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CLERK'S OFFICE  
**AMENDED AND APPROVED**  
Date: 9-13-05

Requested by: Chairman of the Assembly  
at the request of the Mayor  
Prepared by: Cynthia M. Weed  
Preston Gates & Ellis LLP  
For Reading: August 23, 2005

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
**ORDINANCE NO. AO 2005-110**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
PROVIDING FOR THE ISSUANCE OF REFUNDING ELECTRIC  
REVENUE BONDS OF THE MUNICIPALITY IN ONE OR MORE  
SERIES IN THE AGGREGATE AMOUNT OF NOT TO EXCEED  
\$250,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO  
REFUND CERTAIN OUTSTANDING ELECTRIC REVENUE BONDS  
AND TO PAY COSTS OF ISSUANCE; PROVIDING FOR A TRUST  
AGREEMENT; DELEGATING TO THE CHIEF FISCAL OFFICER  
CERTAIN MATTERS RELATIVE TO SAID BONDS; AUTHORIZING  
AN OFFICIAL STATEMENT; AND AUTHORIZING THE SALE OF  
SUCH BONDS.

WHEREAS, the Municipality of Anchorage, a unified home rule municipality organized  
under the Constitution and laws of the State of Alaska (the "Municipality"), owns, operates and  
maintains an electric utility system (hereinafter defined as the "System"); and

WHEREAS, the Municipality has outstanding the following described revenue bonds  
having a senior lien on the electric revenues of the Municipality:

<u>Authorizing Ordinance/ Resolution</u>	<u>Designation</u>	<u>Dated Date</u>	<u>Original Principal Amount</u>	<u>Current Amount Outstanding (8/5/05)</u>
AO 92-171(S) AR 93-20	Senior Lien Refunding Electric Revenue Bonds, 1993	2/1/93	\$ 67,715,000	\$ 39,600,000
AO 95-217(S)	Senior Lien Refunding Electric Revenue Bonds, 1996	12/1/95	\$ 48,855,000	\$ 46,175,000
AO 96-83 (S) AR 96-197	Senior Lien Electric Revenue Bonds, Series 1996B	8/1/96	\$ 42,530,000	\$ 36,035,000
AO 96-84 (S) AR 96-294	Senior Lien Electric Revenue Bonds, Series 1996C	12/19/96	\$ 78,245,000	\$ 70,085,000
AO 99-72 (S)	Senior Lien Refunding Electric Revenue Bonds, 1999	5/15/99	\$ 42,785,000	\$ 6,925,000

(collectively, the "Outstanding Senior Lien Bonds"); and

WHEREAS, pursuant to Ordinance AO 96-84(S) approved on June 4, 1996, Resolution No. AR 96-294 on October 22, 1996 and a Trust Agreement, dated as of December 19, 1996, between the Municipality and First Trust National Association, now known as U.S. Bank National Association (collectively, the "1996D Bond Authorization"), the Municipality also has issued its Variable Rate Electric Revenue Bonds, Series 1996D in the principal amount of \$30,000,000 which remain outstanding in the amount of \$26,245,000 ("Outstanding Junior Lien

1 Bonds”) having a lien on the revenues of the System subordinate to the lien thereon of the  
2 Outstanding Senior Lien Bonds; and

3 WHEREAS, as a result of changed market conditions and changed circumstances, it is in  
4 the best interests of the Municipality and the System’s ratepayers to refund all or a portion of the  
5 Outstanding Senior Lien Bonds and Outstanding Junior Lien Bonds (collectively, the “Refunded  
6 Bonds”) through the issuance of the bonds herein authorized (hereinafter defined as the  
7 “Bonds”); and

8 WHEREAS, the Constitution and statutes of the State of Alaska and Article XV of the  
9 Home Rule Charter of the Municipality permit the Municipality to issue revenue bonds payable  
10 out of the revenues of the System without ratification by an election; and

11 WHEREAS, each of the ordinances that authorized the issuance of the Outstanding  
12 Senior Lien Bonds and the Outstanding Junior Lien Bonds permits the Municipality to issue  
13 revenue bonds in the future with a lien on revenues of the System on a parity with the lien  
14 thereon of the Outstanding Senior Lien Bonds and the Outstanding Junior Lien Bonds,  
15 respectively; and

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

18 NOW, THEREFORE, THE MUNICIPALITY OF ANCHORAGE ORDAINS:

19 Section 1. Purpose. The purpose of this ordinance is to authorize the issuance and  
20 sale of not to exceed \$250,000,000 of revenue bonds to provide moneys, together with funds, if  
21 any, transferred by the Municipality from the existing reserve accounts, to pay the costs of  
22 refunding the Refunded Bonds, to pay costs of issuance and to fix the form, certain covenants  
23 and manner of sale for said revenue bonds.

1        Section 2.     Definitions. As used in this ordinance, unless a different meaning clearly  
2 appears from the context:

3        ***Accreted Value*** means (1) with respect to any Capital Appreciation Bonds, as of any date  
4 of calculation, the sum of the amount set forth in the Series Ordinance as the amount  
5 representing the initial principal amount of such Junior Lien Bonds plus the interest accumulated,  
6 compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to  
7 Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial  
8 public offering price of such Junior Lien Bonds plus the amount of discounted principal which  
9 has accreted since the date of issue. In each case the Accreted Value shall be determined in  
10 accordance with the provisions of the Series Ordinance authorizing the issuance of such Junior  
11 Lien Bonds.

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

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

19        (b)     any bonds or other obligations of any state of the United States of America or of  
20 any agency, instrumentality or local governmental unit of any such state (1) which are not  
21 callable at the option of the obligor prior to maturity or as to which irrevocable instructions have  
22 been given to the trustee of such bonds or other obligations by the obligor to give due notice of  
23 redemption and to call such bonds for redemption on the date or dates specified in such

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

12 ***Aggregate Annual Debt Service*** means Annual Debt Service for all Outstanding Junior  
13 Lien Bonds and Junior Lien Bonds authorized but unissued under a Series Ordinance unless such  
14 Junior Lien Bonds are authorized to provide permanent financing in connection with the issuance  
15 of short-term obligations.

16 ***Annual Debt Service*** means the total amount of Debt Service for any Junior Lien Bond or  
17 series of Junior Lien Bonds in any fiscal year or Base Period.

18 ***Annual Debt Service Requirement*** means, with respect to any particular year and to any  
19 specified bonds, an amount equal to

20 (a) the principal amount of such bonds due or subject to mandatory redemption  
21 during such year and for which no sinking fund installments have been established,

22 (b) the amount of any payments required to be made during such year into any sinking  
23 fund established for the payment of any such bonds, plus

1 (c) all interest payable during such year on any such bonds outstanding, calculated on  
2 the assumption that mandatory sinking fund installments will be applied to the redemption or  
3 retirement of such bonds on the earlier of the date specified in such bonds or the first par call  
4 date. Such amount shall be net of any interest funded out of bond proceeds.

5 **Assembly** means the general legislative authority of the Municipality, as the same may be  
6 constituted from time to time.

7 **Balloon Maturity Bonds** means any Junior Lien Bonds which are so designated in the  
8 Series Ordinance pursuant to which such Junior Lien Bonds are issued. Commercial paper  
9 (obligations with a maturity of not more than 270 days from the date of issuance) shall be  
10 deemed to be Balloon Maturity Bonds.

11 **Base Period** has the meaning given such term in the Trust Agreement.

**Beneficial Owner** means any person that has or shares the power, directly or indirectly, to  
make investment decisions concerning ownership of any Bonds (including persons holding  
Bonds through nominees, depositories or other intermediaries).

**Bond** or **Bonds** means, collectively, the Series 2005A Bonds and the Series 2005B  
Bonds.

12 **Bond Fund** means the Anchorage Senior Lien Electric Revenue Bond Fund created by  
13 Section 13 of Ordinance No. AO 83-60(S).

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

16 **Bond Purchase Contract** means the purchase contract(s) for each series of the Bonds  
17 between the Municipality and the Underwriters entered into pursuant to the terms of Section 23  
18 of this ordinance.

1        **Bond Register** means the registration books maintained by the Registrar containing the  
2 names and addresses of the owners of the Bonds.

**Bond Year** means each one-year period that ends on the annual anniversary of the date of  
issue and on the final maturity date of the Bonds. The first and last Bond Years may be short  
periods.

3        **Capital Appreciation Bonds** means Junior Lien Bonds all or a portion of the interest on  
4 which is compounded, accumulated and payable only upon redemption or on the maturity date of  
5 such Junior Lien Bonds. If so provided in the Series Ordinance authorizing their issuance, Junior  
6 Lien Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term.  
7 On the date on which Junior Lien Bonds no longer are Capital Appreciation Bonds, they shall be  
8 deemed Outstanding in a principal amount equal to their Accreted Value.

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

9        **Code** means the Internal Revenue Code of 1986, as amended, and all applicable  
10 regulations thereunder.

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

12       **Consultant** has the meaning given such term in the Trust Agreement.

13       **Consulting Engineer** means the consulting engineer or engineering firm, if any, retained  
14 and appointed pursuant to the Trust Agreement.

15       **Coverage Requirement** has the meaning given such term in the Trust Agreement..

16       A **Credit Event** occurs when (a) a Qualified Letter of Credit terminates, (b) the issuer of  
17 Qualified Insurance or a Qualified Letter of Credit shall become insolvent or no longer be in

1 existence, or (c) a Qualified Letter of Credit or Qualified Insurance no longer meets the  
2 requirements established therefor in the definition thereof.

3 ***Date of Commercial Operation*** has the meaning given such term in the Trust Agreement.

4 ***Debt Service*** means, for any period of time,

5 (a) with respect to any Outstanding Original Issue Discount Bonds or Capital  
6 Appreciation Bonds which are not designated as Balloon Maturity Bonds in the Series Ordinance  
7 authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value  
8 thereof maturing or scheduled for redemption in such period, and the interest payable during such  
9 period;

10 (b) with respect to any Outstanding Fixed Rate Bonds, an amount equal to (1) the  
11 principal amount of such Junior Lien Bonds due or subject to mandatory redemption during such  
12 period and for which no sinking fund installments have been established, (2) the amount of any  
13 payments required to be made during such period into any sinking fund established for the  
14 payment of any such Junior Lien Bonds, plus (3) all interest payable during such period on any  
15 such Junior Lien Bonds Outstanding and with respect to Junior Lien Bonds with mandatory  
16 sinking fund requirements, calculated on the assumption that mandatory sinking fund  
17 installments will be applied to the redemption or retirement of such Junior Lien Bonds on the  
18 date specified in the Series Ordinance authorizing such Junior Lien Bonds;

19 (c) with respect to all other series of Junior Lien Bonds Outstanding, other than Fixed  
20 Rate Bonds, Original Issue Discount Bonds or Capital Appreciation Bonds, specifically including  
21 but not limited to Balloon Maturity Bonds, an amount for any period equal to the amount which  
22 would have been payable for principal and interest on such Junior Lien Bonds during such period  
23 computed on the assumption that the amount of Junior Lien Bonds Outstanding as of the date of



1 such computation would be amortized (i) in accordance with the mandatory redemption  
2 provisions, if any, set forth in the Series Ordinance authorizing the issuance of such Junior Lien  
3 Bonds, or if mandatory redemption provisions are not provided, during a period commencing on  
4 the date of computation and ending on the date 30 years after the date of issuance (ii) at an  
5 interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition  
6 of *The Bond Buyer* (or comparable publication or such other similar index selected by the  
7 Municipality with the approval of the Consultant, if applicable) selected by the Municipality and  
8 published within ten days prior to the date of calculation or, if such calculation is being made in  
9 connection with the certificate required by the Trust Agreement hereof, then within ten days of  
10 such certificate, (iii) to provide for essentially level annual debt service of principal and interest  
11 over such period; and

12 (d) the Municipality Payments required by contract to be paid to a Reciprocal Payor  
13 under any existing Derivative Product, offset by the Reciprocal Payments during the relevant  
14 period, on the assumption that if any such payment is not fixed at the time of execution of the  
15 Derivative Product, the amount of such payment will be calculated at the Estimated Average  
16 Derivative Rate prevailing during the remaining term of the Derivative Product.

17 With respect to any Junior Lien Bonds payable in other than U. S. Dollars, Debt Service  
18 shall be calculated as provided in the Series Ordinance authorizing the issuance of such Junior  
19 Lien Bonds. Debt Service shall be net of any interest funded out of Junior Lien Bond proceeds.  
20 Debt Service shall include reimbursement obligations to providers of credit facilities to the extent  
21 authorized in a Series Ordinance.

22 ***Debt Service Account*** means the Senior Lien Debt Service Account created in the Bond  
23 Fund by Section 13 of Ordinance No. AO 83-60(S).

1        ***Debt Service Payments*** has the meaning given such term in the Trust Agreement.

2        ***Delivery*** or ***deliver***, when used with respect to Bonds held in the book-entry system  
3 pursuant to Section 5 hereof, means the making of or the irrevocable authorization to make  
4 appropriate entries on the books of DTC or any Participant.

5        ***Derivative Facility*** means a letter of credit, an insurance policy, a surety bond or other  
6 credit enhancement device, given, issued or posted as security for the Municipality's obligations  
7 under one or more Derivative Products.

8        ***Derivative Payment Date*** means any date specified in the Derivative Product on which a  
9 Municipality Payment is due and payable under the Derivative Product.

10       ***Derivative Product*** means a written contract or agreement between the Municipality and  
11 a Reciprocal Payor, which provides that the Municipality's obligations thereunder will be  
12 conditioned on the absence of: (i) a failure by the Reciprocal Payor to make any payment  
13 required thereunder when due and payable, and (ii) a default thereunder with respect to the  
14 financial status of the Reciprocal Payor; and

15       (a)     under which the Municipality is obligated to pay, on one or more scheduled and  
16 specified Derivative Payment Dates, the Municipality Payments in exchange for the Reciprocal  
17 Payor's obligation to pay or to cause to be paid to the Municipality, on scheduled and specified  
18 Derivative Payment Dates, the Reciprocal Payments;

19       (b)     for which the Municipality's obligations to make all or any portion of  
20 Municipality Payments may be secured by a pledge of and lien on Net Revenues/Junior on an  
21 equal and ratable basis with the Outstanding Junior Lien Bonds;

22       (c)     under which Reciprocal Payments are to be made directly into a bond fund for  
23 Outstanding Junior Lien Bonds;

1 (d) for which the Municipality Payments are either specified to be one or more fixed  
2 amounts or are determined according to a formula set forth in the Derivative Product; and

3 (e) for which the Reciprocal Payments are either specified to be one or more fixed  
4 amounts or are determined according to a formula set forth in the Derivative Product.

5 ***Derivative Product Account*** means the Derivative Product Account, if any, created and  
6 established under Section 11(c) hereof.

7 ***DTC*** means The Depository Trust Company, New York, New York, a limited purpose  
8 trust company organized under the laws of the State of New York, as depository for the Bonds  
9 pursuant to Section 5 hereof.

10 ***Electric Utility Fund*** means the special fund of that name created by Section 12 of  
11 Ordinance No. AO 83-60(S).

12 ***Escrow Agent*** means the financial institution selected by the Chief Fiscal Officer  
13 pursuant to Section 21 of this ordinance.

14 ***Escrow Agreement—Series A*** means the Escrow Deposit Agreement dated as of the date  
15 of the closing and delivery of the Series 2005A Bonds between the Municipality and the Escrow  
16 Agent to be executed in connection with the refunding of the Series 2005A Refunded Bonds,  
17 substantially in the form attached hereto as Exhibit A.

18 ***Escrow Agreement—Series B*** means the Escrow Deposit Agreement dated as of the date  
19 of the closing and delivery of the Series 2005B Bonds between the Municipality and the Escrow  
20 Agent to be executed in connection with the refunding of the Series 2005B Refunded Bonds,  
21 substantially in the form attached hereto as Exhibit A.

22 ***Estimated Average Derivative Rate*** has the meaning given such term in the Trust  
23 Agreement.

1       **Fitch** means Fitch Ratings, Inc., organized and existing under the laws of the State of  
2 Delaware, its successors and their assigns, and, if such organization shall be dissolved or  
3 liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be  
4 deemed to refer to any other nationally recognized securities rating agency (other than S&P or  
5 Moody's) designated by the Chief Fiscal Officer.

6       **Fixed Rate Bonds** means those Junior Lien Bonds other than Capital Appreciation  
7 Bonds, Original Issue Discount Bonds or Balloon Maturity Bonds issued under a Series  
8 Ordinance in which the rate of interest on such Junior Lien Bonds is fixed and determinable  
9 through their final maturity or for a specified period of time. If so provided in the Series  
10 Ordinance authorizing their issuance, Junior Lien Bonds may be deemed to be Fixed Rate Bonds  
11 for only a portion of their term.

12       **Future Junior Lien Parity Bonds** means those Junior Lien Bonds issued in the future  
13 pursuant to the 1996D Bond Authorization, having a lien on the Net Revenues/Junior of the  
14 System equal to the lien thereon of the Outstanding Junior Lien Parity Bonds.

15       **Future Senior Lien Parity Bonds** means any electric revenue bonds, notes or other  
16 obligations of the Municipality, issued in the future under an ordinance wherein the Municipality  
17 pledges that the payments to be made out of the Gross Revenues and moneys in the Electric  
18 Utility Fund into the Senior Lien Bond Fund and Reserve Account- Senior therein to pay and  
19 secure the payment of the principal of and interest on such revenue bonds, notes or other  
20 obligations will be on a parity with the payments required by this ordinance to be made out of  
21 such Gross Revenues or the Electric Utility Fund into such Senior Lien Bond Fund and Reserve  
22 Account- Senior to pay and secure the payment of the principal of and interest on the  
23 Outstanding Senior Lien Bonds and the Bonds. The Outstanding Junior Lien Bonds may be

1 converted to Senior Lien Parity Bonds upon a conversion thereof to Term Rates and an election  
2 by the Municipality to comply with the Senior Lien Parity Conditions.

3 ***Government Obligations*** mean any of the following:

4 (a) any bonds or other obligations which, as to principal and interest, constitute direct  
5 obligations of, or are unconditionally guaranteed by, the United States of America;

6 (b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any  
7 agency or corporation which has been or may hereafter be created pursuant to an act of Congress  
8 as an agency or instrumentality of the United States of America;

9 (c) obligations of financial institutions insured by the Federal Deposit Insurance  
10 Corporation, to the extent insured;

11 (d) bank certificates of deposit secured by obligations described in (a) and (b) hereof;  
12 and

13 (e) any general obligation bonds or other general obligations of any state of the  
14 United States of America or any agency, instrumentality or local governmental unit of any such  
15 state which is rated "A" or better by one or more Rating Agencies.

16 ***Gross Revenues*** means all rates and charges and other income, in each case derived by or  
17 for the account of the Municipality from the ownership, leasing or operation of the System,  
18 except interest received and profits derived from the investment of moneys other than moneys in  
19 the Electric Utility Fund, including moneys in the Operating Reserve Fund.

20 ***Junior Lien Bonds*** means the Outstanding Junior Lien Bonds, any Bonds issued as  
21 Junior Lien Bonds and any Future Junior Lien Parity Bonds.

22 ***Junior Lien Debt Service Fund*** means the special fund of that name created pursuant to  
23 Section 6.05(a) of the 1996D Bond Authorization.

1        ***Junior Lien Parity Conditions*** means the conditions to the issuance of Future Junior  
2        Lien Parity Bonds set forth in Section 6.13 of the 1996D Bond Authorization.

3        ***Junior Lien Reserve Account*** means the account of that name herein authorized to be  
4        established.

5        ***Junior Lien Reserve Requirement*** means the dollar amount required to be maintained in  
6        the Junior Lien Reserve Account (or subaccount therein) as a debt service reserve for a series of  
7        Junior Lien Bonds.

8        ***Letter of Representations*** means the Blanket Issuer Letter of Representations from the  
9        Municipality to DTC dated July 1, 1995.

10       ***Maximum Annual Debt Service*** means, with respect to any Outstanding series of Junior  
11       Lien Bonds the highest remaining Annual Debt Service for such series of Junior Lien Bonds or  
12       Derivative Products, as the case may be.

13       ***Moody's*** means Moody's Investors Service, Inc., a corporation duly organized and  
14       existing under and by virtue of the laws of the State of Delaware, and its successors and assigns,  
15       except that if such corporation shall be dissolved or liquidated or shall no longer perform the  
16       functions of a securities rating agency, then the term Moody's shall be deemed to refer to any  
17       other nationally recognized securities rating agency (other than Fitch or S&P) selected by the  
18       Chief Fiscal Officer.

19       ***Municipal Bond Insurance Policy*** shall mean the municipal bond insurance policy, if  
20       any, issued by the Bond Insurer insuring the payment when due, of the principal of and interest  
21       on the Bonds of any series as provided therein.

22       ***Municipal Utility Service Assessments*** means assessments levied pursuant to Ordinance  
23       No. AO 88-162, as amended by Ordinance No. AO 88-173 and Ordinance No. AO 2003-160, as

1 the same may be further amended, repealed and superseded from time to time and any successor  
2 assessments levied by the Municipality against the System, to be paid in lieu of property taxes for  
3 governmental services.

4 ***Municipality*** means Anchorage, Alaska, a municipal corporation organized and existing  
5 under the Constitution and laws of the State of Alaska.

6 ***Municipality Payment*** means any payment, other than termination payments, required to  
7 be made by or on behalf of the Municipality under a Derivative Product and which is determined  
8 according to a formula set forth in a Derivative Product.

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 and proceeds, if any, deposited in the Reserve Account – Senior or Reserve Account – Junior, as  
12 the case may be.

13 ***Net Revenues/Junior*** means for any fiscal year or other period of time, the Gross  
14 Revenues and interest and profits derived from the investment of moneys held in the Senior Lien  
15 Bond Fund and Junior Lien Debt Service Fund during such period less Operating Expenses for  
16 such period.

17 ***Net Revenues/Senior*** means for any fiscal year or other period of time, the Gross  
18 Revenues and interest and profits derived from the investment of moneys held in the Bond Fund  
19 during such period less Operating Expenses for such period.

20 ***1993 Bond Ordinance*** means, collectively, Ordinance No. AO 92-171(S) passed on  
21 January 5, 1993 and Resolution No. AR 93-20, adopted on January 26, 1993.

22 ***1993 Bonds*** means the Municipality's Senior Lien Refunding Electric Revenue Bonds,  
23 1993, issued under date of February 1, 1993, in the original principal amount of \$67,715,000

1 pursuant to the 1993 Bond Ordinance and currently outstanding in the principal amount of  
2 \$39,600,000.

3 **1996 Bond Ordinance** means Ordinance No. AO 95-217(S) passed on December 5,  
4 1995.

5 **1996 Bonds** means the Municipality's Senior Lien Refunding Electric Revenue Bonds,  
6 1996, issued under date of December 1, 1995, in the original principal amount of \$48,855,000  
7 and currently outstanding in the principal amount of \$46,175,000.

8 **1996B Bond Ordinance** means, collectively, Ordinance No. AO 96-83(S) passed on  
9 June 4, 1996 and Resolution No. AR 96-197, adopted on July 30, 1996.

10 **1996B Bonds** means the Municipality's Senior Lien Electric Revenue Bonds,  
11 Series 1996B, issued under date of August 1, 1996, in the original principal amount of  
12 \$42,530,000 pursuant to the 1996B Bond Ordinance and currently outstanding in the principal  
13 amount of \$36,035,000.

14 **1996C Bond Ordinance** means, collectively, Ordinance No. AO 96-84(S) passed on  
15 June 4, 1996 and Resolution No. AR 96-294, adopted on October 22, 1996.

16 **1996C Bonds** means the Municipality's Senior Lien Electric Revenue Bonds,  
17 Series 1996C, issued under date of December 19, 1996, in the original principal amount of  
18 \$78,245,000 pursuant to the 1996C Bond Ordinance and currently outstanding in the principal  
19 amount of \$70,085,000.

20 **1996D Bond Authorization** means, collectively, Ordinance AO 96-84(S) approved on  
21 June 4, 1996, Resolution No. AR 96-294 on October 22, 1996 and a Trust Agreement, dated as  
22 of December 19, 1996, between the Municipality and First Trust National Association, now  
23 known as U.S. Bank National Association.



1       **1996D Bonds** means the Municipality's Variable Rate Electric Revenue Bonds,  
2 Series 1996D, issued under date of December 19, 1996, in the original principal amount of  
3 \$30,000,000 pursuant to the 1996D Bond Authorization and currently outstanding in the  
4 principal amount of \$26,245,000.

5       **1999 Bond Ordinance** means Ordinance No. AO 99-72(S) passed on May 11, 1999.

6       **1999 Bonds** means the Municipality's Senior Lien Refunding Electric Revenue Bonds,  
7 1999, issued under date of May 15, 1999, in the original principal amount of \$42,785,000  
8 pursuant to the 1999 Bond Ordinance and currently outstanding in the principal amount of  
9 \$6,925,000.

10       **Official Statement** means any official statement, offering circular, private placement  
11 memorandum or other disclosure document pursuant to which the Bonds are initially sold or  
12 remarketed.

13       **Operating Expenses** means the current expenses incurred for operation, maintenance or  
14 repair of the System of a non-capital nature, and shall include, without limiting the generality of  
15 the foregoing, payments required by any power purchase agreements, source of supply expenses,  
16 fuel expenses, production, transmission and distribution expenses, customer accounts expenses,  
17 administrative and general expenses, insurance premiums, lease rentals, legal and engineering  
18 expenses, payments to pension, retirement, group life insurance, health and hospitalization funds  
19 or other employee benefit funds which are properly chargeable to current operations, interest on  
20 customers' deposits, payroll tax expenses, Municipal Utility Service Assessments and any other  
21 expenses required to be paid under the provisions of this ordinance or by law or permitted by  
22 standard practices for public utility systems similar to the properties and business of the System  
23 (adjusted to reflect public ownership) and applicable in the circumstances. Operating Expenses

1 shall not include any allowances for depreciation or amortization or any principal, redemption  
2 price or purchase price of, or interest on, any obligations of the Municipality incurred in  
3 connection with the System and payable from Gross Revenues.

4 ***Operating Reserve Fund*** means the Electric Utility Operating Reserve Fund established  
5 by Section 15 of Ordinance No. AO 83-60(S).

6 ***Operating Reserve Fund Requirement*** has the meaning given such term in the Trust  
7 Agreement.

8 ***Opinion of Counsel*** means a written opinion of nationally recognized bond counsel  
9 selected by the Municipality or the Registrar and acceptable to the Municipality and the  
10 Registrar.

11 ***Original Issue Discount Bonds*** means Junior Lien Bonds which are sold at an initial  
12 public offering price of less than 95% of their face value and which are specifically designated as  
13 Original Issue Discount Bonds in the Series Ordinance authorizing their issuance.

14 ***Outstanding*** when used with reference to Bonds means all Bonds authenticated and  
15 delivered under this ordinance as of the time in question, except:

16 (a) All Bonds theretofore cancelled or required to be cancelled under Section 5  
17 hereof;

18 (b) Bonds for the payment or redemption of which provision has been made in  
19 accordance with Section 23 hereof; provided that, if such Bonds are being redeemed, the required  
20 notice of redemption shall have been given or irrevocable instructions therefor shall have been  
21 given to the Registrar; and

22 (c) Bonds in substitution for which other Bonds have been authenticated and  
23 delivered pursuant to Section 5 hereof.

1        **Outstanding Junior Lien Bonds** means the junior lien electric revenue bonds identified  
2 in the recitals of this ordinance.

3        **Outstanding Senior Lien Bonds** means the senior lien electric revenue bonds identified  
4 in the recitals of this ordinance.

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

8        **Participant** means (i) any person for which, from time to time, DTC effectuates  
9 book-entry transfers and pledges of securities pursuant to the book-entry system referred to in  
10 Section 5 hereof or (ii) any securities broker or dealer, bank, trust company or other person that  
11 clears through or maintains a custodial relationship with a person referred to in (i).

12        **Paying Agent Agreement** means the agreement, if any, of that name between the  
13 Municipality and the Registrar.

14        **Person** means an individual, a corporation, a partnership, an association, a joint stock  
15 company, a trust, an unincorporated organization, a governmental body or a political subdivision,  
16 a municipal corporation, a public corporation or any other group or organization of individuals.

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

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

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

9 ***Qualified Insurance*** means any non-cancellable municipal bond insurance policy or  
10 surety bond issued by any insurance company licensed to conduct an insurance business in any  
11 state of the United States (or by a service corporation acting on behalf of one or more such  
12 insurance companies) (a) which insurance company or companies, as of the time of issuance of  
13 such policy or surety bond, are rated in one of the two highest Rating Categories by one or more  
14 of the Rating Agencies for unsecured debt or insurance underwriting or claims paying ability or  
15 (b) by issuing its policies causes obligations insured thereby to be rated in one of the two highest  
16 Rating Categories by one or more of the Rating Agencies.

17 ***Qualified Letter of Credit*** means any irrevocable letter of credit issued by a financial  
18 institution, which institution maintains an office, agency or branch in the United States and as of  
19 the time of issuance of such letter of credit, is rated in one of the two highest long-term Rating  
20 Categories by one or more of the Rating Agencies.

21 ***Rate Covenant – Junior*** has the meaning given such term in the Trust Agreement.

22 ***Rate Covenant – Senior*** has the meaning given such term in the Trust Agreement.

1        **Rate Stabilization Account** means the special fund authorized to be created pursuant to  
2 the 1996D Authorization.

3        **Rating Agency** means Fitch, Moody's or S&P.

4        **Rating Category** means the generic rating categories of a Rating Agency, without regard  
5 to any refinement or gradation of such rating category by a numerical modifier or otherwise.

6        **Reciprocal Payment** means any payment to be made to, or for the benefit of, the  
7 Municipality under a Derivative Product by the Reciprocal Payor.

8        **Reciprocal Payor** means any bank or corporation whose guarantor maintains or who  
9 maintains for itself at least an A rating from each Rating Agency then maintaining a rating on  
10 Outstanding Junior Lien Bonds and which is a party to a Derivative Product and which is  
11 obligated to make one or more Reciprocal Payments thereunder.

12        **Refunded Bonds** mean some or all of the Refunding Candidates as set forth in the  
13 applicable Escrow Agreement and shall include the Series 2005A Refunded Bonds and the  
14 Series 2005B Refunded Bonds.

15        **Refunding Candidates** mean any or all of the 1993 Bonds, the 1996 Bonds, the 1996B  
16 Bonds, the 1996C Bonds, the 1996D Bonds and the 1999 Bonds.

17        **Registered Owner** means the person named as the registered owner of a Bond in the Bond  
18 Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be  
19 the sole Registered Owner.

20        **Registrar** means the bank or trust company appointed pursuant to Section 5 hereof to act  
21 as Registrar, and its successor or successors.

22        **Reserve Account - Senior** means the Senior Lien Reserve Account created in the Bond  
23 Fund by Section 13 of Ordinance No. AO 83-60(S).

1        **Reserve Requirement**, for so long as the Outstanding Senior Lien Bonds (issued prior to  
2 December 1, 1996) remain outstanding, with respect to the Senior Lien Parity Bonds, means an  
3 amount equal to the maximum Annual Debt Service Requirement on all Senior Lien Parity  
4 Bonds and thereafter, has the meaning given such term in the Trust Agreement.

5        **Rule** means the Commission's Rule 15c2-12 under the Securities and Exchange Act of  
6 1934, as the same may be amended from time to time.

7        **Savings Target** means a positive net present value savings on a maturity by maturity basis  
8 of the Series 2005A Refunded Bonds; **provided that this Savings Target does not apply to**  
9 **any refunding of the 1996C Bonds, which are proposed to be refunded to provide for a**  
10 **restructured maturity schedule that more closely matches the production rate of the Beluga**  
11 **River Unit Gas Field.**

12        **S&P** means Standard & Poor's Ratings Services, a Division of The McGraw-Hill  
13 Companies, and its successors and assigns, except that if such corporation shall be dissolved or  
14 liquidated or shall no longer perform the functions of a securities rating agency, then the term  
15 S&P shall be deemed to refer to any other nationally recognized securities rating agency (other  
16 than Moody's or Fitch) selected by the Chief Fiscal Officer.

17        **Securities Depository** means any "clearing agency" registered under Section 17A of the  
18 Securities Exchange Act of 1934, as amended.

19        **Senior Lien Parity Bonds** means the Outstanding Senior Lien Bonds, the Bonds issued as  
20 designated as Senior Lien Parity Bonds and any Future Senior Lien Parity Bonds.

21        **Senior Lien Parity Conditions** means with respect to Senior Lien Parity Bonds, the  
22 conditions to the issuance of Future Senior Lien Parity Bonds set forth in the Trust Agreement

1 and/or each of the ordinances authorizing the issuance of Senior Lien Parity Bonds at the time  
2 Outstanding.

3 **Series Ordinance** means an ordinance authorizing the issuance of a series of Junior Lien  
4 Bonds, as such ordinance may thereafter be amended or supplemented.

5 **Series 2005A Bonds** means the tax-exempt refunding electric revenue bonds described in  
6 Section 4 of this ordinance. It is intended that the interest on the series of Bonds that are referred  
7 to as Series 2005A Bonds in this ordinance will be excluded from gross income for general  
8 federal income tax purposes.

9 **Series 2005A Refunded Bonds** means the Refunding Candidates that are refunded with  
10 the proceeds of the Series 2005A Bonds.

11 **Series 2005B Bonds** means the refunding electric revenue bonds (taxable) described in  
12 Section 4 of this ordinance. The Municipality will take no action to cause the interest on the  
13 Series 2005B Bonds to be excludable from gross income for general federal income tax purposes.

14 **Series 2005B Refunded Bonds** means the Refunding Candidates that are refunded with  
15 the proceeds of the Series 2005B Bonds.

16 **Subordinate Lien Bond Fund** means the Anchorage Subordinate Lien Electric Revenue  
17 Bond Fund, 1994 created pursuant to authority granted by Section 11 of Ordinance  
18 No. AO 94-153.

19 **Subordinate Lien Parity Bonds** means the Municipality of Anchorage, Alaska,  
20 Subordinate Lien Electric Revenue Bonds, 1994, issued pursuant to Ordinance No. AO 94-153  
21 under date of October 12, 1994 in the principal amount of \$1,500,000 and shall include any  
22 revenue bonds issued on a parity therewith as permitted under said Ordinance No. AO 94-153.

1       **Surety Bond** means the surety bond(s), if any, issued by the Surety Bond Issuer on the  
2 date(s) of issuance of the Bonds for the purpose of satisfying the applicable Junior Lien Reserve  
3 Requirement or Reserve Requirement. There may be more than one Surety Bond.

4       **Surety Bond Agreement** means any Agreement(s) between the Municipality and the  
5 Surety Bond Issuer with respect to the Surety Bond(s).

6       **Surety Bond Issuer** means any issuer(s) of the Surety Bond(s).

7       **System** means the existing electric utility system of the Municipality as the same may be  
8 added to, improved and extended for as long as any of the Bonds are outstanding, but shall not  
9 include such generation, transmission and distribution facilities that may be hereafter purchased,  
10 constructed or otherwise acquired by the Municipality as a separate electric utility system, the  
11 revenues of which may be pledged to the payment of bonds issued to purchase, construct or  
12 otherwise acquire and improve such separate system.

13       **Term Bonds** means any Junior Lien Bonds or Senior Lien Parity Bonds, identified as  
14 such in the ordinance authorizing the issuance thereof or the bond purchase contract with respect  
15 thereto, that are subject to mandatory redemption, the payment of which is provided for by a  
16 requirement for mandatory deposits of money into the Debt Service Account or the Junior Lien  
17 Debt Service Fund, as the case may be.

18       **Term Rates** mean, in connection with the conversion of any Outstanding Junior Lien  
19 Bonds converted to Senior Lien Parity Bonds, the interest rate to be determined for the Bonds for  
20 a term of one or more years pursuant to Section 3.02(e) of the Trust Agreement of the  
21 1996D Bond Authorization.

22       **Trust Agreement** means the agreement of that name between the Municipality and the  
23 Registrar, acting in the capacity of a trustee thereunder, with respect to the Bonds.



1        *Underwriters* mean, with respect to the Bonds, collectively, Bear, Stearns & Co. Inc.,  
2 Citigroup Global Markets Inc., George K. Baum & Company, Morgan Stanley & Co.  
3 Incorporated and Siebert Brandford Shank & Co., LLC.

4        **Rules of Interpretation.**        In this ordinance, unless the context otherwise requires:

5        (a)     The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar  
6 terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular  
7 article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the  
8 term “heretofore” shall mean before, the date of this ordinance;

9        (b)     Words of the masculine gender shall mean and include correlative words of the  
10 feminine and neuter genders and words importing the singular number shall mean and include  
11 the plural number and vice versa;

12        (c)     Words importing persons shall include firms, associations, partnerships (including  
13 limited partnerships), trusts, corporations, limited liability companies and other legal entities,  
14 including public bodies, as well as natural persons;

15        (d)     Any headings preceding the text of the several articles and sections of this  
16 ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely  
17 for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect  
18 its meaning, construction or effect;

19        (e)     All references herein to “articles,” “sections” and other subdivisions or clauses are  
20 to the corresponding articles, sections, subdivisions or clauses hereof; and

21        (f)     Whenever any consent or direction is required to be given by the Municipality,  
22 such consent or direction shall be deemed given when given by the Chief Fiscal Officer or his or

1 her designee, respectively, and all references herein to the Chief Fiscal Officer shall be deemed to  
2 include references to his or her designee, as the case may be.

3       Section 3. Authorization of Bonds and Purpose of Issuance. The purpose of this  
4 ordinance is to authorize the issuance and sale of not to exceed \$250,000,000 of refunding  
5 electric revenue bonds in one or more series and/or subseries, to fix the form and manner of sale  
6 of said bonds and to provide for establishing the remaining covenants and terms, including  
7 aggregate principal amounts, principal maturities, payment dates, interest rates, the lien position  
8 and redemption rights of said bonds (the "Bonds"). The Series 2005A Bonds will be issued in  
9 order to achieve debt service savings, to shorten the final maturity of certain Series 2005A  
10 Refunded Bonds and to provide the Municipality with the opportunity to restructure certain  
11 covenants and operating provisions, and the Series 2005B Bonds will be issued to reflect an  
12 unanticipated change in circumstances, use and operations arising following the issuance of the  
13 Series 2005B Refunded Bonds and to provide the Municipality with the opportunity to  
14 restructure certain covenants and operating provisions.

15       Section 4. Description of Bonds. The Series 2005A Bonds shall be designated  
16 "Municipality of Anchorage, Alaska, [Senior][Junior] Lien Refunding Electric Revenue Bonds,  
17 Series 2005A-[]" (provided, however, that the year 2005 shall be adjusted to 2006 if  
18 Series 2005A Bonds are issued in 2006); shall be dated as of their date of delivery; shall be fully  
19 registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any  
20 integral multiple thereof, provided that no Series 2005A Bond of a series or subseries shall  
21 represent more than one maturity; shall be numbered separately in such manner and with any  
22 additional designation as the Registrar deems necessary for purposes of identification; and shall  
23 bear interest from their date, payable on interest payment dates and shall mature on the dates and

1 in the years and principal amounts set forth and approved in the Bond Purchase Contract  
2 executed by the Chief Fiscal Officer pursuant to Section 23 of this ordinance. The Series 2005A  
3 Bonds of each series or subseries shall be designated as Senior Lien Parity Bonds or Junior Lien  
4 Bonds in the Bond Purchase Contract executed by the Chief Fiscal Officer pursuant to Section 23  
5 of this ordinance.

6 The Series 2005B Bonds shall be designated "Municipality of Anchorage, Alaska,  
7 [Senior][Junior] Lien Refunding Electric Revenue Bonds, Series 2005B-[] (Taxable)" (provided,  
8 however, that the year 2005 shall be adjusted to 2006 if Series 2005B Bonds are issued in 2006);  
9 shall be dated as of their date of delivery; shall be fully registered as to both principal and  
10 interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided  
11 that no Series 2005B Bond of a series or subseries shall represent more than one maturity; shall  
12 be numbered separately in such manner and with any additional designation as the Registrar  
13 deems necessary for purposes of identification; and shall bear interest from their date, payable on  
14 interest payment dates and shall mature on the dates and in the years and principal amounts set  
15 forth and approved in the Bond Purchase Contract executed by the Chief Fiscal Officer pursuant  
16 to Section 23 of this ordinance. The Series 2005B Bonds of each series or subseries shall be  
17 designated as Senior Lien Parity Bonds or Junior Lien Bonds in the Bond Purchase Contract  
18 executed by the Chief Fiscal Officer pursuant to Section 23 of this ordinance.

19 The Senior Lien Bonds shall be obligations only of the Bond Fund and shall be payable  
20 and secured as provided herein. The Junior Lien Bonds shall be obligations only of the Junior  
21 Lien Debt Service Fund and shall be payable and secured as provided herein. The Bonds shall  
22 not be general obligations of the Municipality.

23 Section 5. Appointment of Registrar, Registration, Transfer and Exchange.

1           (a)     *Appointment of Registrar.* The Bonds shall be issued only in registered form as to  
2 both principal and interest. The Chief Fiscal Officer or his designee is hereby authorized and  
3 directed to solicit proposals from and select a financial institution to act as the Registrar for the  
4 Bonds (the "Registrar"). The Chief Fiscal Officer is hereby authorized to enter into a written  
5 agreement with the Registrar (the "Paying Agent Agreement") to evidence the Registrar's  
6 commitment to act as Registrar in accordance with the terms set forth in this ordinance and  
7 providing for the payment of the fees and expenses of the Registrar. The Chief Fiscal Officer is  
8 hereby further authorized to enter into a written agreement with the Registrar acting in the  
9 capacity of a trustee (the "Trust Agreement") in order to reflect certain protective covenants for  
10 the Bonds, the conditions under which Future Junior Lien Parity Bonds and Future Senior Lien  
11 Parity Bonds may be issued, matters with respect to reserves and other terms relating to the  
12 Bonds, including, but not limited to any amendments approved pursuant to Section 26. The  
13 Paying Agent Agreement and the Trust Agreement may, at the option of the Municipality, be  
14 combined as a single agreement. The Registrar may be removed upon 30 days prior written  
15 notice at the option of the Municipality upon prior notice to the Registrar, DTC, the Bond Insurer  
16 and a successor Registrar appointed. Each Registrar shall warrant at the time of acceptance of its  
17 duties hereunder that it (1) is a trust company or bank in good standing located in or incorporated  
18 under the laws of a state of the United States; (2) is duly authorized to exercise trust powers; and  
19 (3) is subject to examination by a federal or state authority. No resignation or removal of the  
20 Registrar shall be effective until a successor shall have been appointed and until the successor  
21 Registrar shall have accepted the duties of the Registrar hereunder.

22           The Registrar shall keep, or cause to be kept, sufficient books for the registration and  
23 transfer of the Bonds which shall at all times be open to inspection by the Municipality (the

1 "Bond Register"). The Registrar is authorized, on behalf of the Municipality, to authenticate and  
2 deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this  
3 ordinance and to carry out all of the Registrar's powers and duties under this ordinance. The  
4 Registrar shall be responsible for its representations contained in the Certificate of  
5 Authentication of the Bonds.

6 (b) *Registered Ownership.* The Municipality and the Registrar, each in its discretion,  
7 may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all  
8 purposes (except as provided in Section 24 of this ordinance), and neither the Municipality nor  
9 the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be  
10 made only as described in Section 5(h) hereof, but such Bond may be transferred as herein  
11 provided. All such payments made as described in Section 5(h) shall be valid and shall satisfy  
12 and discharge the liability of the Municipality upon such Bond to the extent of the amount or  
13 amounts so paid.

14 (c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in  
15 fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as  
16 eligible for deposit at DTC, the Municipality has executed and delivered to DTC a Blanket Issuer  
17 Letter of Representations. Neither the Municipality nor the Registrar will have any responsibility  
18 or obligation to DTC participants or the persons for whom they act as nominees (or the  
19 participants of any successor depository or those for who any such successor acts as nominee)  
20 with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any  
21 successor depository) or any DTC participant, the payment by DTC (or any successor depository)  
22 or any DTC participant of any amount in respect of the principal of or interest on Bonds, any  
23 notice which is permitted or required to be given to Registered Owners under this ordinance

(except such notices as shall be required to be given by the Municipality to the Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the Municipality on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds of each series in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) 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; (B) to any substitute depository appointed by the Chief Fiscal Officer pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (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 Chief Fiscal Officer to discontinue the system of book entry transfers through DTC or its successor (or any substitute

1 depository or its successor), the Chief Fiscal Officer may hereafter appoint a substitute  
2 depository. Any such substitute depository shall be qualified under any applicable laws to  
3 provide the services proposed to be provided by it.

4 (3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1)  
5 above, the Registrar shall, upon receipt of all outstanding Bonds, together with a written request  
6 of the Chief Fiscal Officer, issue a single new Bond for each maturity then outstanding,  
7 registered in the name of such successor or such substitute depository, or their nominees, as the  
8 case may be, all as specified in such written request of the Chief Fiscal Officer.

9 (4) In the event that (A) DTC or its successor (or substitute depository or its  
10 successor) resigns from its functions as depository, and no substitute depository can be obtained,  
11 or (B) the Chief Fiscal Officer determines that it is in the best interest of the beneficial owners of  
12 the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the  
13 ownership of such Bonds may then be transferred to any person or entity as herein provided, and  
14 shall no longer be held in fully-immobilized form. The Chief Fiscal Officer shall deliver a  
15 written request to the Registrar, together with a supply of definitive Bonds, to issue Bonds as  
16 herein provided in any authorized denomination. Upon receipt by the Registrar of all then  
17 outstanding Bonds together with a written request of the Chief Fiscal Officer to the Registrar,  
18 new Bonds shall be issued in the appropriate denominations and registered in the names of such  
19 persons as are requested in such written request.

20 (e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.*

21 The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any  
22 such Bond shall be valid unless it is surrendered to the Registrar with the assignment form  
23 appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly

1 authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar  
2 shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the  
3 Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new  
4 Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate  
5 principal amount in any authorized denomination, naming as Registered Owner the person or  
6 persons listed as the assignee on the assignment form appearing on the surrendered Bond, in  
7 exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the  
8 Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of  
9 the same series, date, maturity and interest rate, in any authorized denomination. The Registrar  
10 shall not be obligated to register the transfer or to exchange any Bond during the 15 days  
11 preceding any interest payment or principal payment date any such Bond is to be redeemed.

12 (f) *Registrar's Ownership of Bonds.* The Registrar may become the Registered  
13 Owner of any Bond with the same rights it would have if it were not the Registrar, and to the  
14 extent permitted by law, may act as depository for and permit any of its officers or directors to  
15 act as member of, or in any other capacity with respect to, any committee formed to protect the  
16 right of the Registered Owners of Bonds.

17 (g) *Registration Covenant.* The Municipality covenants that, until all Series 2005A  
18 Bonds have been surrendered and canceled, it will maintain a system for recording the ownership  
19 of each Bond that complies with the provisions of Section 149 of the Code.

20 (h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall  
21 be payable in lawful money of the United States of America. Interest on the Bonds shall be  
22 calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds  
23 are in fully immobilized form, payments of principal and interest thereon shall be made as



1 provided in accordance with the operational arrangements of DTC referred to in the Letter of  
2 Representations. In the event that the Bonds are no longer in fully immobilized form, interest on  
3 the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for  
4 such Registered Owners appearing on the Bond Register on the fifteenth day of the month  
5 preceding the interest payment date, or upon the written request of a Registered Owner of more  
6 than \$1,000,000 of a series of Bonds (received by the Registrar at least 15 days prior to the  
7 applicable payment date), such payment shall be made by the Registrar by wire transfer to the  
8 account within the United States designated by the Registered Owner. Principal of the Bonds  
9 shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the  
10 principal office of the Registrar.

11 Section 6. Right of Prior Redemption and Purchase.

12 (a) *Redemption.* The Bonds of each series may be subject to redemption prior to  
13 scheduled maturity approved in the Bond Purchase Contract executed by the Chief Fiscal Officer  
14 pursuant to Section 23 of this ordinance.

15 (b) *Purchase of Bonds.* The Municipality further reserves the right to use at any  
16 time any surplus Revenues available after providing for the payments required by paragraphs  
17 First through Eighth, inclusive, of Section 11 of this ordinance, or other available funds, to  
18 purchase any of the Bonds that are offered to the Municipality at any price deemed appropriate by  
19 the Municipality. Any purchase of Bonds may be made with or without tender of Bonds and at  
20 either public or private sale.

21 (c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in  
22 book-entry only form, the selection of particular series and Bonds within a maturity of a series to  
23 be redeemed shall be made in accordance with the operational arrangements then in effect at

1 DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be  
2 redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in  
3 the following provisions of this subsection (c). If the Municipality redeems at any one time  
4 fewer than all of the Bonds having the same series and maturity date, the particular Bonds or  
5 portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner  
6 determined by the Registrar) in increments of \$5,000. In the case of a Bond of a denomination  
7 greater than \$5,000, the Municipality and the Registrar shall treat each Bond as representing such  
8 number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the  
9 actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal  
10 sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Registrar  
11 there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed  
12 balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of  
13 like series, maturity and interest rate in any of the denominations herein authorized.

14 (d) *Notice of Redemption.*

15 (1) Official Notice. For so long as the Bonds are held in uncertificated form,  
16 notice of redemption, which notice may be conditional, shall be given in accordance with the  
17 operational arrangements of DTC as then in effect, and neither the Municipality nor the Registrar  
18 will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no  
19 longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter  
20 provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such  
21 redemption (which redemption shall be conditioned by the Registrar on the receipt of sufficient  
22 funds for redemption) shall be given by the Registrar on behalf of the Municipality by mailing a  
23 copy of an official redemption notice by first class mail at least 30 days and not more than

1 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to  
2 be redeemed at the address shown on the Bond Register or at such other address as is furnished  
3 in writing by such Registered Owner to the Registrar. Mailed notices will also be sent within the  
4 same period to each Rating Agency and to the Underwriters or their business successors, if any.

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

6 (A) the redemption date,

7 (B) the redemption price,

8 (C) if fewer than all outstanding Bonds are to be redeemed, the  
9 identification by maturity (and, in the case of partial redemption, the respective principal  
10 amounts) of the Bonds to be redeemed,

11 (D) that on the redemption date the redemption price will become due  
12 and payable upon each such Bond or portion thereof called for redemption, and that interest  
13 thereon shall cease to accrue from and after said date, and

14 (E) the place where such Bonds are to be surrendered for payment of  
15 the redemption price, which place of payment shall be the principal office of the Registrar.

16 On or prior to any redemption date, the Municipality shall deposit with the Registrar an  
17 amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds  
18 which are to be redeemed on that date.

19 (2) Effect of Notice; Bonds Due. Official notice of redemption having been  
20 given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall (if the notice is  
21 unconditional, on the redemption date, become due and payable at the redemption price therein  
22 specified, and from and after such date (unless the Municipality shall default in the payment of  
23 the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon

1 surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid  
2 by the Registrar at the redemption price. Installments of interest due on or prior to the  
3 redemption date shall be payable as herein provided for payment of interest. All Bonds which  
4 have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

5 (3) Additional Notice. In addition to the foregoing notice, further notice shall  
6 be given by the Municipality as set out below, but no defect in said further notice nor any failure  
7 to give all or any portion of such further notice shall in any manner defeat the effectiveness of a  
8 call for redemption if notice thereof is given as above prescribed. Each further notice of  
9 redemption given hereunder shall contain the information required above for an official notice of  
10 redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of  
11 the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed;  
12 (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information  
13 needed to identify accurately the Bonds being redeemed. Each further notice of redemption shall  
14 be sent at least 35 days before the redemption date to each party entitled to received notice  
15 pursuant to Section 24 and to the Insurer, if any and to such persons (including securities  
16 repositories who customarily at the time receive notices of redemption in accordance with rules  
17 promulgated by the SEC) and with such additional information as the Municipality shall deem  
18 appropriate, but such mailings shall not be a condition precedent to the redemption of such  
19 Bonds.

20 (4) Amendment of Notice Provisions. The foregoing notice provisions of this  
21 Section 6, including but not limited to the information to be included in redemption notices and  
22 the persons designated to receive notices, may be amended by additions, deletions and changes in

order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 7. Issuance Subject to Compliance With Parity Conditions. The issuance of each series of Senior Lien Parity Bonds is conditioned upon compliance with the applicable requirements of the Senior Lien Parity Conditions. The issuance of each series of Junior Lien Bonds is conditioned upon compliance with the applicable requirements of the Junior Lien Parity Conditions.

Section 8. Form of Bonds.

(a) *Series 2005A Bonds.* The Series 2005A Bonds issued as Senior Lien Parity Bonds shall be in substantially the following form with such additions and modifications as shall be appropriate to reflect the final negotiated terms of the Series 2005A Bonds.

UNITED STATES OF AMERICA

No. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA

MUNICIPALITY OF ANCHORAGE, ALASKA

SENIOR LIEN REFUNDING ELECTRIC REVENUE BOND, SERIES 2005A-[]

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Anchorage, Alaska (the "Municipality"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, solely out of the special fund of the Municipality known as the "Anchorage Senior Lien Electric Revenue Bond Fund" (the "Bond Fund") created by authority of Ordinance No. AO 83-60(S) of the Municipality on the Maturity Date identified above, the Principal Amount indicated above together with interest thereon at the Interest Rate shown above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each \_\_\_\_\_ and \_\_\_\_\_, or until such Principal Amount shall have been paid or duly provided for. Payments of principal of and interest on this bond shall be made as provided in the Blanket Issuer Letter of Representations dated July 1, 1995 ("Letter of Representations") and the operational arrangements referred to therein, between the Municipality

1 and The Depository Trust Company ("DTC") for so long as this bond is held in book entry only  
2 form. \_\_\_\_\_ has been appointed as  
3 the authentication agent, paying agent and registrar for the bonds of this issue (the "Registrar").  
4

5 This bond is one of an issue of bonds (the "Bonds") of like date and tenor except as to  
6 number, rate of interest, and date of maturity, aggregating the principal sum of \$ \_\_\_\_\_  
7 and is issued pursuant to the Constitution and statutes of the State of Alaska and the Home Rule  
8 Charter and duly adopted ordinances and resolutions of the Municipality, including particularly,  
9 Ordinance No. AO 2005-110 of the Municipality (the "Bond Ordinance") for the purpose of  
10 paying the costs of refunding certain outstanding electric revenue bonds of the Municipality and  
11 to pay costs of issuance. Simultaneously herewith, the Municipality is issuing another series of  
12 bonds, its Senior Lien Refunding Electric Revenue Bonds, Series 2005B (Taxable) in the  
13 aggregate principal amount of \$ \_\_\_\_\_. The definitions contained in the Bond  
14 Ordinance shall apply to capitalized terms contained herein.  
15

16 The Bonds are subject to optional and/or mandatory redemption prior to their scheduled  
17 maturities as stated in the Bond Ordinance.  
18

19 The Municipality does hereby pledge and bind itself to set aside out of Gross Revenues  
20 and the money in the Electric Utility Fund and to pay into the Bond Fund the various amounts  
21 required by the Bond Ordinance to be paid into and maintained in said Fund, all within the times  
22 provided in the Bond Ordinance. The Municipality has further pledged and bound itself to pay  
23 into such Electric Utility Fund, as collected, all Gross Revenues.  
24

25 The pledge of Gross Revenues and moneys in the Electric Utility Fund contained herein  
26 and in the Bond Ordinance may be discharged by making provision, at any time, for the payment  
27 of the principal of and interest on this Bond in the manner provided in the Bond Ordinance.  
28

29 Said amounts so pledged to be paid out of said Electric Utility Fund into the Bond Fund  
30 are hereby declared to be a lien and charge upon the money in the Electric Utility Fund and Gross  
31 Revenues superior to all other charges of any kind or nature except Operating Expenses (other  
32 than Municipal Utility Service Assessments and successor payments in lieu of property taxes)  
33 and equal to the lien and charge thereon for amounts pledged to the payment of the [Senior Lien  
34 Refunding Electric Revenue Bonds, 1993, issued under date of February 1, 1993, the Senior Lien  
35 Refunding Electric Revenue Bonds, 1996, issued under date of December 1, 1995, the Senior  
36 Lien Electric Revenue Bonds, Series 1996B issued under date of August 1, 1996, the Senior Lien  
37 Electric Revenue Bonds, Series 1996C issued under date of December 19, 1996, and the Senior  
38 Lien Refunding Electric Revenue Bonds, 1999 issued under the date of May 15, 1999] and any  
39 Senior Lien Parity Bonds hereafter issued.  
40

41 The Municipality has further bound itself to maintain the System in good condition and  
42 repair, to operate the same in an efficient manner and at a reasonable cost, and to establish,  
43 maintain and collect rates and charges for electric energy and all other services or facilities  
44 furnished or supplied by the System in each fiscal year for as long as any of the Bonds or Senior

1 Lien Parity Bonds are outstanding that will provide Net Revenues/Senior in an amount equal to  
2 the Rate Covenant-Senior.

3  
4 It is hereby certified that all acts, conditions and things required by the Constitution and  
5 statutes of the State of Alaska and the Home Rule Charter, resolutions and ordinances of the  
6 Municipality to be done precedent to and in the issuance of this Bond have happened, been done  
7 and performed.

8  
9 IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska, has caused this Bond  
10 to be executed with the manual or facsimile signature of its Municipal Manager and to be attested  
11 with the manual or facsimile signature of its Municipal Clerk and the official seal of the  
12 Municipality to be impressed or imprinted hereon, this \_\_\_\_ day of \_\_\_\_\_, 2005.

13  
14 MUNICIPALITY OF ANCHORAGE,  
15 ALASKA

16  
17  
18 By           /s/ manual or facsimile signature            
19 Municipal Manager

20 Attested:

21  
22           /s/manual or facsimile signature            
23 Municipal Clerk

24  
25 (Form of Certificate of Authentication)

26  
27 Date of Authentication:

28  
29 This Bond is one of the Municipality of Anchorage, Alaska, Senior Lien Refunding  
30 Electric Revenue Bonds, Series 2005A, described in and issued pursuant to the within mentioned  
31 Bond Ordinance.

32  
33 \_\_\_\_\_, as  
34 Registrar

35  
36 By \_\_\_\_\_  
37 Authorized Signer  
38

(b) *Series 2005B Bonds.* The Series 2005B Bonds issued as Senior Lien Parity Bonds shall be in substantially the following form with such additions and modifications as shall be appropriate to reflect the final negotiated terms of the Series 2005B Bonds.

UNITED STATES OF AMERICA

No. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA  
MUNICIPALITY OF ANCHORAGE, ALASKA  
SENIOR LIEN REFUNDING ELECTRIC REVENUE BOND, SERIES 2005B-[] (TAXABLE)

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Anchorage, Alaska (the "Municipality"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, solely out of the special fund of the Municipality known as the "Anchorage Senior Lien Electric Revenue Bond Fund" (the "Bond Fund") created by authority of Ordinance No. AO 83-60(S) of the Municipality on the Maturity Date identified above, the Principal Amount indicated above together with interest thereon at the Interest Rate shown above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each \_\_\_\_\_ and \_\_\_\_\_, or until such Principal Amount shall have been paid or duly provided for. Payments of principal of and interest on this bond shall be made as provided in the Blanket Issuer Letter of Representations dated July 1, 1995 ("Letter of Representations") and the operational arrangements referred to therein, between the Municipality and The Depository Trust Company ("DTC") for so long as this bond is held in book entry only form. \_\_\_\_\_ has been appointed as the authentication agent, paying agent and registrar for the bonds of this issue (the "Registrar").

This bond is one of an issue of bonds (the "Bonds") of like date and tenor except as to number, rate of interest, and date of maturity, aggregating the principal sum of \$ \_\_\_\_\_ and is issued pursuant to the Constitution and statutes of the State of Alaska and the Home Rule Charter and duly adopted ordinances and resolutions of the Municipality, including particularly, Ordinance No. AO 2005-110 of the Municipality (the "Bond Ordinance") for the purpose of paying the costs of refunding certain outstanding electric revenue bonds of the Municipality and to pay costs of issuance. Simultaneously herewith, the Municipality is issuing another series of bonds, its Senior Lien Refunding Electric Revenue Bonds, Series 2005A in the aggregate principal amount of \$ \_\_\_\_\_. The definitions contained in the Bond Ordinance shall apply to capitalized terms contained herein.



1 The Bonds are subject to optional and/or mandatory redemption prior to their scheduled  
2 maturities as stated in the Bond Ordinance.

3  
4 The Municipality does hereby pledge and bind itself to set aside out of Gross Revenues  
5 and the money in the Electric Utility Fund and to pay into the Bond Fund the various amounts  
6 required by the Bond Ordinance to be paid into and maintained in said Fund, all within the times  
7 provided in the Bond Ordinance. The Municipality has further pledged and bound itself to pay  
8 into such Electric Utility Fund, as collected, all Gross Revenues.

9  
10 The pledge of Gross Revenues and moneys in the Electric Utility Fund contained herein  
11 and in the Bond Ordinance may be discharged by making provision, at any time, for the payment  
12 of the principal of and interest on this Bond in the manner provided in the Bond Ordinance.

13  
14 Said amounts so pledged to be paid out of said Electric Utility Fund into the Bond Fund  
15 are hereby declared to be a lien and charge upon the money in the Electric Utility Fund and Gross  
16 Revenues superior to all other charges of any kind or nature except Operating Expenses (other  
17 than Municipal Utility Service Assessments and successor payments in lieu of property taxes)  
18 and equal to the lien and charge thereon for amounts pledged to the payment of the [Senior Lien  
19 Refunding Electric Revenue Bonds, 1993, issued under date of February 1, 1993, the Senior Lien  
20 Refunding Electric Revenue Bonds, 1996, issued under date of December 1, 1995, the Senior  
21 Lien Electric Revenue Bonds, Series 1996B issued under date of August 1, 1996, the Senior Lien  
22 Electric Revenue Bonds, Series 1996C issued under date of December 19, 1996, and the Senior  
23 Lien Refunding Electric Revenue Bonds, 1999 issued under the date of May 15, 1999] and any  
24 Senior Lien Parity Bonds hereafter issued.

25  
26 The Municipality has further bound itself to maintain the System in good condition and  
27 repair, to operate the same in an efficient manner and at a reasonable cost, and to establish,  
28 maintain and collect rates and charges for electric energy and all other services or facilities  
29 furnished or supplied by the System in each fiscal year for as long as any of the Bonds or Senior  
30 Lien Parity Bonds are outstanding that will provide Net Revenues/Senior in an amount equal to  
31 the Rate Covenant - Senior.

32  
33 THE MUNICIPALITY HAS TAKEN NO ACTION TO CAUSE THE INTEREST ON  
34 THE BONDS OF THIS ISSUE TO BE EXEMPT FROM FEDERAL INCOME TAXATION.

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

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 Municipal Manager and to be attested  
3 with the manual or facsimile signature of its Municipal Clerk and the official seal of the  
4 Municipality to be impressed or imprinted hereon, this \_\_\_\_ day of \_\_\_\_\_, 2005.  
5

6 MUNICIPALITY OF ANCHORAGE,  
7 ALASKA  
8

9  
10 By /s/ manual or facsimile signature  
11 Municipal Manager

12 Attested:

13  
14 /s/manual or facsimile signature  
15 Municipal Clerk  
16

17 (Form of Certificate of Authentication)  
18

19 Date of Authentication:  
20

21 This Bond is one of the Municipality of Anchorage, Alaska, Senior Lien Refunding  
22 Electric Revenue Bonds, Series 2005B (Taxable), described in and issued pursuant to the within  
23 mentioned Bond Ordinance.  
24

25 \_\_\_\_\_, as  
26 Registrar

27  
28 By \_\_\_\_\_  
29 Authorized Signer  
30

(c) *Series 2005A Bonds – Junior Lien.* The Series 2005A Bonds issued as Junior Lien Parity Bonds shall be in substantially the following form with such additions and modifications as shall be appropriate to reflect the final negotiated terms of the Series 2005A Bonds.

UNITED STATES OF AMERICA

No. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA  
MUNICIPALITY OF ANCHORAGE, ALASKA  
JUNIOR LIEN REFUNDING ELECTRIC REVENUE BOND, SERIES 2005[A- ]

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Anchorage, Alaska (the "Municipality"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, solely out of the special fund of the Municipality known as the "Anchorage Junior Lien Debt Service Fund" (the "Bond Fund") created by authority of Ordinance No. \_\_\_\_\_ of the Municipality on the Maturity Date identified above, the Principal Amount indicated above together with interest thereon at the Interest Rate shown above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each \_\_\_\_\_ and \_\_\_\_\_, or until such Principal Amount shall have been paid or duly provided for. Payments of principal of and interest on this bond shall be made as provided in the Blanket Issuer Letter of Representations dated July 1, 1995 ("Letter of Representations") and the operational arrangements referred to therein, between the Municipality and The Depository Trust Company ("DTC") for so long as this bond is held in book entry only form. \_\_\_\_\_ has been appointed as the authentication agent, paying agent and registrar for the bonds of this issue (the "Registrar").

This bond is one of an issue of bonds (the "Bonds") of like date and tenor except as to number, rate of interest, and date of maturity, aggregating the principal sum of \$ \_\_\_\_\_ and is issued pursuant to the Constitution and statutes of the State of Alaska and the Home Rule Charter and duly adopted ordinances and resolutions of the Municipality, including particularly, Ordinance No. AO 2005-110 of the Municipality (the "Bond Ordinance") for the purpose of paying the costs of refunding certain outstanding electric revenue bonds of the Municipality and to pay costs of issuance. Simultaneously herewith, the Municipality is issuing another series of bonds, its [Senior][Junior] Lien Refunding Electric Revenue Bonds, Series 2005[B (Taxable)] in the aggregate principal amount of \$ \_\_\_\_\_. The definitions contained in the Bond Ordinance shall apply to capitalized terms contained herein.

1  
2 The Bonds are subject to optional and/or mandatory redemption prior to their scheduled  
3 maturities as stated in the Bond Ordinance.  
4

5 The Municipality does hereby pledge and bind itself to set aside out of Gross Revenues  
6 and the money in the Electric Utility Fund and to pay into the Bond Fund the various amounts  
7 required by the Bond Ordinance to be paid into and maintained in said Fund, all within the times  
8 provided in the Bond Ordinance. The Municipality has further pledged and bound itself to pay  
9 into such Electric Utility Fund, as collected, all Gross Revenues.  
10

11 The pledge of Gross Revenues and moneys in the Electric Utility Fund contained herein  
12 and in the Bond Ordinance may be discharged by making provision, at any time, for the payment  
13 of the principal of and interest on this Bond in the manner provided in the Bond Ordinance.  
14

15 Said amounts so pledged to be paid out of said Electric Utility Fund into the Bond Fund  
16 are hereby declared to be a lien and charge upon the money in the Electric Utility Fund and Gross  
17 Revenues superior to all other charges of any kind or nature except Operating Expenses (other  
18 than Municipal Utility Service Assessments and successor payments in lieu of property taxes)  
19 and to the lien and charge thereon for amounts pledged to the payment of the [Senior Lien  
20 Refunding Electric Revenue Bonds, 1993, issued under date of February 1, 1993, the Senior Lien  
21 Refunding Electric Revenue Bonds, 1996, issued under date of December 1, 1995, the Senior  
22 Lien Electric Revenue Bonds, Series 1996B issued under date of August 1, 1996, the Senior Lien  
23 Electric Revenue Bonds, Series 1996C issued under date of December 19, 1996, and the Senior  
24 Lien Refunding Electric Revenue Bonds, 1999 issued under the date of May 15, 1999] and any  
25 Senior Lien Parity Bonds hereafter issued and equal to the lien thereon of \_\_\_\_\_.  
26

27 The Municipality has further bound itself to maintain the System in good condition and  
28 repair, to operate the same in an efficient manner and at a reasonable cost, and to establish,  
29 maintain and collect rates and charges for electric energy and all other services or facilities  
30 furnished or supplied by the System in each fiscal year for as long as any of the Bonds or Senior  
31 Lien Parity Bonds are outstanding that will provide Net Revenues/Junior in an amount equal to  
32 the Rate Covenant - Junior.  
33

34 It is hereby certified that all acts, conditions and things required by the Constitution and  
35 statutes of the State of Alaska and the Home Rule Charter, resolutions and ordinances of the  
36 Municipality to be done precedent to and in the issuance of this Bond have happened, been done  
37 and performed.  
38

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 Municipal Manager and to be attested  
3 with the manual or facsimile signature of its Municipal Clerk and the official seal of the  
4 Municipality to be impressed or imprinted hereon, this \_\_\_\_ day of \_\_\_\_\_, 2005.  
5

6 MUNICIPALITY OF ANCHORAGE,  
7 ALASKA  
8  
9

10 By \_\_\_\_/s/ manual or facsimile signature\_\_\_\_  
11 Municipal Manager

12 Attested:

13  
14 /s/manual or facsimile signature\_\_\_\_  
15 Municipal Clerk  
16

17 (Form of Certificate of Authentication)  
18

19 Date of Authentication:  
20

21 This Bond is one of the Municipality of Anchorage, Alaska, Junior Lien Refunding  
22 Electric Revenue Bonds, Series 2005[A- ], described in and issued pursuant to the within  
23 mentioned Bond Ordinance.  
24

25 \_\_\_\_\_, as  
26 Registrar

27  
28 By \_\_\_\_\_  
29 Authorized Signer  
30

(d) *Series 2005B Bonds- Junior.* The Series 2005B Bonds issued as Junior Lien Parity Bonds shall be in substantially the following form with such additions and modifications as shall be appropriate to reflect the final negotiated terms of the Series 2005B Bonds.

UNITED STATES OF AMERICA

No. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA  
MUNICIPALITY OF ANCHORAGE, ALASKA  
SENIOR LIEN REFUNDING ELECTRIC REVENUE BOND, SERIES 2005[B- ] (TAXABLE)

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

Anchorage, Alaska (the "Municipality"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, solely out of the special fund of the Municipality known as the "Anchorage Junior Lien Electric Revenue Debt Service Fund" (the "Bond Fund") created by authority of Ordinance No. \_\_\_\_\_ of the Municipality on the Maturity Date identified above, the Principal Amount indicated above together with interest thereon at the Interest Rate shown above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each \_\_\_\_\_ and \_\_\_\_\_, or until such Principal Amount shall have been paid or duly provided for. Payments of principal of and interest on this bond shall be made as provided in the Blanket Issuer Letter of Representations dated July 1, 1995 ("Letter of Representations") and the operational arrangements referred to therein, between the Municipality and The Depository Trust Company ("DTC") for so long as this bond is held in book entry only form. \_\_\_\_\_ has been appointed as the authentication agent, paying agent and registrar for the bonds of this issue (the "Registrar").

This bond is one of an issue of bonds (the "Bonds") of like date and tenor except as to number, rate of interest, and date of maturity, aggregating the principal sum of \$ \_\_\_\_\_ and is issued pursuant to the Constitution and statutes of the State of Alaska and the Home Rule Charter and duly adopted ordinances and resolutions of the Municipality, including particularly, Ordinance No. AO 2005-110 of the Municipality (the "Bond Ordinance") for the purpose of paying the costs of refunding certain outstanding electric revenue bonds of the Municipality and to pay costs of issuance. Simultaneously herewith, the Municipality is issuing another series of bonds, its [Senior][Junior] Lien Refunding Electric Revenue Bonds, Series 2005[A- ] in the aggregate principal amount of \$ \_\_\_\_\_. The definitions contained in the Bond Ordinance shall apply to capitalized terms contained herein.

1 The Bonds are subject to optional and/or mandatory redemption prior to their scheduled  
2 maturities as stated in the Bond Ordinance.  
3

4 The Municipality does hereby pledge and bind itself to set aside out of Gross Revenues  
5 and the money in the Electric Utility Fund and to pay into the Bond Fund the various amounts  
6 required by the Bond Ordinance to be paid into and maintained in said Fund, all within the times  
7 provided in the Bond Ordinance. The Municipality has further pledged and bound itself to pay  
8 into such Electric Utility Fund, as collected, all Gross Revenues.  
9

10 The pledge of Gross Revenues and moneys in the Electric Utility Fund contained herein  
11 and in the Bond Ordinance may be discharged by making provision, at any time, for the payment  
12 of the principal of and interest on this Bond in the manner provided in the Bond Ordinance.  
13

14 Said amounts so pledged to be paid out of said Electric Utility Fund into the Bond Fund  
15 are hereby declared to be a lien and charge upon the money in the Electric Utility Fund and Gross  
16 Revenues superior to all other charges of any kind or nature except Operating Expenses (other  
17 than Municipal Utility Service Assessments and successor payments in lieu of property taxes)  
18 and the lien and charge thereon for amounts pledged to the payment of the [Senior Lien  
19 Refunding Electric Revenue Bonds, 1993, issued under date of February 1, 1993, the Senior Lien  
20 Refunding Electric Revenue Bonds, 1996, issued under date of December 1, 1995, the Senior  
21 Lien Electric Revenue Bonds, Series 1996B issued under date of August 1, 1996, the Senior Lien  
22 Electric Revenue Bonds, Series 1996C issued under date of December 19, 1996, and the Senior  
23 Lien Refunding Electric Revenue Bonds, 1999 issued under the date of May 15, 1999] and any  
24 Senior Lien Parity Bonds hereafter issued. and [\_\_\_\_\_]   
25

26 The Municipality has further bound itself to maintain the System in good condition and  
27 repair, to operate the same in an efficient manner and at a reasonable cost, and to establish,  
28 maintain and collect rates and charges for electric energy and all other services or facilities  
29 furnished or supplied by the System in each fiscal year for as long as any of the Bonds or Senior  
30 Lien Parity Bonds are outstanding that will provide Net Revenues/Junior in an amount equal to  
31 the Rate Covenant - Junior.  
32

33 THE MUNICIPALITY HAS TAKEN NO ACTION TO CAUSE THE INTEREST ON  
34 THE BONDS OF THIS ISSUE TO BE EXEMPT FROM FEDERAL INCOME TAXATION.  
35

36 It is hereby certified that all acts, conditions and things required by the Constitution and  
37 statutes of the State of Alaska and the Home Rule Charter, resolutions and ordinances of the  
38 Municipality to be done precedent to and in the issuance of this Bond have happened, been done  
39 and performed.  
40

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 Municipal Manager and to be attested  
3 with the manual or facsimile signature of its Municipal Clerk and the official seal of the  
4 Municipality to be impressed or imprinted hereon, this \_\_\_\_ day of \_\_\_\_\_, 2005.

5  
6 MUNICIPALITY OF ANCHORAGE,  
7 ALASKA  
8

9  
10 By \_\_\_\_/s/ manual or facsimile signature\_\_\_\_  
11 Municipal Manager

12 Attested:

13  
14 /s/manual or facsimile signature\_\_\_\_  
15 Municipal Clerk  
16

17 (Form of Certificate of Authentication)  
18

19 Date of Authentication:  
20

21 This Bond is one of the Municipality of Anchorage, Alaska, Junior Lien Refunding  
22 Electric Revenue Bonds, Series 2005B-[ ] (Taxable), described in and issued pursuant to the  
23 within mentioned Bond Ordinance.  
24

25 \_\_\_\_\_, as  
26 Registrar  
27

28 By \_\_\_\_\_  
29 Authorized Signer  
30  
31

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

34 Section 9. Execution of Bonds. The Bonds of each series shall be executed on behalf  
35 of the Municipality with the manual or facsimile signature of the Mayor, the Municipal Manager  
36 or the Chief Fiscal Officer of the Municipality, attested with the manual or facsimile signature of  
37 the Municipal Clerk or Deputy Municipal Clerk and authenticated by the manual signature of an  
38 authorized representative of the Registrar. The official seal of the Municipality shall be



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

6 Section 10. Lost, Stolen, Destroyed or Mutilated Bonds. If any Bonds are lost, stolen  
7 or destroyed, the Registrar may authenticate and deliver a new Bond or Bonds of like series,  
8 amount, maturity and tenor to the Registered Owner upon the owner paying the expenses and  
9 charges of the Registrar and the Municipality in connection with preparation and authentication  
10 of the replacement Bond or Bonds and upon his or her filing with the Registrar and the  
11 Municipality evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or  
12 destroyed and of his or her ownership, and upon furnishing the Municipality and the Registrar  
13 with indemnity satisfactory to both.

14 Section 11. Electric Utility Fund and Priority of Use of Gross Revenues.

15 (a) *Priority of Payments.* There has heretofore been created a special fund of  
16 the Municipality (and maintained by the Municipality) known as the "Electric Utility Fund." The  
17 Municipality obligates and binds itself to set aside and pay into such Fund as collected all Gross  
18 Revenues. Such Gross Revenues and the moneys in the Electric Utility Fund are hereby pledged  
19 to and shall be used by the Municipality only for the following purposes and in the following  
20 order of priority:

21 First, to pay Operating Expenses except Municipal Utility Service Assessments;

1           Second, to make all payments, including sinking fund payments, required to be  
2 made into the Debt Service Account for the payment of the principal of and interest on all Senior  
3 Lien Parity Bonds;

4           Third, to make all payments required to be made into the Reserve Account -  
5 Senior;

6           Fourth, to make all payments, including sinking fund payments, required to be  
7 made with respect to Junior Lien Bonds;

8           Fifth, to make all payments required to be made into any reserve account, if any,  
9 for any Junior Lien Bonds;

10           Sixth, to make all required payments of Municipal Utility Service Assessments;

11           Seventh, to make all payments required to be made into the Operating Reserve  
12 Fund to meet and maintain the Operating Reserve Fund Requirement;

13           Eighth, to make payments not otherwise made as Operating Expenses into any  
14 fund or account to pay or secure the payment of electric revenue bonds, to make all payments  
15 required to be made into the Subordinate Lien Bond Fund for all Subordinate Lien Parity Bonds,  
16 or other subordinate lien obligations; and

17           Ninth, to pay the costs of additions, betterments, improvements and repairs to and  
18 extensions and replacements of the System, to make legally authorized payments into any other  
19 fund or account of the Municipality, to purchase or redeem electric revenue bonds or notes of the  
20 Municipality, or for any other proper purpose in connection with the operation of the System.

21           (b) *Rate Stabilization Account.* The Rate Stabilization Account provisions  
22 applicable to the Rate Covenant-Junior shall be as set forth in the Trust Agreement.

1           (c)    *Derivative Products.* The following shall be conditions precedent to the use of  
2 any Derivative Product on a parity with Junior Lien Bonds under this 1996D Bond  
3 Authorization:

4                   (1)    *General Parity Tests.* The Derivative Product must satisfy the  
5 requirements for additional Junior Lien Bonds described in the 1996D Bond Authorization.

6                   (2)    *Notice to Rating Services.* Before entering into any Derivative Product,  
7 the Municipality shall provide prior written notice to each Rating Service then maintaining a  
8 rating with respect to Junior Lien Bonds, together with drafts of the documentation evidencing  
9 the Derivative Product.

10                  (3)    *Opinion of Bond Counsel.* The Municipality shall obtain an opinion of its  
11 bond counsel on the due authorization and execution of such Derivative Product opining that the  
12 action proposed to be taken is authorized or permitted by the 1996D Bond Authorization or the  
13 applicable provisions of any Series Ordinance and, if applicable, will not adversely affect the  
14 exclusion from regular federal income tax of the interest on any Outstanding Junior Lien Bonds.

15                  (4)    *Payments.* Each Derivative Product shall set forth the manner in which  
16 the Municipality Payments and Reciprocal Payments are to be calculated and a schedule of  
17 Derivative Payment Dates.

18                  (5)    *Series Ordinances to Govern Derivative Products.* Prior to entering into a  
19 Derivative Product, the Municipality shall adopt a Series Ordinance, which shall:

20                        (A)    create and establish a Derivative Product Account or provide for  
21 some other way to account for the use of a Derivative Product; establish general provisions for  
22 the retention of Net Revenues in amounts sufficient to make, when due, Municipality Payments;

1 (B) establish general provisions for the rights of providers of  
2 Derivative Products or Derivative Facilities; and

3 (C) set forth such other matters as the Municipality deems necessary or  
4 desirable in connection with the management of Derivative Products as are not clearly  
5 inconsistent with the provisions of the 1996D Bond Authorization.

6 Except as may be otherwise provided in the Series Ordinance establishing a Derivative  
7 Product Account, additional Series Ordinances may be delivered pursuant to Section 18(b) of this  
8 ordinance in connection with any Derivative Product. This ordinance may be amended in the  
9 future to reflect the lien position and priority of any payments made in connection with a  
10 Derivative Product; *provided, however*, that no amendment shall be made which permits a  
11 payment under a Derivative Product to constitute a lien on Gross Revenue superior to that of  
12 Junior Lien Bonds, and, *provided, further*, that termination payments under Derivative Products  
13 may not attain a parity lien with Junior Lien Bonds.

14 Section 12. Anchorage Debt Service Funds and Accounts Therein.

15 (a) *Senior Lien Bond Fund.* There has heretofore been created a special fund of  
16 the Municipality known as the "Anchorage Senior Lien Electric Revenue Bond Fund" (herein  
17 called the "Bond Fund"), which fund is a trust fund to be drawn upon for the sole purpose of  
18 paying the principal of and interest and premium, if any, on all Senior Lien Parity Bonds. The  
19 Bond Fund consists of two accounts, the Debt Service Account and the Reserve Account -  
20 Senior. The Municipality may create sub-accounts in the Debt Service Account and the Reserve  
21 Account - Senior if the creation of such sub-accounts does not impair or diminish the rights of  
22 the owners of any Senior Lien Parity Bonds. Amounts pledged to be paid into the Bond Fund are  
23 hereby declared to be a lien and charge upon Gross Revenues and the moneys in the Electric

1 Utility Fund superior to all other charges of any kind or nature, except Operating Expenses  
2 (excluding Municipal Utility Service Assessments and successor payments in lieu of property  
3 taxes) and equal in rank to the charge thereon to pay and secure the payment of the principal of  
4 and interest on all Senior Lien Parity Bonds heretofore or hereafter issued.

5 From and after the time of issuance and delivery of the Bonds issued as Senior Lien  
6 Parity Bonds and as long thereafter as any of the same remain outstanding, the Municipality  
7 hereby irrevocably obligates and binds itself to set aside and pay into the Debt Service Account  
8 out of Gross Revenues and moneys in the Electric Utility Fund or out of any other moneys legally  
9 available therefor on or before the 20th day of each month the following amounts:

10 (a) Such amounts, in approximately equal monthly installments, as will be sufficient  
11 to accumulate the amount required to pay the interest scheduled to become due on all Senior Lien  
12 Parity Bonds on the next interest payment date; and

13 (b) Such amounts, in approximately equal monthly installments, as will be sufficient  
14 to accumulate (1) any required sinking fund installment, (2) the amount required to pay the next  
15 maturing principal of all Senior Lien Parity Bonds, and (3) the principal amounts of, and any  
16 redemption premium on, all Senior Lien Parity Bonds payable as a result of any mandatory  
17 redemption provisions, in each case during the next 12 months.

18 The Municipality may, at its option, credit the principal amounts of Senior Lien Parity  
19 Bonds purchased and retired pursuant to Section 6(b) of this ordinance against payments required  
20 by subparagraph (b) above with respect to the scheduled redemption of Term Bonds in any year  
21 designated by the Municipality.

22 Moneys in the Debt Service Account may be held in cash or invested in any investment  
23 that is legal and authorized for the investment of funds of the Municipality and which mature

1 prior to the time such money is required for the payment of the principal of or interest on Senior  
2 Lien Parity Bonds. All interest earned on and profits derived from such investments shall remain  
3 in and become a part of the Debt Service Account.

4 (b) *Junior Lien Debt Service Fund.* The Municipality established the  
5 Junior Lien Debt Service Fund as a trust fund in the 1996D Bond Authorization to be drawn  
6 upon for the sole purpose of paying the principal of and interest on all Junior Lien Bonds.  
7 Amounts pledged to be paid into the Junior Lien Debt Service Fund are hereby declared to be a  
8 lien and charge upon Gross Revenues and the moneys in the Electric Utility Fund superior to all  
9 other charges of any kind or nature, except Operating Expenses (excluding Municipal Utility  
10 Service Assessments and successor payments in lieu of property taxes) and the lien thereon for  
11 the payment of Senior Lien Parity Bonds and equal in rank to the charge thereon to pay and  
12 secure the payment of the principal of and interest on any Future Junior Lien Parity Bonds  
13 hereafter issued. From and after the time of issuance and delivery of the Bonds issued as Junior  
14 Lien Bonds and as long thereafter as any of the same remain outstanding, the Municipality  
15 hereby irrevocably obligates and binds itself to set aside and pay into the Junior Lien Debt  
16 Service Fund out of Gross Revenues and moneys in the Electric Utility Fund or out of any other  
17 moneys legally available therefor on or before the 20th day of each month the following  
18 amounts:

19 (a) Such amounts, in approximately equal monthly installments, as will be sufficient  
20 to accumulate the amount required to pay the interest scheduled to become due on all Junior Lien  
21 Bonds on the next interest payment date; and

22 (b) Such amounts, in approximately equal monthly installments, as will be sufficient  
23 to accumulate (1) any required sinking fund installment, (2) the amount required to pay the next

1 maturing principal of all Junior Lien Bonds, and (3) the principal amounts of, and any  
2 redemption premium on, all Junior Lien Bonds payable as a result of any mandatory redemption  
3 provisions, in each case during the next 12 months.

4 The Municipality may, at its option, credit the principal amounts of Junior Lien Bonds  
5 purchased and retired pursuant to Section 6(b) of this ordinance against payments required by  
6 subparagraph (b) above with respect to the scheduled redemption of Term Bonds in any year  
7 designated by the Municipality.

8 Moneys in the Junior Lien Debt Service Fund may be held in cash or invested by the  
9 Municipality in any investment which is then legal for the investment of funds of the  
10 Municipality. All interest earned on and profits derived from such investments shall remain in  
11 and become a part of the Junior Lien Debt Service Fund.

12 Section 13. Reserve Accounts. The provisions relating to the Reserve Account,  
13 including its funding and application shall be as set forth in the Trust Agreement. The provisions  
14 relating to the Junior Lien Reserve Account, including its funding and application shall be as set  
15 forth in the Trust Agreement.

16 Section 14. Electric Utility Operating Reserve Fund. There has heretofore been  
17 created in the Electric Utility Fund a special fund of the Municipality known as the "Electric  
18 Utility Operating Reserve Fund" (the "Operating Reserve Fund"). The provisions relating to the  
19 Operating Reserve Fund, including its funding and application shall be as set forth in the Trust  
20 Agreement.

21 Section 15. Adequacy of Revenues. The corporate authorities of the Municipality  
22 hereby declare that in fixing the amounts to be paid into the Bond Fund, hereinbefore provided  
23 for, they have exercised due regard for Operating Expenses and have not obligated the

1 Municipality to set aside and pay into said Bond Fund a greater amount of Gross Revenues than  
2 in their judgment will be available over and above Operating Expenses.

3 Section 16. Specific Covenants. The operating covenants, including the Rate  
4 Covenant-Senior, for the Senior Lien Parity Bonds shall be set forth in the Trust Agreement. The  
5 operating covenants, including the Rate Covenant-Junior, for the Junior Lien Bonds shall be set  
6 forth in the Trust Agreement.

7 Section 17. Tax Covenants.

8 (a) *Covenants Regarding Arbitrage and Private Activity Bonds.* The Municipality  
9 hereby covenants that it will not make any use of the proceeds of sale of the Series 2005A Bonds  
10 or any other funds of the Municipality which may be deemed to be proceeds of such Series  
11 2005A Bonds pursuant to Section 148 of the Code which will cause the Series 2005A Bonds to  
12 be "arbitrage bonds" within the meaning of said section and the applicable regulations  
13 thereunder. The Municipality will comply with the requirements of Section 148 of the Code (or  
14 any successor provision thereof applicable to the Series 2005A Bonds) and the applicable  
15 regulations thereunder throughout the term of the Series 2005A Bonds.

16 The Municipality further covenants that it will not take any action or permit any action to  
17 be taken that would cause the Series 2005A Bonds to constitute "private activity bonds" under  
18 Section 141 of the Code. The Municipality will take any action determined by the Municipality,  
19 after consultation with its bond counsel, to be legal and practicable and required to be taken by  
20 the Municipality under future federal laws or regulations in order to maintain the exemption of  
21 the interest on the Series 2005A Bonds from federal income taxation.

22 (b) *Private Person Use Limitation for Bonds.* The Municipality covenants that for as  
23 long as the Series 2005A Bonds are outstanding, it will not permit:



1 (1) More than 10% of the Net Proceeds of the Series 2005A Bonds to be used  
2 for any Private Person Use; and

3 (2) More than 10% of the principal or interest payments on the Series 2005A  
4 Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or  
5 to be used for any Private Person Use or secured by payments in respect of property used or to be  
6 used 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 Series 2005A Bonds are  
11 to be used for any Private Person Use; and

12 (4) More than five percent of the principal or interest payments on the  
13 Series 2005A Bonds in a Bond Year are (under the terms of this ordinance or any underlying  
14 arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for  
15 any Private Person Use or secured by payments in respect of property used or to be used for any  
16 Private Person Use, or (B) derived from payments (whether or not made to the Municipality) in  
17 respect of property, or borrowed money, used or to be used for any Private Person Use,

18 then, (i) any Private Person Use of the projects described in subsection (iii) hereof or Private  
19 Person Use payments described in subsection (4) hereof that is in excess of the five percent  
20 limitations described in such subsections (3) or (4) will be for a Private Person Use that is related  
21 to the state or local governmental use of the projects, and (ii) any Private Person Use will not  
22 exceed the amount of Net Proceeds of the Bonds used for the state or local governmental use  
23 portion of the project to which the Private Person Use of such portion of the projects relate. The

1 Municipality further covenants that it will comply with any limitations on the use of the projects  
2 by other than state and local governmental users that are necessary, in the opinion of its bond  
3 counsel, to preserve the tax exemption of the interest on the Series 2005A Bonds. The covenants  
4 of this section are specified solely to assure the continued exemption from regular income  
5 taxation of the interest on the Series 2005A Bonds.

6 (c) *No Qualification Under Section 265(b)*. The Bonds shall not be designated as  
7 “qualified tax-exempt obligations” pursuant to Section 265(b) of the Code for investment by  
8 financial institutions.

9 Section 18. Future Parity Bonds. The Senior Lien Parity Conditions applicable to the  
10 issuance of Future Senior Lien Parity Bonds shall be set forth in the Trust Agreement. The  
11 Junior Lien Parity Conditions applicable to the issuance of Future Junior Lien Parity Bonds shall  
12 be set forth in the Trust Agreement.

13 Section 19. Subordinate Lien Bonds. Nothing herein contained shall prevent the  
14 Municipality from issuing revenue bonds or notes which are a charge upon Gross Revenues and  
15 the moneys in the Electric Utility Fund subordinate or inferior to the payments required herein to  
16 be made with respect to the Senior Lien Parity Bonds and the Junior Lien Bonds, or from issuing  
17 electric revenue bonds to refund maturing bonds for the payment of which moneys are not  
18 otherwise available.

19 Section 20. Defeasance. In the event that money and/or Acquired Obligations  
20 maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to  
21 redeem and retire any or all of the Bonds in accordance with their terms are set aside in a special  
22 trust account in the Bond Fund to effect such redemption or retirement and such money and the  
23 principal of and interest on such obligations are irrevocably set aside and pledged for such

1 purpose, then no further payments need be made into the Bond Fund for the payment of the  
2 principal of and interest on such Bonds, and such Bonds shall cease to be entitled to any lien,  
3 benefit or security of this ordinance except the right to receive the funds so set aside and pledged,  
4 and such Bonds shall be deemed not to be outstanding hereunder or under any other ordinance  
5 authorizing the issuance of Senior Lien Parity Bonds.

6 Section 21. Refunding Procedures.

7 (a) *Creation of Escrow Funds.* Special accounts or funds are hereby authorized to be  
8 created, maintained drawn upon for the sole purpose of paying (or purchasing Government  
9 Obligations maturing in such amounts and at such times as to pay) the principal of and premium  
10 and interest on the Series 2005A Refunded Bonds and the Series B Refunded Bonds,  
11 respectively. The Escrow Agent to hold at all times these special accounts or funds in trust for  
12 the benefit of the owners of the Series 2005A Refunded Bonds and the Series B Refunded Bonds,  
13 respectively. The Escrow Agent shall cause the assets and amounts on deposit in each special  
14 account or fund to be held and disposed of only as set forth in this Section 21 and the applicable  
15 Escrow Agreement.

16 (b) *Application of Series 2005A and Series 2005B Bond Proceeds.*

17 (1) Series 2005A. The net proceeds of the Series 2005A Bonds (exclusive of  
18 any amounts that may be designated by the Chief Fiscal Officer in a closing certificate to be  
19 allocated to pay costs of issuance), together with other available funds of the Municipality in the  
20 amount specified by the Chief Fiscal Officer, shall be paid at the direction of the Chief Fiscal  
21 Officer to the Escrow Agent.

22 (2) Series 2005B. The net proceeds of the Series 2005B Bonds (exclusive of  
23 any amounts that may be designated by the Chief Fiscal Officer in a closing certificate to be

1 allocated to pay costs of issuance), together with other available funds of the Municipality in the  
2 amount specified by the Chief Fiscal Officer, shall be paid at the direction of the Chief Fiscal  
3 Officer to the Escrow Agent.

4 (c) *Defeasance of Refunded Bonds.*

5 (1) Series 2005A Refunded Bonds. The net proceeds of the Series 2005A  
6 Bonds so deposited shall be utilized immediately upon receipt thereof to purchase the  
7 Government Obligations specified by the Chief Fiscal Officer (which obligations so purchased,  
8 are herein called "Series 2005A Acquired Obligations") and to maintain such necessary  
9 beginning cash balance to defease the Series 2005A Refunded Bonds and to discharge the other  
10 obligations of the Municipality relating thereto under the ordinance(s) authorizing their issuance,  
11 by providing for the payment of the interest on the Series 2005A Refunded Bonds to the dates  
12 fixed for redemption and the redemption price (principal and premium) on the redemption dates  
13 for the Series 2005A Refunded Bonds. When the final transfers have been made for the payment  
14 of such redemption price and interest on the Series 2005A Refunded Bonds, any balance then  
15 remaining shall be transferred to the account designated by the Municipality and to be used for  
16 the purposes specified by the Chief Fiscal Officer.

17 (2) Series 2005B Refunded Bonds. The net proceeds of the Series 2005B  
18 Bonds shall be utilized immediately upon receipt thereof to purchase the Government  
19 Obligations specified by the Chief Fiscal Officer (which obligations so purchased, are herein  
20 called "Series 2005B Acquired Obligations") and to maintain such necessary beginning cash  
21 balance to defease the Series 2005B Refunded Bonds and to discharge the other obligations of  
22 the Municipality relating thereto under the ordinance(s) authorizing their issuance, by providing  
23 for the payment of the interest on the Series 2005B Refunded Bonds to the date fixed for

1 redemption and the redemption price (principal and premium) on the redemption date for the  
2 Series 2005B Refunded Bonds. When the final transfers have been made for the payment of  
3 such redemption price and interest on the Series 2005B Refunded Bonds, any balance then  
4 remaining shall be transferred to the account designated by the Municipality and to be used for  
5 the purposes specified by the Chief Fiscal Officer.

6 (d) *Acquired Obligations.*

7 (1) Series 2005A Acquired Obligations. The Series 2005A Acquired  
8 Obligations shall bear such interest and mature as to principal and interest in such amounts and at  
9 such times that, together with any necessary beginning cash balance, will provide for the payment  
10 of:

11 (A) the interest on the Series 2005A Refunded Bonds as such becomes  
12 due on and before the earliest redemption date(s) for the Series 2005A Refunded Bonds; and

13 (B) the price of redemption of the Series 2005A Refunded Bonds on  
14 the redemption date(s) for the Series 2005A Refunded Bonds.

15 If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit shall be  
16 insufficient to transfer the amounts required to make such payments, the Municipality shall  
17 timely deposit additional funds in the amounts required to make such payments.

18 (2) Series 2005B Acquired Obligations. The Series 2005B Acquired  
19 Obligations shall bear such interest and mature as to principal and interest in such amounts and at  
20 such times that, together with any necessary beginning cash balance, will provide for the payment  
21 of:

22 (A) the interest on the Series 2005B Refunded Bonds as such becomes  
23 due on and before the redemption date for the Series 2005B Refunded Bonds; and

1 (B) the price of redemption of the Series 2005B Refunded Bonds on  
2 the redemption date(s) for the Series 2005B Refunded Bonds.

3 If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit shall be  
4 insufficient to transfer the amounts required to make such payments, the Municipality shall  
5 timely deposit additional funds in the amounts required to make such payments.

6 (e) *Authorizing Appointment of Escrow Agent.* The Municipality hereby authorizes  
7 and directs the Chief Fiscal Officer to solicit proposals from and select a financial institution to  
8 act as the escrow agent for the Series 2005A Refunded Bonds and the Series 2005B Refunded  
9 Bonds (the "Escrow Agent").

10 Section 22. Redemption of Refunded Bonds.

11 (a) Series 2005A. The Assembly hereby calls the Series 2005A Refunded Bonds for  
12 redemption on the redemption date(s) specified in the Escrow Agreement -- Series A in  
13 accordance with the provisions of the ordinances authorizing the issuance, redemption and  
14 retirement of the Series 2005A Refunded Bonds prior to their fixed maturities.

15 Said defeasance and call for redemption of the Series 2005A Refunded Bonds shall be  
16 irrevocable after the delivery of the proceeds of the Series 2005A Bonds (and/or Series A  
17 Acquired Obligations purchased with such proceeds) to the Escrow Agent.

18 The Escrow Agent shall be authorized and directed to provide for the giving of  
19 irrevocable notice of the redemption of the Series 2005A Refunded Bonds in accordance with the  
20 terms of the ordinances authorizing the issuance of the Series 2005A Refunded Bonds and as  
21 described in the Escrow Agreement—Series A (hereinafter authorized). The Chief Fiscal Officer  
22 is authorized and directed to provide whatever assistance is necessary to accomplish such

1 redemption and the giving of notice therefor. The costs of mailing of such notice shall be an  
2 expense of the Municipality.

3 The Escrow Agent shall be authorized and directed to pay to the paying agents for the  
4 Series 2005A Refunded Bonds, sums sufficient to pay, when due, the payments specified in  
5 Section 21(d)(1) of this ordinance. All such sums shall be paid from the moneys and the  
6 Series A Acquired Obligations deposited with said Escrow Agent pursuant to the previous  
7 section of this ordinance, and the income therefrom and proceeds thereof.

8 The Municipality will ascertain that all necessary and proper fees, compensation and  
9 expenses of the Escrow Agent for the Series 2005A Refunded Bonds shall be paid when due. The  
10 Chief Fiscal Officer is authorized and directed to execute and deliver the Escrow Agreement—  
11 Series A to the Escrow Agent when the provisions thereof have been fixed and determined for  
12 closing and delivery of the Series 2005A Bonds. Such Escrow Agreement—Series A shall be  
13 substantially in the form of Exhibit A attached to this ordinance and by this reference hereby  
14 made a part of this ordinance. The Escrow Agreement—Series A may be issued separately or in  
15 combination with the Escrow Agreement – Series B, hereinafter authorized.

16 (2) Series 2005B. The Assembly hereby calls the Series 2005B Refunded  
17 Bonds for redemption on the redemption date(s) specified in the Escrow Agreement – Series B in  
18 accordance with the provisions of the ordinances authorizing the issuance, redemption and  
19 retirement of the Series 2005B Refunded Bonds prior to their fixed maturities.

20 Said defeasance and call for redemption of the Series 2005B Refunded Bonds shall be  
21 irrevocable after the delivery of the proceeds of the Series 2005B Bonds (and/or Series B  
22 Acquired Obligations purchased with such proceeds) to the Escrow Agent.

1 The Escrow Agent shall be authorized and directed to provide for the giving of  
2 irrevocable notice of the redemption of the Series 2005B Refunded Bonds in accordance with the  
3 terms of the ordinances authorizing the issuance of the Series 2005B Refunded Bonds and as  
4 described in the Escrow Agreement—Series B (hereinafter authorized). The Chief Fiscal Officer  
5 is authorized and directed to provide whatever assistance is necessary to accomplish such  
6 redemption and the giving of notice therefor. The costs of mailing of such notice shall be an  
7 expense of the Municipality.

8 The Escrow Agent shall be authorized and directed to pay to the paying agents for the  
9 Series 2005B Refunded Bonds, sums sufficient to pay, when due, the payments specified in  
10 Section 21(d)(2) of this ordinance. All such sums shall be paid from the moneys and the Series B  
11 Acquired Obligations deposited with said Escrow Agent pursuant to the previous section of this  
12 ordinance, and the income therefrom and proceeds thereof.

13 The Municipality will ascertain that all necessary and proper fees, compensation and  
14 expenses of the Escrow Agent for the Series 2005B Refunded Bonds shall be paid when due. The  
15 Chief Fiscal Officer is authorized and directed to execute and deliver the Escrow Agreement—  
16 Series B to the Escrow Agent when the provisions thereof have been fixed and determined for  
17 closing and delivery of the Series 2005B Bonds. Such Escrow Agreement—Series B shall be  
18 substantially in the form of Exhibit A attached to this ordinance and by this reference hereby  
19 made a part of this ordinance.

20 Section 23. Designation of Refunded Bonds, Sale of Bonds and General Authorization  
21 to Municipal Officials.

22 (a) *Designation of Refunded Bonds.* As outlined in the recitals to this ordinance,  
23 certain principal maturities of the 1993 Bonds, the 1996 Bonds, the 1996B Bonds, the 1996C



1 Bonds, the 1996D Bonds and the 1999 Bonds may be called for redemption prior to their  
2 scheduled maturities. All or some of these bonds may be refunded and refinanced with the  
3 proceeds of the Bonds authorized by this ordinance ("Refunding Candidates"). The Chief Fiscal  
4 Officer may select some or all of the Refunding Candidates for refunding with the proceeds of  
5 the Series 2005A Bonds and designate those Refunding Candidates as the "Series 2005A  
6 Refunded Bonds" in the Bond Purchase Contract if and to the extent that the aggregate savings to  
7 be realized as a result of the refunding of the Series 2005A Refunded Bonds (*i.e.*, the present  
8 value of (i) the debt service on the Series 2005A Refunded Bonds minus (ii) the debt service on  
9 the Series 2005A Bonds, after payment of all costs of issuance of the Refunding Bonds), on a  
10 maturity by maturity basis, exceeds the Savings Target. The Chief Fiscal Officer may select  
11 some or all of the Refunding Candidates for refunding with the proceeds of the Series 2005B  
12 Bonds and designate those Refunding Candidates as the "Series 2005B Refunded Bonds" in the  
13 Bond Purchase Contract if and to the extent that the Chief Fiscal Officer has been advised by  
14 bond counsel that such refunding should occur and thereby permit the Municipality more  
15 flexibility in the use and operation of the facilities financed with the proceeds of the  
16 Series 2005B Refunded Bonds.

17 (b) *Bond Sale.* The Bonds shall be sold at negotiated sale to the Underwriters  
18 pursuant to the terms of one or more bond purchase contracts (the "Bond Purchase Contract").  
19 The Chief Fiscal Officer is hereby authorized to negotiate terms for the purchase of the  
20 Series 2005 Bonds, including the designation of senior managing underwriter and co-managers,  
21 and execute the Bond Purchase Contracts, with such terms (including the designation of the  
22 Series 2005A Refunded Bonds and the Series 2005B Refunded Bonds as are approved by the  
23 Chief Fiscal Officer pursuant to this section and consistent with this ordinance. The Assembly

1 has been advised by the Underwriters that market conditions are fluctuating and, as a result, the  
2 most favorable market conditions may occur on a day other than a regular meeting date of the  
3 Assembly. The Assembly has determined that it would be in the best interest of the Municipality  
4 to delegate to the Chief Fiscal Officer for a limited time the authority to approve the aggregate  
5 principal amounts, interest payment dates final interest rates, maturity dates, aggregate principal  
6 amounts for each series, principal amounts of each maturity, redemption rights, lien position and  
7 other terms and conditions of the Bonds. The Chief Fiscal Officer is hereby authorized to  
8 approve the aggregate principal amounts, interest payment dates final interest rates, maturity  
9 dates, aggregate principal amounts for each series, principal amounts of each maturity,  
10 redemption rights lien position and other terms and conditions of the Bonds in the manner  
11 provided hereafter so long as the aggregate principal amount of the Bonds does not exceed  
12 \$250,000,000 and so long as the true interest cost for the Series 2005A Bonds does not exceed  
13 5.0% and the true interest cost for the Series 2005B Bonds does not exceed 6.0%.

14 In determining the aggregate principal amounts, interest payment dates final interest rates,  
15 maturity dates, aggregate principal amounts for each series, principal amounts of each maturity,  
16 redemption rights, lien position and other terms and conditions of the Bonds, the Chief Fiscal  
17 Officer, in consultation with Municipality staff and the Municipality's financial advisor, shall  
18 take into account those factors that, in his judgment, will result in the lowest true interest cost on  
19 the Bonds to their maturity (based on all applicable circumstances), including, but not limited to  
20 current financial market conditions and current interest rates for obligations comparable in tenor  
21 and quality to the Bonds of each series. Subject to the terms and conditions set forth in this  
22 section, the Chief Fiscal Officer is hereby authorized to execute the final form of the Bond  
23 Purchase Contract. Following the execution of the Bond Purchase Contract, the Chief Fiscal

1 Officer shall provide a report to the Assembly, describing the final terms of the Bonds approved  
2 pursuant to the authority delegated in this section. The authority granted to the Chief Fiscal  
3 Officer by this section shall expire on May 1, 2006. If a Bond Purchase Contract for the Bonds  
4 of a series has not been executed by that date, the authorization for the issuance of such series of  
5 Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such  
6 Bonds shall have been re-authorized by an amendment to this ordinance or a new ordinance of  
7 the Assembly.

8       Upon the adoption of this ordinance, the proper officials of the Municipality including the  
9 Chief Fiscal Officer, are authorized and directed to undertake all other actions necessary for the  
10 prompt execution and delivery of the Bonds to the Underwriters thereof and further to execute all  
11 closing certificates and documents required to effect the closing and delivery of the Bonds in  
12 accordance with the terms of the Bond Purchase Contract.

13       The Chief Fiscal Officer is authorized to ratify and to approve for purposes of the Rule,  
14 on behalf of the Municipality, the Official Statement(s) (and any Preliminary Official  
15 Statement(s)) and any supplement thereto relating to the issuance and sale of the Bonds and the  
16 distribution of the Bonds pursuant thereto with such changes, if any, as may be deemed by him to  
17 be appropriate.

18       The Chief Fiscal Officer and other Municipality officials, agents and representative are  
19 hereby authorized and directed to do everything necessary for the prompt issuance, execution and  
20 delivery of the Bonds to the Underwriters and for the proper application and use of the proceeds  
21 of sale of the Bonds.

1        Section 24.    Undertaking to Provide Ongoing Disclosure. The Chief Fiscal Officer is  
2 authorized to, in his discretion, execute and deliver an agreement relating to ongoing disclosure  
3 to assist the Underwriters in complying with the Rule.

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

12        Section 26.    Amendatory and Supplemental Ordinances. The terms and conditions  
13 under which this ordinance may be amended or supplemented shall be as set forth in the Trust  
14 Agreement. In the event that a financing participant requests a correction, clarification,  
15 modification or amendment to terms set forth in this ordinance and the Municipality agrees to  
16 such correction, clarification, modification or amendment, the correction, clarification,  
17 modification or amendment may be reflected in the Trust Agreement, Paying Agent Agreement  
18 or the Bond Purchase Contract. The authority granted under this subsection to make corrections,  
19 clarifications, modifications and amendments of terms set forth in this ordinance in the Trust  
20 Agreement, Paying Agent Agreement or the Bond Purchase Contract shall terminate following  
21 the issuance of any series of Bonds that would be adversely affected by the proposed correction,  
22 clarification, modification or amendment.

1 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this

2 13<sup>th</sup> day of September, 2005.

3 MUNICIPALITY OF ANCHORAGE,  
4 ALASKA

5  
6 By Anna F. Fairclough  
7 Chair

8 ATTEST:

9 Brian S. Gonsky

10 Municipal Clerk  
11

# **EXHIBIT A**

## **ESCROW DEPOSIT AGREEMENT**

### **MUNICIPALITY OF ANCHORAGE SENIOR LIEN REVENUE REFUNDING BONDS, SERIES 2005[A/B]**

**THIS ESCROW DEPOSIT AGREEMENT**, dated as of \_\_\_\_\_, 200\_\_ (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between the Municipality of Anchorage (herein called the "Municipality") and \_\_\_\_\_, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The notice addresses of the Municipality and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

### **WITNESSETH:**

**WHEREAS**, the Municipality heretofore has issued certain revenue bonds presently remaining outstanding as identified and described in Exhibit B (the "Series [A/B] Refunded Bonds"); and

**WHEREAS**, pursuant to Ordinance No. AO 2005-110, passed on \_\_\_\_\_, 2005 (the "Ordinance"), the Municipality has determined to issue its Senior Lien Revenue Refunding Bonds, Series 2005[A/B] (the "Series [A/B] Refunding Bonds") for the purpose of providing funds to pay the costs of refunding the Series [A/B] Refunded Bonds; and

**WHEREAS**, the Escrow Agent has reviewed the Ordinance and this Agreement, and is willing to serve as Escrow Agent hereunder.

**WHEREAS**, \_\_\_\_\_ of \_\_\_\_\_, have prepared a verification report which is dated \_\_\_\_\_, 200\_\_ (the "Verification Report") relating to the source and use of funds available to accomplish the refunding of the Series [A/B] Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Series [A/B] Refunded Bonds.

**WHEREAS**, when Escrowed Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the Series [A/B] Refunded Bonds when due, then the Series [A/B] Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the escrow funds provided for such purpose; and

**WHEREAS**, the issuance, sale, and delivery of the Refunding Bonds have been duly authorized to be issued, sold, and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of, interest on [and redemption premium (if any)] on the Series [A/B] Refunded Bonds when due as shown on Exhibit C attached hereto; and

**WHEREAS**, the Municipality desires that, concurrently with the delivery of the Series [A/B] Refunding Bonds to the purchasers thereof, the proceeds of the Series [A/B] Refunding Bonds, together with certain other available funds of the Municipality, shall be applied to purchase certain direct noncallable obligations of or guaranteed by the United States of America hereinafter defined as the “Escrowed Securities” for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

**WHEREAS**, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Series [A/B] Refunded Bonds as it accrues and becomes payable and the principal of and premium (if any) on the Series [A/B] Refunded Bonds as it becomes due and payable; and

**WHEREAS**, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Municipality desires to establish the Escrow Fund at the corporate trust office of the Escrow Agent in \_\_\_\_\_; and

**WHEREAS**, the Escrow Agent is a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

**NOW, THEREFORE**, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the [premium and ]interest on the Series [A/B] Refunded Bonds, the Municipality and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

## **Article 1. Definitions**

### **Section 1.1. Definitions.**

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

***Escrow Fund*** means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

***Escrowed Securities*** means the noncallable Government Obligations described in Exhibit D attached to this Agreement, or cash or other noncallable Government Obligations substituted therefor pursuant to Section 4.2 of this Agreement.

***Government Obligations*** means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series, (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely

payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States of America.

***Paying Agent*** means U.S. Bank National Association, as the paying agent for the Series [A/B] Refunded Bonds.

## **Section 1.2. Other Definitions.**

The terms "Agreement," "Municipality," "Escrow Agent," "Ordinance," "Verification Report," "Series [A/B] Refunded Bonds," and "Refunding Bonds" when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

## **Section 1.3. Interpretations.**

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Series [A/B] Refunded Bonds in accordance with applicable law.

# **Article 2. Deposit of Funds and Escrowed Securities**

## **Section 2.1. Deposits in the Escrow Fund.**

Concurrently with the sale and delivery of the Refunding Bonds the Municipality shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds sufficient to purchase the Escrowed Securities described in Exhibit D attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Municipality in writing.

# **Article 3. Creation and Operation of Escrow Fund**

## **Section 3.1. Escrow Fund.**

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit D attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and [premium and] interest on the Series [A/B] Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers



have been made for the payment of such principal of and [premium (if any) and ]interest on the Series [A/B] Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the Municipality, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

### **Section 3.2. Payment of Principal and Interest.**

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of [and premium on ]the Series [A/B] Refunded Bonds at their respective maturity or redemption dates and interest thereon to such maturity or redemption dates in the amounts and at the times shown in Exhibit C attached hereto.

### **Section 3.3. Sufficiency of Escrow Fund.**

The Municipality represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Series [A/B] Refunded Bonds as such interest comes due and the principal of [and premium on] the Series [A/B] Refunded Bonds as the Series [A/B] Refunded Bonds are paid on the optional redemption date set forth in Exhibit E attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2. hereof, the Municipality shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Municipality's failure to make additional deposits thereto.

### **Section 3.4. Trust Fund.**

The Escrow Agent or its affiliate, shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Series [A/B] Refunded Bonds; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Series [A/B] Refunded Bonds shall be entitled to a preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Series [A/B] Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit

by the Municipality, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Municipality or, except to the extent expressly herein provided, by the Paying Agent.

## **Article 4. Limitation on Investments**

### **Section 4.1. Investments.**

Except for the initial investment in the Escrowed Securities, and except as provided in Section 4.2 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

### **Section 4.2. Substitution of Securities.**

At the written request of the Municipality, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Escrow Fund, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Series [A/B] Refunded Bonds or Government Obligations which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient to provide for the full and timely payment of principal of and interest on all of the remaining Series [C/D] Refunded Bonds as they become due, taking into account any optional redemption thereof exercised by the Municipality in connection with such transaction; and (b) the Escrow Agent shall have received the unqualified written legal opinion of its bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Bonds or Series [A/B] Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. The Escrowed Securities then held by the Escrow Agent shall not be released until the Escrow Agent shall have received the substituted Escrowed Securities.

## **Article 5. Application of Cash Balances**

### **Section 5.1. In General.**

Except as provided in Sections 3.2 and 4.2 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent in U.S. currency and as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent.

Any money or securities remaining on deposit with the Escrow Agent following the payment and redemption of the refunded Bonds and the payment of all costs and expenses thereof shall be remitted promptly to the Municipality.

## **Article 6. Redemption of Series [A/B] Refunded Bonds**

### **Section 6.1. Call for Redemption.**

The Municipality hereby irrevocably calls the Series [A/B] Refunded Bonds for redemption on the dates shown on Exhibit E and as shown in the Verification Report and on Appendix A attached hereto.

### **Section 6.2. Notice of Redemption.**

The Escrow Agent agrees to give a notice of redemption and a notice of defeasance of the Series [A/B] Refunded Bonds pursuant to the terms of the ordinance(s) authorizing the issuance of the Series [A/B] Refunded Bonds and in substantially the forms attached hereto as Appendix A and Appendix B, respectively, and as described on said Appendix A and Appendix B by delivering the same to the Paying Agent for distribution as described therein. The notice of defeasance shall be given immediately following the execution of this Agreement, and the notice of redemption shall be given in accordance with the ordinance(s) authorizing the issuance of the Series [A/B] Refunded Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the Series [A/B] Refunded Bonds.

## **Article 7. Records and Reports**

### **Section 7.1. Records.**

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

## **Section 7.2. Reports.**

While this Agreement remains in effect, the Escrow Agent monthly shall prepare and send to the Municipality a written report summarizing all transactions relating to the Escrow Fund during the preceding month, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Series [A/B] Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

## **Article 8. Concerning the Paying Agents and Escrow Agent**

### **Section 8.1. Representations.**

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

### **Section 8.2. Limitation on Liability.**

The liability of the Escrow Agent to transfer funds for the payment of the principal of [and premium] and interest on the Series [A/B] Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Municipality promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Municipality and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Series [A/B] Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except as set forth herein and to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrars therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Municipality thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and diligence and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own neglect or willful misconduct, nor for any loss unless the same shall have been through its negligence, willful misconduct or bad faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Municipality with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct, bad faith or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Municipality or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Municipality at any time.

### **Section 8.3. Compensation.**

The Municipality shall pay to the Escrow Agent fees for performing the services hereunder and for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement pursuant to the terms of the Fee Schedule attached hereto as Appendix B. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

#### **Section 8.4. Successor Escrow Agents.**

Any corporation, association or other entity into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust assets and business or any corporation, association or other entity resulting from any such conversion, sale, merger, consolidation or other transfer to which it is a party, *ipso facto*, shall be and become successor escrow agent hereunder, vested with all other matters as was its predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, notwithstanding anything herein to the contrary.

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Municipality, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Municipality within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Series [A/B] Refunded Bonds then outstanding by an instrument or instruments in writing filed with the Municipality, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or a state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least [\$50,000,000] and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Municipality and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Municipality shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.4 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

## **Article 9. Miscellaneous**

### **Section 9.1. Notice.**

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Municipality or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

### **Section 9.2. Termination of Responsibilities.**

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Municipality, the owners of the Series [A/B] Refunded Bonds or to any other person or persons in connection with this Agreement.

### **Section 9.3. Binding Agreement.**

This Agreement shall be binding upon the Municipality and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Series [A/B] Refunded Bonds, the Municipality, the Escrow Agent and their respective successors and legal representatives.

### **Section 9.4. Severability.**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

### **Section 9.5. Alaska Law Governs.**

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Alaska.

### **Section 9.6. Time of the Essence.**

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

**Section 9.7. Notice to Moody's and S&P. [to be conformed to refunded bonds, once selected]**

In the event that this Agreement or any provision thereof is severed, amended or revoked, the Municipality shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 99 Church Street, New York, New York, 10007, Attention: Public Finance Rating Desk/Refunded Bonds and to Standard & Poor's Ratings Service, a Division of The McGraw Hill Companies, 55 Water Street, New York, New York 10041, Attention: Public Finance Rating Desk/ Refunded Bonds.

**Section 9.8. Amendments.**

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Series [A/B] Refunded Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the Series [A/B] Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Series [A/B] Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the Series [A/B] Refunded Bonds.

**EXECUTED** as of the date first written above.

**MUNICIPALITY OF ANCHORAGE**

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Chief Fiscal Officer

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as Authorized Signer

Exhibit A	-	Addresses of the Municipality and the Escrow Agent
Exhibit B	-	Description of the Series [A/B] Refunded Bonds
Exhibit C	-	Schedule of Debt Service on Series [A/B] Refunded Bonds
Exhibit D	-	Description of Beginning Cash Deposit (if any) and Escrowed Securities
Exhibit E	-	Escrow Fund Cash Flow
Appendix A	-	Notice of Redemption
Appendix B	-	Notice of Defeasance
Appendix C	-	Fee Schedule



**EXHIBIT A**  
**Addresses of the Municipality and Escrow Agent**

**Municipality:** Municipality of Anchorage

**Escrow Agent:**

**EXHIBIT B**  
**THE SERIES [A/B] REFUNDED BONDS**

<b>Years</b> <b>(_____ 1)</b>	<b>Principal</b> <b>Amounts</b>	<b>Interest</b> <b>Rates</b>
	<b>\$</b>	<b>%</b>

**EXHIBIT C**

### Schedule of Debt Service on the Series [A/B] Refunded Bonds

Date \_\_\_\_\_

## Interest

Principal/  
Redemption  
Price

Total

\$

\$

\$

**Totals:**

\$

\$

**\$**

**EXHIBIT D**  
**Escrow Deposit**

## I. Cash

## II. Other Obligations

[illegible]

**EXHIBIT E**  
**Escrow Fund Cash Flow**

<b>Date</b>	<b>Total Cash</b>	<b>Reinvestment In</b>		<b>Adjusted Cash</b>	<b>Cash</b>	<b>Cash</b>
	<b>Receipts From</b>	<b>Zero-Coupon</b>	<b>U.S. Treasury SLGS</b>	<b>Receipts From</b>	<b>Disbursements</b>	
	<b>U.S. Treasury</b>	<b>U.S. Treasury</b>	<b>SLGS</b>	<b>U.S. Treasury</b>	<b>From Escrow</b>	<b>Balance</b>
	<b>Securities</b>	<b>(Investments)</b>	<b>Maturities</b>	<b>From Escrow</b>	<b>From Escrow</b>	

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## APPENDIX A-1

### NOTICE OF REDEMPTION\*

**Municipality of Anchorage**  
**[Name of Refunded Bonds]**

NOTICE IS HEREBY GIVEN that the Municipality of Anchorage has called for redemption on \_\_\_\_\_ 1, \_\_\_\_\_, its outstanding Revenue Bonds, \_\_\_\_\_ (the "Bonds").

The Bonds will be redeemed at a price of \_\_\_\_\_ percent (\_\_\_\_%) of their principal amount, plus interest accrued to \_\_\_\_\_ 1, \_\_\_\_\_. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

-or-

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on \_\_\_\_\_ 1, \_\_\_\_\_.

The following Bonds are being redeemed:

<u>Maturity Years</u> <u>(_____ 1)</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u> <u>Amounts</u>	<u>CUSIP Nos.</u>
	\$	%	

**By Order of the Municipality of Anchorage**

\* This notice shall be given not more than 60 nor less than 30 days prior to \_\_\_\_\_ 1, \_\_\_\_\_ by first class mail to each registered owner of the Refunded Bonds. In addition notice shall be mailed at least 35 days prior to \_\_\_\_\_ 1, \_\_\_\_\_ to The Depository Trust Company, New York, New York; [Underwriter of Refunded Bonds;] [Insurer of Refunded Bonds;] Moody's Investors Service and Standard & Poor's; and to each Nationally Recognized Municipal Securities Information Repository

**The Bank of New York, as Paying Agent**

Dated: \_\_\_\_\_.

Under the Interest and Dividend Tax Compliance Act of 1983, payor may be required to withhold 28% of the redemption price from any Bondowner who fails to provide to payor and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the Bonds are presented for payment. Bondowners who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Bonds.

**APPENDIX B-1**  
**Notice of Defeasance<sup>1</sup>**  
**Municipality of Anchorage**  
**[Name of Refunded Bonds]**

NOTICE IS HEREBY GIVEN to the owners of that portion of the above captioned bonds with respect to which, pursuant to an Escrow Agreement dated \_\_\_\_\_, by and between the Municipality of Anchorage (the "Municipality") and \_\_\_\_\_ (the "Escrow Agent"), the Municipality has deposited into an escrow account, held by the Escrow Trustee, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money to pay each year, to and including the respective maturity or redemption dates of such bonds so provided for, the principal thereof and interest thereon (the "Defeased Bonds"). Such Defeased Bonds are therefore deemed to be no longer outstanding pursuant to Section \_\_\_\_\_ of Ordinance No. AO \_\_\_\_\_ of the Municipality authorizing the Defeased Bonds, but will be paid by application of the assets in such escrow.

The Defeased Bonds are described as follows:

Municipality of Anchorage  
\_\_\_\_\_

(Dated \_\_\_\_\_)

Maturity Date (_____)1)	Par Amount Defeased	Interest Rate	Call Date (at 100%)	CUSIP Nos.
Year*	\$	%		

[\*New CUSIP numbers have been assigned to these bonds.]

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<sup>1</sup> \* This notice shall be given immediately by first class mail to each registered owner of the Defeased Bonds and to each Nationally Recognized Municipal Securities Information Repository.



Bond Numbers of \_\_\_\_\_ Defeased Bonds

Information for Individual Registered Owner

The addressee of this notice is the registered owner of Bond Certificate No. \_\_\_\_\_ of the Defeased Bonds described above, which certificate is in the principal amount of \$\_\_\_\_\_. Of that principal amount, \$\_\_\_\_\_ has been defeased as described above.

New CUSIP numbers have been assigned to maturities of the Defeased Bonds designated above with an asterisk (\*). Such Defeased Bonds must be submitted to the \_\_\_\_\_ for reissue with the appropriate CUSIP number(s). If your bond has been assigned a new CUSIP number, please submit it to the address listed below along with a copy of this notice.

The Bonds should be presented as follows:

IF BY MAIL:

IF BY HAND:

[Date]

\_\_\_\_\_, as Escrow Trustee

**APPENDIX C**  
**Fee Schedule**

Escrow Agent Fee: \$ \_\_\_\_\_

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MUNICIPALITY OF ANCHORAGE, ALASKA

ORDINANCE NO. AO 2005-110

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR THE ISSUANCE OF REFUNDING ELECTRIC REVENUE BONDS OF THE MUNICIPALITY IN ONE OR MORE SERIES IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$250,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING ELECTRIC REVENUE BONDS AND TO PAY COSTS OF ISSUANCE; PROVIDING FOR A TRUST AGREEMENT; DELEGATING TO THE CHIEF FISCAL OFFICER CERTAIN MATTERS RELATIVE TO SAID BONDS; AUTHORIZING AN OFFICIAL STATEMENT; AND AUTHORIZING THE SALE OF SUCH BONDS.

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# MUNICIPALITY OF ANCHORAGE

## Summary of Economic Effects -- Municipal Light and Power

AO Number: 2005-110

Title: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR THE ISSUANCE OF REFUNDING ELECTRIC REVENUE BONDS OF THE MUNICIPALITY IN ONE OR MORE SERIES IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$250,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING ELECTRIC REVENUE BONDS AND TO PAY COSTS OF ISSUANCE; PROVIDING FOR A TRUST AGREEMENT; DELEGATING TO THE CHIEF FISCAL OFFICER CERTAIN MATTERS RELATIVE TO SAID BONDS; AUTHORIZING AN OFFICIAL STATEMENT; AND AUTHORIZING THE SALE OF SUCH BONDS.

Sponsor: Mayor  
 Preparing Agency: Finance Department  
 Others Impacted: Municipal Light & Power

CHANGES IN EXPENDITURES AND REVENUES:		(In Thousands of Dollars)			
	FY05	FY06	FY07	FY08	FY09
Operating Expenditures					
1000 Personal Services					
2000 Non-Labor					
3900 Contributions					
4000 Debt Service	(\$1,397)	(9,659)	(5,090)	(5,097)	(3,205)
TOTAL DIRECT COSTS:	\$ (1,397)	\$ (9,659)	\$ (5,090)	\$ (5,097)	\$ (3,205)
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	\$ (1,397)	\$ (9,659)	\$ (5,090)	\$ (5,097)	\$ (3,205)
REVENUES:	0	0	0	0	0
CAPITAL:					
POSITIONS: FT/PT and Temp					

### PUBLIC SECTOR ECONOMIC EFFECTS:

Approval provides for annual nominal savings noted above and \$ 20,506,824 over the life of the transaction using current interest rates as of August 11, 2005. Net present value savings over the life of the bonds is \$ 7,954,257.

The refunding bonds will be retired by December 1, 2026

Approval also provides for restructuring of 1996 Series D Bonds from variable rate tax-exempt debt to fixed rate taxable debt and moving the maturity date forward from 2026 to 2009.

The existing Series C Bonds are also being restructured to mature in 2018, compared to their current maturity of 2026.

### PRIVATE SECTOR ECONOMIC EFFECTS:



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 564-2005

Meeting Date: August 23, 2005

**From: Mayor**

**Subject: Ordinance No. AO 2005-110  
\$250,000,000 2005 Electric Revenue Refunding Bonds**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR THE ISSUANCE OF REFUNDING ELECTRIC REVENUE BONDS OF THE MUNICIPALITY IN ONE OR MORE SERIES IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$250,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING ELECTRIC REVENUE BONDS AND TO PAY COSTS OF ISSUANCE; PROVIDING FOR A TRUST AGREEMENT; DELEGATING TO THE CHIEF FISCAL OFFICER CERTAIN MATTERS RELATIVE TO SAID BONDS; AUTHORIZING AN OFFICIAL STATEMENT; AND AUTHORIZING THE SALE OF SUCH BONDS.

The Municipality of Anchorage recently reached a favorable resolution to a long standing dispute with the Internal Revenue Service regarding ML&P's 1996 Series C and Series D Bonds that were issued to partially fund the acquisition of ML&P's one-third interest in the Beluga River Unit (BRU) gas field. With the resolution of the IRS dispute ML&P's debt structure can now be refinanced to allow for more favorable bond interest rates as well as to modify existing covenants on that debt to bring them up to current industry standards. In this refunding it is proposed to convert the Series D Bonds to taxable debt to ensure avoidance of violation of the IRS private use rules and to lock in interest rates while they are at historically low levels. Additionally, it is proposed to shorten the life span of the 1996 Series C and Series D Bonds to mature in 2018 to more closely match the production rate of the BRU gas field. The other outstanding debt would be refinanced to take advantage of lower rates and restructured bond covenants.

The current work and sale schedule calls for a public hearing on this Ordinance on September 13, 2005. Sale of the Bonds is anticipated to take place in late September.

**THE ADMINISTRATION RECOMMENDS APPROVAL OF AO NO. 2005 - 110 .**

Prepared by:	Richard G. Whitehead, Municipal Debt Officer
Recommended by:	Jeffrey E. Sinz, Chief Fiscal Officer
Concurrence:	James M. Posey, General Manager, Municipal Light & Power
Concurrence:	Denis C. LeBlanc, Municipal Manager
Respectfully submitted:	Mark Begich, Mayor

**Content Information****Content ID :** 003183**Type:** Ordinance - AO**Title:** An Ordinance Providing for Issuance of Refunding Electric Revenue Bonds NTE \$250,000,000, Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** Bonds, Refunding Bonds, \$250M, Electric, ML&P**Date Prepared:** 8/12/05 9:36 AM**Director Name:** Jeffrey Sinz**Assembly Meeting Date**  
**MM/DD/YY:** 8/23/05**Public Hearing Date**  
**MM/DD/YY:** 9/13/05**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	8/12/05 9:54 AM	Checkin	pruittns	Public	003183
AllOrdinanceWorkflow	8/12/05 10:25 AM	Reject	sinzje	Public	003183
AllOrdinanceWorkflow	8/12/05 11:40 AM	Checkin	pruittns	Public	003183
Finance_SubWorkflow	8/12/05 11:45 AM	Approve	sinzje	Public	003183
OMB_SubWorkflow	8/12/05 11:48 AM	Approve	mitsonjl	Public	003183
Legal_SubWorkflow	8/12/05 11:50 AM	Approve	gatesdt	Public	003183
MuniManager_SubWorkflow	8/12/05 12:58 PM	Approve	abbottmk	Public	003183
MuniMgrCoord_SubWorkflow	8/12/05 1:10 PM	Approve	curtiscr2	Public	003183

CLERKS OFFICE

2005 AUG 15 PM 1:22

M.O.A