

1 CLERK'S OFFICE

2 APPROVED

3 2-14-06

Submitted by: Chair of the Assembly at the  
Request of the Mayor

Prepared by: Wohlforth, Johnson, Brecht,  
Cartledge, & Brooking

For Reading: January 31, 2006

4 MUNICIPALITY OF ANCHORAGE

5 ORDINANCE NO. AO 2006-31

6 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
7 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO  
8 EXCEED \$90,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TAX  
9 ANTICIPATION NOTES OF THE MUNICIPALITY; FIXING CERTAIN  
10 DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER  
11 OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD  
12 VALOREM PROPERTY TAXES TO BE LEVIED DURING YEAR 2006 AND  
THE FULL FAITH AND CREDIT OF THE MUNICIPALITY TO THE  
PAYMENT THEREOF; AUTHORIZING THE CHIEF FISCAL OFFICER TO  
NEGOTIATE AND EXECUTE A CONTRACT FOR THE PURCHASE AND  
SALE OF SAID NOTES; AND RELATED MATTERS.

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

16 WHEREAS, the Municipality requires funds to meet on-going expenses until receipt  
17 of sufficient money from the payment of ad valorem property taxes to be levied in 2006 and  
18 from other revenue sources, and desires to borrow such funds and to issue its tax  
19 anticipation notes for this purpose; and

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

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

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

1 an amount not to exceed \$90,000,000 be issued at this time for the purpose of raising  
2 funds to pay on-going expenses of the Municipality until sufficient money from receipt of  
3 year 2006 ad valorem property taxes and from other revenue sources is available.

4 NOW, THEREFORE, THE MUNICIPALITY OF ANCHORAGE ORDAINS:

5 Section 1. Purpose. The purpose of this Ordinance is to authorize the issuance  
6 and sale of not to exceed \$90,000,000 of tax anticipation notes to provide funds to pay the  
7 on-going expenses of the Municipality until sufficient funds from receipt of year 2006 ad  
8 valorem property taxes and from other revenue sources are available, to provide for  
9 original issue discount or premium, if any, to pay the costs of issuance of the tax  
10 anticipation notes authorized herein, and to fix certain details of said notes to be issued.

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

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

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

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

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

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

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

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

9 (h) "Note" or "Notes" means any of the Municipality's 2006 General Obligation  
10 Tax Anticipation Notes, the issuance and sale of which are authorized herein.

11 (i) "Note Register" means the registration books maintained by the Paying Agent  
12 (as Note Registrar), as agent of the Municipality, which include the names and addresses  
13 of the owners or nominees of the owners of the Notes.

14 (j) "Ordinance" means this Ordinance of the Municipality.

15 (k) "Paying Agent" means the company selected by the Chief Fiscal Officer  
16 pursuant to Section 11 hereof. The Paying Agent shall also act as Note Registrar pursuant  
17 to Section 11 hereof.

18 Section 3. Authority for Ordinance. Notwithstanding Anchorage Municipal Code  
19 Section 6.20.040, the Municipality has ascertained and hereby determines that each and  
20 every matter and thing as to which provision is made in this Ordinance is necessary in  
21 order to carry out and effectuate the purposes of the Municipality in accordance with the  
22 Constitution and statutes of the State of Alaska and the Home Rule Charter of the  
23 Municipality, and to incur the indebtedness and issue the Notes.

24 Section 4. Obligation of Notes; Pledge. The receipts of the Municipality from the  
25 payment of ad valorem property taxes levied by the Municipality in year 2006 are hereby  
26 pledged to the payment of the principal of and interest on the Notes. In addition, the Notes

1 shall be direct and general obligations of the Municipality and the full faith and credit of the  
2 Municipality are hereby pledged to the payment of the principal of and interest on the  
3 Notes. The Municipality hereby irrevocably pledges and covenants that it will levy and  
4 collect taxes upon all taxable property within the Municipality without limitation as to rate  
5 or amount, in amounts sufficient, together with other funds legally available therefor, to pay  
6 the principal of and interest on the Notes as the same become due and payable.

7       Section 5. Authorization of Notes and Purpose of Issuance. For the purpose of  
8 providing the funds required to pay the on-going expenses of the Municipality until  
9 sufficient funds from the receipt of year 2006 ad valorem property taxes and from other  
10 revenue sources are available, to provide for original issue discount or premium, if any, and  
11 to pay all costs incidental to the issuance of the Notes, the Municipality hereby authorizes  
12 and determines to issue and sell the Notes in the aggregate principal amount of not to  
13 exceed \$90,000,000 as determined by the Chief Fiscal Officer pursuant to Section 18 of  
14 this Ordinance.

15       Section 6. Designation, Rates, Maturities, Payment Dates and Form of Notes. The  
16 Notes shall be designated "Municipality of Anchorage, Alaska, 2006 General Obligation  
17 Tax Anticipation Notes," shall be dated the date of delivery, and shall mature on a date  
18 which is not more than one year from the date of delivery as established by the Chief Fiscal  
19 Officer pursuant to Section 18 of this Ordinance.

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

24       The Notes shall be registered as to principal and interest as herein provided. The  
25 Notes shall each be of the denomination of One Hundred Thousand Dollars (\$100,000) or  
26 any integral multiple thereof. Each Note shall bear a number or letter, or a number and

1 letter, distinguishing it from every other Note in the manner and with such additional  
2 designation as the Paying Agent deems necessary for purposes of identification. The  
3 Notes may be delivered with the aggregate principal amount represented by one Note, in  
4 typewritten, printed, or lithographed form. The Notes shall be substantially in the form  
5 hereinafter set forth, with such appropriate variations, omissions or insertions as are  
6 permitted or required by this Ordinance, and may have endorsed thereon such legends or  
7 text as may be necessary or appropriate to conform to the rules and regulations of any  
8 governmental authority or any usage or requirement of law with respect thereto.

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

17 Neither the Municipality nor the Paying Agent will have any responsibility or  
18 obligation to DTC participants or the persons for whom they act as nominees with respect  
19 to the Notes in respect to the accuracy of any records maintained by DTC or any DTC  
20 participant, the payment by DTC or any DTC participant of any amount in respect of the  
21 principal of or interest on the Notes, any notice which is permitted or required to be given  
22 to owners of the Notes under this Ordinance (except such notices as shall be required to  
23 be given by the Municipality to the Paying Agent or to DTC) or any consent given or other  
24 action taken by DTC as the owner of the Notes. For so long as any Notes are held in fully  
25 immobilized form hereunder, DTC or its successor depository shall be deemed to be the  
26 owner of the Notes for all purposes hereunder, and all references herein to the owner of

1 the Notes or similar terms shall mean DTC or its nominee and shall not mean the owners  
2 of any beneficial interest in the Notes.

3 Section 7. Additional Details of Notes. Each of the Notes shall be signed by the  
4 manual or facsimile signature of the Mayor or the Municipal Manager and the official seal  
5 of the Municipality (or a facsimile thereof) shall be affixed, imprinted or otherwise repro-  
6 duced on the Note and attested by the manual or facsimile signature of the Municipal Clerk  
7 or the Deputy Municipal Clerk. In case any officer whose signature or facsimile of whose  
8 signature shall appear on any Note shall cease to be such officer before the delivery of  
9 such Note, such signature or such facsimile shall nevertheless be valid and sufficient for  
10 all purposes the same as if he or she had remained in office until such delivery.

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

12  
13 **PAYING AGENT'S CERTIFICATE  
OF AUTHENTICATION**

14 This Note is one of the Municipality of Anchorage, Alaska, 2006 General  
15 Obligation Tax Anticipation Notes described in and issued pursuant to the  
16 within mentioned Ordinance.

17 \_\_\_\_\_,  
as Paying Agent

18 Date of Authentication:

19 \_\_\_\_\_  
20 By \_\_\_\_\_  
Authorized Agent

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

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

1 In the event that the Notes are no longer held in fully immobilized form by DTC and  
2 registered in the name of Cede & Co. or its registered assigns, the principal and interest  
3 on the Notes shall be payable at maturity of the Notes upon presentment of the Notes at  
4 the corporate trust office designated by the Paying Agent.

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

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

10 UNITED STATES OF AMERICA  
11 STATE OF ALASKA

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

13 NO. \$

14 2006 GENERAL OBLIGATION TAX ANTICIPATION NOTE

15 INTEREST RATE MATURITY DATE CUSIP NO.  
16 %

17 Registered Owner: CEDE & Co.

18 Principal Amount:  
19

20  
21 The Municipality of Anchorage, a municipal corporation of the State of Alaska (the  
22 "Municipality"), for value received, acknowledges itself indebted and hereby promises to  
23 pay to the Registered Owner identified above, or registered assigns, on the Maturity Date  
24 identified above, upon presentation and surrender hereof, the Principal Amount shown  
25 above, and to pay interest on such principal sum from the date hereof until its obligation  
26 with respect to the payment of such principal sum shall be discharged, at the Interest Rate

1 per annum shown above, calculated on the basis of a 360-day year composed of twelve  
2 30-day months, payable on the Maturity Date identified above. The principal and interest  
3 of this Note shall be payable in any coin or currency of the United States of America which  
4 at the time of payment is legal tender for the payment of public and private debts. Principal  
5 and interest shall be paid to the Registered Owner or assigns upon presentation and  
6 surrender of this Note at the corporate trust office designated by \_\_\_\_\_  
7 (hereinafter called the "Paying Agent"), or its successors. Notwithstanding the foregoing,  
8 if this Note is held in fully immobilized form, payment of principal and interest shall be paid  
9 as provided in The Depository Trust Company's Operational Arrangements Guidelines, as  
10 amended from time to time (the "Guidelines").

11 This Note is the single Note initially issued of the 2006 General Obligation Tax  
12 Anticipation Notes of the Municipality, aggregating \$\_\_\_\_\_ in principal amount, and  
13 constituting Notes authorized for the purpose of providing funds to pay the on-going  
14 expenses of the Municipality until sufficient funds from the receipt of 2006 ad valorem  
15 property taxes and from other revenue sources are available and is issued pursuant to  
16 Ordinance No. AO 2006-\_\_\_ of the Municipality entitled:

17  
18 AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA,  
19 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO  
20 EXCEED \$90,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF TAX  
21 ANTICIPATION NOTES OF THE MUNICIPALITY; FIXING CERTAIN  
22 DETAILS OF SAID NOTES; PROVIDING FOR THE FORM AND MANNER  
23 OF SALE OF SAID NOTES; PLEDGING THE RECEIPTS FROM AD  
24 VALOREM PROPERTY TAXES TO BE LEVIED DURING 2006 AND THE  
25 FULL FAITH AND CREDIT OF THE MUNICIPALITY TO THE PAYMENT  
26 THEREOF; AUTHORIZING THE CHIEF FISCAL OFFICER TO NEGOTIATE  
27 AND EXECUTE A CONTRACT FOR THE PURCHASE AND SALE OF SAID  
28 NOTES; AND RELATED MATTERS.

(herein, called the "Ordinance").

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

This Note is transferable as provided in the Ordinance and the Guidelines. The



1 Municipality and the Paying Agent may treat and consider the person in whose name this  
2 Note is registered as the absolute owner hereof for the purpose of receiving payment of,  
3 or on account of, the principal of and interest due hereon and for all other purposes  
4 whatsoever.

5 The receipts of the Municipality from the payment of ad valorem property taxes  
6 levied by the Municipality in 2006 are pledged to the payment of the principal of and  
7 interest on this Note. This Note is a general obligation of the Municipality and the full faith  
8 and credit of the Municipality are pledged for the payment of the principal of and interest  
9 on this Note. The Municipality hereby irrevocably pledges and covenants that it will levy  
10 and collect taxes upon all taxable property within the Municipality without limitation as to  
11 rate or amount, in amounts sufficient, together with other funds legally available therefor,  
12 to pay the principal of and interest on the Notes as the same become due and payable.

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

19 IN WITNESS WHEREOF, THE MUNICIPALITY OF ANCHORAGE, ALASKA, has  
20 caused this Note to be signed in its name and on its behalf by the signature of its Municipal  
21 Manager and its corporate seal to be hereunto affixed, imprinted or otherwise reproduced  
22 and attested by the signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_, 2006.

23  
24 [ S E A L ]

\_\_\_\_\_  
DENIS C. LEBLANC,  
Municipal Manager

1 ATTEST:

2  
3 BARBARA GRUENSTEIN  
Municipal Clerk

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

7 Section 10. Application of Note Proceeds. The proceeds of the sale of the Notes  
8 shall be deposited in the "2006 General Obligation Tax Anticipation Note Fund" which is  
9 hereby created, and shall be used and applied to pay the on-going expenses of the  
10 Municipality until sufficient funds from the receipt of 2006 ad valorem property taxes and  
11 from other revenue sources are available.

12 Section 11. Paying Agent and Note Registrar. The Chief Fiscal Officer is hereby  
13 authorized to appoint a Paying Agent for the Notes; provided such company shall be a  
14 bank or trust company organized under the laws of the United States of America or a  
15 national banking association and shall be authorized by law to perform all the duties  
16 imposed upon it by this Ordinance. The term "Paying Agent" shall also include any  
17 successor or successors thereto, any company into which the Paying Agent may be  
18 merged or converted or with which it may be consolidated or any company resulting from  
19 any merger, conversion or consolidation to which it shall be a party, provided such  
20 company shall be a bank or trust company organized under the laws of the United States  
21 of America or a national banking association and shall be authorized by law to perform all  
22 the duties imposed upon it by this Ordinance, shall be the successor to the Paying Agent  
23 without the execution or filing of any paper or the performance of any further act.

24 The Paying Agent, as Note Registrar, shall maintain a Note Register which shall  
25 include the names and addresses of the owners or nominees of the owners of the Notes  
26

1 and which shall provide for the registration, transfer and exchange of Notes. The  
2 Municipality covenants that, until all Notes have been surrendered and canceled, it will  
3 maintain a system for recording the ownership of each Note that complies with the  
4 provisions of Section 149 of the Code.

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

7 (b) Concerning the use of DTC,

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

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

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

1 specified in such written request of the Municipality.

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

13 Section 12. Mutilated, Destroyed, Stolen or Lost Notes. In case any Note shall  
14 become mutilated or be destroyed, stolen or lost, the Municipality may cause to be  
15 executed, and shall deliver, a new Note of like principal amount and interest rate in  
16 exchange and substitution for and upon cancellation of such mutilated Note, or in lieu of  
17 and in substitution for such Note destroyed, stolen or lost, in each case upon the registered  
18 owner thereof paying the reasonable expenses and charges of the Municipality and the  
19 Paying Agent in connection therewith and in the case of a Note destroyed, stolen or lost,  
20 filing by the owner with the Paying Agent evidence satisfactory to the Paying Agent and the  
21 Municipality that such Note was destroyed, stolen or lost and the owner's ownership  
22 thereof, and furnishing the Municipality and the Paying Agent with indemnity satisfactory  
23 to them. Any new Note so delivered may bear a number differing from the number of the  
24 Note it replaces.

25 Section 13. Transfer of Notes and Delivery of New Notes. If the Notes are no  
26 longer held in book-entry form, any Note may be transferred only upon the books kept for

1 the registration and transfer of Notes by the Paying Agent, as Note Registrar, upon  
2 surrender thereof at the corporate trust office designated by the Paying Agent, together  
3 with an assignment duly executed by the registered owner or the registered owner's  
4 attorney in such form as shall be satisfactory to the Paying Agent. Upon the transfer of any  
5 such Note, there shall be executed in the name of the transferee, and the Municipality shall  
6 cause to be authenticated and delivered, a new registered Note or Notes of the same  
7 aggregate principal amount and the same interest rate in any of the authorized denomina-  
8 tions.

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

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

25 The Notes shall be uncertificated securities to the extent provided by Alaska  
26 Statutes, Chapter 45.08. The Municipality and the Paying Agent shall be entitled to treat

1 the person in whose name any Note is registered as the absolute owner thereof for all  
2 purposes of this Ordinance and any applicable laws, notwithstanding any notice to the  
3 contrary received by the Paying Agent or the Municipality. Neither the Municipality nor the  
4 Paying Agent will have any responsibility or obligation, legal or otherwise, to any other  
5 party, except to the owners of the Notes.

6       Section 15. Repayment Fund. There is hereby created the "2006 General  
7 Obligation Tax Anticipation Note Repayment Fund," the money in which shall be invested  
8 in obligations of, or obligations insured or guaranteed by, the United States or an agency  
9 or instrumentality of the United States, held for the benefit of the registered owners of the  
10 Notes and used on the maturity date of the Notes, to the extent necessary, to pay the  
11 principal of and interest on the Notes. The Municipality hereby covenants to pay into said  
12 Fund on or before the first day of each of the six months preceding the maturity date of the  
13 Notes an amount which is not less than one-sixth of the principal and interest due on  
14 maturity of the Notes. Whenever the total of the money deposited in said Fund, together  
15 with the earnings from the investment thereof, shall exceed the amount needed to pay in  
16 full the principal of and interest on the Notes at maturity, such excess shall be transferred  
17 to the general fund of the Municipality.

18       Section 16. Arbitrage Covenant. The Municipality covenants with the registered  
19 owners of all Notes at any time outstanding that it will make no use of the proceeds of the  
20 Notes which will cause the Notes to be "arbitrage bonds" subject to federal income taxation  
21 by reason of Section 148 of the Code. To that end, so long as any of the Notes are  
22 outstanding, the Municipality, with respect to the proceeds of the Notes, shall comply with  
23 all requirements of said Section 148 and of all regulations of the United States Department  
24 of Treasury issued thereunder, to the extent that such requirements are, at the time,  
25 applicable and in effect.

26       As part of the performance of this covenant, within 25 days of the end of the six-

1 month period beginning on the date of delivery of the Notes, the Municipality will perform  
2 such calculations as are necessary to determine whether or not the Municipality has met  
3 the "safe harbor" requirements of Section 148(f)(4)(B)(iii) of the Code with respect to the  
4 Notes and, if it has not met such safe harbor requirements, it will, within 45 days after the  
5 retirement of the Notes, calculate the amount, if any, of investment profits that must be  
6 rebated to the United States, and will pay to the United States the amount of any such  
7 investment profit within 60 days of retirement of the Notes.

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

15       Section 18. Sale of Notes, Final Terms, Approval of Official Statement. The Notes  
16 shall be sold at negotiated sale to the Underwriter (as defined below). The Chief Fiscal  
17 Officer, with the assistance of the Financial Advisor (as defined below), is hereby  
18 authorized to negotiate terms for the purchase of not to exceed Ninety Million Dollars  
19 (\$90,000,000) in principal amount of the Notes by an underwriter selected through a  
20 competitive process (the "Underwriter"), and is further authorized to execute a contract with  
21 the Underwriter for the purchase of the Notes which is in the best interest of the  
22 Municipality.

23       The Municipality has been advised by its financial advisor, First Southwest Company  
24 (the "Financial Advisor"), that market conditions continue to fluctuate and, as a result, the  
25 most favorable market conditions may occur on a day other than a regular meeting date  
26 of the Assembly. The Assembly has determined that it would be inconvenient, perhaps

1 impossible, to hold a special meeting on short notice and, accordingly, has determined that  
2 it would be in the best interest of the Municipality to delegate to the Chief Fiscal Officer for  
3 a limited time the authority to approve certain details of the Notes including the delivery  
4 date, the total principal amount to be sold, the purchase price, the maturity date and the  
5 interest rate. The interest rate for the Notes shall be determined by agreement among the  
6 Underwriter, the Financial Advisor and the Chief Fiscal Officer, shall take into account  
7 those factors which, in their judgment, will result in the lowest net effective interest cost on  
8 the Notes, and shall be set forth as an exhibit to the Purchase Contract for the Notes.

9 The Chief Fiscal Officer is hereby authorized to execute the final form of the  
10 Purchase Contract with the Underwriter for the Notes upon his approval of the details of  
11 the Notes including the delivery date, the total principal amount, the maturity date, the  
12 interest rate per annum and the true interest cost on the Notes. The authority granted to  
13 the Chief Fiscal Officer or the acting Chief Fiscal Officer by this Section shall expire on  
14 April 14, 2006. If the terms of the Notes have not been approved by the Chief Fiscal  
15 Officer in accordance with the delegated authority of this Section by said date, the Notes  
16 shall be sold in the manner provided in the following paragraph.

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

22 The Chief Fiscal Officer is authorized to review and to approve, on behalf of the  
23 Municipality, the Preliminary Official Statement and Official Statement relating to the  
24 issuance and sale of the Notes with such changes, if any, as may be deemed by him to be  
25 appropriate.

26 Section 19. Authority of Officers. The Mayor, the Municipal Manager, the Chief



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

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

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

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

16 (c) Upon the adoption of any supplemental ordinance pursuant to the provisions of  
17 this Section, this Ordinance shall be deemed to be modified and amended in accordance  
18 therewith, and the respective rights, duties and obligations of the Municipality under this  
19 Ordinance and all owners of Notes outstanding hereunder shall thereafter be determined,  
20 exercised and enforced thereunder, subject in all respects to such modification and  
21 amendment, and all the terms and conditions of any such supplemental ordinance shall  
22 be deemed to be part of the terms and conditions of this Ordinance for any and all  
23 purposes.

24 (d) Notes executed and delivered after the execution of any supplemental  
25 ordinance adopted pursuant to the provisions of this Section may bear a notation as to any  
26 matter provided for in such supplemental ordinance, and if such supplemental ordinance

1 shall so provide, new Notes so modified so as to conform, in the opinion of the  
2 Municipality, to any modification of this Ordinance contained in any such supplemental  
3 ordinance may be prepared by the Municipality and delivered without cost to the registered  
4 owners of the Notes then outstanding, upon surrender for cancellation of such Notes in  
5 equal aggregate principal amounts.

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

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

17 Section 23. Severability. If any one or more of the covenants and agreements  
18 provided in this Ordinance to be performed on the part of the Municipality shall be declared  
19 by any court of competent jurisdiction to be contrary to law, then such covenant or  
20 covenants, agreement or agreements shall be null and void and shall be deemed  
21 separable from the remaining covenants and agreements in this Ordinance and shall in no  
22 way affect the validity of the other provisions of this Ordinance or of the Notes.

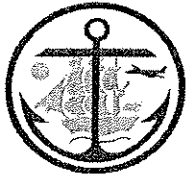
23 Section 24. Effective Date. This Ordinance shall take effect immediately.

1 PASSED AND APPROVED by the Anchorage Assembly, this 14<sup>th</sup> day of  
2 February 2006.

3  
4 Anna L. Fairclough  
5 Chair

6 ATTEST:

7 Benjamin E. Dwendt  
8 Municipal Clerk  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM No. 80-2006

Meeting Date: January 31, 2006

**From:** Mayor

**Subject:** Not to Exceed \$90,000,000 Tax Anticipation Notes

Attached Assembly Ordinance No. 2006-31 provides for the issuance of not to exceed \$90,000,000 of Tax Anticipation Notes. Issuance of Tax Anticipation Notes by the Municipality is provided for in the Alaska Statutes and in the Charter Article XV.

The date and sale of the notes will occur in February 2006, if the interest earnings spread between taxable and nontaxable notes continues to be favorable. The sale of notes in the tax-exempt market, rather than borrowing from other municipal entities in the General Cash Pool, allows us to continue to earn interest on the expected cash shortfall at a taxable rate. The current spread between taxable versus tax-exempt rates for the life of the notes is greater than 1%.

The Administration recommends approval of Assembly Ordinance No. 2006-31.

Prepared By: Jeffrey E. Sinz, Chief Fiscal Officer

Concurrence: Denis C. LeBlanc, Municipal Manager

Respectfully submitted: Mark Begich, Mayor