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CLERK'S OFFICE  
APPROVED  
Date: 8/14/07

Requested by: Chair of the Assembly at the  
Request of the Mayor  
Prepared by: Cynthia M. Weed, Bond Counsel  
K&L Preston Gates Ellis LLP  
For Reading: July 24, 2007

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
**ORDINANCE No. AO 2007-103**

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$65,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION SCHOOLS BONDS OF THE MUNICIPALITY FOR THE PURPOSE OF FINANCING THE COSTS OF RENEWING AND REPLACING CLARK MIDDLE SCHOOL AND FOR EDUCATIONAL CAPITAL IMPROVEMENTS FOR DISTRICTWIDE MAJOR BUILDINGS SYSTEMS RENEWAL IN THE MUNICIPALITY; DELEGATING CERTAIN MATTERS TO THE CHIEF FISCAL OFFICER IN CONNECTION WITH THE SALE OF THE BONDS; PLEDGING THE FULL FAITH AND CREDIT OF THE MUNICIPALITY TO THE PAYMENT THEREOF; AND AUTHORIZING AN AMENDMENT TO ORDINANCE NO. AO 2006-97.

**WHEREAS**, at an election held in the Municipality of Anchorage, Alaska (the "Municipality"), on April 3, 2007, the number and proportion of the qualified electors of the Municipality required by law for the adoption thereof voted in favor of a proposition authorizing the issuance of general obligation bonds of the Municipality in the aggregate principal amount of \$65,000,000 for the purpose of providing funds for renewal and replacement of Clark Middle School as authorized by Ordinance No. AO 2006-180(S) of the Municipality (the "Clark Middle School Election Ordinance") passed and approved on February 13, 2007 (the "Clark Middle School Project"); and

**WHEREAS**, pursuant to the Clark Middle School Election Ordinance, the following question was referred to the voters as Proposition 4:

PROPOSITION NO. 4

CLARK MIDDLE SCHOOL RENEWAL AND  
REPLACEMENT BONDS

Shall Anchorage borrow up to \$65,000,000 through the issuance of general obligation bonds to pay for renewal and replacement of Clark Middle School within Anchorage, as provided in Ordinance No. AO 2006-180(S) and increase the municipal tax cap by an amount of \$425,000 to pay for associated annual operations and maintenance costs? The project currently qualifies for 60% State debt reimbursement (subject to annual Legislative appropriation as described below.)

The general obligation bond proceeds will be used to pay costs of demolition, planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing and equipping educational capital improvement projects, but not limited to the project described above.

The project currently qualifies for 60% State debt reimbursement. If the State chooses to make full reimbursement, the annual increase in taxes would be \$7.57 to retire the proposed bonds (based on \$100,000 of 2007 real and personal property value). State reimbursement is subject to annual Legislative appropriation.

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value (based on the estimated 2007 assessed valuation): (i) an annual increase in taxes of approximately \$18.93 to retire the proposed bonds (subject to reduction with State reimbursement money), and (ii) an annual increase in the municipal tax cap (Charter 14.03(b)(2)) of approximately \$1.51 to pay for annual operation and maintenance costs related to the proposed capital improvements.

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

(No. AO 2006-180(S))

; and

**WHEREAS**, at an election held in the Municipality on April 3, 2007, the number and proportion of the qualified electors of the Municipality required by law for the adoption

1 thereof voted in favor of a proposition authorizing the issuance of general obligation bonds  
2 of the Municipality in the aggregate principal amount of \$20,000,000 for the purpose of  
3 providing funds for educational capital improvements for districtwide major building  
4 systems renewal as authorized by Ordinance No. AO 2006-181(S) of the Municipality (the  
5 “Major Building System Renewal Election Ordinance”) passed and approved on  
6 February 13, 2007 (the “Major Building System Renewal Projects”); and

7 **WHEREAS**, pursuant to the Major Building System Renewal Election Ordinance, the  
8 following question was referred to the voters as Proposition 5:

9 PROPOSITION NO. 5

10 EDUCATIONAL CAPITAL IMPROVEMENTS  
11 DISTRICTWIDE MAJOR BUILDING SYSTEMS RENEWAL  
12 BONDS  
13

14 Shall Anchorage borrow up to \$20,000,000 through the issuance of  
15 general obligation bonds to pay for educational capital  
16 improvements for Districtwide major building systems renewal  
17 within Anchorage, as provided in Ordinance No. AO 2006-181(S)?  
18 The projects currently qualify for 70% State debt reimbursement  
19 (subject to annual Legislative appropriation as described below.)  
20

21 The general obligation bond proceeds will be used to pay costs of  
22 planning, design, site preparation, constructing, renovating,  
23 installing and equipping educational capital improvement projects  
24 within Anchorage. The proposed educational capital improvement  
25 projects include, but are not limited to, the following:  
26

27 **Projects:**

28 Districtwide Code/Hazmat/ADA/Sprinkler Projects  
29

30 Districtwide Roof Replacement and Repairs

31 Multi-School Security System Upgrades

32 Emergency Communications Systems – High Schools

33 Districtwide Building Renewal Projects

Districtwide Electrical Projects

Districtwide Mechanical Projects

Districtwide Traffic Safety Projects.

The projects currently qualify for 70% State debt reimbursement. If the State chooses to make full reimbursement, the annual increase in taxes would be \$1.75 to retire the proposed bonds (based on \$100,000 of 2007 real and personal property value). State reimbursement is subject to annual Legislative appropriation.

Voter approval of this bond proposition authorizes for each \$100,000 of assessed real and personal property value (based on the estimated 2007 assessed valuation) an annual increase in taxes of approximately \$5.83 (subject to reduction with State reimbursement money) to retire the proposed bonds.

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

(No. AO 2006-181(S))

; and

**WHEREAS**, it is deemed necessary and advisable that the Municipality combine the Clark Middle School Project and the Major Building System Renewal Projects (collectively, the “Projects”) and issue and sell a portion of such authorized bonds, in the aggregate principal amount of not to exceed \$65,000,000, to provide part of the funds necessary to fund the Projects; and

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

**THE ANCHORAGE ASSEMBLY ORDAINS:**

1 **Section 1.** **Purpose.** The purpose of this ordinance is to approve and provide for the  
2 issuance and sale of not to exceed \$65,000,000 of general obligation schools bonds to  
3 provide moneys to pay and reimburse the Municipality for the costs of the Projects, to pay  
4 costs of issuance and to fix the form and manner of sale for said general obligation schools  
5 bonds.

6 **Section 2.** **Definitions.** As used in this ordinance, the following words shall have the  
7 following meanings:

8 ***Acquired Obligations*** means any of the following securities, if and to the extent the  
9 same are at the time legal for investment of funds of the Municipality: (a) any  
10 bonds or other obligations which as to principal and interest constitute direct  
11 obligations of, or are unconditionally guaranteed as to timely payment by, the  
12 United States of America; direct obligations and fully guaranteed certificates of  
13 beneficial interest of the Export-Import Bank of the United States; senior debt  
14 obligations of the Federal Home Loan Banks; debentures of the Federal Housing  
15 Administration; guaranteed mortgage-backed bonds and guaranteed pass-through  
16 obligations of the Government National Mortgage Association; guaranteed Title XI  
17 financings of the U.S. Maritime Administration; and participation certificates and  
18 senior debt obligations of the Federal Home Loan Mortgage Corporation; or  
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,  
21 (1)(A) which are not callable at the option of the obligor prior to maturity,  
22 (B) which are callable prior to maturity and the issuer has foregone the right to call  
23 the obligations and the obligations are irrevocably escrowed to maturity, or (C) as

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

19 ***Approved Bid*** means the winning bid submitted for the Bonds.

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

1 **Authorized Representative of the Municipality** means the Chief Fiscal Officer of  
2 the Municipality or his written designee.

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

5 **Bond Insurance Policy** means the municipal bond insurance policy, if any, issued  
6 by the Insurer insuring the payment when due of the principal of and interest on the  
7 Bonds as provided therein.

8 **Bond Register** means the registration books maintained by the Registrar setting  
9 forth the names and addresses of owners of the Bonds in compliance with  
10 Section 149 of the Code.

11 **Bonds** mean the Municipality of Anchorage, Alaska 2007 General Obligation  
12 Bonds, Series D (Schools), dated as of the date of delivery, issued pursuant to this  
13 ordinance.

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

20 **Chief Fiscal Officer** means the Chief Fiscal Officer of the Municipality or his  
21 written designee.

22 **Clark Middle School Election Ordinance** means Ordinance No. AO 2006-180(S)  
23 of the Municipality passed and approved on February 13, 2007.

1       **Clark Middle School Project** means the renewal and replacement of Clark Middle  
2       School as authorized by Ordinance No. AO 2006-180(S) of the Municipality  
3       passed and approved on February 13, 2007 and approved by the electors at an  
4       election held on April 3, 2007.

5       **Code** means the federal Internal Revenue Code of 1986, as amended from time to  
6       time, and the applicable regulations thereunder.

7       **Competitive Sale** means the process by which the Bonds (or a portion of them) are  
8       sold through the public solicitation of bids from underwriting firms.

9       **Debt Service Fund** means the 2007D General Obligation Debt Service Fund  
10      created pursuant to Section 9 hereof.

11      **DTC** means The Depository Trust Company, New York, New York, a limited  
12      purpose trust company organized under the laws of the State of New York, as  
13      depository for the Bonds pursuant to Section 3 hereof.

14      **Election Ordinances** mean, collectively, the Clark Middle School Election  
15      Ordinance and the Major Building System Renewal Election Ordinance.

16      **Insurer** means the municipal bond insurance company selected by the Authorized  
17      Representative of the Municipality as issuer of a Bond Insurance Policy for the  
18      Bonds.

19      **Letter of Representations** means a blanket issuer letter of representations from the  
20      Municipality to DTC.

21      **Major Building System Renewal Election Ordinance** means Ordinance  
22      No. AO 2006-181(S) of the Municipality passed and approved on February 13,  
23      2007.



1       **Major Building System Renewal Projects** mean the educational capital  
2       improvements for districtwide major building systems renewal as authorized by  
3       Ordinance No. AO 2006-181(S) of the Municipality passed and approved on  
4       February 13, 2007 and approved by the electors at an election held on April 3,  
5       2007.

6       **MSRB** means the Municipal Securities Rulemaking Board or any successor to its  
7       functions.

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

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

16      **NRMSIR** means a nationally recognized municipal securities information  
17      repository.

18      **Official Notice of Sale and Bid Form** means the notice of bond sale and bid form  
19      authorized to be given in Section 12 of this ordinance.

20      **Official Statement** means the Official Statement of the Municipality pertaining to  
21      the sale of the Bonds, in either preliminary or final form.

22      **Paying Agent Agreement** means the Agreement between the Municipality and the  
23      Paying Agent relating to the Bonds.

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

3       **Private Person Use** means the use of property in a trade or business by a Private  
4       Person if such use is other than as a member of the general public. Private Person  
5       Use includes ownership of the property by the Private Person as well as other  
6       arrangements that transfer to the Private Person the actual or beneficial use of the  
7       property (such as a lease, management or incentive payment contract or other  
8       special arrangement) in such a manner as to set the Private Person apart from the  
9       general public. Use of property as a member of the general public includes  
10      attendance by the Private Person at municipal meetings or business rental of  
11      property to the Private Person on a day-to-day basis if the rental paid by such  
12      Private Person is the same as the rental paid by any Private Person who desires to  
13      rent the property. Use of property by nonprofit community groups or community  
14      recreational groups is not treated as Private Person Use if such use is incidental to  
15      the governmental uses of property, the property is made available for such use by  
16      all such community groups on an equal basis and such community groups are  
17      charged only a *de minimis* fee to cover custodial expenses.

18      **Project Account** means the “2007D Project Construction Account,” including the  
19      subaccounts therein authorized to be created pursuant to Section 14 of this  
20      ordinance for the purpose of holding proceeds of the Bonds received by the  
21      Municipality.

22      **Projects** mean, collectively, the Clark Middle School Project and the Major  
23      Building System Renewal Projects.

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

4       **Registrar** means the authenticating agent, paying agent and registrar appointed  
5       from time to time by the Authorized Representative of the Municipality, for the  
6       purposes of registering and authenticating the Bonds, maintaining the Bond  
7       Register, effecting transfer of ownership of the Bonds and paying interest on and  
8       principal of the Bonds.

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

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

12      **SID** means a state information depository for the state of Alaska.

13      **Term Bonds** means the portion of the Bonds, if any, designated as "Term Bonds"  
14      in the Approved Bid for such Bonds.

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

16      (a)     The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any  
17              similar terms, as used in this ordinance, refer to this ordinance as a whole  
18              and not to any particular article, section, subdivision or clause hereof, and  
19              the term "hereafter" shall mean after, and the term "heretofore" shall mean  
20              before, the date of this ordinance;

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

1 (c) Words importing persons shall include firms, associations, partnerships  
2 (including limited partnerships), trusts, corporations and other legal entities,  
3 including public bodies, as well as natural persons;

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

9 (e) All references herein to "articles," "sections" and other subdivisions or  
10 clauses are to the corresponding articles, sections, subdivisions or clauses  
11 hereof.

12 **Section 3.** **Authorization and Purpose of Bonds.** The Municipality shall now issue and  
13 sell not to exceed \$65,000,000 of unlimited tax general obligation schools bonds  
14 authorized by the qualified electors of the Municipality at a special election held on  
15 April 3, 2007 (the "Bonds"). The Bonds shall be issued to fund the costs of the following  
16 projects (each, a "voter authorization"):

| <b><u>Projects</u></b>                               | <b><u>Maximum Dollar Amount to be Issued</u></b> |
|--|--|
| Clark Middle School Project (2007 Prop.4)            | \$51,000,000                                     |
| Major Building System Renewal Projects (2007 Prop.5) | 14,000,000                                       |

20 The Authorized Representative of the Municipality shall determine the final dollar  
21 amount of Bonds to be issued within each of the above voter authorizations to be set forth  
22 in the Official Notice of Sale, hereinafter authorized and the aggregate principal amount of

1 Bonds shall be determined by the Authorized Representative of the Municipality, pursuant  
2 to the authority granted in Section 12 of this ordinance.

3 **Section 4.** Bond Details. The Bonds shall be designated the “Municipality of  
4 Anchorage, Alaska 2007 General Obligation Bonds, Series D (Schools)” (the “Bonds”),  
5 shall be dated as of the date of original issuance and delivery, shall be fully registered as to  
6 both principal and interest, shall be in the denomination of \$5,000 each or any integral  
7 multiple thereof, provided that no Bond shall represent more than one maturity, shall be  
8 numbered separately in such manner and with any additional designation as the Registrar  
9 deems necessary for purposes of identification and control, and shall bear interest payable  
10 semiannually until the Bonds bearing such interest have been paid or their payment duly  
11 provided for. The Bonds shall be issued in the aggregate principal amount, shall bear  
12 interest at the per annum rates, payable on the interest payment dates and shall mature in  
13 the principal amounts on the principal payment dates set forth in the Approved Bid and as  
14 approved by the Authorized Representative of the Municipality pursuant to Section 12 of  
15 this ordinance.

16 **Section 5.** Registration.

17 (a) *Registrar/Bond Register.* The Authorized Representative of the  
18 Municipality is hereby authorized to appoint an authenticating agent, paying  
19 agent and registrar for the Bonds (the “Registrar”) and to enter into a Paying  
20 Agent Agreement with the Registrar pursuant to which the Registrar will  
21 perform the duties specified for the Registrar under this ordinance and hold  
22 and invest certain funds (Bond proceeds and debt service money) from time  
23 to time. The form of the Paying Agent Agreement shall be subject to the

1 approval of the Authorized Representative of the Municipality, which  
2 approval shall be presumed upon the execution thereof by the Authorized  
3 Representative of the Municipality. So long as any Bonds remain  
4 outstanding, the Registrar shall make all necessary provisions to permit the  
5 exchange or registration of transfer of Bonds at its principal corporate trust  
6 office. The Registrar may be removed at any time at the option of the  
7 Authorized Representative of the Municipality upon prior notice to the  
8 Registrar, DTC, each entity entitled to receive notice pursuant to  
9 Section 15, and a successor Registrar appointed by the Authorized  
10 Representative of the Municipality. No resignation or removal of the  
11 Registrar shall be effective until a successor shall have been appointed and  
12 until the successor Registrar shall have accepted the duties of the Registrar  
13 hereunder. The Registrar is authorized, on behalf of the Municipality, to  
14 authenticate and deliver Bonds transferred or exchanged in accordance with  
15 the provisions of such Bonds and this ordinance and to carry out all of the  
16 Registrar's powers and duties under this ordinance. The Registrar shall be  
17 responsible for its representations contained in the Certificate of  
18 Authentication on the Bonds.

19 (b) *Registered Ownership.* The Municipality and the Registrar, each in its  
20 discretion, may deem and treat the Registered Owner of each Bond as the  
21 absolute owner thereof for all purposes (except as provided in Section 15 of  
22 this ordinance), and neither the Municipality nor the Registrar shall be  
23 affected by any notice to the contrary. Payment of any such Bond shall be

1           made only as described in Section 5(h) hereof, but such Bond may be  
2           transferred as herein provided. All such payments made as described in  
3           Section 5(h) shall be valid and shall satisfy and discharge the liability of the  
4           Municipality upon such Bond to the extent of the amount or amounts so  
5           paid.

6           (c)   *DTC Acceptance/Letter of Representations.* To induce DTC to accept the  
7           Bonds as eligible for deposit at DTC, the Municipality has executed and  
8           delivered to DTC a Letter of Representations.

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

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

5 (d) *Use of Depository.*

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

18 (2) Upon the resignation of DTC or its successor (or any substitute  
19 depository or its successor) from its functions as depository or a  
20 determination by the Authorized Representative of the Municipality  
21 to discontinue the system of book-entry transfers through DTC or its  
22 successor (or any substitute depository or its successor), the  
23 Authorized Representative of the Municipality may hereafter



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

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

12          (4) In the event that (A) DTC or its successor (or substitute depository  
13          or its successor) resigns from its functions as depository, and no  
14          substitute depository can be obtained, or (B) the Authorized  
15          Representative of the Municipality determines that it is in the best  
16          interest of the Beneficial Owners of the Bonds that such owners be  
17          able to obtain such Bonds in the form of Bond certificates, the  
18          ownership of such Bonds may then be transferred to any person or  
19          entity as herein provided, and shall no longer be held in  
20          fully-immobilized form. The Authorized Representative of the  
21          Municipality shall deliver a written request to the Registrar, together  
22          with a supply of definitive Bonds, to issue Bonds as herein provided  
23          in any authorized denomination. Upon receipt by the Registrar of

1 all then outstanding Bonds together with a written request on behalf  
2 of the Assembly to the Registrar, new Bonds shall be issued in the  
3 appropriate denominations and registered in the names of such  
4 persons as are requested in such written request.

5 (e) *Registration of Transfer of Ownership or Exchange; Change in*  
6 *Denominations.* The transfer of any Bond may be registered and Bonds  
7 may be exchanged, but no transfer of any such Bond shall be valid unless  
8 such Bond is surrendered to the Registrar with the assignment form  
9 appearing on such Bond duly executed by the Registered Owner or such  
10 Registered Owner's duly authorized agent in a manner satisfactory to the  
11 Registrar. Upon such surrender, the Registrar shall cancel the surrendered  
12 Bond and shall authenticate and deliver, without charge to the Registered  
13 Owner or transferee therefor, a new Bond (or Bonds at the option of the  
14 new Registered Owner) of the same date, maturity, redemption provisions  
15 and interest rate and for the same aggregate principal amount in any  
16 authorized denomination, naming as Registered Owner the person or  
17 persons listed as the assignee on the assignment form appearing on the  
18 surrendered Bond, in exchange for such surrendered and cancelled Bond.  
19 Any Bond may be surrendered to the Registrar and exchanged, without  
20 charge, for an equal aggregate principal amount of Bonds of the same date,  
21 maturity, redemption provisions and interest rate, in any authorized  
22 denomination. The Registrar shall not be obligated to register the transfer

1 or to exchange any Bond during the 15 days preceding the date any such  
2 Bond is to be redeemed.

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

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

13 (h) *Place and Medium of Payment.* Both principal of and interest on the Bonds  
14 shall be payable in lawful money of the United States of America. Interest  
15 on the Bonds shall be calculated on the basis of a 360-day year and twelve  
16 30-day months. For so long as all Bonds are in fully immobilized form,  
17 payments of principal and interest shall be made as provided in accordance  
18 with the operational arrangements of DTC referred to in the Letter of  
19 Representations.

20 In the event that the Bonds are no longer in fully immobilized form, interest on the  
21 Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for  
22 such Registered Owners appearing on the Bond Register on the 15th day of the month  
23 preceding the interest payment date, and principal of the Bonds shall be payable upon

1 presentation and surrender of such Bonds by the Registered Owners at the principal office  
2 of the Registrar; provided, however, that if so requested in writing by the Registered  
3 Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire  
4 transfer on the date due to an account with a bank located within the United States.

5 **Section 6.**     Redemption and Purchase of Bonds.

6       (a)     *Optional Redemption.* The Bonds shall be subject to optional redemption  
7               on the dates, at the price of par, and under the terms set forth in the  
8               Approved Bid approved by the Authorized Representative of the  
9               Municipality pursuant to Section 12.

10       (b)    *Mandatory Redemption.* The Bonds shall be subject to mandatory  
11               redemption to the extent, if any, set forth in the Approved Bid and as  
12               approved by the Authorized Representative of the Municipality pursuant to  
13               Section 12.

14       (c)     *Purchase of Bonds for Retirement.* The Municipality reserves the right to  
15               purchase any of the Bonds offered to the Municipality at any price deemed  
16               reasonable to the Authorized Representative of the Municipality.

17       (d)     *Effect of Optional Redemption/Purchase.* To the extent that the  
18               Municipality shall have optionally redeemed or purchased any Term Bonds  
19               prior to their scheduled mandatory redemption of such Term Bonds, the  
20               Municipality may reduce the principal amount of the Term Bonds to be  
21               redeemed in like aggregate principal amount. Such reduction may be  
22               applied in the year specified by the Authorized Representative of the  
23               Municipality.

1 (e) *Selection of Bonds for Redemption.* As long as the Bonds are held in book-  
2 entry only form, the selection of Bonds within a maturity to be redeemed  
3 shall be made in accordance with the operational arrangements in effect at  
4 DTC. If the Bonds are no longer held in uncertificated form, the selection  
5 of such Bonds within a maturity to be redeemed shall be made as provided  
6 in this subsection (e). If the Municipality redeems at any one time fewer  
7 than all of the Bonds having the same maturity date, the particular Bonds or  
8 portions of Bonds of such maturity to be redeemed shall be selected by lot  
9 (or in such other manner determined by the Registrar) in increments of  
10 \$5,000. In the case of a Bond of a denomination greater than \$5,000, the  
11 Municipality and Registrar shall treat each Bond as representing such  
12 number of separate Bonds each of the denomination of \$5,000 as is  
13 obtained by dividing the actual principal amount of such Bond by \$5,000.  
14 In the event that only a portion of the principal sum of a Bond is redeemed,  
15 upon surrender of the such Bond at the principal office of the Registrar  
16 there shall be issued to the Registered Owner, without charge therefor, for  
17 the then unredeemed balance of the principal sum thereof, at the option of  
18 the Registered Owner, a Bond or Bonds of like maturity and interest rate in  
19 any of the denominations herein authorized. If Bonds are called for  
20 optional redemption, portions of the principal amount of such Bonds, in  
21 installments of \$5,000 or any integral multiple of \$5,000, may be redeemed.  
22 If less than all of the principal amount of any Bond is redeemed, upon  
23 surrender of such Bond at the principal office of the Registrar there shall be

1 issued to the registered owner, without charge therefor, for the then  
2 unredeemed balance of the principal amount thereof, a new Bond or Bonds,  
3 at the option of the Registered Owner, of like maturity and interest rate in  
4 any denomination authorized by this ordinance.

5 (f) *Notice of Redemption*

6 (1) Official Notice. Unless waived by any owner of Bonds to be  
7 redeemed, official notice of any such redemption shall be given by  
8 the Registrar on behalf of the Municipality by mailing a copy of an  
9 official redemption notice by first class mail at least 30 days and not  
10 more than 60 days prior to the date fixed for redemption to the  
11 Registered Owner of the Bond or Bonds to be redeemed at the  
12 address shown on the Bond Register or at such other address as is  
13 furnished in writing by such registered owner to the Registrar.

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

- 15 (A) the redemption date,  
16 (B) the redemption price,  
17 (C) if fewer than all outstanding Bonds are to be redeemed, the  
18 identification by maturity (and, in the case of partial  
19 redemption, the respective principal amounts) of the Bonds  
20 to be redeemed,  
21 (D) that on the redemption date the redemption price will  
22 become due and payable upon each such Bond or portion

1                               thereof called for redemption, and that interest thereon shall  
2                               cease to accrue from and after said date, and

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

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

9               (2)   Effect of Notice; Bonds Due.   If an unconditional notice of  
10                   redemption has been given, the Bonds or portions of Bonds so to be  
11                   redeemed shall, on the redemption date, become due and payable at  
12                   the redemption price therein specified, and from and after such date  
13                   (unless the Municipality shall default in the payment of the  
14                   redemption price) such Bonds or portions of Bonds shall cease to  
15                   bear interest. Upon surrender of such Bonds for redemption in  
16                   accordance with said notice, such Bonds shall be paid by the  
17                   Registrar at the redemption price. Installments of interest due on or  
18                   prior to the redemption date shall be payable as herein provided for  
19                   payment of interest. Upon surrender for any partial redemption of  
20                   any Bond, there shall be prepared for the Registered Owner a new  
21                   Bond or Bonds of the same maturity in the amount of the unpaid  
22                   principal. All Bonds which have been redeemed shall be canceled  
23                   and destroyed by the Registrar and shall not be reissued.

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

21          (4)   Upon the payment of the redemption price of Bonds being  
22          redeemed, each check or other transfer of funds issued for such  
23          purpose shall bear the CUSIP number identifying, by issue and



maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(5) Amendment of Notice Provisions. The foregoing notice provisions of this Section 6, including but not limited to the information to be included in redemption notices and 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.** Form of Bonds. The Bonds shall be in substantially the following form:

[STATEMENT OF INSURANCE]

UNITED STATES OF AMERICA

NO. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF ALASKA

MUNICIPALITY OF ANCHORAGE

2007 GENERAL OBLIGATION BOND, SERIES D (SCHOOLS)

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The MUNICIPALITY OF ANCHORAGE, ALASKA (the "Municipality"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from \_\_\_\_\_, 2007, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on the first days of each \_\_\_\_\_ and \_\_\_\_\_, commencing on \_\_\_\_\_ 1, 20\_\_\_. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The

1 Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of  
2 Representations (the "Letter of Representations") from the Municipality to DTC.  
3 \_\_\_\_\_ is acting as the registrar, authenticating agent and paying agent  
4 for the bonds of this issue (the "Registrar").

5 This bond is one of an authorized issue of bonds of like date and tenor, except as to  
6 number, amount, rate of interest and date of maturity, in the aggregate principal amount of  
7 \$ \_\_\_\_\_ (the "Bonds"), and is issued pursuant to Ordinance No. AO \_\_\_\_\_  
8 (the "Bond Ordinance") approved by the Assembly on \_\_\_\_\_, 2007 to provide funds  
9 for capital improvements to school facilities of the Municipality as authorized by  
10 ordinances of the Assembly and approved by the qualified electors of the Municipality at  
11 an election held therein on April 3, 2007. Capitalized terms used in this bond and not  
12 otherwise defined shall have the meanings given them in the Bond Ordinance.

13 The bonds of this issue are subject to redemption prior to their stated maturities as  
14 stated in the official notice of sale for the Bonds.

15 The bonds of this issue are issued under and in accordance with the provisions of  
16 the Constitution and applicable statutes of the state of Alaska and ordinances and  
17 resolutions duly adopted by the Assembly of the Municipality, including the Bond  
18 Ordinance.

19 The bonds of this issue are not "private activity bonds" as such term is defined in  
20 the Internal Revenue Code of 1986, as amended (the "Code"). The bonds of this issue are  
21 not "qualified tax-exempt obligations" under Section 265(b) of the Code for banks, thrift  
22 institutions and other financial institutions.

23 The Municipality hereby irrevocably covenants that it will levy taxes annually upon  
24 all the taxable property in the Municipality without limitation as to rate or amount and in  
25 amounts sufficient, with other monies legally available therefor, to pay the principal of and  
26 interest on the bonds of this issue as the same shall become due. The full faith, credit and  
27 resources of the Municipality are hereby irrevocably pledged for the annual levy and  
28 collection of such taxes and the prompt payment of such principal and interest. The pledge  
29 of tax levies may be discharged prior to maturity of the bonds by making provision for the  
30 payment thereof on the terms and conditions set forth in the Bond Ordinance.

31 This bond shall not be valid or become obligatory for any purpose or be entitled to  
32 any security or benefit under the Bond Ordinance until the Certificate of Authentication  
33 hereon shall have been manually signed by or on behalf of the Registrar.

34 It is hereby certified that all acts, conditions and things required by the Constitution  
35 and statutes of the state of Alaska to exist, to have happened, been done and performed  
36 precedent to and in the issuance of this bond have happened, been done and performed and  
37 that the issuance of this bond and the bonds of this issue does not violate any  
38 constitutional, statutory or other limitation upon the amount of bonded indebtedness that  
39 the Municipality may incur.

1 IN WITNESS WHEREOF, the Municipality of Anchorage, Alaska has caused this  
2 bond to be executed by the manual or facsimile signatures of the [Mayor][Municipal  
3 Manager], attested by the [Deputy] Clerk and a facsimile of the seal of the Municipality to  
4 be reproduced, imprinted or impressed hereon as of this \_\_\_\_ day of \_\_\_\_, 2007.

5 MUNICIPALITY OF ANCHORAGE,  
6 ALASKA

7  
8  
9 By \_\_\_\_ /s/ facsimile signature  
10 [Mayor][Municipal Manager]  
11

12 ATTEST:  
13

14 \_\_\_\_ /s/ facsimile signature  
15 [Deputy] Clerk  
16

17 The Registrar's Certificate of Authentication on the Bonds shall be in substantially  
18 the following form:

19 CERTIFICATE OF AUTHENTICATION

20 Date of Authentication:  
21

22 This bond is one of the bonds described in the within-mentioned Bond Ordinance  
23 and is one of the Municipality of Anchorage, Alaska 2007 General Obligation Bonds,  
24 Series D (Schools), dated \_\_\_\_, 2007.

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

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

30 **Section 8.** Execution of Bonds. The Bonds shall be executed on behalf of the  
31 Municipality with the manual or facsimile signatures of the Mayor or the Municipal  
32 Manager, shall be attested by the Clerk or the Deputy Clerk, and the seal of the  
33 Municipality shall be impressed, imprinted or otherwise reproduced on each Bond.

34 Only such Bonds as shall bear thereon a Certificate of Authentication in the form  
35 hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for

1 any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication  
2 shall be conclusive evidence that the Bonds so authenticated have been duly executed,  
3 authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

4 In case either of the officers who shall have executed the Bonds shall cease to be an  
5 officer or officers of the Municipality before the Bonds so signed shall have been  
6 authenticated or delivered by the Registrar, or issued by the Municipality, such Bonds may  
7 nevertheless be authenticated, delivered and issued and upon such authentication, delivery  
8 and issuance, shall be as binding upon the Municipality as though those who signed the  
9 same had continued to be such officers of the Municipality. Any Bond also may be signed  
10 and attested on behalf of the Municipality by such persons who are at the actual date of  
11 delivery of such Bond the proper officers of the Municipality although at the original date  
12 of such Bond any such person shall not have been such officer of the Municipality.

13 **Section 9.** Pledge of Taxes and Credit. For the purpose of paying debt service on the  
14 Bonds, the Assembly hereby authorizes the creation of a fund to be designated as the  
15 2007D General Obligation Debt Service Fund (the "Debt Service Fund") into which the  
16 Municipality shall cause to be deposited on or before the date due amounts sufficient to  
17 pay the principal of and interest on the Bonds as it comes due. The Municipality hereby  
18 irrevocably covenants that, unless the principal of and interest on the Bonds are paid from  
19 other sources, it will make annual levies of taxes without limitation as to rate or amount  
20 upon all of the property in the Municipality subject to taxation in amounts sufficient to pay  
21 such principal and interest as the same shall become due. The full faith, credit and  
22 resources of the Municipality are hereby irrevocably pledged for the annual levy and  
23 collection of such taxes and for the prompt payment of such principal and interest.

1 **Section 10.** Defeasance. In the event that money and/or Acquired Obligations,  
2 maturing at such time or times and bearing interest to be earned thereon in amounts  
3 (together with such money, if necessary) sufficient to redeem and retire part or all of the  
4 Bonds in accordance with their terms, are set aside in a special account of the Municipality  
5 to effect such redemption and retirement, and such monies and the principal of and interest  
6 on such Acquired Obligations are irrevocably set aside and pledged for such purpose, then  
7 no further payments need be made into the Debt Service Fund of the Municipality for the  
8 payment of the principal of and interest on the Bonds so provided for, and such Bonds  
9 shall cease to be entitled to any lien, benefit or security of this ordinance except the right to  
10 receive the monies so set aside and pledged, and such Bonds shall be deemed not to be  
11 outstanding hereunder.

12 Within 60 days of any defeasance of Bonds the Registrar shall provide notice of  
13 defeasance of Bonds to Registered Owners and to each party entitled to receive notice  
14 pursuant to Section 15.

15 **Section 11.** Tax Covenants.

16 (a) *Arbitrage Covenant.* The Municipality hereby covenants that it will not  
17 make any use of the proceeds of sale of the Bonds or any other funds of the  
18 Municipality which may be deemed to be proceeds of such Bonds pursuant  
19 to Section 148 of the Code which will cause the Bonds to be “arbitrage  
20 bonds” within the meaning of said section and said regulations. The  
21 Municipality will comply with the requirements of Section 148 of the Code  
22 (or any successor provision thereof applicable to the Bonds) and the  
23 applicable regulations thereunder throughout the term of the Bonds.

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

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

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

12 The Municipality further covenants that, if:

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

15 (4) More than five percent of the principal or interest payments on the  
16 Bonds in a bond year are (under the terms of this ordinance or any  
17 underlying arrangement) directly or indirectly: (A) secured by any  
18 interest in property used or to be used for any Private Person Use or  
19 secured by payments in respect of property used or to be used for  
20 any Private Person Use, or (B) derived from payments (whether or  
21 not made to the Municipality) in respect of property, or borrowed  
22 money, used or to be used for any Private Person Use, then, (A) any  
23 Private Person Use of the Projects described in subsection (3) hereof

1 or Private Person Use payments described in subsection (4) hereof  
2 that is in excess of the five percent limitations described in such  
3 subsections (3) or (4) will be for a Private Person Use that is related  
4 to the state or local governmental use of the Projects financed or  
5 refinanced with Bond proceeds, and (B) any Private Person Use will  
6 not exceed the amount of Net Proceeds of the Bonds used for the  
7 state or local governmental use portion of the projects to which the  
8 Private Person Use of such portion of such projects relates. The  
9 Municipality further covenants that it will comply with any  
10 limitations on the use of the projects by other than state and local  
11 governmental users that are necessary, in the opinion of its bond  
12 counsel, to preserve the tax exemption of the interest on the Bonds.  
13 The covenants of this section are specified solely to assure the  
14 continued exemption from regular income taxation of the interest on  
15 the Bonds.

16 The Bonds shall not be "qualified tax-exempt obligations" under Section 265(b)(3)  
17 of the Code for investment by financial institutions, as the Municipality is issuing more  
18 than \$10,000,000 in qualified tax-exempt obligations during 2007.

19 **Section 12.** Sale of Bonds. The Assembly has determined that it would be in the best  
20 interest of the Municipality to delegate to the Authorized Representative of the  
21 Municipality the authority to approve the final interest rates, maturity dates, the final  
22 principal amount to be allocated to each of the authorizations, aggregate principal amount,  
23 principal amounts of each maturity, redemption rights and other terms and conditions of

1 the Bonds. The Authorized Representative of the Municipality is hereby authorized to  
2 approve the final interest rates, maturity dates, the final principal amount to be allocated to  
3 each of the authorizations, aggregate principal amount, principal maturities and redemption  
4 rights for the Bonds in the manner provided hereafter so long as the aggregate principal  
5 amount of the Bonds does not exceed \$65,000,000, so long as the true interest cost for the  
6 Bonds does not exceed 6.0%.

7 In determining the final interest rates, maturity dates, the final principal amount to  
8 be allocated to each of the authorizations, aggregate principal amount, principal maturities  
9 and redemption rights of the Bonds, the Authorized Representative of the Municipality, in  
10 consultation with Municipality staff and the Municipality's financial advisor, shall take  
11 into account those factors that, in his judgment, will result in the lowest true interest cost  
12 on the Bonds to their maturity, including, but not limited to current financial market  
13 conditions and current interest rates for obligations comparable in tenor and quality to the  
14 Bonds.

15 The Bonds shall be sold by Competitive Sale. Sealed bids will be received by the  
16 Authorized Representative of the Municipality or the Competitive Sale will be undertaken  
17 by electronic means, in the manner and on such date and time as the Authorized  
18 Representative of the Municipality hereafter shall determine. The Authorized  
19 Representative of the Municipality will approve the bid offering to purchase the Bonds at  
20 the lowest true interest cost to the Municipality at such price as shall be determined at the  
21 time of sale by the Authorized Representative of the Municipality, plus accrued interest to  
22 the date of delivery, on all the terms and conditions set out in the applicable Official Notice  
23 of Sale and Bid Form.



1 All bids submitted for the purchase of the Bonds shall be as set forth in the  
2 applicable Official Notice of Sale and Bid Form or otherwise as established by the  
3 Authorized Representative of the Municipality which will be furnished upon request made  
4 to the Authorized Representative of the Municipality. Such bids may, at the option of the  
5 Authorized Representative of the Municipality, be required to be accompanied by surety  
6 bond or a cashier's or certified check, as a good faith deposit. All bids submitted shall be  
7 opened (but not read publicly) by the Municipality. The Municipality reserves the right to  
8 reject any and all bids and to waive any irregularity or informality in any bid.

9 Subject to the terms and conditions set forth in this Section 12, the Authorized  
10 Representative of the Municipality is hereby authorized to accept an Approved Bid for the  
11 Bonds. Following the sale of the Bonds, the Authorized Representative of the  
12 Municipality shall provide a report to the Assembly, describing the final terms of the  
13 Bonds approved pursuant to the authority delegated in this section.

14 Upon the adoption of this ordinance, the proper officials of the Municipality  
15 including the Authorized Representative of the Municipality, are authorized and directed to  
16 undertake all other actions necessary for the prompt sale, execution and delivery of the  
17 Bonds and further to execute all closing certificates and documents required to effect the  
18 closing and delivery of the Bonds in accordance with the terms of the Official Notice of  
19 Sale, Approved Bid.

20 The Authorized Representative of the Municipality is authorized to ratify and to  
21 approve for purposes of the Rule, on behalf of the Municipality, an Official Statement (and  
22 any Preliminary Official Statement) and any supplement thereto relating to the issuance  
23 and sale of each series of the Bonds and the distribution of the Bonds pursuant thereto with

1 such changes, if any, as may be deemed by him to be appropriate.

2 The authority granted to the Authorized Representative of the Municipality by this  
3 section shall remain in effect until December 31, 2007, and if an Approved Bid has not  
4 been accepted by December 31, 2007, the authority granted by this section shall lapse  
5 unless extended by an action of the Assembly.

6 **Section 13.** **Bond Insurance.** The payments of the principal of and interest on one or  
7 more principal maturities of the Bonds may be insured by the issuance of a Bond Insurance  
8 Policy. The Authorized Representative of the Municipality, with the assistance of the  
9 Municipality's financial advisor, is hereby further authorized and directed to qualify the  
10 Bonds for insurance and/or solicit proposals from municipal bond insurance companies for  
11 the issuance of a Bond Insurance Policy. The Official Notice of Sale may provide that  
12 bond insurance is a bidder's option, or the Authorized Representative may select a Insurer.  
13 In the event that the Authorized Representative of the Municipality receives multiple  
14 proposals, the Authorized Representative of the Municipality may select the proposal that  
15 is expected to result in the overall lowest interest cost with respect to the Bonds. The  
16 Authorized Representative of the Municipality may execute a commitment received from  
17 each Insurer selected by the Authorized Representative of the Municipality. The Assembly  
18 further authorizes and directs all proper officers, agents, attorneys and employees of the  
19 Municipality to cooperate with the Insurer in preparing such additional agreements,  
20 certificates, and other documentation on behalf of the Municipality as shall be necessary or  
21 advisable in providing for the applicable Bond Insurance Policy.

22 **Section 14.** **Application of Bond Proceeds.** The net proceeds of the sale of the Bonds  
23 shall be deposited in the hereby authorized funds and accounts of the Municipality. There

1 is hereby authorized to be created the 2007D Project Construction Account (the "Project  
2 Account") to be held and maintained in the custody of the Paying Agent pursuant to the  
3 terms of the Paying Agent Agreement. The Project Account maintained by the Paying  
4 Agent may be further subdivided into accounts or subaccounts for each of the voter  
5 authorizations described in Section 4.

6 All moneys and securities deposited with the Paying Agent pursuant to the terms of  
7 the Paying Agent Agreement shall be applied, and invested, only in accordance with the  
8 provisions of the Paying Agent Agreement. All income earned, or gains realized, as a  
9 result of the investment of amounts in funds or accounts created pursuant to the terms of  
10 the Paying Agent Agreement shall be deposited therein and constitute a part thereof.

11 From the money derived from the sale of the Bonds:

- 12 (a) The original issue premium, if any, designated by the Authorized  
13 Representative of the Municipality, shall be deposited in the Municipality's  
14 Debt Service Fund and shall be used to pay a portion of the interest on the  
15 Bonds coming due on the first interest payment date; and
- 16 (b) The balance of the net proceeds derived from the Bonds shall be deposited  
17 in the Project Account (hereinabove established) to be maintained by the  
18 Registrar and shall be expended solely to pay the cost of issuing and selling  
19 the Bonds and the costs of capital improvements, as authorized by the  
20 respective Election Ordinances. None of the proceeds of the Bonds shall be  
21 used for the for any other than a capital purpose.

1 **Section 15.** Undertaking to Provide Ongoing Disclosure.

2 (a) *Contract/Undertaking.* This section constitutes the Municipality's written  
3 undertaking for the benefit of the owners (including Beneficial Owners) of  
4 the Bonds as required by Section (b)(5) of the Rule.

5 (b) *Financial Statements/Operating Data.* The Municipality agrees to provide  
6 or cause to be provided to each NRMSIR and to the SID, if any, in each  
7 case as designated by the SEC in accordance with the Rule, the  
8 Municipality's audited annual financial statements, including the notes  
9 thereto and the statistical data included in the Comprehensive Annual  
10 Financial Report of the Municipality (the "Annual Disclosure Report").

11 Such annual information and operating data described above shall be so provided  
12 on or before the expiration of 210 days after the end of the Municipality's fiscal year for  
13 each year commencing in 2008 for the fiscal year ending on December 31, 2007 (the  
14 "Submission Date"). The Municipality may adjust the Submission Date if the  
15 Municipality changes its fiscal year by providing written notice of the change of fiscal year  
16 and the new reporting date to each then existing NRMSIR and the SID, if any. In lieu of  
17 providing such annual financial information and operating data, the Municipality may  
18 cross-reference to other documents provided to the NRMSIR's, the SID or to the SEC and,  
19 if such document is a final official statement within the meaning of the Rule, available  
20 from the MSRB.

21 The audited financial statements shall be prepared in accordance with the standards  
22 of the Governmental Accounting Standards Board. The Annual Disclosure Report may be  
23 submitted as a single document or as separate documents comprising a package and may

1 include by reference other information as provided in part (2); provided that any audited  
2 financial statements may be submitted separately from the balance of the Annual  
3 Disclosure Report and later than the Submission Date if such audited financial statements  
4 are not available by the Submission Date.

5 (c) *Material Events.* The Municipality agrees to provide or cause to be  
6 provided, in a timely manner, to the SID, if any, and to each NRMSIR  
7 notice of the occurrence of any of the following events with respect to the  
8 Bonds, if material:

- 9 • Principal and interest payment delinquencies;
- 10 • Non-payment related defaults;
- 11 • Unscheduled draws on debt service reserves reflecting financial  
12 difficulties;
- 13 • Unscheduled draws on credit enhancements reflecting financial  
14 difficulties;
- 15 • Substitution of credit or liquidity providers, or their failure to perform;
- 16 • Adverse tax opinions or events affecting the tax-exempt status of the  
17 Bonds;
- 18 • Modifications to rights of owners;
- 19 • Optional, contingent or unscheduled Bond calls other than scheduled  
20 sinking fund redemptions for which notice is given pursuant to  
21 Exchange Act Release 34-23856;
- 22 • Defeasances;

- Release, substitution or sale of property securing the repayment of the Bonds; and
- Rating changes.

(d) *Notification Upon Failure to Provide Financial Data.* The Municipality agrees to provide or cause to be provided, in a timely manner, to each NRMSIR and to the SID, if any, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) *Termination/Modification.* The Municipality's obligations to provide annual financial information and notices of material events shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the Municipality (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this ordinance, the Municipality may amend this Section 15 and any provision of this Section 15 may be waived with an approving opinion of nationally recognized bond counsel.

In the event of any amendment of or waiver of a provision of this Section 15, the Municipality shall describe such amendment in the next annual report, and shall include, as

1 applicable, a narrative explanation of the reason for the amendment or waiver and its  
2 impact on the type (or in the case of a change of accounting principles, on the presentation)  
3 of financial information or operating data being presented by the Municipality. In  
4 addition, if the amendment relates to the accounting principles to be followed in preparing  
5 financial statements, (I) notice of such change shall be given in the same manner as for a  
6 material event under Subsection (c), and (II) the annual report for the year in which the  
7 change is made should present a comparison (in narrative form and also, if practical, in  
8 quantitative form) between the financial statements as prepared on the basis of the new  
9 accounting principles and those prepared on the basis of the former accounting principles.

10 (f) *Bond Owner's Remedies Under This Section.* A Bond owner's right to  
11 enforce the provisions of this section shall be limited to a right to obtain  
12 specific enforcement of the Municipality's obligations hereunder, and any  
13 failure by the Municipality to comply with the provisions of this  
14 undertaking shall not be an event of default with respect to the Bonds under  
15 this ordinance.

16 (g) *DisclosureUSA.* The Municipality may elect to submit the information  
17 required by this Section 15 to be filed with the NRMSIRs and the SID, if  
18 any, directly to DisclosureUSA.org unless or until the SEC withdraws its  
19 approval of this submission process.

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

1 **Section 17.** Miscellaneous. No recourse shall be had for the payment of the principal of  
2 or the interest on the Bonds or for any claim based thereon or on this ordinance against any  
3 member of the Assembly or officer of the Municipality or any person executing the Bonds.  
4 The Bonds are not and shall not be in any way a debt or liability of the State of Alaska or  
5 of any political subdivision thereof, except the Municipality, and do not and shall not  
6 create or constitute an indebtedness or obligation, either legal, moral or otherwise, of said  
7 State or of any political subdivision thereof, except the Municipality.

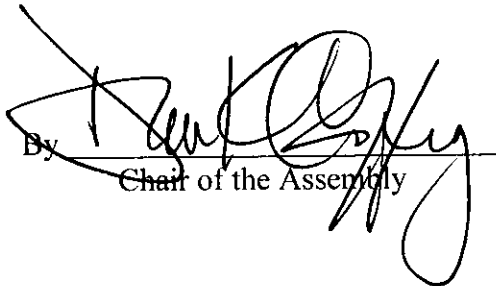
8 **Section 18.** Authorization to Amend Ordinance No. AO 2006-97.. The Authorized  
9 Representative of the Municipality is hereby directed to prepare an amendment to  
10 Exhibit A attached to Ordinance No. AO 2006-97, to include all Bonds issued under the  
11 terms of this ordinance to be included on Exhibit A, as refunding candidates under the  
12 terms of Ordinance No. AO 2006-97 and deliver the same to the Municipal Clerk for  
13 attachment to Ordinance No. AO 2006-97, and Ordinance No. AO 2006-97, as so amended  
14 is hereby ratified, approved and confirmed.

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

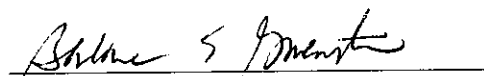


1 **Section 20.** Effective Date. This ordinance shall be effective immediately upon passage  
2 and approval by the Assembly.

3 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage, this 14<sup>th</sup>  
4 day of August, 2007.

5  
6  
7  
8  
9 By   
Chair of the Assembly

10 ATTEST:

11   
12 Municipal Clerk  
13

MUNICIPALITY OF ANCHORAGE

ORDINANCE No. AO 2007-103

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$65,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION SCHOOLS BONDS OF THE MUNICIPALITY FOR THE PURPOSE OF FINANCING THE COSTS OF RENEWING AND REPLACING CLARK MIDDLE SCHOOL AND FOR EDUCATIONAL CAPITAL IMPROVEMENTS FOR DISTRICTWIDE MAJOR BUILDINGS SYSTEMS RENEWAL IN THE MUNICIPALITY; DELEGATING CERTAIN MATTERS TO THE CHIEF FISCAL OFFICER IN CONNECTION WITH THE SALE OF THE BONDS; PLEDGING THE FULL FAITH AND CREDIT OF THE MUNICIPALITY TO THE PAYMENT THEREOF; AND AUTHORIZING AN AMENDMENT TO ORDINANCE NO. AO 2006-97.

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Prepared by

K&L PRESTON GATES ELLIS LLP

**MUNICIPALITY OF ANCHORAGE**  
**ORDINANCE No. AO 2007-103**

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\* This Table of Contents is not a part of the following ordinance.

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects - Anchorage Schools**

AO Number: 2007-103                      Title: \$65,000,000 - School Bonds  
Sponsor:  
Preparing Agency: Public Finance and Investments  
Others Impacted:

---

**CHANGES IN EXPENDITURES AND REVENUES:**                      (Thousands of Dollars)

---

|                        | FY07 | FY08   | FY09   | FY10   | FY11   |
|------------------------|------|--------|--------|--------|--------|
| Operating Expenditures |      |        |        |        |        |
| 1000 Personal Services |      |        |        |        |        |
| 2000 Supplies          |      |        |        |        |        |
| 3000 Other Services    | 0    | 0      | 425    | 425    | 425    |
| 4000 Debt Service      | 0    | 5,327* | 5,327* | 5,327* | 5,327* |
| 5000 Capital Outlay    |      |        |        |        |        |

---

|                            |          |              |              |              |              |
|----------------------------|----------|--------------|--------------|--------------|--------------|
| <b>TOTAL DIRECT COSTS:</b> | <b>0</b> | <b>5,327</b> | <b>5,752</b> | <b>5,752</b> | <b>5,752</b> |
|----------------------------|----------|--------------|--------------|--------------|--------------|

---

ADD: 6000 Charge from Others  
LESS: 7000 Charge to Others

---

FUNCTION COST:

---

REVENUES:

---

CAPITAL:

---

POSITIONS:

---

**PUBLIC SECTOR ECONOMIC EFFECTS:**

Provides the public with new schools and repairs on existing schools necessary to meet ongoing educational infrastructure requirements of the community.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

Estimated annual debt service of \$5,327,000 assumes bonds are sold as a package @ 5.25% interest, for 20 years. Debt Service is scheduled to have partial reimbursement by the State of Alaska subject to annual appropriation by the Alaska State Legislature.

Increased operations and maintenance are required for new facilities.

\* Subject to market rates and timing

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Prepared by: \_\_\_\_\_ Telephone: \_\_\_\_\_

Validated by OMB: \_\_\_\_\_ Date: \_\_\_\_\_



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM No. 447-2007

Meeting Date: July 24, 2007

1 **From:** Mayor

2  
3 **Subject:** An Ordinance for Issuance of Not to Exceed \$65,000,000 2007 General  
4 Obligation Bonds (Schools)

5  
6 The attached ordinance provides for the issuance of not to exceed \$65,000,000 General  
7 Obligation Bonds (Schools) of voter authorized debt. The current schedule for the sale  
8 and related matters calls for a public hearing on the ordinance on August 14, 2007.  
9 Sale of the bonds is anticipated to take place by the end of August 2007.

10  
11 The Chief Fiscal Officer is authorized by Section 12 of the ordinance to execute the sale  
12 of the bonds by competitive bid.

13  
14 THE ADMINISTRATION RECOMMENDS APPROVAL OF AO NO. 2007-103.

15  
16  
17 Prepared by: Ross Risvold, Public Finance & Investments Manager

18 Recommended by: Jeffrey E. Sinz, Chief Fiscal Officer

19 Concurrence: Denis C. LeBlanc, Municipal Manager

20 Respectfully submitted: Mark Begich, Mayor

**Content Information****Content ID :** 005257**Type:** Ordinance - AO**Title:** An Ordinance for Issuance of Not to Exceed \$65,000,000 2007  
General Obligation Bonds (Schools), Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** School Bonds, G.O.**Date Prepared:** 7/13/07 10:00 AM**Director Name:** Jeffrey Sinz**Assembly Meeting Date**  
**MM/DD/YY:** 7/24/07 M**Public Hearing Date**  
**MM/DD/YY:** 8/14/07**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     | 7/13/07 10:03 AM   | Checkin       | pruittns    | Public                | 005257            |
| Finance_SubWorkflow      | 7/13/07 10:15 AM   | Approve       | mitsonjl    | Public                | 005257            |
| OMB_SubWorkflow          | 7/13/07 10:18 AM   | Approve       | mitsonjl    | Public                | 005257            |
| Legal_SubWorkflow        | 7/13/07 10:25 AM   | Approve       | gatesdt     | Public                | 005257            |
| MuniManager_SubWorkflow  | 7/13/07 11:05 AM   | Approve       | abbottmk    | Public                | 005257            |
| MuniMgrCoord_SubWorkflow | 7/13/07 11:06 AM   | Approve       | abbottmk    | Public                | 005257            |

M.O.A.  
 2007 JUL 13 PM 12:50  
 CLERK'S OFFICE