (iii) the amendment or restatement of the Agreement of Lease or a
23 memorandum thereof shall have been recorded in the official land records of the Municipality;

1 (iv) the Municipality shall have received an opinion of Bond Counsel
2 to the effect that the issuance of such Future Parity Bonds shall not adversely affect the tax-
3 exempt status of the outstanding Parity Bonds; and

4 (v) the aggregate annual debt service and aggregate principal amount
5 on the Bonds and Future Parity Bonds may not exceed the limits imposed in the 1998 Act.

6 Notwithstanding herein to the contrary, the Municipality may issue Future Parity Bonds for
7 refunding purposes at any time without the consent of Owners to refund all or a portion of
8 Outstanding Bonds but only if debt service in each year on the refunding Future Parity Bonds
9 does not exceed by more than \$5,000 the debt service due in the same year on the Bonds which
10 are refunded.

11 Section 16. Defeasance. In the event that the conditions set forth in the Trust
12 Agreement for defeasance are satisfied and money and/or Acquired Obligations maturing at such
13 time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire
14 any or all of the Bonds in accordance with their terms are set aside in a special trust account in
15 the Lease Payment Fund to effect such redemption or retirement and such money and the
16 principal of and interest on such obligations are irrevocably set aside and pledged for such
17 purpose, then no further payments need be made into the Lease Payment Fund for the payment
18 of the principal of and interest on such Bonds, and such Bonds shall cease to be entitled to any
19 lien, benefit or security of this ordinance except the right to receive the funds so set aside and
20 pledged, and such Bonds shall be deemed not to be outstanding hereunder.

21 Section 17. Sale of Bonds. The Bonds shall be sold at negotiated sale to the
22 Underwriters. The Chief Fiscal Officer of the Municipality is hereby authorized to negotiate
23 terms for the purchase of the Bonds, designate one or more senior managers among the

1 Underwriters at his discretion and execute a purchase contract with the Underwriters. The
2 Assembly has been advised by the Underwriter that market conditions are fluctuating and, as a
3 result, the most favorable market conditions may occur on a day other than a regular meeting
4 date of the Assembly. The Assembly has determined that it would be inconvenient to hold a
5 special meeting on short notice and, accordingly, has determined that it would be in the best
6 interest of the Municipality to delegate to the Chief Fiscal Officer for a limited time the authority
7 to approve final principal maturities on the Bonds and interest rates on the Bonds and other terms
8 and conditions. The Department of Revenue shall be provided an opportunity to review the
9 proposed terms of sale in order to confirm compliance with the 1998 Act. The final interest rates
10 for the Bonds shall be determined by agreement among the Underwriters, financial advisors, the
11 Chief Fiscal Officer and the Department of Revenue and shall be set forth as an exhibit to the
12 purchase contract for the Bonds. The Chief Fiscal Officer is hereby authorized to approve the
13 final principal maturities and final maturity amounts of the Bonds and the final interest rates and
14 yields for the Bonds in the manner provided hereafter for so long as the true interest cost on the
15 Bonds does not exceed 5.25% and the net present value of savings effected as a result of the
16 issuance of the Bonds shall be at least equal to 3.0% of the principal amount of the Refunded
17 Bonds.. In determining the maturities, principal amounts, redemption terms and rate or rates of
18 interest of the Bonds, the Chief Fiscal Officer shall, in consultation with the financial advisors to
19 the State and the Municipality, take into account those factors which, in his judgment, will result
20 in the lowest true interest cost on the Bonds to their maturity, including, but not limited to
21 current financial market conditions and current interest rates for obligations comparable in tenor
22 and quality to the Bonds. The Chief Fiscal Officer is hereby authorized to execute the final form
23 of the purchase contract for the Bonds, upon his approval of the final principal maturities on the

1 Bonds, redemption provisions and the interest rates set forth therein. The authority granted to
2 the Chief Fiscal Officer by this Section 17 shall expire in 270 days from the date of approval of
3 this ordinance, and if final interest rates have not been approved by the Chief Fiscal Officer in
4 accordance with the delegated authority of this Section 17 within 270 days, no final Bond terms
5 shall be approved without further advice and consultation of the Assembly at a regular or special
6 meeting.

7 Section 18. Application of Bond Proceeds. From the monies derived from the sale of
8 the Bonds;

9 (a) the accrued interest to the date of delivery of the Bonds shall be deposited
10 in the Lease Payment Fund and shall be used to pay the interest on the Bonds coming due on the
11 first date on which interest is due and payable; and

12 (b) the balance of the proceeds of the Bonds and other available funds, if any,
13 shall be deposited into the Refunding Account to implement the refunding plan outlined in
14 Sections 19 and 20 of this ordinance and to pay allocable costs of issuance.

15 Certain funds of the Municipality may be held and maintained in the custody of the
16 Registrar, as depository, under the terms of the written agreement with the Registrar. Those
17 funds may be further subdivided into accounts or subaccounts for accounting purposes. All such
18 money and securities held by the Registrar, as depository, shall be applied and invested only in
19 accordance with the terms of the agreement with the Registrar. All interest earnings from
20 investment, if any, of money held in any fund or account held by the Registrar shall accrue for
21 the benefit of the invested fund or account. All money, accounts and funds of the Municipality
22 that may be held by the Registrar, as depository, shall be and continue to be funds of the
23 Municipality and subject to the terms of this ordinance. The proceeds required to be used for the

1 refunding of the Refunded Bonds may be deposited with the Registrar in the capacity of escrow
2 agent ("Escrow Agent") under the terms of an Escrow Deposit Agreement ("Escrow Deposit
3 Agreement"), and if so determined to be appropriate, the Chief Fiscal Officer is authorized to
4 negotiate and execute an Escrow Deposit Agreement on behalf of the Municipality.

5 Section 19. Refunding Account. There is hereby authorized to be created an account
6 known as the "Refunding Account" which account is to be drawn upon for the sole purpose of
7 paying the interest on the Refunded Bonds until their date of redemption, paying the redemption
8 price of the Refunded Bonds on the date of redemption of the Refunded Bonds and paying costs
9 related to the refunding of the Refunded Bonds.

10 The proceeds of sale of the Bonds (exclusive of accrued interest thereon, which shall be
11 paid into the Lease Payment Fund) shall be credited to the Refunding Account.

12 Money in the Refunding Account shall be used immediately upon receipt thereof to
13 defease the Refunded Bonds as authorized by Ordinance No. AO 99-159(S) and pay costs of
14 issuance allocable to the Bonds. The Municipality shall defease the Refunded Bonds and
15 discharge such obligations by the use of money in the Refunding Account to purchase certain
16 Government Obligations, bearing such interest and maturing as to principal and interest in such
17 amounts and at such times which, together with any necessary beginning cash balance, will
18 provide for the payment of:

19 (a) interest on the Refunded Bonds through February 1, 2010; and

20 (b) the redemption price of the Refunded Bonds on February 1, 2010.

21 A beginning cash balance, if any, and Acquired Obligations shall be deposited
22 irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. The
23 proceeds of the Bonds remaining in the Refunding Account after acquisition of the Acquired

1 Obligations and provision for the necessary beginning cash balance shall be utilized to pay
2 expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the
3 issuance of the Bonds.

4 Section 20. Call For Redemption of Refunded Bonds. The Municipality hereby
5 irrevocably sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds
6 of the Bonds to make the payments described in Section 19 of this ordinance.

7 The Municipality hereby irrevocably calls the Refunded Bonds for redemption on
8 February 1, 2010 in accordance with the provisions of Ordinance No. AO 99-159(S) authorizing
9 the redemption and retirement of the Refunded Bonds prior to their fixed maturity.

10 Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after
11 the final establishment of the escrow account and delivery of the Acquired Obligations to the
12 Escrow Agent.

13 The Escrow Agent is hereby authorized and directed to provide for the timely giving of
14 notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of
15 Ordinance No. AO 99-159(S). The Chief Fiscal Officer is authorized and requested to provide
16 whatever assistance is necessary to accomplish such redemption and the giving of notice
17 therefor. The costs of publication of such notice shall be an expense of the Municipality.

18 The Escrow Agent is hereby authorized and directed to pay to the Chief Fiscal Officer,
19 or, at the direction of the Chief Fiscal Officer, to the paying agent for the Refunded Bonds, sums
20 sufficient to pay, when due, the payments specified in Section 19 of this ordinance. All such
21 sums shall be paid from the moneys and Acquired Obligations deposited with said Escrow Agent
22 pursuant to Section 19 of this ordinance and the income therefrom and proceeds thereof. All
23 such sums so paid to or at the direction of said Chief Fiscal Officer shall be credited to the

1 Refunding Account. All moneys and Acquired Obligations deposited with said Escrow Agent
2 and any income therefrom shall be held, invested (but only at the direction of the Chief Fiscal
3 Officer) and applied in accordance with the provisions of the Escrow Agreement.

4 The Municipality will take such actions as are found necessary to see that all necessary
5 and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall
6 be paid when due.

7 In order to carry out the purposes of Section 19 of this ordinance and of this section, the
8 Chief Fiscal Officer is authorized and directed to execute and deliver to the Escrow Agent a copy
9 of the Escrow Agreement.

10 Section 21. General Authorization to Municipal Officials. After the sale, the
11 Municipal Manager, the Chief Fiscal Officer or their representatives are hereby authorized and
12 directed to do everything necessary to complete such sale and delivery of the Bonds to the
13 Underwriters upon payment of the purchase price thereof.

14 Section 22. Authorization of Documents. The Chief Fiscal Officer is hereby
15 authorized to enter into the Trust Agreement Amendment providing for the administration of
16 Bonds with the Registrar. Pursuant to the Trust Agreement Amendment, the Registrar is
17 authorized and directed to enter into the Agreement of Lease Amendment with DOA upon the
18 issuance and delivery of the Bonds.

19 Section 23. Approval of Official Statements. The Chief Fiscal Officer is hereby
20 authorized to review and approve on behalf of the Municipality the preliminary Official
21 Statement and to execute a certificate evidencing compliance with the Rule with such additions
22 and changes as may be deemed necessary or advisable to him. The Chief Fiscal Officer is

1 hereby authorized and directed to review and approve on behalf of the Municipality a final
2 official statement with respect to the Bonds.

3 Section 24. Undertaking to Provide Ongoing Disclosure. The Municipality will
4 execute an agreement for ongoing disclosure with the Registrar in form and substance
5 satisfactory to the Underwriters, and the Chief Fiscal Officer is hereby authorized and directed to
6 negotiate and execute such agreement.

7 Section 25. Municipal Bond Insurance Policy. The payments of the principal of and
8 interest on the Bonds may be insured by the issuance of the Municipal Bond Insurance Policy.
9 The Chief Fiscal Officer, with the assistance of the Underwriter, shall solicit proposals from
10 municipal bond insurance companies, and the Chief Fiscal Officer, in consultation with the
11 financial advisors, is hereby authorized to review such proposals and may select the proposal
12 which is deemed to be the most cost effective and further to execute a commitment with such
13 insurance company (the "Insurer") which may include such covenants and conditions as shall be
14 approved by the Chief Fiscal Officer.

15 Section 26. Amendatory and Supplemental Ordinances.

16 (a) The Assembly from time to time and at any time may approve an
17 ordinance or ordinances supplemental hereof, which ordinance or ordinances thereafter shall
18 become a part of this ordinance, for any one or more of the following purposes:

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

22 (2) To make provisions for the issuance of Future Parity Bonds in
23 accordance with the terms of this ordinance.

1 (3) To make such provisions for the purpose of curing any ambiguities
2 or of curing, correcting or supplementing any defective provision contained in this ordinance or
3 in regard to matters or questions arising under this ordinance as the Assembly may deem
4 necessary or desirable and not inconsistent with this ordinance and which shall not materially
5 and adversely affect the interest of the Registered Owners or Beneficial Owners of any Parity
6 Bonds.

7 (4) To provide for the issuance of Parity Bonds in a different form of
8 book-entry or certificated obligations.

9 Any such supplemental ordinance of the Assembly may be approved without the consent
10 of the Registered Owner or Beneficial Owner of any of the Parity Bonds at any time outstanding,
11 notwithstanding any of the provisions of subsection (b) of this section.

12 (b) With the consent of the Registered Owners of not less than 60% in
13 aggregate principal amount of any Parity Bonds at the time Outstanding, the Assembly may
14 approve an ordinance or ordinances supplemental hereto for the purpose of adding any
15 provisions to or changing in any manner or eliminating any of the provisions of this ordinance or
16 of any supplemental ordinance; *provided, however*, that no such supplemental ordinance shall:

17 (1) Extend the fixed maturity of any of the Parity Bonds, or reduce the
18 rate of interest thereon, or reduce the amount or change the date of any sinking fund payment
19 requirement, or extend the time of payments of interest from their due date, or reduce the amount
20 of the principal thereof, or reduce any premium payable on the redemption thereof, without the
21 consent of the Registered Owner of each Parity Bond so affected; or

1 (2) Reduce the aforesaid percentage of Registered Owners of Parity
2 Bonds required to approve any such supplemental ordinance without the consent of the
3 Registered Owners of all of the Parity Bonds then outstanding; or

4 (3) Remove the pledge and lien of this ordinance on Revenues or the
5 moneys in the Lease Payment Fund.

6 It shall not be necessary for the consent of the Registered Owners of the Parity Bonds
7 under this subsection (b) to approve the particular form of any proposed supplemental ordinance,
8 but it shall be sufficient if such consent shall approve the substance thereof.

9 (c) Upon the adoption of any supplemental ordinance pursuant to the
10 provisions of this section, this ordinance shall be deemed to be modified and amended in
11 accordance therewith, and the respective rights, duties and obligations of the Municipality under
12 this ordinance and all Registered Owners of Parity Bonds outstanding hereunder shall thereafter
13 be determined, exercised and enforced thereunder, subject in all respects to such modification
14 and amendment, and all the terms and conditions of any such supplemental ordinance shall be
15 deemed to be part of the terms and conditions of this ordinance for any and all purposes.

16 (d) Parity Bonds executed and delivered after the execution of any
17 supplemental ordinance adopted pursuant to the provisions of this section may bear a notation as
18 to any matter provided for in such supplemental ordinance, and if such supplemental ordinance
19 shall so provide, Parity Bonds so modified as to conform, in the opinion of the Assembly, to any
20 modification of this ordinance contained in any such supplemental ordinance may be prepared by
21 the Municipality and delivered without cost to the owners of Parity Bonds then outstanding,
22 upon surrender for cancellation of such Bonds or Parity Bond in equal aggregate principal
23 amounts.

1 (e) Amendments or supplements to this ordinance shall require the prior
2 written consent of the Insurer to the extent provided in the Trust Agreement Amendment.

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

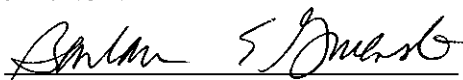
9 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this
10 18th day of March, 2005.

11
12 MUNICIPALITY OF ANCHORAGE, ALASKA

13
14
15 By  _____

16 Chair

17
18 ATTEST:

19 
20 _____
21 Municipal Clerk

MUNICIPALITY OF ANCHORAGE, ALASKA

ORDINANCE NO. AO 2005-33

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR THE ISSUANCE OF LEASE REVENUE REFUNDING BONDS OF THE MUNICIPALITY IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$50,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING LEASE REVENUE BONDS OF THE MUNICIPALITY AND TO PAY COSTS OF ISSUANCE; PROVIDING FOR THE FORM AND MANNER OF SALE OF THE BONDS; AUTHORIZING THE PREPARATION AND APPROVAL OF A PRELIMINARY AND FINAL OFFICIAL STATEMENT; AUTHORIZING A TRUST AGREEMENT AMENDMENT AND AN AGREEMENT FOR ONGOING DISCLOSURE; AUTHORIZING THE APPOINTMENT OF AN ESCROW AGENT AND THE EXECUTION OF AN ESCROW AGREEMENT; AND AUTHORIZING THE SALE OF SUCH BONDS.

TABLE OF CONTENTS

	Page
Section 1. Purpose.....	4
Section 2. Definitions; Interpretation.....	4
Section 3. Compliance with Parity Conditions	13
Section 4. Authorization; Description of the Bonds.	13
Section 5. Place and Medium of Payment	14
Section 6. Registration, Transfer and Exchange.....	15
Section 7. Right of Prior Redemption and Purchase.....	19
Section 8. Notice of Redemption	19
Section 9. Form of Bonds	21
Section 10. Execution of Bonds.....	23
Section 11. Lost, Stolen, Destroyed or Mutilated Bonds.....	24
Section 12. Lease Revenue Fund	24
Section 13. Specific Covenants.....	26
Section 14. Tax Covenants	27
Section 15. Future Parity Bonds	29
Section 16. Defeasance	30
Section 17. Sale of Bonds	30
Section 18. Application of Bond Proceeds	32
Section 19. Refunding Account	33
Section 20. Call For Redemption of Refunded Bonds.....	34
Section 21. General Authorization to Municipal Officials	35
Section 22. Authorization of Documents.....	35
Section 23. Approval of Official Statements	35
Section 21. Undertaking to Provide Ongoing Disclosure	36
Section 22. Municipal Bond Insurance Policy.....	36
Section 26. Amendatory and Supplemental Ordinances.....	36
Section 27. Severability	39



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 111 - 2005

Meeting Date: February 15, 2005

From: Mayor

Subject: Ordinance No. AO 2005-33
Municipality of Anchorage, Alaska, Lease Revenue Refunding Bonds,
Correctional Facility, Series 2005

The attached Ordinance No. AO 2005-33 provides for the issuance of not to exceed \$50,000,000 Lease Revenue Refunding Bonds, Correctional Facility, Series 2005 for the previously issued Lease Revenue Bonds, Correctional Facility, Series 2000. Based upon current market interest rates, the Refunding Bonds would meet or exceed the three percent net present value savings threshold of the par value of the Bonds to be refunded.

The outstanding Bonds were issued in a combined effort by the Municipality and the Department of Administration (DOA) of the State of Alaska to finance the acquisition and construction of a new jail facility in the Municipality of Anchorage. The Bonds are supported solely by a pledge of funds under a Lease between the Trustee and the DOA. The current Lease Payments by the Department of Administration are equal to the debt service payments on the outstanding Bonds. The Lease Payments will be reduced to equal the debt service payments on the proposed Refunding Bonds once the new debt service schedule has been determined. The State of Alaska will pay all costs of issuance incurred in this proposed refunding transaction and the savings of this transaction will accrue to the State of Alaska in the form of reduced Lease Payments.

The current schedule for the sale and related matters calls for a public hearing on the Ordinance on March 1, 2005. Sale of the bonds is anticipated to take place by the end of April 2005.

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

THE ADMINISTRATION RECOMMENDS APPROVAL OF AO NO. 2005-33.

Recommended by: Jeffrey E. Sinz, Chief Fiscal Officer
Concurrence: Denis C. LeBlanc, Municipal Manager
Respectfully submitted: Mark Begich, Mayor

Content Information**Content ID :** 002627**Type:** Ordinance - AO**Title:** \$50,000,000 Lease Revenue Refunding Bonds,
*Correctional Facility***Author:** perkinsjj**Initiating Dept:** Finance**Description:** Lease Revenue Refunding Bonds, Correctional Facility**Date Prepared:** 2/11/05 10:43 AM**Director Name:** Jeffery Sinz**Assembly Meeting Date**
MM/DD/YY: 2/15/05**Public Hearing Date**
MM/DD/YY: 3/1/05M.O.A.
2005 FEB 11 PM 1:34
CLERKS OFFICE**Workflow History**

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	2/11/05 10:48 AM	Checkin	perkinsjj	Public	002627
Finance_SubWorkflow	2/11/05 10:51 AM	Approve	sinzje	Public	002627
OMB_SubWorkflow	2/11/05 10:57 AM	Approve	pearcydl	Public	002627
Legal_SubWorkflow	2/11/05 12:08 PM	Approve	gatesdt	Public	002627
MuniManager_SubWorkflow	2/11/05 1:03 PM	Approve	leblancdc	Public	002627
MuniMgrCoord_SubWorkflow	2/11/05 1:13 PM	Approve	abbottmk	Public	002627