

**CITY OF WASILLA  
ORDINANCE SERIAL NO. 02-14 (SUB)**

**AN ORDINANCE OF THE WASILLA CITY COUNCIL AUTHORIZING THE CITY TO  
ISSUE GENERAL OBLIGATION BONDS, 2002 SERIES A IN THE PRINCIPAL  
AMOUNT OF NOT TO EXCEED \$14,700,000 TO PROVIDE FUNDS FOR THE  
ACQUISITION AND CONSTRUCTION OF PARK AND RECREATIONAL FACILITY  
AND RELATED CAPITAL IMPROVEMENTS IN THE CITY, FIXING CERTAIN  
DETAILS OF SUCH BONDS AND AUTHORIZING THEIR SALE.**

WHEREAS, pursuant to Ordinance Serial No. 01-55(AM) of the City of Wasilla (the "City"), adopted December 10, 2001, a question whether the City should issue not to exceed \$14,700,000 in general obligation bonds for the purpose of planning, designing, acquiring property for, equipping and constructing park and recreational facility and related capital improvements in the City, including without limitation a multipurpose sports complex, referred to at the special City election held on March 5, 2002 as Proposition No. 1 ("Proposition 1"), was passed and approved; and

WHEREAS, said election has been duly canvassed and the results thereof certified and confirmed in accordance with law, and \$14,700,000 principal amount of general obligation bonds remains unissued under Proposition 1; and

WHEREAS, the Council finds that it is in the best interest of the City to plan, design, acquire property for, equip and construct and equip park and recreational facility and related capital improvements described in Proposition 1 including without limitation a multipurpose sports complex (the "Project"), and to issue not to exceed \$14,700,000 principal amount of general obligation bonds referred to in Proposition 1, to pay costs of the Project; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to the Mayor and the Deputy Mayor authority to determine the maturity amounts, interest rates and other details of the bonds, and to determine other matters that are not provided for in this ordinance.

WHEREAS, there has been presented to the City the form of a Loan Agreement between the Alaska Municipal Bond Bank and the City, which provides for the Alaska Municipal Bond Bank to purchase the bonds on the terms and conditions set forth therein and in this ordinance, and it is in the best interest of the City that the City sell the bonds to the Alaska Municipal Bond Bank under such terms and conditions.

NOW THEREFORE, BE IT ORDAINED AND ENACTED by the City of Wasilla:

\* **Section 1. Classification.** This ordinance is a non-code ordinance.

\* **Section 2. Definitions.** The following terms shall have the following meanings in this ordinance:

(A) "Bond" or "Bonds" means any of the "General Obligation Bonds, 2002 Series A" of the City of Wasilla, the issuance and sale of which are authorized herein.

(B) "Bond Bank" means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

(C) "Bond Bank Bonds" means the General Obligation Bonds, 2002 Series A of the Bond Bank.

(D) "Bond Register" means the registration books maintained by the Registrar, which include the names and addresses of the Registered Owners of the Bonds or their nominees.

(E) "City" means the City of Wasilla, a municipal corporation of the State of Alaska, organized as a first class city under Title 29 of the Alaska Statutes.

(F) "Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

(G) "Cost" or "Costs" means the cost of planning, designing, acquiring property for, acquiring, constructing, installing and equipping the Project, including interest on the Bonds during the period of planning, designing, acquiring property for, acquiring, constructing, installing and equipping the Project, the cost whether incurred by the City or by another of field surveys and advance planning undertaken in connection with the Project properly allocable to the Project, the cost of acquisition of any land or interest therein required as the site or sites of the Project or for use in connection therewith, the cost of any indemnity and surety bonds and premiums on insurance incurred in connection with the Project prior to or during construction thereof, all related direct administrative and inspection expenses whether incurred by the City or by another in connection with the Project prior to or during construction thereof, and allocable portions of direct costs of the City, legal fees, costs of issuance of the Bonds by the City, including financing charges and fees and expenses of bond counsel, financial advisors and consultants in connection therewith, the cost of any bond insurance premium and bond ratings, the cost of audits, the cost of all machinery, apparatus and equipment, cost of engineering, architectural services, designs, plans, specifications and surveys, estimates of cost, the reimbursement of all moneys advanced from whatever source for the payment of any item or items of cost of the Project, and all other expenses necessary or incidental to the acquisition and development of the Project, the financing thereof and the putting of the same in use and operation.

(H) "Council" means the Council of the City of Wasilla, as the general legislative authority of the City of Wasilla, as the same shall be duly and regularly constituted from time to time.

(I) "Government Obligations" means obligations that are either (i) direct obligations of the United States of America or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America

(J) "Loan Agreement" means the Loan Agreement between the City and the Bond Bank concerning the Bonds.

(K) "Ordinance" means this Ordinance Serial No. 02-14 of the City.

(L) "Registered Owner" means the person named as the registered owner of a Bond in the Bond Register.

(M) "Registrar" means the Finance Director, or any successor that the City may appoint by resolution.

\* **Section 3. Authorization of Bonds and Purpose of Issuance.** For the purpose of providing part of the funds required to pay the Costs of the Project, to provide for original issue discount, if any, and to pay all costs incidental thereto and to the issuance of the Bonds, the City hereby authorizes and determines to issue and sell the Bonds in the aggregate principal amount of not to exceed \$14,700,000.

\* **Section 4. Obligation of Bonds.** The Bonds shall be direct and general obligations of the City and the full faith and credit of the City are hereby pledged to the payment of the principal of and interest on the Bonds. The City hereby irrevocably pledges and covenants that it will levy and collect taxes upon all taxable property within the City without limitation as to rate or amount, in amounts sufficient, together with other funds legally available therefore, to pay the principal of and interest on the Bonds as the same become due and payable.

\* **Section 5. Designation, Maturities, Interest Rates, and Other Details of Bonds.** The Bonds shall be designated "City of Wasilla, Alaska, General Obligation Bonds, 2002 Series A." The Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The Bonds shall mature in one or more years commencing no earlier than 2002 and ending no later than 2012, with the principal amount of each maturity not exceeding \$3,000,000. The Bonds shall bear interest from their date, payable commencing on a

date on or after July 1, 2002, and semi-annually thereafter in each year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 3 and the remainder of this section, the dated date, the principal and interest payment dates, the aggregate principal amount, the principal amount of each maturity, and the interest rates on the Bonds shall be determined at the time of execution of the Loan Agreement under Section 18.

\* **Section 6. Optional Redemption.** The Bonds, if any, subject to optional redemption by the City, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such Bonds, shall be determined at the time of execution of the Loan Agreement under Section 18.

\* **Section 7. Selection of Bonds for Redemption; Notice of Redemption.**

(A) Selection of Bonds for Redemption. As long as the Bond Bank is the Registered Owner of the Bonds, the selection of Bonds to be redeemed shall be made as provided in the Loan Agreement. If the Bond Bank is no longer the Registered Owner of the Bonds, the selection of Bonds to be redeemed shall be made as provided in this subsection (A). If the City redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City shall treat such Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal amount of a Bond is redeemed, upon surrender of such Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefore, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

(B) Notice of Redemption. As long as the Bond Bank is the Registered Owner of the Bonds, notice of any intended redemption of Bonds shall be given as provided in the Loan Agreement. If the Bond Bank is no longer the Registered Owner of the Bonds, notice of any intended redemption of Bonds shall be given as provided in this subsection (B). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption

date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender of any Bond for partial redemption, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Each check or other transfer of funds issued to pay the redemption price of Bonds shall bear the CUSIP number, if any, identifying, by maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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

UNITED STATES OF AMERICA  
STATE OF ALASKA

CITY OF WASILLA  
(A Municipal Corporation of the State of Alaska)

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

GENERAL OBLIGATION BOND, 2002 SERIES A

Registered Owner

Principal Amount \_\_\_\_\_ DOLLARS

The City of Wasilla (the "City"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the principal amount shown above in the following installments on \_\_\_\_\_ of each of the following years, and to pay interest on such installments from the date hereof, payable on \_\_\_\_\_, 2002 and semiannually thereafter on the \_\_\_ days of \_\_\_\_\_ and \_\_\_\_\_ of each year, at the rates per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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For so long as this Bond is owned by the Alaska Municipal Bond Bank (the "Bond Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bond Bank and the City (the "Loan Agreement"). In the event that this Bond is no longer owned by the Bond Bank, installments of principal and interest on this Bond shall be paid by check or draft mailed by first class mail to the Registered Owner as of the close of business on the fifteenth day of the month preceding each installment payment date; provided that the final installment of principal and interest on this Bond shall be payable upon presentation and surrender of this Bond by the Registered Owner at the office of the Registrar. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on this Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is one of the General Obligation Bonds, 2002 Series A of the City of Wasilla, Alaska, of like tenor and effect except as to interest rate, serial number and maturity, aggregating \$14,700,000 in principal amount, and constituting Bonds authorized for the purpose of paying the cost of park and recreational facility and related capital improvements in the City, and is issued under Ordinance Serial No. 02-\_\_\_ of the City entitled:

AN ORDINANCE OF THE WASILLA CITY COUNCIL AUTHORIZING THE CITY TO ISSUE GENERAL OBLIGATION BONDS, 2002 SERIES A IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$14,700,000 TO PROVIDE FUNDS FOR THE ACQUISITION AND CONSTRUCTION OF PARK AND RECREATIONAL FACILITY AND RELATED CAPITAL IMPROVEMENTS IN THE CITY, FIXING CERTAIN DETAILS OF SUCH BONDS AND AUTHORIZING THEIR SALE.

(the "Ordinance").

Installments of principal of this Bond due on and after \_\_\_\_\_, 20\_\_, shall be subject to prepayment on and after \_\_\_\_\_, 20\_\_, at the option of the City (subject to any applicable provisions of the Loan Agreement), in such principal amounts and from such maturities as the City may determine, and by lot within a maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest to the date of prepayment.

This Bond is transferable as provided in the Ordinance, (i) only upon the bond register of the City, and (ii) upon surrender of this Bond together with a written instrument of transfer duly executed by the registered owner or the duly authorized attorney of the registered owner, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefore as provided in the Ordinance and upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This Bond is a general obligation of the City of Wasilla and the full faith and credit of the City are pledged for the payment of the principal of and interest on this Bond as the same shall become due.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts or things required by the constitution or statutes of the State of Alaska and the code of ordinances of the City to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed, and that the series of Bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by said constitution, statutes or charter.

IN WITNESS WHEREOF, THE CITY OF WASILLA, ALASKA, has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_ 2002.

\_\_\_\_\_  
Sarah Palin, Mayor

ATTEST:

\_\_\_\_\_  
Kristie L. Smithers, City Clerk

[SEAL]

\* **Section 9. Execution.** The Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor or Deputy Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Clerk or Deputy City Clerk. The execution of a Bond on behalf of the City by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the Bond or shall not have held office on the date of the Bond.

\* **Section 10. Payment of Principal and Interest.** The Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. As long as the Bond Bank is the Registered Owner of the Bonds, payment of principal and interest on the Bonds shall be made as provided in the Loan Agreement. If the Bond Bank is no longer the Registered Owner of the Bonds, installments of principal and interest on the Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the fifteenth day of the month preceding each installment payment date at the address appearing on the Bond Register; provided that the final installment of principal and interest on a Bond shall be payable upon presentation and surrender of the Bond by the Registered Owner at the office of the Registrar.

\* **Section 11. Registration.** The Bonds shall be issued only in registered form as to both principal and interest. The City designates the City Treasurer as Registrar for the Bonds. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code. The City and the Registrar may treat the person in whose name any Bond shall be registered as the absolute owner of such Bond for all purposes, whether or not the Bond shall be overdue, and all payments of principal of and interest on a Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Registrar shall be affected by any notice to the contrary.

\* **Section 12. Transfer and Exchange.** Bonds shall be transferred only upon the books for the registration and transfer of Bonds kept at the office of the Registrar. Upon surrender for transfer or exchange of any Bond at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, the City shall execute and deliver an equal aggregate principal amount of Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the City may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. All Bonds surrendered for transfer or exchange shall be canceled by the Registrar.

\* **Section 13. Bonds Mutilated, Destroyed, Stolen or Lost.** Upon surrender to the Registrar of a mutilated Bond, the City shall execute and deliver a new Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new Bond of like maturity and principal amount. The person requesting the execution and delivery of a new Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.



\* **Section 14. Disposition of the Sale Proceeds of the Bonds.** The sale proceeds of the Bonds representing accrued interest on the Bonds shall be applied to pay a portion of the interest due on the Bonds on the first interest payment date for the Bonds. The sale proceeds of the Bonds representing original issue premium on the Bonds, if any, shall be applied to pay issuance costs of the Bonds, a portion of the interest due on the Bonds on the first interest payment date for the Bonds, or Costs of the Project, and shall be deposited in such manner, as the Mayor or the Deputy Mayor may determine. The remaining sale proceeds of the Bonds shall be applied to pay Costs of the Project and issuance costs of the Bonds, and shall be deposited in the appropriate funds or accounts of the City for such purposes.

\* **Section 15. Tax Covenants.** The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the Bonds from gross income for federal income tax purposes. The City covenants that it will make no use of the proceeds of the Bonds which will cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code. The City covenants that it will not take or permit any action that would cause the Bonds to be "private activity bonds" as defined in Section 141 of the Code.

\* **Section 16. Amendatory and Supplemental Ordinances.**

(A) The Council from time to time and at any time may adopt an ordinance or ordinances supplemental hereto, which ordinance or ordinances thereafter shall become a part of this Ordinance, for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in this Ordinance, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this Ordinance or in regard to matters or questions arising under this Ordinance as the Council may deem necessary or desirable and not inconsistent with this Ordinance and which shall not adversely affect the interests of the Registered Owners of the Bonds.

Any such supplemental ordinance may be adopted without the consent of the Registered Owner of any of the Bonds at any time outstanding, notwithstanding any of the provisions of subsection (B) of this section.

(B) With the consent of the Registered Owners of not less than 60 percent in aggregate principal amount of the Bonds at the time outstanding, the Council may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

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

(2) Reduce the aforesaid percentage of Registered Owners of Bonds required to approve any such supplemental ordinance without the consent of the Registered Owners of all of the Bonds then outstanding.

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

(C) Upon the adoption of any supplemental ordinance under this section, this Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and all Registered Owners of outstanding Bonds shall thereafter be subject in all respects to such modification and amendment, and all the terms and conditions of the supplemental ordinance shall be deemed to be part of the terms and conditions of this Ordinance for any and all purposes.

(D) Bonds executed and delivered after the execution of any supplemental ordinance adopted under this section may bear a notation as to any matter provided for in such supplemental ordinance, and if such supplemental ordinance shall so provide, new Bonds modified so as to conform, in the opinion of the City, to any modification of this Ordinance contained in any such supplemental ordinance may be prepared by the City and delivered without cost to the Registered Owners of the Bonds then outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

\* **Section 17. Defeasance.** In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such Bonds and such Bonds shall be deemed not to be outstanding.

\* **Section 18. Sale of Bonds.** The Bonds shall be sold at negotiated sale to the Bond Bank as provided in the Loan Agreement. Subject to the limitations provided in Sections 3 and 5, each of the Mayor and the Deputy Mayor is hereby authorized to determine the aggregate principal amount, maturity amounts, interest rates, yields, dated date, principal and interest payment dates and redemption terms, if any, for the Bonds, and other details of the Bonds; provided that the true interest cost of the Bonds,

expressed as an annual rate, does not exceed 6.5 percent. In determining the maturity amounts, interest rates, yields, and redemption terms, if any, for the Bonds, the Mayor or Deputy Mayor shall take into account those factors which, in her judgment, will result in the lowest true interest cost on the Bonds to their maturity, including without limitation current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Based upon the foregoing determinations, each of the Mayor and the Deputy Mayor is authorized to execute the Loan Agreement, in substantially the form presented at this meeting.

\* **Section 19. Official Statement.** The distribution of the preliminary Official Statement for the Bond Bank Bonds in substantially the form presented at this meeting is approved as it pertains to the City and the Bonds. The information in the preliminary Official Statement relating to the City and the Bonds may be modified as the Mayor or the Deputy Mayor may determine. Each of the Mayor and the Deputy Mayor is hereby authorized to approve the form of the final Official Statement for the Bond Bank Bonds as it pertains to the City and the Bonds.

\* **Section 20. Authority of Officers.** The Mayor, the Deputy Mayor, the City Clerk, and the Deputy City Clerk each is authorized and directed to do and perform all things and determine all matters not determined by this Ordinance, to the end that the City may carry out its obligations under the Bonds and this Ordinance.

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

\* **Section 22. Miscellaneous.**

(A) All payments made by the City of, or on account of, the principal of or interest on the Bonds shall be made on the several Bonds ratably and in proportion to the amount due thereon, respectively, for principal or interest as the case may be.

(B) No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon or on this Ordinance against any member of the Council or officer of the City or any person executing the Bonds. The Bonds are not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and do not and shall not create or constitute an indebtedness or obligation, either legal, moral or otherwise, of said state or of any political subdivision thereof, except the City.

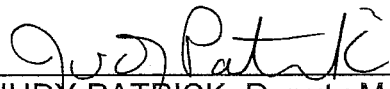
\* **Section 23. Continuing Disclosure.** The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate that has been presented at this meeting. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure

Certificate shall not be considered a default of the City's obligations under this Ordinance, the Loan Agreement or the Bonds; however, the beneficial owner of any Bond or Bond Bank Bond may bring an action for specific performance, to cause the City to comply with its obligations under this section.


\* **Section 24. Severability.** If any one or more of the provisions of this Ordinance shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance or of the Bonds.

\* **Section 25. Effective Date.** This ordinance shall take effect upon passage and approval.

ADOPTED by the Wasilla City Council, Alaska, on April 8, 2002.

  
\_\_\_\_\_  
JUDY PATRICK, Deputy Mayor

ATTEST:

  
\_\_\_\_\_  
KRISTIE L. SMITHERS, CMC  
City Clerk

[SEAL]

RECEIVED

APR 08 2002

CLERK'S OFFICE  
CITY OF WASILLA

LOAN AGREEMENT

AGREEMENT, dated as of the 1st day of May 2002, between the Alaska Municipal Bond Bank (the "Bank"), a body corporate and politic constituted as an instrumentality of the State of Alaska (the "State") exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the "Act"), having its principal place of business at Juneau, Alaska, and the City of Wasilla, Alaska, a duly constituted first-class city of the State (the "City"):

WITNESSETH:

WHEREAS, pursuant to the Act, the Bank is authorized to make loans of money (the "Loan" or "Loans") to governmental units; and

WHEREAS, the City is a Governmental Unit as defined in the General Bond Resolution of the Bank hereinafter mentioned and pursuant to the Act is authorized to accept a Loan from the Bank to be evidenced by its municipal bonds purchased by the Bank; and

WHEREAS, the City is desirous of borrowing money from the Bank in the amount of \$14,700,000 and has submitted an application to the Bank for a Loan in the amount of \$14,700,000, and the City has duly authorized the issuance of its fully registered bond in the aggregate principal amount of \$14,700,000, (the "Municipal Bond"), which bond is to be purchased by the Bank as evidence of the Loan in accordance with this Agreement; and

WHEREAS, the application of the City contains the information requested by the Bank; and

WHEREAS, to provide for the issuance of bonds of the Bank in order to obtain from time to time money with which to make Loans, the Bank has adopted the General Bond Resolution on May 27, 1976, as amended (the "General Bond Resolution"), authorizing the making of such Loan to the City and the purchase of the Municipal Bond.

NOW, THEREFORE, the parties agree:

1. The Bank hereby makes the Loan and the City accepts the Loan in the principal amount of \$14,700,000. As evidence of the Loan made to the City and such money borrowed from the Bank by the City, the City hereby sells to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit "A" appended hereto. For purposes of this Loan Agreement, the interest on the Municipal Bond will be computed without regard to the provision in Section 7 hereof for the City to make funds available to the Trustee acting under the General Bond Resolution for the payment of principal and interest at least seven business days prior to each respective principal and interest payment date.

2. The City represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including Ordinance Serial No. 02-14 adopted by the City Assembly on April 8, 2002 (the "City's Ordinance"), and has taken or will take all proceedings required by law to enable it to enter into this Loan Agreement and issue its Municipal Bond to the Bank and that the Municipal Bond will constitute a general obligation bond and the full faith and credit of the City is pledged for payment of the principal of, and interest, on the Municipal Bond.

3. Subject to any applicable legal limitations, the amounts to be paid by the City pursuant to this Loan Agreement representing interest due on its Municipal Bond (the "Municipal Bond Interest Payments") shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the Loan and to purchase the Municipal Bond (the "Loan Obligations") and, unless required under Section 7 hereof, to be paid at least seven business days before the interest payment date, shall be paid by the City in such manner and at such times as to provide funds sufficient to pay interest as the same becomes due on the Loan Obligation.

4. The amounts to be paid by the City pursuant to this Loan Agreement representing principal due on its Municipal Bond (the "Municipal Bond Principal Payments"), unless required under Section 7 hereof, to be paid at least seven business days before the maturity date, shall be scheduled by the Bank in such manner and at such times (notwithstanding the dates of payment as stated in the Municipal Bond) as to provide funds sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit "A" appended hereto.

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the City pursuant to this Loan Agreement are not made available at any time specified herein, the City agrees that any money payable to it by any department or agency of the State may be withheld from it and paid over directly to the Trustee acting under the General Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the City, as provided in the Act.

6. In the event Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the City on the Municipal Bond for the corresponding year pursuant to Section 1 hereof, then both the Municipal Bond Interest Payments and the Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the City on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of Bank's refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond Principal Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term

of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of Loan Obligations, the Bank shall present to the City for the City's approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the City the revised schedule shall be attached hereto as Exhibit "A" and incorporated herein in replacement of the previous Exhibit "A" detailing said principal installment amounts and interest rates.

7. The City is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the City shall be in an amount sufficient, together with the City's Allocable Proportion of other money available therefor under the provisions of the General Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to paragraph (3) of Section 603 of the General Bond Resolution:

(a) to pay, as the same become due, the City's Allocable Proportion of the Administrative Expenses of the Bank; and

(b) to pay, as the same become due, the City's Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The City's Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

During any period where the City's Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations is reduced in consideration of the City so making funds available, the City shall make funds available to the Trustee for each Municipal Bond Interest Payment and Municipal Bond Principal Payment at least seven business days before the respective principal or interest payment date.

8. The City is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due on the dates indicated on Exhibit "A" appended hereto, and thereafter on the anniversary thereof each year. The City is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing on the dates indicated on Exhibit "A" appended hereto, and to pay any Fees and Charges imposed by the Bank within 30 days of receiving the invoice of the Bank therefor.

9. The Bank shall not sell and the City shall not redeem prior to maturity any portion of the Municipal Bond in an amount greater than the Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the applicable premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The City shall give the Bank at least 50 days' notice of intention to redeem its Municipal Bond.

In the event the Loan Obligation with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligation were issued in a principal amount in excess of or less than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the City shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such refunding bonds outstanding.

In the event the Loan Obligation has been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligation, the amount which the City shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such refunding bonds outstanding.

In the event the Loan Obligation has been refunded, the amount which the City shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligation is to be redeemed, shall be the applicable premium, if any, on the Loan Obligation to be redeemed.

Nothing in this Section shall be construed as preventing the City from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of the Loan Obligation.

10. Simultaneously with the delivery of the Municipal Bond to the Bank, the City shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid general obligations of the City.

11. Invoices for payments under this Loan Agreement shall be addressed to the City of Wasilla at 290 E. Herning, Wasilla, Alaska 99654, Attention: Finance Director. The City shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' written notice of any change in such address.



12. Prior to payment of the amount of the Loan or any portion thereof, and the delivery of the Municipal Bond to the Bank or its designee, the Bank shall have the right to cancel all or any part of its obligations hereunder if:

(a) Any representation, warranty or other statement made by the City to the Bank in connection with its application to the Bank for a Loan shall be incorrect or incomplete in any material respect.

(b) The City has violated commitments made by it in the terms of this Loan Agreement.

(c) The financial position of the City has, in the opinion of the Bank, suffered a materially adverse change between the date of this Loan Agreement and the scheduled time of delivery of the Municipal Bond to the Bank.

13. The obligation of the Bank under this Loan Agreement is contingent upon delivery of its 2002 Series A General Obligation Bonds (the "2002 Series A Bonds") and receipt of the proceeds thereof.

14. The City agrees that it will provide the Bank with written notice of any default in covenants under the City Ordinances within 30 days from the date thereof.

15. The City shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on the Municipal Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Municipal Bond is subject on the date of original issuance thereof.

The City shall not permit any of the proceeds of the Municipal Bond, or any facilities financed with such proceeds, to be used in any manner that would cause the Municipal Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code.

The City shall make no use or investment of the proceeds of the Municipal Bond which will cause the Municipal Bond to be an "arbitrage bond" subject to taxation by reason of Section 148 of the Code. So long as the Municipal Bond is outstanding, the City, with respect to the proceeds of the Municipal Bond, shall comply with all requirements of said Section 148 and all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect. The City shall indemnify and hold harmless the Bank from any obligation of the City to make rebate payments to the United States under said Section 148 arising from the City's use or investment of the proceeds of the Municipal Bond.

16. The Bank shall cause to be prepared an Official Statement (the "Official Statement") for the 2002 Series A Bonds. The City shall provide promptly to the Bank the information concerning the City and the Municipal Bond (the "Municipal Information") (i)

that the Bank requests for inclusion in the Official Statement, or (ii) that the City considers to be material to the purposes for which the Official Statement is to be used.

As a condition to the payment of the amount of the Loan or any portion thereof, the City shall provide to the Bank a certificate, dated the date of issue of the 2002 Series A Bonds, of an authorized officer of the City that (i) the Municipal Information consists of fair and accurate statements or summaries of the matters therein set forth and such information does not contain any untrue statement of material fact or omit to state a material fact that should be stated therein for the purposes for which it is to be used or that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; and (ii) to the best knowledge of such officer, no event affecting the City has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purposes for which it is to be used or that it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect.

The City will undertake in the Disclosure Certificate for the benefit of the Beneficial Owners of the 2002 Series A Bonds to provide or cause to be provided to each nationally recognized municipal securities information repository ("NRMSIR") and to a state information depository ("SID"), if one is established in the State, annual financial information and operating data which shall be substantially similar to the financial information found in Appendix D to the Official Statement as required by Rule 15c2-12(b)(5) of the Securities and Exchange Act of 1934, as the same may be amended from time to time (the "Rule"). The City will provide to each NRMSIR or to the Municipal Securities Rulemaking Board, and to the SID, timely notice of a failure by the City to provide required annual financial information on or before the date specified below. The annual financial information that the City will provide will consist of annual financial statements for the City, prepared in accordance with generally accepted accounting principles, as such principles may be changed from time to time; and will be provided not later than nine months after the end of each fiscal year of the City, as such fiscal year may be changed from time to time, commencing with the City's fiscal year ending June 30, 2003.

17. If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

18. This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

19. No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition hereof, nor shall a waiver of any breach of this Loan Agreement be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

20. In this Loan Agreement, unless otherwise defined herein, all capitalized terms which are defined in Article I of the General Bond Resolution shall have the same meanings, respectively, as such terms are given in Article I of the General Bond Resolution.

21. This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement  
the day and year first above written.

ALASKA MUNICIPAL BOND BANK

[SEAL]

By \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

CITY OF WASILLA, ALASKA

[SEAL]

By \_\_\_\_\_  
SARAH PALIN  
Mayor

**EXHIBIT "A" TO LOAN AGREEMENT BETWEEN THE  
CITY OF WASILLA, ALASKA, AND  
THE ALASKA MUNICIPAL BOND BANK**

City of Wasilla, Alaska  
General Obligation Bond, 2002 Series A

<u>Principal Date</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2003		
2004		
2005		
2006		
2007		
2008		
2009		
2010		
2011		
2012		

The Bonds shall mature on April 1 in each of the years, and in the principal amounts set forth above. Interest on the Bonds shall be payable on October 1, 2002, and thereafter on April 1 and October 1 of each year.

Redemption Terms: The Bond is not subject to redemption prior to its scheduled maturity.

Received from Killebrew

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 4<sup>th</sup>, 2002

Competitive New Issue  
Book-Entry Only  
Sale Date: ~~April 16~~ May 1, 2002

Moody's Rating: Applied For  
Standard & Poor's Rating: Applied For  
(See "Ratings" herein.)

In the opinion of Wohlforth, Vassar, Johnson & Brecht, P.C., Bond Counsel, based on an analysis of existing statutes, regulations, rulings and court decisions, and assuming, among other things, compliance by the Bond Bank with its covenants relating to certain requirements in the Internal Revenue Code of 1986, as amended, interest on the 2002 Series A Bonds is excluded from gross income of owners thereof for federal income tax purposes. Interest on the 2002 Series A Bonds is not treated as a preference item to be included in calculating the federal alternative minimum tax imposed under the Code on individuals and corporations; such interest, however, is included in calculating the "adjusted current earnings" of a corporation for purposes of computing the federal alternative minimum tax on corporations. Interest on the 2002 Series A Bonds is exempt from taxation by the State of Alaska except for transfer, estate and inheritance taxes and except to the extent that inclusion of said interest in computing the federal corporate alternative minimum tax under Section 55 of the Code may affect the corresponding provisions of the State of Alaska corporate income tax. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2002 Series A Bonds. See "TAX EXEMPTION" herein.

Alaska Municipal Bond Bank

RECEIVED

\$15,465,000\*

APR 08 2002

General Obligation Bonds  
2002 Series A

CLERK'S OFFICE  
CITY OF WASILLA

Dated: ~~April~~ May 15, 2002

Due: April 1, as shown below

The Alaska Municipal Bond Bank General Obligation Bonds, 2002 Series A (the "2002 Series A Bonds") initially will be issued as fully registered bonds under a book-entry system, registered in the name of Cede & Co., as nominee of DTC, which will act as depository of the 2002 Series A Bonds. Individual purchases of the 2002 Series A Bonds will be made in the principal amount of \$5,000, or integral multiples thereof within a single maturity, and will be in book-entry form only. Purchasers of the 2002 Series A Bonds will not receive certificates representing their beneficial ownership interests in the 2002 Series A Bonds. Interest on the 2002 Series A Bonds is payable on October 1 and April 1, commencing October 1, 2002.

~~Chase Manhattan~~ JP Morgan Trust Company, N.A., of Pittsburgh, Pennsylvania, as the Trustee and Paying Agent for the 2002 Series A Bonds, will make principal and interest payments to DTC. Disbursement of such payments to DTC's Participants is the responsibility of DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants. See "Description of the 2002 Series A Bonds" and "Book-Entry System."

The 2002 Series A Bonds are subject to ~~optional and mandatory~~ redemption. See "Description of the 2002 Series A Bonds - Optional Redemption" and "Mandatory Redemption." The 2002 Series A Bonds are not subject to optional redemption.

The 2002 Series A Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the punctual payment of the principal of and interest on the 2002 Series A Bonds. The 2002 Series A Bonds are equally and ratably secured by the pledge and assignment of all Municipal Bonds acquired by the Bond Bank under the Bond Bank's General Bond Resolution on a parity with other Bonds of the Bond Bank heretofore or hereafter issued under the General Bond Resolution.

The 2002 Series A Bonds do not constitute an indebtedness or other liability of the State of Alaska, and the 2002 Series A Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2002 Series A Bonds. Neither the full faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2002 Series A Bonds. The Bond Bank has no taxing power. See "Security for the 2002 Series A Bonds."

The 2002 Series A Bonds are being offered by competitive sale. Bids may only be submitted electronically via MuniAuction pursuant to the Official Notice of Sale. Prospective bidders should refer to the Official Notices of Sale for specific information related to the sale of the 2002 Series A Bonds. The 2002 Series A Bonds are offered when, as and if issued subject to the approving legal opinion of Wohlforth, Vassar, Johnson & Brecht, P.C. of Anchorage, Alaska, Bond Counsel, as to validity of the 2002 Series A Bonds ~~as to validity~~ and exemption of interest from federal income taxation ~~and~~ subject to certain other conditions. Certain legal matters will be passed upon by the City of Wasilla by its counsel Birch, Horton, Bittner and Cherot, ~~P.C.~~ of Anchorage, Alaska. It is expected that the 2002 Series A Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York on or about April 25, 2002.

\*Preliminary, subject to change as set forth in the Official Notice of Bond.

Official Statement delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall it be any sale of these securities in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

2002 Series A

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND PRICES

<u>Due April 1</u>	<u>Amounts*</u>	<u>Interest Rates</u>	<u>Yield or Price</u>	<u>Due April 1</u>	<u>Amounts*</u>	<u>Interest Rates</u>	<u>Yield or Price</u>
2003	\$800,000	%	%	2008	\$1,505,000	%	%
2004	985,000			2009	1,665,000		
2005	1,100,000			2010	1,835,000		
2006	1,225,000			2011	2,020,000		
2007	1,360,000			2012	2,970,000		

\*Preliminary, subject to change as set forth in the Official Notices of Bond Sale under "Adjustment of Maturities." |

This Official Statement is furnished by the Bond Bank and not by the purchasers of the 2002 Series A Bonds to provide information regarding the sale of the 2002 Series A Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date. No dealer, salesman or any other person has been authorized by the Bond Bank to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

Neither the Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of any of the 2002 Series A Bonds.

**UPON ISSUANCE, THE 2002 SERIES A BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED ON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PRELIMINARY OFFICIAL STATEMENT OR APPROVED THE 2002 SERIES A BONDS FOR SALE. THE GENERAL BOND RESOLUTION WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.**

This Official Statement is submitted by the Bond Bank in connection with the sale of the 2002 Series A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.



**ALASKA MUNICIPAL BOND BANK**

**333 Willoughby Avenue, 11th Floor**

**P.O. Box 110405**

**Juneau, Alaska 99811-0405**

**(907) 465-2388**

**Directors**

R. Desmond Mayo - Chair

Sharon Kelly - Vice Chair

Deborah B. Sedwick - Member

(Greg Winegar - First Delegate to Deborah Sedwick)

Wilson Condon - Member

(Neil Slotnick - First Delegate to Wilson Condon)

Mark Pfeffer - Member

**Executive Director**

Deven J. Mitchell

**Bond Counsel**

Wohlforth, Vassar, Johnson & Brecht, P.C.

Anchorage, Alaska

**Trustee**

~~Chase Manhattan~~ JP Morgan Trust Company, National Association  
Pittsburgh, Pennsylvania

**Financial Advisor to  
Alaska Municipal Bond Bank**

Western Financial Group, L.L.C.

Lake Oswego, Oregon

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**OFFICIAL NOTICE OF SALE  
AND BIDDING INSTRUCTIONS  
ALASKA MUNICIPAL BOND BANK  
\$15,465,000\* GENERAL OBLIGATION BONDS  
2002 SERIES A**

**THE SALE**

Bonds Offered for Sale by Competitive Bidding. The Alaska Municipal Bond Bank (the "Bank") is offering for sale its \$145,465,000\* General Obligation Bonds, 2002 Series A (the "2002 Series A Bonds"). Each proposal for the purchase of the 2002 Series A Bonds is required to be bid via MuniAuction.

Manner of Submission of Bids. All bids for the 2002 Series A Bonds must be submitted electronically via Grant Street Group's MuniAuction website ("**MuniAuction**") pursuant to this Notice until 10:00 a.m. Pacific Time, on ~~Tuesday~~Wednesday, April 16~~May 1~~, 2002, and no bid will be received after the time for receiving bids specified above. No telephone, telefax, telegraph or personal delivery bids will be accepted. Bidders may change and submit bids as many times as they like during the auction; provided, however, each submitted bid, other than a bidder's initial bid, must result in a lower true interest cost ("TIC"), when compared to the immediately preceding bid of such bidder. The last bid submitted by a bidder before the end of the auction will be compared to all other final bids submitted by others to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid, but each bidder will be able to see the ranking of their bid relative to other bids (eg. 2 of 7) and whether any other bid has been submitted for the 2002 Series A Bonds. For further information about **MuniAuction**, potential bidders may contact **MuniAuction** at (412) 391-7686 or Chip Pierce of Western Financial Group, LLC, (503) 636-0265. **If any provision of this Official Notice of Sale conflicts with information provided by MuniAuction, this Official Notice of Sale shall control.**

Bidders will bear all risks associated with the submission of electronic bids, including but not limited to the lack of confidentiality prior to bid opening, the risk of a failed transmission or failure of the entire bid to be received by the designated time, or any inaccuracies that may result from lack of clarity from the electronic bid. Each prospective bidder who intends to place a bid shall be solely responsible to make necessary arrangements to access **MuniAuction** for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. The Bank shall have no duty or obligation to provide or assure access to **MuniAuction** to any prospective bidder. The Bank shall not be responsible for a bidder's failure to bid electronically or have any liability for any delays or interruptions caused by placing the bid electronically.

Award of the 2002 Series A Bonds. The Bank will award the 2002 Series A Bonds (or all bids will be rejected) before 2:00 p.m. Pacific Time on ~~Tuesday~~Wednesday, April 16~~May 1~~, 2002, to the responsible bidder complying with the terms of this Official Notice of Sale and offering to purchase the 2002 Series A Bonds at the lowest TIC to the Bank.

Basis of Award. The 2002 Series A Bonds will be awarded to the bidder whose proposal produces the lowest TIC. The true interest cost will be that annual interest rate, which, when compounded semiannually and used to discount all payments of principal and interest payable on the 2002 Series A Bonds under such proposal to ~~April 15~~May 1, 2002, results in an amount equal to the purchase price for the 2002 Series A Bonds. If two or more bids provide the same lowest true interest cost, the Bank shall determine, based on the highest premium stated in said bids, which bid shall be accepted, and such determination shall be final.

## THE 2002 SERIES A BONDS

Bond Details. The 2002 Series A Bonds will be dated ~~April 15~~ May 1, 2002 and will bear interest from their date, payable on October 1, 2002, and semi-annually thereafter on April 1 and October 1 of each year. Interest will be computed upon the basis of a 360-day year of twelve 30 day months. The 2002 Series A Bonds will mature on April 1 in the years and in the principal amounts, as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2003	\$800,000	2008	\$1,505,000
2004	985,000	2009	1,665,000
2005	1,100,000	2010	1,835,000
2006	1,225,000	2011	2,020,000
2007	1,360,000	2012	2,970,000

\* - Preliminary, subject to change. See "Adjustment of Maturities."

Adjustment of Maturities. The Bank reserves the right to adjust the principal amount of each maturity as may be necessary in connection with the calculation of the Required Debt Service Reserve, sizing of the issue to meet the in order to fund the loan to the underlying borrower, and in order to produce level debt service on the underlying loan. The principal amount of any maturity of the 2002 Series A Bonds shall only be adjusted in increments of \$5,000. Notice of any adjustment shall be given to the successful bidder within two hours after the bidder is selected.

Optional Designations of Term Bonds and Mandatory Sinking Fund Redemption. Bidders have the option of specifying in their bid proposal that all of the principal amount of the 2002 Series A Bonds scheduled in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or more maturities of the 2002 Series A Bonds (the "Term Bonds") scheduled to mature in the latest year of each such combination. The Term Bonds so specified by the bidder shall be subject to mandatory sinking fund redemption at par in the principal amounts in each year during the combined period of such Term Bonds which would otherwise have been scheduled to mature in such years. If no Term Bonds are designated in the successful bid, the Bonds will mature serially without Term Bonds.

Immobilization of the 2002 Series A Bonds. The 2002 Series A Bonds will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") as registered owner of the 2002 Series A Bonds, and immobilized in the custody of DTC which will act as securities depository for the 2002 Series A Bonds. A book-entry system will be employed by DTC evidencing ownership of the 2002 Series A Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC.

Principal of and interest on the 2002 Series A Bonds will be payable at maturity to DTC or its nominee as registered owner of the 2002 Series A Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and persons acting through such participants (the "Participants"), and other nominees of beneficial owners. The Bank will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, the payment by DTC or a Participant of principal of or interest on the 2002 Series A Bonds, any notice to bondholders or any consent given or other action taken by DTC as the registered owner of the 2002 Series A Bonds.

Optional Redemption. The 2002 Series A Bonds are not subject to redemption at the option of the Bank.

Security for the 2002 Series A Bonds. The 2002 Series A Bonds are general obligations of the Bank and the full faith and credit of the Bank are pledged for the 2002 Series A Bonds. The Bank has no taxing power, the State of Alaska is not liable for payment on the 2002 Series A Bonds, and such 2002 Series A Bonds are not a debt of the State. Neither the faith and credit nor the taxing power of the State of Alaska is pledged to the 2002 Series A Bonds.

The security for the 2002 Series A Bonds is described in the Preliminary Official Statement and the General

## **Authorization and Purpose of the General Obligation Bonds, 2002 Series A**

The \$14,700,000 City of Wasilla, Alaska, General Obligation Bonds, 2002 Series (the "Bonds"), are issued under the provisions of the Constitution and laws of the State of Alaska and pursuant to Ordinance No. 01-55 (AM), approved and ratified by a majority vote of the qualified electorate of the City of Wasilla (the "City") on March 5, 2002. The voters of the City by a vote of 306 for and 286 opposed, approved and adopted Proposition No. 1, which authorized the issuance and sale of general obligation bonds of the City in an aggregate principal amount not to exceed \$14,700,000, to provide funds to pay part of the cost of planning, designing acquiring property for, equipping and constructing park and recreational facility and related capital improvements in the City, including without limitation a multipurpose sports complex (the "Project"). Ordinance No. 02-14 approved by the City Council on April 8, 2002 provides for the issuance of \$14,700,00 of general obligation bonds of the City to provide funds for the Project.

### **Security**

The Bonds are general obligation of the City. The City has covenanted and pledged irrevocably for as long as the Bonds are outstanding that it will make provision for the payment of the principal of and interest on such Bonds in its annual budgets and further covenanted that it will make annual levies of ad valorem taxes upon all the property within the City subject to taxation, without limitation as to rate or amount in amounts sufficient, with such other moneys available for such purposes as the Council from time to time may appropriate and set aside therefore, including sales tax proceeds to pay the principal of and interest on such Bonds as the same shall become due. The full faith, credit and resources of the City have been pledged irrevocably for the annual levy and collection of such taxes and for the prompt payment of such principal and interest as the same shall become due.

In 1993, the voters approved a two percent sales tax in conjunction with a property tax limit. On Ballet Proposition No. 1, which authorized the issuance and sale of \$14,700,000 in General Obligation Bonds (2002 Series A), the voters approved an increase in the City of Wasilla's sales tax by ½ percent for up to ten years dedicated to the retirement of the General Obligation Bonds (2002 Series A). It is estimated that this sales tax increase will generate approximately \$22,447,000 in sales tax revenue.

Because voters approved a property tax limit in conjunction with the sales tax in 1993, any increase in the property tax over the two-mill limit will invalidate the sales tax.

### **Retirement of the Bonds**

Principal payments on the Bonds are due annually on April 1<sup>st</sup> in years 2003 through 2012.

### **Future Financing**

Other than these Bonds, the City has no other authorized but unissued bonds nor does it anticipate seeking any voter authorization for general obligation bonds within the next few years.

## Net Direct and Overlapping General Obligation Debt

2001 Full Assessed Value	\$356,938,100
2001 Estimate Population	5,568
Direct General Obligation Debt (inc. 2002 Series A Bonds)	\$19,670,000
2001 Overlapping General Obligation Debt	\$13,182,558

## Bonded Debt Ratios

Direct General Obligation Debt/Full Value	5.51%
Direct and Overlapping General Obligation Debt/Full Value	9.20%

## Per Capita Debt Ratios

Full Value/Population	\$64,105
Direct General Obligation Debt/Population	\$3,533
Direct and Overlapping General Obligation Debt/Population	\$5,900

## City Personnel and Powers

The City is a municipal corporation operating as a first class city under the provisions of Alaska statutes. The City is governed by a six-member council that enacts local law, determines policies and adopts the annual budget. The Mayor is elected by the voters and is the chief executive and administrative officer of the City. The Mayor may veto Council actions and may vote on Council motions only to break a tie vote. The current Mayor and Council Members are as follows:

### Mayor and City Council

Sarah H. Palin	Mayor
Noel Lowe	Council Member
Ron Cox	Council Member
Colleen Sullivan-Leonard	Council Member
Dianne Keller	Council Member
Howard O'Neil	Council Member
Judy Patrick	Council Member

The City provides its citizens those services which have proven to be necessary and meaningful and which can be provided by the City at the least cost. Major services provided under general government and enterprise functions are: police protection; cemetery services; library and museum services; parking facilities; street maintenance and improvements; and water and sewer services. The City also operates a municipal airport.

Principal City Staff members are described below:

John Cramer has served as the City Administrator since October 1996. He worked for the State of Alaska Department of Natural Resources from 1981 to 1995 and served as its Director of Agriculture from 1991 through 1995. Mr. Cramer has been an insurance agent and licensed securities dealer, employed by Primerica Financial Services since 1995.

Ted Leonard has served as the Finance Director since February 2000. Prior to working for the City of Wasilla, Mr. Leonard held the position of Finance Director for the City of Dillingham and Business Manager for Dillingham City School District. Mr. Leonard is a Certified Management Accountant (C.M.A.). He has a Masters of Management degree and a B.A. degree in Management with an emphasis in accounting and finance.

Don Shiesl has been the Director of Public Works for the City of Wasilla since December 1998. Prior to this, he retired from the Municipality of Anchorage where he held a variety of administrative positions from 1974 to 1998. During his last ten years, he was Street Maintenance Superintendent. He has a B.S. degree in Biology and an M.S. degree in Management.

### **City of Wasilla – Financial Information**

*Accounting System and Budgeting Controls.* The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when both available and measurable. Expenditures are recorded when the liabilities are incurred. Accounting records for the City's proprietary funds and its nonexpendable trust fund are maintained on the accrual basis.

Annual budgets for the general, special revenue and debt service funds, excluding the Bond Guarantee Fund and Gas Assessment Districts Bonds Fund, are prepared on a basis consistent with generally accepted accounting principles, except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. The budget is prepared by City management and submitted to the Council for review and approval. Legal enactment of the budget is by Council Ordinance.

The legal level of budgetary control for all funds is at the same level for which the funds are originally appropriated. The Mayor has the authority to transfer budgeted amounts within any department, function or activity up to \$5,000 per line item. All other transfers require Council action. Appropriations lapse at year end to the extent that they have not been expended or lawfully encumbered, except appropriation for capital projects.

The following table presents a comparative statement of general fund revenues, expenditures and changes in fund balances for the last three fiscal years – 1999, 2000 and 2001 – and for the fiscal year 2002 general fund budget. Mikunda, Cottrell & Company, Certified Public Accountants, has audited the City's financial statements.



General Fund  
 Comparative Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 (Fiscal Years ended June 30)

	Audited			Revised Budget
	1999	2000	2001	2002
<b>Revenues</b>				
Sales taxes	\$4,932,494	\$5,509,279	\$5,985,169	\$6,450,000
Property and vehicle taxes	439,901	440,877	420,516	432,254
Licenses and permits	33,168	33,630	31,305	31,200
Fines, forfeitures and penalties	59,725	55,458	74,377	78,500
Intergovernmental	625,600	485,511	522,655	554,371
Matanuska-Susitna Borough	11,000	11,000	10,106	1,000
Investment Income	309,518	275,615	309,302	226,000
Other	157,815	562,785	94,809	129,812
<b>Total Revenues</b>	<u>6,569,221</u>	<u>7,374,155</u>	<u>7,448,239</u>	<u>7,903,137</u>
<b>Expenditures</b>				
General Government	1,335,308	1,362,431	1,468,399	1,763,267
Public Safety	1,441,365	1,535,216	1,730,855	2,042,459
Public Works	728,392	754,122	1,089,402	1,266,484
Museum	96,786	94,387	102,745	66,308
Culture and Recreation	342,985	386,141	416,910	396,208
Nondepartmental	-	63,326	59,951	72,768
Debt Service	281,341	446,241	440,891	440,323
<b>Total Expenditures</b>	<u>4,226,177</u>	<u>4,641,864</u>	<u>5,309,153</u>	<u>6,047,817</u>
Excess of Revenues over (under) Expenditures	2,343,044	2,732,291	2,139,086	1,855,320
<b>Other finance sources (uses)</b>				
Operating Transfers In	-	21,793	27,740	40,990
Operating Transfers Out	(1,300,950)	(2,497,798)	(1,002,455)	(1,847,491)
<b>Total Other Uses</b>	<u>(1,300,950)</u>	<u>(2,476,005)</u>	<u>(974,715)</u>	<u>(1,806,501)</u>
Excess of revenues over (under) expenditures and other uses	1,042,094	256,286	1,164,371	48,819
Beginning Fund Balance	4,822,672	4,857,388	4,492,894	4,901,970
Residual equity transfers to Enterprise Funds	(1,007,378)	(620,780)	(755,295)	(717,550)
<b>Ending Fund Balance</b>	<u>\$ 4,857,388</u>	<u>\$ 4,492,894</u>	<u>\$ 4,901,970</u>	<u>\$ 4,233,239</u>

Source: The City of Wasilla

## Assessed Value and Tax Collections (years 1992 through 2001)

<u>Fiscal Year</u>	<u>Assessed Value (1)</u>	<u>Tax Levy (2)</u>	<u>Current Collections</u>	<u>Percent Collected</u>
1992	\$ 214,242,193	\$ 856,969	\$ 829,773	96.83%
1993	235,548,134	989,302	971,184	98.17%
1994	241,659,650	483,319	480,179	99.35%
1995	246,270,256	418,659	427,566	102.13%
1996	275,748,993	468,773	447,548	95.47%
1997	273,538,950	465,016	553,962	119.13%
1998	299,376,085	449,064	455,322	101.39%
1999	286,868,900	372,930	371,302	99.56%
2000	304,377,400	365,253	363,867	99.62%
2001	356,938,100	341,867	342,320	100.13%

(1) Excludes senior citizen exemption.

(2) The levy rate has been limited to two mills since January 1, 1993

### General and Economic Information

The City is the largest city in the Matanuska-Susitna Borough (the "Mat-Su Borough"), which lies approximately 40 miles northeast of Anchorage (the state's largest city) on the George Parks Highway. The City lies between Wasilla and Lucille Lakes at the head of Cook Inlet. The area encompasses approximately 11 square miles of land and 0.6 square miles of water.

The City's current estimated population is 5,568. The total population for the Matanuska-Susitna Borough is 59,322. The population of the City for the last four years is presented below.

#### Historic Population

<u>Year</u>	<u>Population</u>
2001	5,568
2000	5,469
1999	5,213
1998	5,134

Source: Department of Labor or Department of Community & Regional Affairs

*History, Culture and Demographics.* The Wasilla town site was established in 1917 at the intersection of the Knik-Willow mining trail and the newly constructed Alaska Railroad. It was the supply base for gold and coal mining in the region through World War II. Many homesteaders settled in the Valley as part of an experiment in the 1930's. Agricultural crops and natural resources sustained growth and development in the Valley. Approximately five percent of the valley's population is Alaska Natives. During the 2000 U.S. Census, there were 2,119 total housing units of which 140 were vacant.

*Economy.* The Mat-Su Borough is the fastest-growing area in Alaska. Approximately 40% of the Mat-Su Borough's and 38% of the City's workforce commute to Anchorage. Oil and gas industries, communications, finance, real estate, the Alaska Railroad and government agencies have headquarters in Anchorage. The City serves as a retail trade center for the Valley and serves approximately 40,000 citizens from Wasilla and the surrounding area. The City's economy is diverse. Residents are employed in a variety of city, borough, state, federal government, retail and professional service positions. Tourism, agriculture, wood products, steel and concrete products are part of the economy. More than a hundred residents hold commercial fishing permits.

*Tourism.* Among the area's attractions are hunting, fishing and hiking in the summer and downhill and cross-country skiing in the winter. The Iditarod Sled Dog Race starts in Anchorage, runs to Eagle River, and then restarts in the City of Wasilla. The thousand-mile race attracts approximately 70 mushers with support teams and a large number of spectators to the area. A winter carnival is held in Wasilla in conjunction with this annual event. The Iditarod Trail Committee is headquartered in Wasilla. Portions of the City's original town site – Wasilla's first school, first public bath, two different styles of log cabins and a smithy – have been preserved as a park. Among the City's tourist attractions are the Dorothy G. Page Museum, the Knik Museum and Dog Musers Hall of Fame, the Museum of Alaska Transportation and Industry. Several festivals including the Wasilla Water Festival are held each year. There are several public and private campgrounds and recreational vehicle parks.

*Transportation.* The George Parks Highway, Glenn Highway, and other local roads connect Wasilla to Anchorage, the remainder of the State of Alaska and Canada. The Alaska Railroad serves the City on its Fairbanks to Seward route. An airport with a 3,700-foot paved runway is owned and operated by the City. A seaplane base is located at Wasilla Lake. There are ten additional private airstrips in the vicinity. Commercial jet flights are operated out of Ted Stevens International Airport in Anchorage.

*Facilities, Utilities, Schools and Health Care.* The majority of homes use individual water wells and septic systems, although the City operates a piped water and sewer system. Water is provided by several wells, with a 2.3 million gallon storage capacity. All homes are completely plumbed. Funds were recently provided to upgrade the sewage treatment plant. An expansion of the water system is planned for fiscal year 2003. Electricity is provided by Matanuska Electric Association (a part owner of the Alaska Electric Generation & Transmission Cooperative, Inc.). Piped natural gas is primarily used for home heating. There are nine schools located in the community. The University of Alaska, Mat-Su College is located approximately 7 miles from the City. There are several private medical practices within the City and a small medical center/hospital.

*Largest Employers.* The following are the City's largest employers. As discussed above, approximately 38% of the City's population commutes to Anchorage for employment.

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Wal-Mart	Retail	375
Mat-Su Borough School District	School System	361
Fred Meyer	Retail	320
Carrs Quality Center	Retail	194
Nye Frontier	Automobile Dealership	150

*Source: City of Wasilla*

The City of Wasilla and the Matanuska-Susitna Borough has seen a rapid increase in employment over the last ten years. According to Alaska Economic Trends, May 2001, employment in the Matanuska-Susitna Borough grew by a remarkable 73.6 percent between 1990 and 2000, compared with the state average of 18.2 percent.

Bond Resolution and Series Resolution referred to therein.

**Interest Rates and Bid Price.** The 2002 Series A Bonds will be sold in one block on an "all or none" basis, and at a price of exactly no less than one hundred percent (100%) of the principal amount of the 2002 Series A Bonds and accrued interest to the date of delivery of the 2002 Series A Bonds. ~~[We Need to Revisit the Issue of Allowing Premium Bids]~~ Bidders are invited to name the rate(s) of interest to be borne by the 2002 Series A Bonds, provided that each rate bid must be a multiple of one-eighth (1/8) of one percent (1%) or one-twentieth (1/20) of one percent (1%). The highest interest rate bid may not exceed the lowest interest rate bid by more than two hundred and fifty (250) basis points. No limitation is imposed upon bidders as to the number of rates which may be used, except that all 2002 Series A Bonds of one maturity must bear one and the same interest rate. **The bidding is permitted either with or without bond insurance at the discretion of the bidder. In either event, the winning bid will be selected on the basis of the true interest cost to the Bank, and in all cases the insurance premium will be paid by the bidder.** If the Bank selects a bid that is based on providing insurance on the 2002 Series A Bonds, then the Preliminary Official Statement and other documents relating to the 2002 Series A Bonds will be amended accordingly. However, no additional security beyond that described in the Preliminary Official Statement will be allowed.

**Good Faith Deposit.** A Good Faith Deposit in the amount of \$154,650 is required for the 2002 Series A Bonds. The Good Faith Deposit shall be in the form of either (i) a cashier's check or its equivalent made payable to the "Alaska Municipal Bond Bank", or (ii) a Financial Surety Bond submitted prior to the opening of bids to the Bank in care of Western Financial Group, LLC, Suite V #172, 333 South State Street, Lake Oswego, Oregon 97034. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Alaska and pre-approved by the Bank. The Financial Surety Bond must identify each bidder whose deposit is guaranteed by such Financial Surety Bond. If the 2002 Series A Bonds are awarded to a bidder using a Financial Surety Bond, then that purchaser is required to submit its deposit to the Bank in the form of a cashier's check or wire transfer to such account as instructed by the Bank in immediately available funds in an amount equal to the Good Faith Deposit not later than 3:30 p.m. Pacific Time on the next business day following the award. If such deposit is not received by that time, the Bank may draw upon the Financial Surety Bond to satisfy the deposit requirement. If a check is used as the Good Faith Deposit, the check must be delivered to Western Financial Group, LLC, Suite V #172, 333 South State Street, Lake Oswego, Oregon 97034 by 10:00 a.m. Pacific Time on Monday, ~~April~~ May 15, 2002.

Each Good Faith Deposit in a form other than a Financial Surety Bond shall be returned promptly if the bid is not accepted. The Good Faith Deposit of the successful bidder will be cashed by the Bank to ensure the successful bidder's compliance with the terms of its bid and the Official Notice of Sale and Bidding Instructions, and will be applied to the purchase price on the date of delivery of the 2002 Series A Bonds. In the event the successful bidder should fail or refuse to take up and pay for the 2002 Series A Bonds in accordance with its bid, then said amount shall be accepted by the Bank as full and complete liquidated damages.

**Postponement.** The Bank reserves the right to postpone the sale and to set a new time for the sale either separately or at one time. Postponement may be effected prior to 24 hours before the sale time by a Statement of Postponement carried in the Munifacts System. At the same time or within 48 hours following the Statement of Postponement the Bank may reset a new time for the sale. The reset sale notice may state different terms and conditions of sale and may refer to this notice for any or all terms of sale. All bidders will be deemed to have assented to the above conditions by submitting a bid, and lack of actual notice of the postponement or of the reset terms of sale will not be considered.

**Delivery.** Delivery of the 2002 Series A Bonds is expected to be made in New York, New York on or about ~~April 2~~ May 15, 2002, and the closing of the 2002 Series A Bonds will take place on the same date in Anchorage, Alaska, or at another location mutually agreed upon between the successful bidder and the Bank. The successful bidder will be required to provide the Bank by 12:00 p.m. (noon) Pacific Time on ~~Tuesday~~ Wednesday, April-May 16, 2002 with information as to the initial offering price of the 2002 Series A Bonds to the public (excluding bond-houses and brokers) at which a substantial amount of the 2002 Series A Bonds were sold and the insurance premium (if purchased by the bidder). Such information must be confirmed with a certificate, dated the date of closing of the 2002 Series A Bonds, in form and substance satisfactory to Bond Counsel, showing that at least 10% of each maturity of the 2002 Series A Bonds was sold to the public at initial public offering prices not exceeding the prices of the 2002 Series A Bonds set forth in the initial statement of such prices.

There will be furnished to the successful bidder without cost, the executed 2002 Series A Bonds to be delivered (either actually or constructively) to DTC and the usual closing documents dated as of the date of delivery of and payment for the 2002 Series A Bonds, including a certificate that there is no litigation pending or threatened affecting the validity of the 2002 Series A Bonds.

The Bank will confirm to the successful bidder, by a certificate signed on its behalf by the Executive Director or Chair and delivered at the closing, that at the time of the acceptance of the bid, and at the time of the closing, insofar as the Bank and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Payment. The successful bidder shall make full payment of the balance of the purchase price of the 2002 Series A Bonds to the Bank at the time of delivery in Federal Funds or other immediately available funds without cost to the Bank.

Tax-Exempt Status. The opinion of Wohlforth, Vassar, Johnson & Brecht, P.C. of Anchorage, Alaska, will state that, based on an analysis of existing statutes, regulations, published rulings and judicial decisions, and assuming, among other things, compliance by the Bank with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the 2002 Series A Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2002 Series A Bonds is taken into account in the computation of adjusted current earnings for purposes of the corporate alternative minimum tax under Section 55 of the Code. For further information as to tax exemption, please refer to the Preliminary Official Statement.

Legal Opinion. The approving opinion of Wohlforth, Vassar, Johnson & Brecht, P.C. of Anchorage, Alaska, approving the validity of the 2002 Series A Bonds, will be furnished in a reasonable quantity to the successful bidder without cost upon delivery of the 2002 Series A Bonds.

CUSIP Numbers. CUSIP identification numbers will be printed on the 2002 Series A Bonds, but neither the failure to print such number on any 2002 Series A Bonds nor any error with respect thereto shall constitute cause for the successful bidder to fail or refuse to accept delivery of and pay for the 2002 Series A Bonds. No liability shall attach to the Bank or any officer or agent thereof, including any paying agent or registrar for the 2002 Series A Bonds, by reason of such number or by reason of any inaccuracy, error, or omission with respect thereto.

Continuing Disclosure Undertaking. In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the Bank and City of Wasilla will undertake to provide certain annual financial information, and the Bank will undertake to provide notices of certain events with respect to the 2002 Series A Bonds, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

Additional Information. Additional information and a Preliminary Official Statement relating to the 2002 Series A Bonds and an Official Bid Form for the 2002 Series A Bonds may be obtained from Chip Pierce, Western Financial Group, LLC, Suite V #172, 333 South State Street, Lake Oswego, Oregon 97034, (503) 636-0265 or from Deven J. Mitchell, Alaska Municipal Bond Bank, 333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811, (907) 465-3750.

The Preliminary Official Statement for the 2002 Series A Bonds is available only in electronic form. It is available from MuniAuction at the Grant Street Group's MuniAuction website ([www.muniauction.com](http://www.muniauction.com)).

The Preliminary Official Statement, referred to above, is "deemed final" as of its date by the Bank for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in the form of a final Official Statement.

By awarding the 2002 Series A Bonds to any underwriter or underwriting syndicate submitting an Official

Bid Form, the Bank agrees that within seven (7) business days after the date of such award it shall provide the senior managing underwriter of the successful syndicate with copies of a final Official Statement. The senior managing underwriter of the successful syndicate will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 150 copies of the final Official Statement will be furnished without cost.

The Bank designates the senior managing underwriter of the syndicate to which the 2002 Series A Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the 2002 Series A Bonds agrees thereby that if its bid is accepted by the Bank, (i) it shall accept such designation, (ii) it will enter into a contractual relationship with all participating underwriters of the 2002 Series A Bonds for purposes of assuring the receipt by each such participating underwriter of the final Official Statement, and (iii) it agrees to file, or cause to be filed, within one business day following the receipt from the Bank, the final Official Statement with a nationally recognized municipal securities information repository designated by the Securities and Exchange Commission.

DATED: April 15<sup>th</sup>, 2002

ALASKA MUNICIPAL BOND BANK

By \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

**OFFICIAL STATEMENT  
ALASKA MUNICIPAL BOND BANK  
GENERAL OBLIGATION BONDS, 2002 SERIES A**

This Official Statement is furnished by the Bond Bank to provide information regarding the Bond Bank and \$15,465,000\* Alaska Municipal Bond Bank General Obligation Bonds, 2002 Series A (the "2002 Series A Bonds"). The Bond Bank was created pursuant to the Act for the primary purpose of lending money to governmental units in the State by purchasing Municipal Bonds issued by such governmental units. Certain terms used in this Official Statement, and not otherwise defined herein, are defined under "Definitions." See also, "Summary of the General Bond Resolution - Certain Definitions."

**INTRODUCTION**

This introduction is subject in all respects to more complete information contained in this Official Statement. No person is authorized to detach this Introduction from this Official Statement or otherwise to use it without this entire Official Statement, including the Appendices hereto.

All references herein to agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the 2002 Series A Bonds are further qualified by reference to the information with respect thereto contained in the General Bond Resolution adopted May 27, 1976, as amended, and Resolution 2002-\_\_ adopted on April \_\_, 2002 by the Board of Directors of the Alaska Municipal Bond Bank (together, the "Bond Resolution" or the "General Bond Resolution"). Any statements or information indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

**Security**

The 2002 Series A Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the payment of the 2002 Series A Bonds. The 2002 Series A Bonds and all other outstanding general obligation Bonds of the Bond Bank issued under the General Bond Resolution are equally and ratably secured by the following:

(a) The pledge and assignment of all Municipal Bonds acquired by the Bond Bank under the General Bond Resolution. Each Municipal Bond purchased by the Bond Bank is a direct and general obligation of the Governmental Unit, and all taxable property within the Governmental Unit is subject to taxation without limitation as to rate or amount to pay the Municipal Bonds and interest thereon. All Municipal Bonds purchased by the Bond Bank are secured by a Loan Agreement which is authorized and executed between the Bond Bank and the Governmental Unit; and

(b) The Reserve Fund, which is currently funded at an amount which is equal to maximum annual debt service on all outstanding Loan Obligations. Not less than two-thirds of the Required Debt Service Reserve is funded by direct State Legislature appropriations and the remainder is typically funded by Bond proceeds. See "Security for the 2002 Series A Bonds - Statutory Reserve Fund."

\* Preliminary, subject to change as set forth in the Official Notices of Sale.



The Bond Bank is required to deliver a statement to the Governor and the State Legislature annually, before January 30, stating the amount, if any, necessary to restore the Reserve Fund to the Required Debt Service Reserve. The State Legislature may, but is under no obligation to, appropriate money sufficient to restore the Reserve Fund to the Required Debt Service Reserve. The Bond Bank never has reported a deficiency in the Reserve Fund. The State is not obligated to pay the principal of or interest on the 2002 Series A Bonds, and neither the full faith and credit, nor the taxing power of the State is pledged to the payment of the 2002 Series A Bonds. In the event of a default by a Governmental Unit, the Bond Bank has statutory authority to claim State aid funds which would otherwise be payable by the State to the Governmental Unit. The payment and amount of these State aid funds is uncertain, and the legislative authorization for such payment is subject to amendment or repeal. See "Security for the 2002 Series A Bonds" and Appendix B "State Payments to Governmental Units."

## **Purpose**

The proceeds of the 2002 Series A Bonds will be used to make a loan to the City of Wasilla (the "City"), and to make a deposit to the Ordinary Account in the Reserve Fund. The City will use the Bond Bank loan produced from proceeds of the 2002 Series A Bonds for the purpose of planning, designing, acquiring property for, equipping and constructing park and recreational facilities and related capital improvements in the City, including a multipurpose sports complex.

## **Additional Bonds**

The General Bond Resolution provides that additional series of Bonds may be issued from time to time, by a series resolution, on parity with outstanding bonds (including the 2002 Series A Bonds) and secured by an equal charge and lien on the Municipal Bonds and the Municipal Bonds Payments. Additional series of Bonds may be issued only if the following conditions are present:

- (a) the aggregate principal amount of Outstanding Bonds and Notes of the Bond Bank does not exceed \$300 million (this amount may be increased by legislation);
- (b) there is no deficiency in the Debt Service Fund or the Reserve Fund;
- (c) the amount in the Reserve Fund is no less than the Required Debt Service Reserve and the amount in the Special Account in the Reserve Fund that is funded by legislative appropriations is no less than two-thirds of the Required Debt Service Reserve; and
- (d) the maturities (or sinking fund installments) for the additional Bonds then being issued representing Loan Obligations are equal to the scheduled Municipal Bonds Principal Payments with respect to the underlying Loans. See "Summary of the General Bond Resolution — Issuance of Additional Obligations Including for the Purpose of Refunding" herein.

## **Total Indebtedness**

Since its inception in 1975, the Bond Bank has issued \$437,265,000\* principal amount of Bonds under the General Bond Resolution. The Bond Bank has also issued revenue bonds totaling \$101,450,000. As of April 1, 2002 (including the 2002 Series A Bonds), the Bond Bank will have \$165,090,000\* principal amount

\* Includes the 2002 Series A Bonds. Preliminary, subject to change.

of Bonds outstanding under the General Bond Resolution; \$46,535,000 principal amount of revenue bonds outstanding; and \$11,095,878 principal amount of coastal energy impact program bonds outstanding. See "Bonds Outstanding."

### **Debt Payment Record**

The Bond Bank has made all principal and interest payments on its general obligation and revenue bonds when due. No deficiencies have arisen nor has there been a need to withdraw money from any reserve fund securing any such bonds.

The Bond Bank has issued nonrecourse bonds to the United States to provide loans to certain local governmental units that qualify for aid under the federal Coastal Energy Impact Program ("CEIP") as more fully described in 16 U.S.C. § 1456a. Two of the underlying borrowers of CEIP bonds, the cities of St. Paul and Nome, have sought relief from payment on the CEIP bonds. See "Bonds Outstanding—Coastal Energy Impact Program."

Payment of principal and interest on the CEIP bonds is not secured by a pledge of any amounts held by or payable to the Bond Bank under the General Bond Resolution, including the Reserve Fund, and are not in any way a debt or liability of the Bond Bank, nor is payment secured directly or indirectly by the Statutory Reserve Fund or any reserve account created therein.

## **DEFINITIONS**

The following terms are used in this Official Statement with the following meanings:

**"Act"** — The Alaska Municipal Bond Bank Act, constituting Chapter 85, Title 44, of the Alaska Statutes, as amended.

**"Bond Bank"** — The Alaska Municipal Bond Bank, a public corporation and instrumentality of the State of Alaska within the Department of Revenue but with legal existence independent of and separate from the State.

**"Bonds"** — Bonds issued by the Bond Bank under the General Bond Resolution. These include "Loan Obligations" and "Reserve Fund Obligations" as defined below.

**"Code"** — Internal Revenue Code of 1986 and the regulations thereunder, as amended.

**"Custodian Account"** — That portion of the Statutory Reserve Fund which is not held by the Trustee or any other trustee for bond owners.

**"Debt Service Fund"** — A fund established by the General Bond Resolution to be maintained and held by the Trustee. The General Bond Resolution defines and provides that the "Interest Account," "Principal Account" and "Redemption Account" are maintained within the Debt Service Fund.

**"General Bond Resolution"** — The Bond Bank's General Bond Resolution adopted May 27, 1976, as amended, and its Series Resolution 2002-\_\_ adopted April \_\_, 2002. (The Bond Bank may adopt additional general obligation resolutions for the same or different purposes.)

**"Governmental Unit"** — A home rule or general law city or borough including but not limited to a unified municipality organized under Title 29 of the Alaska Statutes or a service area (a limited power tax area of a borough).

**"Loan Agreement"** — An agreement entered into between the Bond Bank and a Governmental Unit setting forth the terms and conditions of a loan under the terms of the General Bond Resolution.

**"Loan Obligations"** — Bonds issued by the Bond Bank under the General Bond Resolution for the purchase of Municipal Bonds of a Governmental Unit.

**"Municipal Bonds"** — Bonds, notes or other evidences of general obligation debt issued by any Governmental Unit, as defined in the Act, which have been acquired by the Bond Bank as evidence of a loan to the Governmental Unit pursuant to the Act and the General Bond Resolution.

**"Municipal Bonds Payment"** — The amounts paid or required to be paid, from time to time, for principal and interest by a Governmental Unit to the Bond Bank on the Governmental Unit's Municipal Bonds.

**"Notes"** — Any obligations referred to herein issued by the Bond Bank other than Bonds.

**"Operating Fund"** — A fund established by the General Bond Resolution to account for the ordinary operations of the Bond Bank. This fund is not held by the Trustee and money therein is not pledged as security for Bonds.

**"Ordinary Account"** — An account within the Reserve Fund in which the proceeds of the Reserve Fund Obligations are deposited to provide a portion of the Required Debt Service Reserve.

**"Outstanding"** — When used with reference to Bonds, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the General Bond Resolution, except: (i) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in the General Bond Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Bond Resolution, and (iv) Bonds deemed to have been paid as provided in the General Bond Resolution.

**"Required Debt Service Reserve"** — Presently, the amount required to be on deposit in the Reserve Fund is the greater of (i) maximum annual debt service on all outstanding Loan Obligations, or (ii) the "Initial Requirement" defined as 15 percent of the principal amount of all Loan Obligations outstanding less one-tenth of one percent for each \$1 million or fraction thereof of all Loan Obligations issued in excess of \$100 million to an amount equal to ten percent of all Loan Obligations outstanding upon the issuance of \$150 million in Loan Obligations. Over \$150 million in Loan Obligations have been issued.

On August 23, 1999, the Bond Bank adopted its Supplemental Resolution No. 99-8 (the "Supplemental Resolution") amending the definition of "Required Debt Service Reserve" contained in the General Bond Resolution as follows: "as of any date of calculation, the Required Debt Service Reserve will be the least of the following: (i) 10% of the original stated principal amount of all Bonds Outstanding; (ii) maximum annual principal and interest requirements on all Bonds then Outstanding; (iii) 125% of average annual principal and interest requirements on all Bonds then Outstanding; or (iv) such lesser amount as shall be required to maintain the exemption of interest of all Bonds Outstanding from inclusion in gross income for federal income tax purposes under the Code."

The Supplemental Resolution will take effect on the first day following the date on which the

Bond Bank receives consent to the amendment from the Holders of all Bonds Outstanding under the General Bond Resolution. **The Underwriter will be required to give irrevocable consent to this amendment to the General Bond Resolution; such consent will not lapse with time or upon transfer of the 2002 Series A Bonds.** The Bond Bank has not received, or attempted to secure, the consent required under the Supplemental Resolution for its general obligation bonds issued prior to August 23, 1999. The Bond Bank has received consent from the Holders of all of its general obligation bonds issued since August 23, 1999 and intends to obtain the same consent with all future issues of its general obligation bonds.

**"Reserve Fund"** — The reserve account established by the General Bond Resolution within the Statutory Reserve Fund and held by the Trustee pursuant to the provisions of the General Bond Resolution. The Reserve Fund consists of the Special Account and the Ordinary Account.

**"Reserve Fund Obligations"** — Bonds issued by the Bond Bank, under the provisions of the General Bond Resolution, to obtain funds to deposit in the Ordinary Account within the Reserve Fund, designated by maturity and amount in each Series Resolution.

**"Series Resolution"** — A resolution of the Bond Bank authorizing the issuance of a series of Bonds in accordance with the terms of the General Bond Resolution.

**"Special Account"** — An account within the Reserve Fund into which, pursuant to the General Bond Resolution, the Bond Bank pays, in the amount required by a Series Resolution, money made available by the State for Statutory Reserve Fund purposes.

**"Statutory Reserve Fund"** — The Alaska Municipal Bond Bank Reserve Fund created by the Act. The Reserve Fund, established by the General Bond Resolution, is maintained within, but separate from, the Statutory Reserve Fund.

## PURPOSE OF THE BONDS

### Authorization and Purpose

The proceeds of the 2002 Series A Bonds will be used to make a loan to the City of Wasilla (the "City"), and to make a deposit to the Ordinary Account in the Reserve Fund. The City will use the Bond Bank loan produced from proceeds of the 2002 Series A Bonds for the purpose of planning, designing, acquiring property for, equipping and constructing park and recreational facilities and related capital improvements in the City, including a multipurpose sports complex.

Appendix D to this Official Statement contains information relating to the City of Wasilla.

### Sources and Uses of Funds

The table below shows the estimated sources and uses of funds in connection with the issuance of the 2002 Series A Bonds.

Sources of Funds:	
Bond Proceeds	\$15,465,000*
Original Issue Premium/Discount	
Less: Underwriter's Discount	
Total Sources of Funds	\$ <u>          </u>
Uses of Funds:	
Loan to the City of Wasilla	\$14,700,000*
Deposit to Reserve	765,000*
Rounding	
Total Uses of Funds	\$ <u>          </u>

\* - Preliminary, subject to change.

# DESCRIPTION OF THE 2002 SERIES A BONDS

## General Description

The 2002 Series A Bonds are issuable only as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as securities depository for the 2002 Series A Bonds. Principal of and interest on the 2002 Series A Bonds are payable by Chase ManhattanJP Morgan Trust Company, National Association, of Pittsburgh, Pennsylvania, as Trustee under the Bond Resolution, to Cede & Co. which, in turn, will disburse such principal and interest payments to its participants (the "DTC Participants") in accordance with DTC policies. See "Book-Entry System" herein.

The 2002 Series A Bonds mature on the dates and bear interest at the rates set forth on the cover page of this Official Statement. The 2002 Series A Bonds are issuable in denominations of \$5,000 or any integral multiple thereof within a single maturity, are dated ~~April 15~~ May 1, 2002 and bear interest from their date payable on October 1, 2002, and semiannually thereafter on each April 1 and October 1 to their date of maturity or prior redemption, whichever may occur first.

## Optional Redemption

The 2002 Series A Bonds are not subject to redemption prior to maturity.

## Mandatory Redemption

The term bond maturing on April 1, 20\_\_ is subject to mandatory sinking fund redemption on ~~November~~ April 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100 percent of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

<u>Year</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u> \$
*	

\* Final Maturity

## Notice of Redemption

At least 30 days, but not more than 60 days, prior to the date upon which any 2002 Series A Bonds are to be redeemed, the Trustee will mail a notice of redemption to the registered owner of any 2002 Series A Bond all or a portion of which is to be redeemed, at the owner's last address appearing on the registration books of the Bond Bank kept by the Trustee. When all of the 2002 Series A Bonds are deposited under the DTC book-entry system, such notice will be sent to DTC and any notice to the beneficial owners of the 2002 Series A Bonds will be the responsibility of DTC.

## Registration

The registered owner of a 2002 Series A Bond will be deemed and regarded as the absolute owner thereof for the purpose of receiving payment of the principal of or interest on such 2002 Series A Bond and for all other purposes whatsoever, and all such payments so made to such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such 20012 Series A Bond to the extent of the sum of sums so paid, and neither the Bond Bank nor the Trustee will be affected by any notice to the contrary.

## BOOK-ENTRY SYSTEM

*The following information has been provided by DTC, and the Bond Bank makes no representation as to the accuracy or completeness thereof or the consistency of the terms defined below with those used elsewhere in this Official Statement.*

DTC will act as securities depository for the 2002 Series A Bonds. The 2002 Series A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the 2002 Series A Bonds in the principal amount of each such maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2002 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2002 Series A Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2002 Series A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2002 Series A Bonds, except in the event that use of the book-entry system for the 2002 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2002 Series A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the 2002 Series A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2002 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2002 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the 2002 Series A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the ownership interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the 2002 Series A Bonds. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2002 Series A Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the 2002 Series A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Bank or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Bond Bank, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC or any successor (the "Depository") may determine not to continue to act as securities depository for the 2002 Series A Bonds, and the Bond Bank may advise the Depository of its determination to discontinue book-entry of the 2002 Series A Bonds through such Depository. If the Bond Bank is unable to retain a qualified successor to the Depository or the Bond Bank has determined that it is in the best interest of the Bond Bank not to continue the book-entry system of transfer or that the interests of Beneficial Owners might be adversely affected if the book-entry system is continued, 2002 Series A Bond certificates will be delivered to the Beneficial Owners or their nominees in registered form, in the denomination of \$5,000 or any integral multiple thereof. In the event the book-entry system is discontinued, the persons to whom 2002 Series A Bond certificates are delivered and in whose names the 2002 Series A Bonds are registered will be treated as "Bond Owners" for all purposes of the Bond Resolution.

Further information regarding DTC may be found DTC's website at <http://www.dtc.org>.

## SECURITY FOR THE 2002 SERIES A BONDS

### General

The 2002 Series A Bonds constitute general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged to the payment of the principal of and interest on the 2002 Series A Bonds. **The 2002 Series A Bonds do not constitute an indebtedness or other liability of the State of Alaska, and the 2002 Series A Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2002 Series A Bonds. Neither the full faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2002 Series A Bonds. The Bond Bank has no taxing power.**



## **Pledge Effected by the General Bond Resolution**

Pursuant to the General Bond Resolution, all Municipal Bonds, all Municipal Bonds Payments, the investments thereof and the proceeds of such investments, and all funds and accounts established by the General Bond Resolution are pledged and assigned, equally and ratably, to secure the payment of the principal of, redemption premium, if any, and interest on all Bonds outstanding under the General Bond Resolution, subject only to the provisions of the General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions specified in the General Bond Resolution.

The Act and the General Bond Resolution provide among other things that (i) any pledge made in respect of the Bonds will be valid and binding from the time when the pledge is made, (ii) the Municipal Bonds, the Municipal Bonds Payments and all other money and securities so pledged and thereafter received by the Bond Bank immediately will be subject to the lien of such pledge without any further act, and (iii) the lien of any such pledge will be valid and binding against all parties having any claims of any kind in tort, contract or otherwise against the Bond Bank irrespective of whether the parties have notice.

## **Municipal Bonds**

Under the provisions of the Act and the General Bond Resolution, the Bond Bank can purchase Municipal Bonds from any Governmental Unit provided such Municipal Bonds are direct and general obligations of a Governmental Unit and all taxable property within the Governmental Unit is subject to taxation without limitation as to rate or amount to pay the Municipal Bonds and the interest thereon.

For each issue of Municipal Bonds that the Bond Bank purchases, the Bond Bank will obtain a bond counsel's opinion stating that (a) such Municipal Bonds are valid general obligations of such Governmental Unit as required by the Act, (b) a Loan Agreement has been authorized and executed between the Bond Bank and the Governmental Unit that constitutes a valid and binding obligation of the Governmental Unit, and (c) the interest on such Municipal Bonds is excluded from gross income for federal income tax purposes under present statutes, regulations and court decisions, provided that provisions of the Code relating to arbitrage and use of proceeds are complied with.

The Loan Agreement obligates the Governmental Unit to (a) make interest payments on Municipal Bonds sufficient in amount and at such times to provide the Bond Bank funds to meet interest payments on its Loan Obligations as they become due; and (b) make principal payments on Municipal Bonds sufficient in amount and at such times to provide the Bond Bank funds to meet principal payments on its Loan Obligations as they become due. Pursuant to the Loan Agreement, the Governmental Unit may be required to pay fees and charges to the Bond Bank to meet the Governmental Unit's allocable portion of certain expenses. The Loan Agreement also contains restrictions on the sale or redemption of Municipal Bonds.

## **Statutory Reserve Fund**

The Act created the Statutory Reserve Fund for deposit of the following: (a) State appropriations; (b) bond proceeds as required by any resolution; and (c) any monies the Bond Bank decides to deposit in the Statutory Reserve Fund. As of June 30, 2001, State appropriations totaling \$18,601,413 had been deposited in the Statutory Reserve Fund. Except for amounts held in the Reserve Fund, State legislation may appropriate amounts held in the Statutory Reserve Fund. No State appropriations to the Statutory Reserve Fund have been made since 1986.

*Reserve Fund.* The General Bond Resolution established the Reserve Fund within the Statutory Reserve Fund to be held by the Trustee and maintained at the Required Debt Service Reserve. Presently, the Required

Debt Service Reserve is the greater of: (i) maximum annual debt service on all outstanding Loan Obligations or (ii) ten percent of all outstanding Loan Obligations. The Required Debt Service Reserve currently is equal to maximum annual debt service on all outstanding Loan Obligations.

The Bond Bank adopted a supplemental resolution on August 23, 1999 (the Supplemental Resolution) amending the definition of "Required Debt Service Reserve" contained in the General Bond Resolution. The Supplemental Resolution will take effect on the first day following the date on which the Bond Bank receives consent to the amendment from the Holders of all Bonds Outstanding under the General Bond Resolution. **The Underwriter will be required to give irrevocable consent to this amendment to the General Bond Resolution; such consent will not lapse with time or upon transfer of the Series 2002 A Bonds.** See "Definitions – Required Debt Service Reserve."

The Reserve Fund is divided into two accounts: the Special Account, which provides not less than two-thirds of the Required Debt Service Reserve and is funded from State appropriations previously deposited in the Statutory Reserve Fund; and the Ordinary Account, which provides the remainder of the Reserve Fund and typically has been funded from Bond proceeds ("Reserve Fund Obligations").

The Reserve Fund is available to cure any deficiencies in the Debt Service Fund; Special Account money would be applied to this purpose first. In the event the Reserve Fund is reduced below the Required Debt Service Reserve, the Bond Bank may provide sufficient funds from the Custodian Account of the Statutory Reserve Fund to restore the Reserve Fund to the Required Debt Service Reserve.

The Bond Bank is required to deliver a statement to the Governor and the State Legislature annually, before January 30, stating the amount, if any, necessary to restore the Reserve Fund to the Required Debt Service Reserve. The State Legislature may, but is under no obligation to, appropriate money sufficient to restore the Reserve Fund to the Required Debt Service Reserve. The Bond Bank has never reported a deficiency in the Reserve Fund.

Principal and interest payments on Reserve Fund Obligations are paid from the Ordinary Account. Money in the Reserve Fund in excess of the Required Debt Service Reserve and interest requirements on Reserve Fund Obligations is transferred to the Operating Fund.

The status of the Reserve Fund is as follows:

**[TO BE UPDATED]**

<u>Reserve Fund</u>	<u>Balance as of</u> <u>3/31/02 <sup>(1)</sup></u>	<u>Reserve Requirement</u>
Special Account		<u>(2)</u>
Ordinary Account		<u>(3)</u>
Total		<u>(3)</u>

(1) Source: Trustee; investments are valued at amortized value. Values and reserve requirement include issuance of 2002 Series A Bonds and deposit to the Ordinary Account of \$765,000 from 2002 Series A Bond proceeds.

(2) Must equal at least this amount.

(3) Balance may be lower than this as long as the sum of the Special and Ordinary Account balances is not less than the Required Debt Service Reserve.

*Custodian Account.* Money not held by the Trustee in the Reserve Fund or in reserves for bonds issued under other bond resolutions is maintained by the Bond Bank in an account herein referred to as the Custodian Account. The Custodian Account contains State appropriations and investment earnings. As of

June 30, 2001, the Custodian Account balance was \$20,089,422. The Custodian Account balance is available for appropriation by the State Legislature.

### **State Aid Payments**

The Act provides that any department or agency of the State, after notice from the Bond Bank that a Governmental Unit is in default on the payment of the principal of or interest on its Municipal Bonds then held or owned by the Bond Bank, will withhold the payment of money held by it and payable to such Governmental Unit and pay over such money to the Bond Bank for the purpose of paying principal of and interest on the Bonds of the Bond Bank. The State is not contractually obligated to provide such State aid payments to a Governmental Unit and, for this reason, the amount of State aid payments that the Bond Bank may receive is uncertain. Since 1980, State aid to Governmental Units includes direct grants and contributions for roads, health facilities and hospitals through the State's Department of Community and Economic Development Municipal Assistance Revenue Sharing Program. In fiscal year 2000, the Municipal Assistance Revenue Sharing Program was reduced by 33% as compared to fiscal year 1999. No such reduction occurred in fiscal year 2001 or has occurred in fiscal year 2002.

The payment and amount of State aid payments is uncertain and Legislative authorization for such payment is subject to amendment or repeal. See "Appendix B—State Payments to Governmental Units" attached hereto. The Bond Bank has never been required to implement the withholding of any payments to a Governmental Unit.

### **Pledge of the State**

Pursuant to the Act, the State has pledged and agreed with the holders of the Bonds that it will not limit or alter the rights or powers vested in the Bond Bank by the Act to, among other things, purchase, hold and dispose of Municipal Bonds and fulfill the terms of an agreement (including the General Bond Resolution) made by the Bond Bank with such holders, or in any way impair the rights or remedies of such holders until the Bonds, including the interest on them with interest on unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met, paid and discharged.

# THE ALASKA MUNICIPAL BOND BANK

## Organization

The powers of the AuthorityBond Bank are vested in the Directors. The membership of the AuthorityBond Bank consists of five Directors: the Commissioner of Revenue and the Commissioner of Community and Economic Development of the State and three Directors appointed by the Governor. The three appointees serve four-year staggered terms and must be qualified voting residents of the State.

The Directors elect one of their members as chair and one of their members as vice-chair and also elect a secretary and treasurer who need not be Directors. Action may be taken and motions and resolutions adopted by the AuthorityBond Bank at any meeting by the affirmative vote of at least three Directors. The Directors appoint an Executive Director to manage the business of the AuthorityBond Bank.

## Board of Directors

The AuthorityBond Bank's Board of Directors includes the following members:

*R. Desmond Mayo-Chair.* Term expires July 15, 2003. Mr. Mayo was appointed on September 15, 1999. Mr. Mayo is the Corporate Controller for Alyeska Pipeline Service Company as of August 1998. Prior to this, Mr. Mayo was the Director of Finance and Chief Financial Officer for the Matanuska-Susitna Borough, Alaska for ten years. His duties at the Matanuska-Susitna Borough included bonding, cash management, budgeting and tax collections. From 1979 until 1987, Mr. Mayo worked for an international CPA firm, controller for a real estate development company and then comptroller for the Matanuska-Susitna Borough. Mr. Mayo graduated from the University of Alaska and has attended graduate classes at Alaska Pacific University. Mr. Mayo served as an appointee by Governor Knowles to the Alaska State Pension Investment Board; and he also served on the Governor's Fiscal Policy Transition Team. Mr. Mayo is currently on the board of the United Way of Matanuska-Susitna and Habitat for Humanity Mat-Su. He has previously served as President of the board for the United Way of Matanuska-Susitna.

*Sharon Kelly-Vice Chair.* Term expires July 15, 2002. Ms. Kelly was first appointed on July 20, 1995 and reappointed for a second term on September 11, 1998. Ms. Kelly has been the President and CEO of the Alaska State Employees Federal Credit Union since 1983. She also serves as Vice Chairperson of the Alaska Credit Union League, a trade association for credit unions in Alaska. Ms. Kelly has worked for various governmental entities including the Legislative Affairs Agency, the City and Borough of Juneau and the Lieutenant Governor's Office. She served as the Treasurer of the Alaska Committee in 1994, and is currently active in the Catholic Community Services Board, the Douglas Fourth of July Committee and Capital Associates.

*Mark Pfeffer-Member.* Term expires July 15, 2005. Mr. Pfeffer was appointed October 10, 2001. Mr. Pfeffer is a registered architect who has owned and led an architectural practice in Alaska for over 20 years. He is active in the development, design and management of commercial real estate projects, many of which include public/private partnerships. He is a partner in the firms Koonce Pfeffer Bettis, Inc. and Venture Development Group, LLC. Mr. Pfeffer received a Bachelor of Architecture Degree from the University of Nebraska in 1980.

*Neil Slotnick-Member.* Mr. Slotnick is the first delegate for Wilson Condon. Mr. Slotnick is the Deputy Commissioner of Revenue. Mr. Slotnick oversees the Department's Treasury and Tax Divisions. Before coming to the Department of Revenue, Mr. Slotnick served since 1991 as an Assistant Attorney General in the Department of Law, where he supervised the Commercial Section in Juneau and worked on many Department of Revenue cases. Originally from Fairbanks, Mr. Slotnick clerked for former Alaska Supreme Court Justice Jay Rabinowitz, and, before law school, worked out of the Laborers' Union and managed a small retail business.

*Greg Winegar-Member.* Mr. Winegar is the first delegate for Deborah B. Sedwick. Mr. Winegar was appointed Acting Director of the Division of Investments on April 21, 2000. This Division administers various direct lending programs for the State and services loans for other State agencies, representing approximately 3,500 accounts totaling \$250 million. Prior to his appointment as Acting Director, Mr. Winegar served as the Division of Investment's Lending Branch Manager for 21 years. Mr. Winegar received his Bachelor's degree from the Evergreen State College in 1973. In 1974, he accepted a position with the predecessor to the Department of Community and Economic Development as a Clerk Typist III and was promoted several times over the next five years. In addition to his work as Lending Branch Manager, he also served as a Loan Officer for the Department for five years where his responsibilities included credit analysis and recommendations for commercial, multi-family, residential and consumer loan requests.

## **Management**

Effective August 10, 1997, the State's Department of Revenue-Treasury Division ("DOR-Treasury") assumed administrative and management responsibilities for the AuthorityBond Bank. Deven J. Mitchell, who serves as State Debt Manager and Investment Officer in DOR-Treasury, was appointed Executive Director of the AuthorityBond Bank in 1999. Mr. Mitchell has worked for the State Department of Revenue since 1994. He previously held several positions in Alaska financial institutions. Mr. Mitchell holds a Bachelor of Science degree in Business Administration from Northern Arizona University.

Rather than employ staff, the AuthorityBond Bank contracts in the private sector for a wide range of professional services. The Executive Director coordinates the activities of these professionals which include bond counsel, financial advisor, accountants, auditors, fund trustees, bond trustees and investment managers.

## **Future Financing Plans**

The AuthorityBond Bank anticipates issuing additional bonds pursuant to its General Bond Resolution or other bond resolutions within the next 12 months. The principal amount of such additional bonds depends largely on the applications for AuthorityBond Bank financing from Governmental Units. The AuthorityBond Bank has no applications pending for the issuance of bonds for Governmental Units.

The AuthorityBond Bank may not issue revenue bonds, other than refunding bonds, in excess of \$50 million during any fiscal year, unless the State Legislature approves such issuance. Since July 1, 2001 the AuthorityBond Bank has issued \$4.25 million of revenue bonds. The total amount of AuthorityBond Bank bonds and notes outstanding at any one time may not exceed \$300 million. As of April 1, 2002, the total principal amount of the AuthorityBond Bank's bonds and notes outstanding, not including the 2002 Series A Bonds, is \$207,255,878.

## **Debt Payment Record**

The AuthorityBond Bank has always made principal and interest payments on its general obligation and revenue bonds when due. No deficiencies have arisen in any Debt Service Fund or the Reserve Account, nor has there been a need to utilize Statutory Reserve Fund money or to exercise the provision requiring that State aid payments to Governmental Units be paid to the AuthorityBond Bank.

The AuthorityBond Bank has issued two series of bonds to the U.S. Department of Commerce under the Coastal Energy Impact Program ("CEIP") which are currently delinquent. (See "Bonds Outstanding - Coastal Energy Impact Program" below).

## **BONDS OUTSTANDING**

Under the provisions of the Act, the Bond Bank can issue additional series of Bonds under its General Bond Resolution or issue bonds under other resolutions that the Bond Bank may choose to adopt. The Bond Bank currently has bonds outstanding under the following resolutions:

### **1976 General Bond Resolution**

As of April 1, 2002, and including the sale of the 2002 Series A Bonds, the Bond Bank has issued \$437,265,000 of general obligation Bonds under the General Bond Resolution, of which \$165,090,000 is currently outstanding.

### **1982 General Revenue Bond Resolution**

The Alaska Municipal Bond Bank Authority Revenue Refunding Bonds, 1993 Series A, were issued to advance refund revenue bonds previously issued to purchase \$8,595,000 of Parking Facility Revenue Bonds from the Anchorage Parking Authority. As of April 1, 2002, the principal amount of \$3,645,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

In 1989, the majority of administrative function of the Anchorage Parking Authority were integrated into that of the Municipality of Anchorage, while preserving the corporate existence of the Anchorage Parking Authority. The ordinance adopted by the Municipality of Anchorage expressly preserves the rights of holders of the outstanding bonds of the Anchorage Parking Authority.

### **1988 Revenue Bond Resolution**

The Authority Revenue Refunding Bonds, 1993 Series C, were issued to advance refund a portion of the Authority Revenue Bonds, 1988. As of April 1, 2002, the principal amount of \$905,000 of the 1993 Series C Bonds are outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **1990 Revenue Bond Resolution**

The Authority 1990 Revenue Bonds were issued to finance the purchase of \$1,195,000 Utility Revenue Bonds of the City of Yakutat. As of April 1, 2002, the principal amount of \$860,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **1993 Revenue Bond Resolution**

The Authority 1993 Revenue Bonds were issued to finance the purchase of \$2,500,000 Water Revenue Bonds of the City of Kodiak. As of April 1, 2002, the principal amount of \$1,385,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **1995 Revenue Bond Resolution**

The Authority 1995 Revenue Bonds were issued to finance the purchase of \$3,225,000 Electric Revenue Bonds of the City of Seward. As of April 1, 2002, the principal amount of \$2,870,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **1997 Revenue Bond Resolution**

The Authority 1997 Revenue Bonds were issued for the purpose of financing the purchase of \$15,225,000 Municipal Utility Revenue Bonds of the City of Ketchikan. As of April 1, 2002, \$15,225,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **1998A Revenue Bond Resolution**

The Authority issued its \$13,210,000 Revenue Refunding Bonds, 1998 Series A, to refund the Authority's outstanding Revenue Bonds, 1987 Series A, and to purchase the Municipal Utility Revenue Refunding Bonds, 1998, Series U, of the City of Ketchikan. As of April 1, 2002, the principal amount of \$8,965,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **1998B Revenue Bond Resolution**

The Authority issued its \$2,525,000 Revenue Refunding Bonds, 1998 Series B, to refund a portion of the Authority's outstanding Revenue Bonds, 1989 Series A, and to purchase \$705,000 Sewer Revenue Bonds, 1998 Refunding Series, of the City of Homer. As of April 1, 2002, the principal amount of \$1,890,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **1999A Revenue Bond Resolution**

The Authority issued its \$1,865,000 Revenue Bonds, 1999 Series A for the purpose of financing the purchase of the \$1,865,000 Inter-island Ferry Authority Revenue Bonds. As of April 1, 2002, the principal amount of \$1,865,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **2000A Revenue Bond Resolution**

The Authority issued its \$2,430,000 Revenue Bonds, 2000 Series A on May 31, 2000, for the purpose of financing the purchase of the \$2,430,000 Port Revenue Bonds, 2000, of the City of Unalaska. As of April 1, 2002, the principal amount of \$1,675,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **2000B Revenue Bond Resolution**

The Authority issued its \$3,000,000 Revenue Bonds, 2000 Series B on December 20, 2000 for the purpose of financing the purchase of the \$3,000,000 Port Revenue Bonds of the City of Seward. As of April 1, 2002, the principal amount of \$3,000,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

### **2001A&B Revenue Bond Resolution**

On August 22, 2001 the Authority issued its \$1,725,000 Revenue Bonds, 2001 Series A (Governmental Purpose) and its \$2,525,000 Revenue Bonds, 2001 Series B (AMT) for the purpose of financing the purchase of the \$1,725,000 Airport Revenue Bonds, 2001 Series A and its \$2,525,000 Airport Revenue Bonds, 2001 Series B of the Ketchikan Gateway Borough. As of April 1, 2002, the principal amount of \$4,250,000 is outstanding. Except for refunding bonds, no additional debt may be issued under this bond resolution.

## Coastal Energy Impact Program

The AuthorityBond Bank has issued bonds to provide loans to local governments that qualify for aid under the Coastal Energy Impact Program ("CEIP"). CEIP is a federal program to provide financial assistance to coastal states and municipalities facing impacts from offshore oil development. The United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA") and the AuthorityBond Bank entered into an agreement whereby the AuthorityBond Bank was the direct lending agency for the CEIP in the State, with \$50 million available to make loans to local governments or to establish reserves for loans to local governments.

          The AuthorityBond Bank issued CEIP bonds to NOAA, the proceeds of which were used to purchase bonds issued by the Kenai Peninsula Borough Central Hospital District, the City of Seward, the City of Nome, and the City of Saint Paul. The total amount of bonds outstanding as of April 1, 2002, under the Coastal Energy Impact Loan Program was \$11,095,878 **[NEED UPDATE]**, including loans to the City of St. Paul and the City of Nome.

Bonds issued for the CEIP are not secured by and have no rights with respect to the Statutory Reserve Fund, including the Reserve Account.

The cities of St. Paul and Nome have sought relief for payment on the CEIP bonds, as more fully described below.

*City of St. Paul.* The AuthorityBond Bank issued its \$6,562,878 1987 Series A Coastal Energy Bond to NOAA to fund a loan to the City of Saint Paul ("St. Paul") to construct a new bulk fuel farm. Saint Paul failed to make its annual interest payments on this loan from May 31, 1997 through December 14, 2000.

St. Paul and NOAA agreed to restructure the loan; the loan restructuring became effective on December 14, 2000. As part of that agreement, St. Paul applied \$30,000 of funds held in reserve toward the first annual payment to NOAA. St. Paul will continue to pay \$30,000 annually through 2004, with payments increasing to \$400,000 in 2005. The term of the loan has been extended to 2025, with annual payments gradually increasing from \$400,000 to \$550,000 by the end of the loan term.

Payment of principal of and interest on the AuthorityBond Bank's 1987 Series A Coastal Energy Bond is not secured by a pledge of any amounts held by or payable to the AuthorityBond Bank under the General Bond Resolution, including the Reserve Account, and is not in any way a debt or liability of the AuthorityBond Bank, nor is it secured directly or indirectly by the Statutory Reserve Fund or any reserve account created therein.

*City of Nome.* The AuthorityBond Bank issued its \$5,000,000 1986 Series B Coastal Energy Bond to the U.S. Department of Commerce to fund a loan by the AuthorityBond Bank to the City of Nome for port facilities. The City of Nome has failed to pay interest on this loan since September 21, 1987, and has failed to pay principal on this loan since November 1, 1987. The City of Nome entered into a Tripartite agreement with NOAA and the AuthorityBond Bank effective August 2, 1994 to suspend the accrual of interest and defer payment of principal and accrued interest as of August 2, 1994 for a period of ten years. The related loan payable does not represent a general obligation of the AuthorityBond Bank as it is payable only from proceeds received from the City of Nome.

Payment of principal of and interest on the AuthorityBond Bank's 1986 Series B Coastal Energy Bond is not secured by a pledge of any amounts held by or payable to the AuthorityBond Bank under the Bond Resolution, including the Reserve Account, and is not in any way a debt or liability of the AuthorityBond Bank, nor is it secured directly or indirectly by the Statutory Reserve Fund or any reserve account created therein.



**1976 GENERAL BOND RESOLUTION GENERAL OBLIGATION BONDS OUTSTANDING**

**(AS OF APRIL 1, 2002) <sup>(1) (2)</sup>**

<u>Series</u>	<u>Dated</u>	Number of <u>Bond Issues</u> <u>Purchased</u>	<u>Outstanding (1)</u>		
			<u>Loan Obligations</u>	<u>Reserve Obligations</u>	<u>Total</u>
1992 Series A	05/01/1992	2	\$ 685,000	\$ 330,000	\$ 1,015,000
1992 Series B	06/01/1992	2	1,000,000	20,000	1,020,000
1993 Series A-I	06/15/1993	0	4,570,000	0	4,570,000
1993 Series A-II	06/15/1993	0	880,000	0	880,000
1993 Series A-III	06/15/1993	0	3,790,000	855,000	4,645,000
1993 Series B	08/01/1993	1	720,000	0	720,000
1993 Series C	08/01/1993	1	200,000	0	200,000
1994 Series A	04/01/1994	2	1,265,000	0	1,265,000
1995 Series A	05/01/1995	2	6,855,000	740,000	7,595,000
1995 Series B	06/01/1995	1	1,200,000	0	1,200,000
1995 Series C	10/01/1995	1	2,150,000	510,000	2,660,000
1995 Series D	12/01/1995	1	1,595,000	0	1,595,000
1996 Series A	02/01/1996	2	2,780,000	0	2,780,000
1996 Series B	09/01/1996	1	6,620,000	205,000	6,825,000
1997 Series A	02/01/1997	2	895,000	0	895,000
1997 Series B	10/01/1997	1	9,715,000	485,000	10,200,000
1998 Series A	04/01/1998	2	7,320,000	100,000	7,420,000
1998 Series B	12/01/1998	0	3,045,000	0	3,045,000
1999 Series A	04/01/1999	2	12,100,000	360,000	12,460,000
2000 Series A	03/01/2000	2	8,840,000	305,000	9,145,000
2000 Series B	05/15/2000	3	10,395,000	0	10,395,000
2000 Series C	07/15/2000	1	21,235,000	610,000	21,845,000
2000 Series D	10/01/2000	1	1,750,000	0	1,750,000
2000 Series E	11/15/2000	5	14,622,000	473,000	15,095,000
2000 Series F	11/15/2000	1	1,095,000	0	1,095,000
2001 Series A	08/1/2001	1	15,055,000	420,000	15,475,000
2001 Series B	10/15/2001	1	3,550,000	285,000	3,835,000
2002 Series A	4/15/2002	1	<u>14,700,000</u>	<u>765,000</u>	<u>15,465,000</u>
<b>Total</b>			<b>\$158,627,000</b>	<b>\$6,463,000</b>	<b>\$165,090,000</b>

(1) Excludes Bonds that have been refunded or defeased.

(2) 2002 Series A Bonds added but not outstanding as of April 1, 2002.

\*Preliminary, subject to change.

**TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF APRIL 1, 2002**

	<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
I. Total 1976 General Resolution G.O. Bonds <sup>(1)</sup>	\$437,265,000 <sup>(1)</sup>	\$ 165,090,000 <sup>(1)</sup>
II. 1980 Resolution G.O. Bonds	10,080,000	0
III. Revenue Bonds		
1982 General Resolution (1993A)	24,695,000	3,645,000
1988 Resolution (1988 and 1993C)	4,500,000	905,000
1990 Resolution	1,195,000	860,000
1993 Resolution (1993B)	2,500,000	1,385,000
1995 Resolution	3,225,000	2,870,000
1997 Resolution	15,225,000	15,225,000
1998A Resolution	13,210,000	8,965,000
1998B Resolution	2,525,000	1,890,000
1999A Resolution	1,865,000	1,865,000
2000A Resolution	2,430,000	1,675,000
2000B Resolution	3,000,000	3,000,000
2001A&B Resolution	4,250,000	4,250,000
IV. 1979 Coastal Energy Reserve Bonds	7,510,000	0
V. Coastal Energy Impact Loan Program	35,456,046	11,095,878

**REMAINING DEBT CAPACITY AFTER THE ISSUANCE OF THE 2002 SERIES A BONDS**

Limit (Section 44.85.180 of the Act)		\$300,000,000 <sup>(2)</sup>
Less Outstanding Bonds		
General Obligation Bonds		
Loan Obligations	\$158,627,000	
Reserve Obligations	<u>6,463,000</u>	165,090,000 <sup>(1)</sup>
Revenue Bonds		46,535,000
Coastal Energy Loan Program		<u>11,095,878</u>
Total Outstanding Debt		\$222,720,878
Remaining Debt Capacity		<u>\$77,279,122</u>

(1) Includes the 2002 Series A Bonds.

(2) The limit applies to all outstanding bonds or notes issued by the Bond Bank; if the Bond Bank adopts other general obligation resolutions, any bonds outstanding under such resolution(s) would apply toward the limit.

**DEBT SERVICE REQUIREMENTS OF THE 2002 SERIES A BONDS  
(Fiscal Years Ending June 30)**

Fiscal Year	Debt Service on Outstanding Bonds	Series 2002 A Principal*	Series 2002 A Interest	Total Debt Service
2002	\$19,809,975			
2003	20,167,135	\$ 800,000		
2004	19,443,056	985,000		
2005	17,935,468	1,100,000		
2006	16,923,244	1,225,000		
2007	12,823,324	1,360,000		
2008	12,687,688	1,505,000		
2009	11,914,082	1,665,000		
2010	11,443,429	1,835,000		
2011	11,742,419	2,020,000		
2012	9,650,493	2,970,000		
2013	9,502,478			
2014	9,496,420			
2015	8,788,055			
2016	7,404,964			
2017	7,022,963			
2018	7,491,066			
2019	6,531,929			
2020	4,885,236			
2021	4,806,679			
2022	<u>557,944</u>			
	\$231,028,045	\$15,465,000		

\* Preliminary, subject to change.

## **TAX RATES AND DEBT LIMITATION**

### **Property Assessments**

Under provisions of State law, borough officials assess all taxable property within borough boundaries except property used in exploration, production or pipeline transportation of gas or unrefined oil. Home rule and first class cities outside of borough boundaries can assess the same property within their jurisdictions.

Property used in exploration, production or pipeline transportation of gas or unrefined oil is assessed by the State Department of Revenue as authorized by the State Legislature in 1973. The State levies a 20 mill tax on such property. Local governments and service areas may levy and collect a property tax based on the State's assessed valuation of those properties within the local jurisdiction; payments made to local jurisdictions are allowed as credit toward payments due the State.

### **Tax Rate Limitations**

Taxes levied by an Alaska municipality for purposes other than debt service on bonds are limited by State statute (AS 29.45.090) to an amount equal to three percent of the assessed valuation of taxable property in the municipality. In addition, a municipality or combination of municipalities occupying the same geographical area may not levy taxes for purposes other than debt service on bonds in excess of the greater of (a) an amount equal to \$1,500 for each person residing within the municipality or (b) an amount which is the result of applying the millage rate of the municipality to the product of 225 percent of the average per capita assessed valuation of all taxable property in the State multiplied by the number of residents in the municipality.

Taxes levied by a second class city cannot exceed two percent of the assessed valuation of taxable property in the city, except to avoid a default on principal and interest payments on general obligation debt.

### **Debt Limitation**

There are no constitutional or statutory debt limitations imposed on Governmental Units under State law. General law municipalities can issue general obligation bonds for capital improvements without limitation, upon approval of a majority of qualified voters. Some home rule municipalities have a debt limit imposed by home rule charter.

## **SUMMARY OF THE GENERAL BOND RESOLUTION**

The following is a summary of certain provisions of the General Bond Resolution, to which reference is made for a complete statement of the provisions or contents of the document. Words and terms used in this summary are defined in the above mentioned document and will have the same meanings herein as contained in that document, except as defined in this Official Statement. See "Certain Definitions" herein.

### **General Bond Resolution Constitutes Contract**

The General Bond Resolution constitutes a contract between the Bond Bank and the holders of the Bonds, and the pledges made in the General Bond Resolution and the covenants and agreements therein set forth to be performed by the Bond Bank will be for the equal and proportionate benefit, protection and security of the holders of any and all of the Bonds, all of which will be of equal rank without preference, priority or distinction.

## Certain Definitions

"*Administrative Expenses*" means the Bond Bank's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, and will include, without limiting the generality of the foregoing: administrative and operating expenses, legal, accounting and consultants' services and expenses, payments to pension, retirement, health and hospitalization funds and any other expenses required or permitted to be paid by the Bond Bank under the provisions of the Act or the General Bond Resolution or otherwise.

"*Fees and Charges*" means all fees and charges authorized to be charged pursuant to the Act and charged to Governmental Units pursuant to the terms and provisions of Loan Agreements.

"*Governmental Unit's Allocable Proportion*" means the proportionate amount of the total requirement in respect of which the term is used determined by the ratio that the Loan then outstanding to such Governmental Unit bears to the total of all Loans then outstanding to all Governmental Units.

"*Investment Securities*" means and include any of the following investments, if and to the extent the same are at the time legal investments by the Bond Bank of the funds to be invested therein:

(a) direct obligations of or obligations insured or guaranteed by the United States of America or agencies or instrumentalities thereof;

(b) Bankers' acceptances drawn on and accepted by banks, and certificates of deposit of banks, with a combined capital and surplus aggregating at least \$200,000,000; and

(c) Interest-bearing time deposits or certificates of deposit of a bank or trust company continuously secured and collateralized by obligations of the type described in paragraph (a) hereof, or by general obligations of the State having a market value at least equal at all times to the amount of such deposit or certificate, to the extent such deposit or certificate is not insured by the Federal Deposit Insurance Corporation or any successor thereto.

## Obligation of Bonds

The Bonds are direct and general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the payment of the principal or redemption price of, interest on and sinking fund installments for, the Bonds. The State will not be liable on the Bonds, and the Bonds will not be a debt or liability, or constitute a pledge or loan of the faith and credit of the State.

## **Pledge**

The Municipal Bonds and the Municipal Bonds Payments, the investments thereof and the proceeds of such investments, and all funds and accounts established by the General Bond Resolution to be held by the Trustee are pledged and assigned for the payment of the principal of, redemption price of, interest on, and sinking fund installments for, the Bonds in accordance with the terms and provisions of the General Bond Resolution, subject only to the provisions of the General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Bond Resolution. The Municipal Bonds and the Municipal Bonds Payments and all other money and securities pledged pursuant to the General Bond Resolution immediately will be subject to the lien of such pledge without any further act, and such lien will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, regardless of whether such parties have notice thereof.

## **Power to Issue Bonds and Make Pledges**

The Bond Bank covenants that it is duly authorized pursuant to law to issue the Bonds and to adopt a series resolution and to pledge the Municipal Bonds Payments, the Municipal Bonds and other money, securities, funds and property purported to be pledged by the General Bond Resolution which will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the General Bond Resolution, except for the liens in favor of the Trustee for its expenses. The Bond Bank will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Municipal Bonds Payments, the Municipal Bonds and other money, securities, funds and property pledged under the General Bond Resolution and all the rights of the Bondholders under the General Bond Resolution against all claims and demands of all persons whomsoever.

## **General**

The Bond Bank will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Bond Bank under law and the General Bond Resolution in accordance with the terms thereof.

The Bond Bank pledges and agrees that it will not cause the State to limit or alter the rights vested by the Act in the Bond Bank to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Bondholders, until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

## **Waiver of Laws**

The Bond Bank will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in the General Bond Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Bond Bank.

## **Loan Agreement Provisions**

No Loan will be made and no Bonds will be issued for the purpose of providing funds with which to make a Loan, unless the Loan Agreement under which such Loan is to be made will comply with the following:

(a) The Governmental Unit which is a party to such Loan Agreement must be a Governmental Unit as defined by the General Bond Resolution, and the Loan Agreement must be executed in accordance with existing laws.

(b) The Governmental Unit, prior to or simultaneously with the issuance of Bonds, will issue Municipal Bonds which are valid obligations of the Governmental Unit as required by the Act.

(c) The Municipal Bonds Payments to be made by the Governmental Unit under such Loan Agreement will be not less than the interest and principal payments the Bond Bank is required to make on the Loan Obligations and will be scheduled by the Bond Bank in such manner and at such times as to provide funds sufficient to pay principal and interest on the Loan Obligations as the same become due.

(d) The Governmental Unit will be obligated to pay Fees and Charges to the Bond Bank at the times and in the amounts which will enable the Bond Bank to comply with the provisions of the General Bond Resolution.

(e) The Governmental Unit will agree that in the event the Municipal Bonds Payments are not paid by it to the Bond Bank on or before the times specified in the Loan Agreement, any money payable to the Governmental Unit by any department or agency of the State will be withheld from such Governmental Unit and paid over directly to the Trustee acting under the General Bond Resolution.

(f) The Bond Bank will not sell, and the Governmental Unit will not redeem prior to maturity, any of the Municipal Bonds in an amount greater than the Outstanding Bonds issued with respect to such Loans which are then redeemable, and any such sale or redemption will be in an amount not less than the aggregate of (i) the principal amount of the Loan Obligations to be redeemed, (ii) the interest to accrue on the Loan Obligations so to be redeemed to the next redemption date, (iii) the applicable redemption premium, and (iv) the costs and expenses of the Bond Bank in effecting the redemption of the Loan Obligations.

(g) The Government Unit shall give the Bond Bank at least fifty days notice of its intent to redeem its Municipal Bonds.

### **Modification of Loan Agreement Terms**

The Bond Bank will not consent to the modification of, or modify, the rates of interest of, or the amount or time of payment of any installment of principal of or interest on, any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders.

## **Enforcement of Municipal Bonds**

The Bond Bank will diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds, including the prompt collection, and the giving of notice to the Commissioner of Revenue, Commissioner of Community and Regional Affairs and the Commissioner of Administration and any other department or agency of the State which is custodian of any money payable to the Governmental Unit of any failure or default of the Governmental Unit in the payment of its Municipal Bonds Payments and will promptly transfer any such money, upon receipt thereof, to the Trustee and the Trustee will deposit any such money in the Principal Account and Interest Account in place of said unpaid Municipal Bonds Payments or in the event deficiencies in said Accounts created by such default will have been made up by the Reserve Fund, into the Reserve Fund to the extent of such deficiencies.

## **Funds and Accounts**

The General Bond Resolution established a Debt Service Fund, consisting of an Interest Account, a Principal Account and a Redemption Account; a Reserve Fund with a Special Account therein; and an Operating Fund. The Debt Service Fund and the Reserve Fund are held by the Trustee. The Operating Fund is held by the Bond Bank.

*Debt Service Fund.* The Trustee will deposit Municipal Bonds Interest Payments and any other money available for the payment of interest in the Interest Account upon receipt thereof. The Trustee will, on or before each interest payment date, pay out of the Interest Account the amounts required for the payment of the interest becoming due on each series of Bonds on such interest payment date.

The Trustee will deposit Municipal Bonds Principal Payments and any other money available for the payment of principal in the Principal Account upon receipt thereof. The Trustee will, on or before each principal payment date or Sinking Fund Installment date, pay out of the Principal Account the amounts required for the payment of the principal or Sinking Fund Installment due on each series of Bonds on such date.

The Trustee establishes in the Redemption Account a separate sub-account for each Series of Bonds. Any money deposited into the Redemption Account from any source other than money transferred from the Reserve Fund because of a reduction in the Required Debt Service Reserve or upon the sale or redemption of Municipal Bonds will be applied to the purchase or redemption of Bonds. Any money deposited into the Redemption Account from the Reserve Fund because of a reduction in the Required Debt Service Reserve will be applied to the purchase or redemption of Reserve Fund Obligations.

The Bond Bank will deposit in the Redemption Account such portion of the money received as the proceeds of sale or redemption of Municipal Bonds and such money will be set aside by the Trustee in the appropriate Series sub-account. Money so held in each separate series sub-account by the Trustee will be applied to the purchase or retirement of such Series of Bonds having the same maturity date or dates and in the same principal amount of each maturity as the Municipal Bonds that were sold or redeemed.

*Reserve Fund.* Monthly, the Trustee will set aside from amounts in the Reserve Fund derived from investment earnings and profits, an amount which will, on such date, be equal to the unpaid interest on the Reserve Fund Obligations accrued and to accrue to the last day of such month.

On or before each principal payment date and Sinking Fund Installment payment date of Reserve Fund Obligations, the Trustee will withdraw from amounts in the Reserve Fund other than amounts in the Special Account and deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account and derived from sources other than Municipal Bonds Payments, will be equal to the Principal Installment of the Reserve Fund Obligations falling due on such date.



Quarterly, after complying with the foregoing provisions, the Trustee will withdraw from the Reserve Fund any amount remaining therein derived from investment earnings or profits, and pay over said amount to the Bond Bank for deposit in the Operating Fund but only to the extent that there remains after such withdrawal an amount in the Reserve Fund at least equal to the Required Debt Service Reserve and an amount in the Special Account not less than two-thirds of the Required Debt Service Reserve.

The Bond Bank will pay into the Reserve Fund (a) money made available by the State for the purpose of the Statutory Reserve Fund created by the Act in the amount provided by a Series Resolution; (b) all money paid to the Bond Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Required Debt Service Reserve; (c) such portion of the proceeds of sale of Bonds as will be provided by any Series Resolution; and (d) any other money which may be made available to the Bond Bank for the purposes of the Reserve Fund from any other source or sources. The Trustee will deposit in the Special Account any amounts described by clause (a) above and any other amounts directed by the Bond Bank (except amounts derived from the sale of Bonds or Notes), and any income or interest earned and profits realized due to the investment thereof.

In the event there will be a deficiency in the Interest Account or in the Principal Account, the Trustee will make up such deficiencies from the Reserve Fund. All amounts so withdrawn will first be withdrawn from amounts in the Special Account.

*Administration of Reserve Fund.* Money and securities held in the Reserve Fund will not be withdrawn therefrom at any time in such amount as would reduce the amount in such Fund to an amount less than the Required Debt Service Reserve except for the payment when due of debt service on Reserve Fund Obligations and to cure a deficiency in the Principal Account or the Interest Account.

In order to assure the maintenance of the Reserve Fund in an amount equal to the Required Debt Service Reserve and in compliance with the requirements of the Act, the Bond Bank will cause the Chairman annually, before each January 30, to make and deliver to the Governor and to the State Legislature a certificate stating the amount, if any, required to restore the Statutory Reserve Fund to the amount of the Required Debt Service Reserve. Money received by the Bond Bank from the State pursuant to such a certification will, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Required Debt Service Reserve, be deposited in the Reserve Fund. Money received by the Bond Bank from the State pursuant to such a certification will, to the extent such certification was occasioned by the fact that the amount in another fund created within the Statutory Reserve Fund was less than the Required Debt Service Reserve as therein defined, be deposited in said fund.

Whenever the amount in the Reserve Fund is less than the Required Debt Service Reserve, the Bond Bank will transfer from other amounts available in the Statutory Reserve Fund to the Reserve Fund the amount required to restore the Reserve Fund to the Required Debt Service Reserve.

*Operating Fund.* There will be deposited in the Operating Fund all Fees and Charges, to the extent not otherwise encumbered or pledged, and any other money which may be made available to the Bond Bank therefor from any other source or sources. Money at any time held for the credit of the Operating Fund will be used for and applied solely to the following purposes: (a) to pay the Administrative Expenses of the Bond Bank; (b) to pay the fees and expenses of the Trustee and any Paying Agent; (c) to pay financing costs incurred with respect to a Series of Bonds; and (d) to pay any expenses incurred in carrying out any other purpose then authorized by the Act.

All amounts in the Operating Fund will be free and clear of any lien or pledge created by the General Bond Resolution but will be held and applied in accordance with the General Bond Resolution.

## **Security for Deposits**

All money held by the Trustee will be continuously and fully secured, for the benefit of the Bond Bank and the Bondholders, by Investment Securities of a market value not less than the amount of such money or in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for trust funds, except that it will not be necessary for the Trustee or any Paying Agent to give security for the deposit of any money with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which will be represented by obligations purchased under the provisions of the General Bond Resolution as an investment of such money.

## **Payment of Bonds**

The Bond Bank will duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof, and will duly and punctually satisfy all Sinking Fund Installments, if any, which may be established for any Series.

## **Fees and Charges**

The Bond Bank will charge such Fees and Charges to each Governmental Unit to which a Loan is made, and will revise such Fees and Charges whenever necessary, so that such Fees and Charges actually collected from each such Governmental Unit will at all times produce money which, together with such Governmental Unit's Allocable Proportion of other money available under the provisions of the General Bond Resolution, and other money available therefor, will be at least sufficient to pay, as the same become due, the Governmental Unit's Allocable Proportion of the Administrative Expenses of the Bond Bank and of the fees and expenses of the Trustee and any Paying Agent.

## **Issuance of Additional Obligations Including for the Purpose of Refunding**

The Bond Bank will not issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Municipal Bonds and the Municipal Bonds Payments or which will be payable from the Debt Service Fund or the Reserve Fund, except that additional Series of Bonds may be issued under the General Bond Resolution on parity with Outstanding Bonds and secured by an equal charge and lien on the Municipal Bonds and the Municipal Bonds Payments and payable equally and ratably from the Debt Service Fund and Reserve Fund for the purposes of (a) making Loans to Governmental Units, (b) making payments into the Interest Account, (c) making payments into the Reserve Fund, (d) funding of Notes theretofore issued for any purposes for which Bonds may have been issued, (e) the refunding of any Bonds then Outstanding, provided that aggregate debt service in each year is not increased, and (f) making payments into the Operating Fund from amounts received as a premium over the principal amount of a Series of Bonds.

No additional series of Bonds will be issued unless:

(a) the aggregate principal amount of Bonds and Notes Outstanding at the time of issuance and delivery of such additional Bonds including the principal amount of such additional Bonds will not exceed any limit thereon imposed by law;

(b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the General Bond Resolution or any Series Resolution to be paid into the Debt Service Fund and into the Reserve Fund;

(c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds, will not be less than the Required Debt Service Reserve and the amount in the Special Account in the Reserve Fund will equal not less than two-thirds of the Required Debt Service Reserve; and

(d) the maturities of, or Sinking Fund Installments for, the additional Bonds representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds, will be equal to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

The Bond Bank expressly reserves the right to adopt other general bond resolutions and reserves the right to issue Notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges or payable from the Debt Service Fund or the Reserve Fund.

### **Defeasance**

If the Bond Bank will pay or cause to be paid to the holders of all Bonds then Outstanding, the principal or Redemption Price, if any, and interest to become due thereon, at the times and in the manner stipulated therein and in the General Bond Resolution, then, at the option of the Bond Bank, as expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Bond Bank to the Bondholders will be discharged and satisfied. All Outstanding Bonds of any Series will, prior to the maturity or redemption date thereof, be deemed to have been paid if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bond Bank will have given to the Trustee in form satisfactory to it irrevocable instructions to publish notice of redemption on said date of such Bonds, and (b) there will have been deposited with the Trustee either monies in an amount which will be sufficient or Investment Securities described in clause (a) of the definition thereof (except that with respect to Bonds entitled to the benefits of a bond insurance policy, only direct and general obligations of the United States will be deposited), the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, will be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as may be the case.

### **Supplements and Amendments**

The Bond Bank may supplement the General Bond Resolution without the consent of the Bondholders or the Trustee for various purposes not inconsistent with the General Bond Resolution, to impose additional limitations or restrictions on the issuance of Bonds or other debt, to impose other restrictions on the Bond Bank, to surrender any right, power or privilege, or to confirm any pledge of or lien upon the Municipal Bonds or the Municipal Bonds Payments or any other funds. With the written consent of the Trustee, the Bond Bank may also supplement the General Bond Resolution to cure any ambiguity, omission or defect in the General Bond Resolution.

Any modification or amendment of the General Bond Resolution and of the rights and obligations of the Bond Bank and of the Bondholders may be made with the written consent (a) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that such modification or amendment will not permit (i) a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or Sinking Fund Installment therefore, (ii) a reduction in the principal amount or the

Redemption Price thereof or in the rate of interest thereon, (iii) a reduction of the percentage of the Holders of which is required to effect any such modification or amendment, or (iv) the creation of any lien prior to or on a parity with the lien created by the General Bond Resolution (except in the manner provided by the General Bond Resolution) or deprive the Bondholders of the lien created by the General Bond Resolution, without the consent of the Holders of all the Bonds Outstanding or of the Series of Bonds affected by such modification or amendment.

### **Events of Default and Remedies**

Each of the following events is an event of default:

(a) the Bond Bank defaults in the payment of the principal or Redemption Price of, Sinking Fund Installment for, or interest on, any Bond when and as the same will become due whether at maturity or upon call for redemption, or otherwise;

(b) the Bond Bank fails or refuses to comply with the provisions of the Act regarding the certification of deficiencies in the Reserve Fund, or such amounts as will be certified to the Governor and to the Legislature pursuant to the Act will not be appropriated and paid to the Bond Bank prior to the termination of the then current State fiscal year; or

(c) the Bond Bank fails or refuses to comply with the provisions of the Act, other than as provided in (b) above, or defaults in the performance or observance of any other of the covenants, agreements or conditions on its part in the General Bond Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default will continue for a period of 45 days after written notice thereof by the Trustee or the Holders of not less than 5 percent in principal amount of the Outstanding Bonds;

provided, however, that an event of default will not be deemed to exist under the provisions of clause (c) above upon the failure of the Bond Bank to make and collect Fees and Charges required to be made and collected by the General Bond Resolution or upon the failure of the Bond Bank to enforce any obligation undertaken by a Governmental Unit pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payments so long as the Bond Bank may be otherwise directed by law and so long as the Bond Bank will be provided with money from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the same will become due during the period for which the Bond Bank will be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Governmental Unit under the applicable Loan Agreement.

Upon the happening and continuance of any event of default specified in paragraph (a) above, the Trustee will proceed, or upon the happening and continuance of any event of default specified in paragraphs (b) and (c) above, the Trustee may proceed, and upon the written request of the holders of not less than 25 percent in principal amount of the Outstanding Bonds will proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bond Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bond Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, require the Bond Bank to account as if it were the trustee of an express trust for the holders of the Bonds;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds.

Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding will, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will be immediately due and payable. This provision, however, is subject to the condition that if before any judgment or decree for the payment of the money due will have been obtained or entered, the Bond Bank will deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest upon all the Bonds, with interest on such overdue installments of principal at the rate borne by the respective Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then the holders of at least a majority in aggregate principal amount of the Bonds then outstanding, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default.

*Bondholders' Direction of Proceedings.* The holders of a majority in principal amount of the Bonds then Outstanding will have the right to direct the method of conducting all remedial proceedings to be taken by the Trustee, provided that such direction will not be otherwise than in accordance with law or the General Bond Resolution, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

*Limitation on Rights of Bondholders.* No holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Bond Resolution, or for the protection or enforcement of any right under the General Bond Resolution or any right under law unless such holder will have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25 percent in principal amount of the Bonds then Outstanding will have made written request of the Trustee and will have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted under the General Bond Resolution or law or to institute such action, suit or proceeding in its name and unless, also, there will have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred thereby, and the Trustee will have refused or neglected to comply with such request within a reasonable time. No holder of the Bonds will have any right to affect, disturb or prejudice the security of the General Bond Resolution, or to enforce any right with respect to the Bonds or the General Bond Resolution, except in the manner provided in the General Bond Resolution, and all proceedings at law or in equity will be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders.

### **Excess Earnings**

The Bond Bank covenants and agrees to calculate Rebatable Arbitrage and to pay Rebatable Arbitrage to the United States of America in the manner necessary to comply with the then applicable federal tax law. Within 30 days after the end of every fifth Bond Year, and within 60 days of the date when all of each Series of Bonds have been retired (or at such other time or times as may then be required by the Code and the applicable Income Tax Regulations), the Bond Bank will determine the Excess Investment Earnings with respect to each Series of Bonds, and pay rebate amounts due the United States of America with respect thereto, as provided in Section 148(f) of the Code.

## **LITIGATION**

Upon the delivery of the 2002 Series A Bonds, the Bond Bank will furnish a certificate to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the 2002 Series A Bonds, or in any way contesting the validity or enforceability of the 2002 Series A Bonds, the Bond Resolution or any Bonds or money pledged under the Bond Resolution.

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale by the Bond Bank of the 2002 Series A Bonds are subject to the approving legal opinion of Wohlforth, Vassar, Johnson & Brecht, P.C. of Anchorage, Alaska, Bond Counsel. The proposed form of the opinion of Bond Counsel is included herein as Appendix A.

## **FINANCIAL ADVISOR**

Western Financial Group, LLC has acted as financial advisor to the Bond Bank in connection with the issuance of the 2002 Series A Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Western Financial Group, LLC is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Bond Bank for the fiscal year ended June 30, 2001 set forth in Appendix E to this Official Statement have been examined by KPMG LLP, of Anchorage, Alaska, independent certified public accountants, whose report thereon appears therein.

## **TAX EXEMPTION**

In the opinion of Wohlforth, Vassar, Johnson & Brecht, P.C., Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance with certain covenants, interest on the 2002 Series A Bonds is excluded from gross income for federal income tax purposes. The 2002 Series A Bonds are not private activity bonds, and interest on the 2002 Series A Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals or corporations under the Code. However, interest on the 2002 Series A Bonds is taken into account in the computation of adjusted current earnings for purposes of the corporate alternative minimum tax under Section 55 of the Code.

Bond Counsel is also of the opinion, based on existing laws of the State as enacted and construed that interest on the 2002 Series A Bonds is excluded from taxation by the State except for transfer, estate and inheritance taxes and except to the extent that inclusion of said interest in computing the corporate alternative minimum tax under the Code may affect the corresponding provisions of the State corporate income tax.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2002 Series A Bonds. The Bond Bank has covenanted to comply with certain restrictions designed to assure that interest on the 2002 Series A Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2002 Series A Bonds being included in federal gross income, possibly from the date of issuance of the 2002 Series A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2002 Series A Bonds may adversely affect the tax status of interest on the 2002 Series A Bonds.

Although Bond Counsel has rendered an opinion that interest on the 2002 Series A Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, such 2002 Series A Bonds may otherwise affect a 2002 Series A Bond Owner's federal or State tax liability. The nature and extent of these other tax consequences will depend upon the 2002 Series A Bond Owner's particular tax status and the 2002 Series A Bond Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2002 Series A Bonds.

### **Tax Treatment of Original Issue Discount**

The 2002 Series A Bonds maturing on April 1 in the years 20\_\_ through 20\_\_, inclusive, are offered at a discount ("original issue discount") equal generally to the difference between the public offering price and the principal amount of such 2002 Series A Bonds. For federal income tax purposes, original issue discount on a 2002 Series A Bond accrues periodically over the term of a 2002 Series A Bond as interest with the same tax exemption as regular interest. The accrual of original issue discount increases the holder's tax basis in a 2002 Series A Bond for determining taxable gain or loss from the sale or from redemption prior to maturity. Holders should consult their tax advisors for an explanation of the accrual rules.

### **Tax Treatment of Original Issue Premium**

The 2002 Series A Bonds maturing on April 1 in the years 20\_\_ through 20\_\_, inclusive, are offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a 2002 Series A Bond through reductions in the holder's tax basis for a 2002 Series A Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the interest on the 2002 Series A Bond rather than creating a deductible expense or loss. Holders should consult their tax advisors for an explanation of the amortization rules.

## **RATINGS**

Moody's Investors Service ("Moody's"), and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, ("Standard & Poor's") have assigned ratings of "\_\_\_", and "\_\_\_" respectively, to the 2002 Series A Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's, 99 Church Street, New York, New York 10007, (212) 553-0300; Standard & Poor's, 55 Water Street, New York, New York 10041, (212) 438-2124. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2002 Series A Bonds. The Underwriter has no responsibility to bring to the attention of the Beneficial Owners of the 2002 Series A Bonds any proposed change in or withdrawal of any rating or to oppose any such revision or withdrawal.

## **SOURCES OF CERTAIN INFORMATION**

Information in this Official Statement appearing in Appendix D concerning the City of Wasilla has been provided by the City of Wasilla. The Bond Bank makes no representation as to the accuracy of information in this Official Statement concerning the City of Wasilla.

## CONTINUING DISCLOSURE UNDERTAKING

*Basic Undertaking to Provide Annual Financial Information and Notice of Material Events.* Pursuant to the Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5), as it may be amended from time to time (the "Rule"), the Bond Bank and the City of Wasilla will each undertake in its respective Disclosure Certificate (the "Undertaking") for the benefit of the beneficial owners of the 2002 Series A Bonds to provide or cause to be provided to each nationally recognized municipal securities information repository designated by the SEC in accordance with the Rule (the "NRMSIR") and to a state information depository, if one is established in the State and recognized by the SEC (the "SID"), annual financial information and operating data of the type included in this Official Statement as generally described below; and the Bond Bank will undertake to provide or cause to be provided to each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, timely notice of the occurrence of any of the following events specified by the Rule, if applicable and material, with respect to the 2002 Series A Bonds: (a) principal and interest payment delinquencies; (b) non-payment related defaults; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions or events affecting the tax-exempt status of the 2002 Series A Bonds; (g) modifications to rights of Beneficial Owners of the 2002 Series A Bonds; (h) 2002 Series A Bond calls; (i) defeasances; (j) release, substitution, or sale of property securing payment of the 2002 Series A Bonds; and (k) rating changes. The Bond Bank and the City of Wasilla also will provide to each NRMSIR or to the MSRB, and to the SID, if any, timely notice of its failure to provide required annual financial information on or before the date specified below.

*Type of Annual Financial Information Undertaken to be Provided.* The annual financial information that the Bond Bank undertakes to provide will consist of (a) annual financial statements for the Bond Bank and each of the five municipalities having the largest principal amounts of outstanding Bonds held by the Bond Bank under the General Bond Resolution as of the last day of the fiscal year of the Bond Bank (currently June 30) for which the information is being provided, prepared in accordance with generally accepted accounting principles applicable to governmental entities, as such principles may be changed from time to time; which statements will not be audited, except that if and when audited financial statements are otherwise prepared and available to the Bond Bank they will be provided; (b) a statement of authorized, issued and outstanding bonded debt; (c) Reserve Fund balance and estimated Reserve Requirement; and (d) Governmental Unit statistics in substantially the same form as Appendix C attached hereto. This information will be provided to each NRMSIR and the SID, if any, not later than 180 days after the end of each fiscal year of the Bond Bank (currently, the 12-month period ending June 30), as such fiscal year may be changed as required by State law, commencing with the Bond Bank's fiscal year ending June 30, 2002.

The City of Wasilla (referred to as a "Municipal Borrower") will provide or cause to be provided the following annual financial information and operating data for the prior fiscal year commencing with the fiscal year ended June 30, 2002: (a) annual financial statements prepared in accordance with generally accepted accounting principles applicable to government entities as such principles may be changed from time to time, (b) financial information generally of the type included in the applicable Appendix to this Official Statement under the headings "~~Payments in Lieu of Taxes~~" and "General Fund Statement of Revenues, Expenditures and Changes in Fund Balances"; (c) a statement of authorized, issued and outstanding general obligation debt of the Municipal Borrower; (d) the assessed value of the property within the Municipal Borrower subject to ad valorem taxation; and (e) ad valorem tax levy rates and amounts and percentage of taxes collected. Such annual financial information and operating data will be provided by the City of Wasilla to the NRMSIRs and the SID, if any, not later than 270 days after the end of the City of Wasilla's fiscal year which currently ends June 30. If not provided as part of the annual financial information, the City of Wasilla will provide its audited annual financial statement prepared in accordance with generally accepted accounting principals, when and if available, to each then existing NRMSIR and the SID.

In their provision of annual financial information, the Bond Bank and the City of Wasilla may cross-



reference to any "final official statement" (as defined in the Rule) available from the MSRB or any other documents provided to each then existing NRMSIR, or the SID.

*Amendment of Undertaking.* The Undertaking is subject to amendment after the primary offering of the 2002 Series A Bonds without the consent of any Beneficial Owner of any 2002 Series A Bond, or any broker, dealer, municipal securities dealer, participating underwriter, rating agency, NRMSIR, the SID or the MSRB, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Bond Bank; (b) the Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the 2002 Series A Bonds, after taking into account any amendments or interpretations of the Rule by the SEC and any changes in circumstances; (c) the Bond Bank obtains an opinion of nationally recognized bond counsel to the effect that the amendment will not adversely affect the Bond Bank's compliance with the Undertaking and Rule and, (d) the Bond Bank notifies and provides each then existing NRMSIR and the SID with copies of the opinions and amendments. Such amendment may be adopted without the consent of any Beneficial Owner of any of the 2002 Series A Bonds, notwithstanding any other provision of the Undertakings or the Bond Resolution.

The first Annual Report containing amended operating data or financial information pursuant to an amendment of the Undertakings will explain, in narrative form, the reasons for the amendment and its effect on the type of operating data and financial information being provided.

*Termination.* The obligations of the Bond Bank under its Undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the 2002 Series A Bonds. The obligations of the City of Wasilla under its Undertaking will terminate upon the legal defeasance, prior redemption or payment in full of its loan obligations to the Bond Bank.

*Remedy for Failure to Comply with Undertaking.* In the event of a failure of the Bond Bank and the City of Wasilla to comply with any provision of its respective Undertaking, any Beneficial Owner may take such actions as may be necessary and appropriate, including an action to compel specific performance, to cause the Bond Bank and the City of Wasilla to comply with its obligations under its respective Undertaking. No failure by the Bond Bank and the City of Wasilla to comply with any provisions of its respective Undertaking will constitute a default in respect of the 2002 Series A Bonds and the sole remedy under the Undertakings in the event of any failure of the Bond Bank and the City of Wasilla to comply with its respective Undertaking will be an action to compel specific performance.

#### **Prior Compliance with Continuing Disclosure Undertakings under the Rule**

The Bond Bank is in compliance with all of its prior undertakings pursuant to the Rule. The City of Wasilla is also in compliance with prior undertakings [CITY OF WASILLA TO VERIFY THIS STATEMENT].

#### **MISCELLANEOUS**

The summaries or descriptions of provisions in the General Bond Resolution and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions, and reference is hereby made to the complete documents and materials, copies of which will be furnished by the Bond Bank on request.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated.

## **PRELIMINARY OFFICIAL STATEMENT**

The Bond Bank hereby deems this Preliminary Official Statement pursuant to the SEC Rule 15c2-12 as final as of its date except for the omission of the information dependent upon the pricing of the issue, such as offering prices, interest rates, delivery date and other terms of the 2002 Series A Bonds dependent on the foregoing matters.

## **OFFICIAL STATEMENT**

The Bond Bank has authorized the execution and distribution of this Official Statement.

### **ALASKA MUNICIPAL BOND BANK**

/s/ \_\_\_\_\_  
Deven J. Mitchell  
Executive Director

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**APPENDIX A**

**Form of Legal Opinion**

**WOHLFORTH, VASSAR, JOHNSON & BRECHT**

A PROFESSIONAL CORPORATION

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~~April~~ May \_\_, 2002

Board of Directors  
Alaska Municipal Bond Bank  
P.O. Box 110405  
Juneau, Alaska 99811

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Alaska Municipal Bond Bank (the "Bank") of \$\_\_\_\_\_ General Obligation Bonds, 2002 Series A (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion, including the opinion of bond counsel to the Governmental Unit (as defined in the Resolutions referred to below) concerning the validity and enforceability of the Municipal Bonds and the Loan Agreement securing the Loan financed with the proceeds of the Bonds.

The Bonds are issued under the Alaska Municipal Bond Bank Act, Chapter 85 of Title 44 of the Alaska Statutes, as amended (the "Act"), and the General Bond Resolution of the Bank entitled "A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank Authority; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds, And Providing For The Rights Of The Holders Thereof," adopted May 27, 1976, as amended (the "General Bond Resolution"), the Series Resolution of the Bank entitled "A Series Resolution Authorizing The Issuance Of General Obligation Bonds, 2002 Series A of The Alaska Municipal Bond Bank" (the "Series Resolution"), adopted April \_\_, 2002. The General Bond Resolution and the Series Resolution are referred to herein collectively as the "Resolutions."

The Bonds are in registered form, are ~~dated~~ May April 1, 200+2, mature on April 1 in each of the years in the respective principal amounts, and bear interest at the rates, as follows:

<u>Due</u> <u>April</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Due</u> <u>April</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2003	\$	%	2008	\$	%
2004			2009		
2005			2010		
2006			2011		
2007			2012		

The Bonds bear interest from ~~April~~ May 15, 2002, payable on October 1, 2002, and semi-annually thereafter on April 1 and October 1 in each year. The Bonds are subject to optional redemption prior to maturity as provided in the Series Resolution and in the form of Bond.

In connection with the issuance of the Bonds, we have reviewed the Resolutions and the certificate as to arbitrage of the Bank dated the date hereof (the "Tax Certificate"), a Certificate of No-Litigation of the Attorney General (counsel to the Bank), certificates of the Bank, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) by any parties other than the Bank and the due and legal execution and delivery thereof by any parties other than the Bank. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the preceding paragraph. Furthermore, we have assumed compliance with the covenants and agreements contained in the Resolutions and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights generally and to the application of equitable principles. Finally, we express no opinion as to the Official Statement or other offering material relating to the Bonds.

Applicable federal tax law establishes certain requirements that must be met subsequent to the issuance of the 2002 Series A Bonds in order for interest on the 2002 Series A Bonds not

to be included in gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The Bank has covenanted that it will comply with such requirements and that it will do all things necessary to ensure that interest on the 2002 Series A Bonds will be, and remain, not included in gross income for federal income tax purposes, under Section 103 of the Code.

As to questions of fact material to our opinion, we have relied upon various statements and representations of the Bank contained in the Resolutions and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Subject to the foregoing, we are of the opinion that, under existing law:

1. The Bank is duly created and validly exists as a public corporation and instrumentality of the State of Alaska (the "State"), with the corporate power to adopt the Resolutions which have been duly adopted by the Bank, and are valid and binding upon the Bank and enforceable in accordance with their terms.

2. The Resolutions create a valid pledge of a lien on the funds established by the Resolutions for the security of the Bonds on a parity with other bonds issued or to be issued under the General Bond Resolution to the extent and on the terms provided therein.

3. The Bonds have been duly authorized and issued in accordance with law, including the Act as amended to the date hereof, and in accordance with the Resolutions, and constitute valid, binding general obligations of the Bank as provided in the Resolutions, payable and enforceable in accordance with their terms and the terms of the Resolutions. The Bonds are not a debt or liability, nor do they constitute a pledge of the faith and credit, of the State.

4. Under existing laws, regulations, rulings and judicial decisions, interest on the 2002 Series A Bonds is excluded from the gross income of the owners thereof for federal income tax purposes. However, interest on the 2002 Series A Bonds is taken into account in determining adjusted current earnings for purposes of computing the federal corporate alternative minimum tax under Section 55 of the Code. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Bank comply with certain arbitrage and rebate requirements set forth in Section 148 of the Code that must be satisfied subsequent to the issuance of the 2002 Series A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Bank has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2002 Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2002 Series A Bonds.

5. Under existing laws, interest on the Bonds is free from taxation by the State except for transfer, estate and inheritance taxes, and except to the extent that inclusion of said

interest in computing the corporate alternative minimum tax under Section 55 of the Code, as described above, may affect the corresponding provisions of the State corporate income tax.

Sincerely,

WOHLFORTH, VASSAR,  
JOHNSON & BRECHT

Cynthia L. Cartledge

**APPENDIX B**

**State Payments to Governmental Units**



## Appendix B

### State Payments to Governmental Units

The State of Alaska (the "State") disburses to Alaskan cities and boroughs (the "Governmental Units") funds that generally are available for uses other than paying municipal bond debt service. In the event of default by a Governmental Unit, the Bank can cause such funds, held in custody by the State prior to disbursement, to be paid over to the Bank. However, the State may at any time reduce or terminate the disbursements or programs under which they are made.

Four departments of the State disburse money to Governmental Units, as follows:

(1) Department of Education and Early Development. The Department of Education and Early Development (the "Department of Education") disburses State aid for educational purposes primarily through two programs. The first program provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse municipalities that operate school districts for certain costs of school construction. State reimbursement applies both to cash expenditures of over \$25,000 and to debt service on locally issued school bonds. Timing of reimbursements are determined by municipalities' debt service payments, and are made throughout the year. This reimbursement program provides generally that the State will reimburse municipalities that operate school districts:

(a) for debt issued before July 1, 1977, 100 percent of annual debt service costs incurred two years before the fiscal year of reimbursement;

(b) for debt issued after June 30, 1977 and before January 1, 1982, 90 percent of annual debt service costs incurred two years before the fiscal year of reimbursement;

(c) for debt issued after December 31, 1981 and authorized before July 1, 1983, 90 percent of annual debt service costs incurred in the fiscal year of reimbursement;

(d) for debt authorized after June 30, 1983 and before March 31, 1990, 80 percent of annual debt service costs incurred in the fiscal year of reimbursement; and

(e) for debt authorized after March 31, 1990, 70 percent of annual debt service costs incurred in the fiscal year of reimbursement.

Under the Department of Education's program, the State aids local school districts in the payment of operating expenses under the State "K-12 Support" funding which provides education-related aid for programs such as the Public School Foundation, boarding home grants, youth and detention funding, handicapped facilities, pupil transportation, and nutrition programs. The program provides for monthly distributions to the school districts.

(2) Department of Revenue. The Department of Revenue disburses local shares of various taxes collected by the State within the jurisdiction of the Governmental Unit including corporate income,

amusement, aviation fuel, electric, telephone, liquor and fisheries taxes. Payments are distributed semi-annually in January and July.

(3) Department of Community and Economic Development. Since 1980, State aid to Governmental Units includes direct grants and contribution for roads, health facilities and hospitals through the Department of Community and Economic Development Municipal Assistance Revenue Sharing Program. In fiscal year 2000, the Municipal Assistance Revenue Sharing program was reduced by 33% as compared to fiscal year 1999. No such reduction occurred in fiscal year 2001. The Department of Community and Economic Development also administers a payment in lieu of taxes program under which the federal government pays a fee for use of land. The payments received from the federal government are passed through the State to certain Governmental Units. Distributions occur annually in the month of July.

(4) Department of Administration. The State disburses money to Governmental Units through the Department of Administration's Capital Matching Grants program where the State provides assistance to Governmental Units in financing capital projects. Distributions are made throughout the year as approved projects are constructed.

### **Projected Depletion of State Revenue from Oil and Gas**

The State's disbursements of money to Governmental Units is derived in part from the State's revenues that are deemed unrestricted funds. Unrestricted funds include taxes, license and permits, fees and investment earnings, with the largest portion coming from oil and gas royalties and leases, oil and gas severance taxes, corporate income taxes, and ad valorem taxes on petroleum production and transportation facilities in the State. Together, petroleum revenues constituted about 68 percent of unrestricted revenue for fiscal year 1999, as compared to 73 percent in 1998, 81 percent in 1997, 80 percent in 1996, and 78 percent in 1995. Assuming that the State's current fiscal system for collecting taxes and royalties does not change, the long-term outlook for unrestricted revenues will closely track the continued depletion of petroleum reserves.

Production from Alaska's North Slope has been in decline since 1989, declining at a rate which has averaged 5.3% per year through 1999. The decline in production has been dominated by the depletion of the Prudhoe Bay field. The adoption of advanced technologies such as three dimensional seismic mapping and coiled tubing directional drilling has allowed operators to identify and produce significant additional oil from Prudhoe Bay. Currently, Prudhoe Bay production accounts for around 55% of all Alaska North Slope production. Current projections of known accumulations of oil predict 1.02 million barrels per day, on average, through fiscal year 2005.

Continued exploration and development programs have succeeded in replacing at least some of the depleted reserves at Prudhoe Bay. Development is scheduled in 2000 for the start-up of the 365 million barrel Alpine field in the Colville River area. The 160 million barrel offshore North Star field is scheduled for start-up in 2001. Elsewhere, expanded development at Milne Point has resulted in more than doubling of production from a 1995 average of 20,000 barrels per day to the current level of 50,000 barrels per day while the very successful Point McIntyre field continues to produce at 130,000 barrels per day.

Other significant sources of new production are the so-called satellite fields. These are small accumulations of oil which have been identified within or very near to existing production. Perhaps the best example is the Tarn field located just southwest of Kuparuk. This field may hold as much as 100 million barrels of recoverable oil with official estimates at 50 million barrels. Once again technological innovation and the expansion of the production infrastructure are working to increase proven reserves on the North Slope. Alaska North Slope production is projected to actually increase modestly from 2002 through 2005 with no new discoveries of oil. The U.S. Geological Survey has developed a procedure for estimating production from yet-to-be discovered reserves. Using this procedure the Alaska Department of Natural Resources speculates production will increase from 2002 through 2007, and daily production on the North Slope will remain above one million barrels a day through at least 2010.

The anticipated decline in State's revenues can be expected to reduce expenditures by State government, including State payments to local governments for municipal assistance, revenue sharing, school operating expenses and school bond debt service.

*Sources: State of Alaska, Department of Administration, Division of Finance; State of Alaska, Office of Management and Budget; and State of Alaska, Department of Revenue, Tax Division*

**APPENDIX C**

**Government Unit Statistics  
Regarding Participation in the Bond Bank**

**APPENDIX C**

**GOVERNMENTAL UNIT STATISTICS  
REGARDING PARTICIPATION IN THE BOND BANK**

**OUTSTANDING PRINCIPAL OF GENERAL OBLIGATION LOANS TO  
GOVERNMENTAL UNIT BORROWERS OF THE ALASKA MUNICIPAL BOND  
BANK**

**(AS OF APRIL 1, 2002, INCLUDES 2002 SERIES A BONDS)**

Borrower	Outstanding Par	Percentage of Par
Northwest Arctic Borough	36,290,000	22.32%
City of Wasilla	19,670,000	12.10%
City of Sitka	15,675,000	9.64%
Kenai Peninsula Borough	14,329,000	8.81%
City of Ketchikan	11,805,000	7.26%
City of Seward	11,040,000	6.79%
Aleutians East Borough	8,070,000	4.96%
City of Fairbanks	6,780,000	4.17%
Lake and Peninsula Bor.	5,704,000	3.51%
City of Unalaska	4,860,000	2.99%
City of Petersburg	3,855,000	2.37%
City of Nome	3,260,000	2.00%
City of Wrangell	3,119,000	1.92%
City of Cordova	3,115,000	1.92%
City of Homer	2,760,000	1.70%
Kodiak Island Borough	2,660,000	1.64%
City of Soldotna	2,230,000	1.37%
City of Palmer	1,595,000	0.98%
City of Haines	1,245,000	0.77%
City of Craig	1,200,000	0.74%
City of Yakutat	720,000	0.44%
Fairbanks North Star Bor.	695,000	0.43%
City of Kaktovik	675,000	0.42%
City of Hoonah	550,000	0.34%
City of Kenai	460,000	0.28%
City of Nenana	240,000	0.15%
Total Outstanding Par	162,602,000	100.00%

**DEBT SERVICE OF OUTSTANDING GENERAL OBLIGATION LOANS TO  
GOVERNMENTAL UNIT BORROWERS OF THE ALASKA MUNICIPAL BOND  
BANK  
FISCAL YEARS 2002-2011**

**(AS OF APRIL 1, 2002, INCLUDES 2002 SERIES A BONDS)**

Borrower	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Kenai Peninsula Borough	3,343,897	3,236,595	3,199,180	2,575,253	2,533,875	925,525	889,450	852,450	815,450	807,450
Northwest Arctic Borough	1,885,383	2,984,707	3,016,434	3,017,796	3,017,846	3,014,393	3,017,411	3,021,959	3,017,809	3,022,309
City of Sitka	1,756,585	1,732,748	1,309,535	1,308,440	1,304,040	1,308,475	1,311,165	1,306,396	1,310,140	1,311,878
City of Ketchikan	1,643,359	1,623,168	1,575,840	854,406	854,045	857,420	854,385	854,910	853,835	855,860
City of Seward	1,621,120	1,657,734	1,684,213	1,695,284	1,138,239	1,153,823	1,174,360	946,913	977,278	998,398
Lake and Peninsula Bor.	1,105,302	1,070,540	1,081,748	1,080,191	1,077,729	477,604	413,700	416,700	413,700	418,950
Aleutians East Borough	1,152,761	1,029,753	896,821	789,846	786,215	791,896	786,409	779,696	532,353	526,265
City of Wrangell	992,643	989,470	984,073	873,648	50,823	49,398	47,935	51,435	49,685	47,935
City of Fairbanks	695,478	696,778	696,978	696,078	694,078	695,840	696,228	695,240	697,740	693,728
City of Petersburg	516,684	487,475	477,489	476,566	401,424	402,531	402,701	401,904	260,336	260,801
City of Soldotna	500,761	504,156	506,306	507,394	512,050					
City of Wasilla	440,323	1,865,922	2,036,901	2,103,435	2,174,648	2,249,960	2,328,360	2,419,248	2,507,416	2,614,123
City of Homer	435,054	447,254	453,454	463,854	477,766	484,916	495,781			
City of Unalaska	432,645	434,308	435,395	435,825	430,675	435,235	433,925	431,881	434,250	435,738
Admiral Island Borough	395,646	358,743	360,155	360,430	360,250	360,773	365,060	362,960	364,840	360,440
City of Nome	348,321	316,626	314,026	316,189	312,876	309,326	310,308	310,558	310,308	314,558
City of Cordova	282,780	291,068	289,930	293,118	285,761	288,274	285,271	286,953	288,065	293,540
Fairbanks North Star Bor.	256,860	255,420	258,230							
City of Nenana	246,060									
City of Kenai	193,389	180,020	161,963	154,013						
City of Palmer	164,253	164,603	164,653	159,553	159,359	164,215	164,090	163,660	162,865	161,695
City of Yakutat	141,135	140,885	140,385	144,635	143,385	141,885				
City of Craig	129,360	125,160	127,040	128,595	129,850	125,800	126,675	127,195	127,350	127,130
City of Haines	125,455	127,493	129,226	125,798	126,625	127,113	127,850	128,313	128,500	128,413
City of Hoonah	123,616	124,516	125,106	125,431	125,400					
City of Kaktovik	99,289	95,839	97,389	98,619	99,559	100,209	100,569	95,575	100,581	
Total Loan Obligation DS	19,028,157	20,940,976	20,522,467	18,784,394	17,196,517	14,464,609	14,331,633	13,653,945	13,352,500	13,379,208

**APPENDIX D**

**City of Wasilla**

## **Authorization and Purpose of the General Obligation Bonds, 2002 Series A**

The \$14,700,000 City of Wasilla, Alaska, General Obligation Bonds, 2002 Series (the "Bonds"), are issued under the provisions of the Constitution and laws of the State of Alaska and pursuant to Ordinance No. 01-55 (AM), approved and ratified by a majority vote of the qualified electorate of the City of Wasilla (the "City") on March 5, 2002. The voters of the City by a vote of 306 for and 286 opposed, approved and adopted Proposition No. 1, which authorized the issuance and sale of general obligation bonds of the City in an aggregate principal amount not to exceed \$14,700,000, to provide funds to pay part of the cost of planning, designing acquiring property for, equipping and constructing park and recreational facility and related capital improvements in the City, including without limitation a multipurpose sports complex (the "Project"). Ordinance No. 02-14 approved by the City Council on April 8, 2002 provides for the issuance of \$14,700,00 of general obligation bonds of the City to provide funds for the Project.

### **Security**

The Bonds are general obligation of the City. The City has covenanted and pledged irrevocably for as long as the Bonds are outstanding that it will make provision for the payment of the principal of and interest on such Bonds in its annual budgets and further covenanted that it will make annual levies of ad valorem taxes upon all the property within the City subject to taxation, without limitation as to rate or amount in amounts sufficient, with such other moneys available for such purposes as the Council from time to time may appropriate and set aside therefore, including sales tax proceeds to pay the principal of and interest on such Bonds as the same shall become due. The full faith, credit and resources of the City have been pledged irrevocably for the annual levy and collection of such taxes and for the prompt payment of such principal and interest as the same shall become due.

In 1993, the voters approved a two percent sales tax in conjunction with a property tax limit. On Ballet Proposition No. 1, which authorized the issuance and sale of \$14,700,000 in General Obligation Bonds (2002 Series A), the voters approved an increase in the City of Wasilla's sales tax by ½ percent for up to ten years dedicated to the retirement of the General Obligation Bonds (2002 Series A). It is estimated that this sales tax increase will generate approximately \$22,447,000 in sales tax revenue.

Because voters approved a property tax limit in conjunction with the sales tax in 1993, any increase in the property tax over the two-mill limit will invalidate the sales tax.

### **Retirement of the Bonds**

Principal payments on the Bonds are due annually on April 1<sup>st</sup> in years 2003 through 2012.

### **Future Financing**

Other than these Bonds, the City has no other authorized but unissued bonds nor does it anticipate seeking any voter authorization for general obligation bonds within the next few years.



## Net Direct and Overlapping General Obligation Debt

<u>2001 Full Assessed Value</u>	<u>\$356,938,100</u>
<u>2001 Estimate Population</u>	<u>5,568</u>
<u>Direct General Obligation Debt (inc. 2002 Series A Bonds)</u>	<u>\$19,670,000</u>
<u>2001 Overlapping General Obligation Debt</u>	<u>\$13,182,558</u>

### Bonded Debt Ratios

<u>Direct General Obligation Debt/Full Value</u>	<u>5.51%</u>
<u>Direct and Overlapping General Obligation Debt/Full Value</u>	<u>9.20%</u>

### Per Capita Debt Ratios

<u>Full Value/Population</u>	<u>\$64,105</u>
<u>Direct General Obligation Debt/Population</u>	<u>\$3,533</u>
<u>Direct and Overlapping General Obligation Debt/Population</u>	<u>\$5,900</u>

## City Personnel and Powers

The City is a municipal corporation operating as a first class city under the provisions of Alaska statutes. The City is governed by a six-member council that enacts local law, determines policies and adopts the annual budget. The Mayor is elected by the voters and is the chief executive and administrative officer of the City. The Mayor may veto Council actions and may vote on Council motions only to break a tie vote. The current Mayor and Council Members are as follows:

### Mayor and City Council

<u>Sarah H. Palin</u>	<u>Mayor</u>
<u>Noel Lowe</u>	<u>Council Member</u>
<u>Ron Cox</u>	<u>Council Member</u>
<u>Colleen Sullivan-Leonard</u>	<u>Council Member</u>
<u>Dianne Keller</u>	<u>Council Member</u>
<u>Howard O'Neil</u>	<u>Council Member</u>
<u>Judy Patrick</u>	<u>Council Member</u>

The City provides its citizens those services which have proven to be necessary and meaningful and which can be provided by the City at the least cost. Major services provided under general government and enterprise functions are: police protection; cemetery services; library and museum services; parking facilities; street maintenance and improvements; and water and sewer services. The City also operates a municipal airport.

Principal City Staff members are described below:

John Cramer has served as the City Administrator since October 1996. He worked for the State of Alaska Department of Natural Resources from 1981 to 1995 and served as its Director of Agriculture from 1991 through 1995. Mr. Cramer has been an insurance agent and licensed securities dealer, employed by Primerica Financial Services since 1995.

Ted Leonard has served as the Finance Director since February 2000. Prior to working for the City of Wasilla, Mr. Leonard held the position of Finance Director for the City of Dillingham and Business Manager for Dillingham City School District. Mr. Leonard is a Certified Management Accountant (C.M.A.). He has a Masters of Management degree and a B.A. degree in Management with an emphasis in accounting and finance.

Don Shiesl has been the Director of Public Works for the City of Wasilla since December 1998. Prior to this, he retired from the Municipality of Anchorage where he held a variety of administrative positions from 1974 to 1998. During his last ten years, he was Street Maintenance Superintendent. He has a B.S. degree in Biology and an M.S. degree in Management.

### **City of Wasilla – Financial Information**

Accounting System and Budgeting Controls. The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when both available and measurable. Expenditures are recorded when the liabilities are incurred. Accounting records for the City's proprietary funds and its nonexpendable trust fund are maintained on the accrual basis.

Annual budgets for the general, special revenue and debt service funds, excluding the Bond Guarantee Fund and Gas Assessment Districts Bonds Fund, are prepared on a basis consistent with generally accepted accounting principles, except that encumbrances are treated as budgeted expenditures in the year of incurrence of the commitment to purchase. The budget is prepared by City management and submitted to the Council for review and approval. Legal enactment of the budget is by Council Ordinance.

The legal level of budgetary control for all funds is at the same level for which the funds are originally appropriated. The Mayor has the authority to transfer budgeted amounts within any department, function or activity up to \$5,000 per line item. All other transfers require Council action. Appropriations lapse at year end to the extent that they have not been expended or lawfully encumbered, except appropriation for capital projects.

The following table presents a comparative statement of general fund revenues, expenditures and changes in fund balances for the last three fiscal years – 1999, 2000 and 2001 – and for the fiscal year 2002 general fund budget. Mikunda, Cottrell & Company, Certified Public Accountants, has audited the City's financial statements.

General Fund  
 Comparative Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 (Fiscal Years ended June 30)

	Audited			Revised Budget
	1999	2000	2001	2002
<b>Revenues</b>				
Sales taxes	\$4,932,494	\$5,509,279	\$5,985,169	\$6,450,000
Property and vehicle taxes	439,901	440,877	420,516	432,254
Licenses and permits	33,168	33,630	31,305	31,200
Fines, forfeitures and penanlies	59,725	55,458	74,377	78,500
Intergovernmental	625,600	485,511	522,655	554,371
Matanuska-Susitna Borough	11,000	11,000	10,106	1,000
Investment Income	309,518	275,615	309,302	226,000
Other	157,815	562,785	94,809	129,812
<b>Total Revenues</b>	<u>6,569,221</u>	<u>7,374,155</u>	<u>7,448,239</u>	<u>7,903,137</u>
<b>Expenditures</b>				
General Government	1,335,308	1,362,431	1,468,399	1,763,267
Public Safety	1,441,365	1,535,216	1,730,855	2,042,459
Public Works	728,392	754,122	1,089,402	1,266,484
Museum	96,786	94,387	102,745	66,308
Culture and Recreation	342,985	386,141	416,910	396,208
Nondepartmental	-	63,326	59,951	72,768
Debt Service	281,341	446,241	440,891	440,323
<b>Total Expenditures</b>	<u>4,226,177</u>	<u>4,641,864</u>	<u>5,309,153</u>	<u>6,047,817</u>
Excess of Revenues over (under) Expenditures	2,343,044	2,732,291	2,139,086	1,855,320
<b>Other finance sources (uses)</b>				
Operating Transfers In	-	21,793	27,740	40,990
Operating Transfers Out	(1,300,950)	(2,497,798)	(1,002,455)	(1,847,491)
<b>Total Other Uses</b>	<u>(1,300,950)</u>	<u>(2,476,005)</u>	<u>(974,715)</u>	<u>(1,806,501)</u>
Excess of revenues over (under) expenditures and other uses	1,042,094	256,286	1,164,371	48,819
Beginning Fund Balance	4,822,672	4,857,388	4,492,894	4,901,970
Residual equity transfers to Enterprise Funds	(1,007,378)	(620,780)	(755,295)	(717,550)
<b>Ending Fund Balance</b>	<u>\$ 4,857,388</u>	<u>\$ 4,492,894</u>	<u>\$ 4,901,970</u>	<u>\$ 4,233,239</u>

Source: The City of Wasilla

**Assessed Value and Tax Collections (years 1992 through 2001)**

<u>Fiscal Year</u>	<u>Assessed Value (1)</u>	<u>Tax Levy (2)</u>	<u>Current Collections</u>	<u>Percent Collected</u>
1992	\$ 214,242,193	\$ 856,969	\$ 829,773	96.83%
1993	235,548,134	989,302	971,184	98.17%
1994	241,659,650	483,319	480,179	99.35%
1995	246,270,256	418,659	427,566	102.13%
1996	275,748,993	468,773	447,548	95.47%
1997	273,538,950	465,016	553,962	119.13%
1998	299,376,085	449,064	455,322	101.39%
1999	286,868,900	372,930	371,302	99.56%
2000	304,377,400	365,253	363,867	99.62%
2001	356,938,100	341,867	342,320	100.13%

(1) Excludes senior citizen exemption.

(2) The levy rate has been limited to two mills since January 1, 1993

**General and Economic Information**

The City is the largest city in the Matanuska-Susitna Borough (the "Mat-Su Borough"), which lies approximately 40 miles northeast of Anchorage (the state's largest city) on the George Parks Highway. The City lies between Wasilla and Lucille Lakes at the head of Cook Inlet. The area encompasses approximately 11 square miles of land and 0.6 square miles of water.

The City's current estimated population is 5,568. The total population for the Matanuska-Susitna Borough is 59,322. The population of the City for the last four years is presented below.

**Historic Population**

<u>Year</u>	<u>Population</u>
<u>2001</u>	<u>5,568</u>
<u>2000</u>	<u>5,469</u>
<u>1999</u>	<u>5,213</u>
<u>1998</u>	<u>5,134</u>

Source: Department of Labor or Department of Community & Regional Affairs

History, Culture and Demographics. The Wasilla town site was established in 1917 at the intersection of the Knik-Willow mining trail and the newly constructed Alaska Railroad. It was the supply base for gold and coal mining in the region through World War II. Many homesteaders settled in the Valley as part of an experiment in the 1930's. Agricultural crops and natural resources sustained growth and development in the Valley. Approximately five percent of the valley's population is Alaska Natives. During the 2000 U.S. Census, there were 2,119 total housing units of which 140 were vacant.

Economy. The Mat-Su Borough is the fastest-growing area in Alaska. Approximately 40% of the Mat-Su Borough's and 38% of the City's workforce commute to Anchorage. Oil and gas industries, communications, finance, real estate, the Alaska Railroad and government agencies have headquarters in Anchorage. The City serves as a retail trade center for the Valley and serves approximately 40,000 citizens from Wasilla and the surrounding area. The City's economy is diverse. Residents are employed in a variety of city, borough, state, federal government, retail and professional service positions. Tourism, agriculture, wood products, steel and concrete products are part of the economy. More than a hundred residents hold commercial fishing permits.

Tourism. Among the area's attractions are hunting, fishing and hiking in the summer and downhill and cross-country skiing in the winter. The Iditarod Sled Dog Race starts in Anchorage, runs to Eagle River, and then restarts in the City of Wasilla. The thousand-mile race attracts approximately 70 mushers with support teams and a large number of spectators to the area. A winter carnival is held in Wasilla in conjunction with this annual event. The Iditarod Trail Committee is headquartered in Wasilla. Portions of the City's original town site – Wasilla's first school, first public bath, two different styles of log cabins and a smithy – have been preserved as a park. Among the City's tourist attractions are the Dorothy G. Page Museum, the Knik Museum and Dog Mushers Hall of Fame, the Museum of Alaska Transportation and Industry. Several festivals including the Wasilla Water Festival are held each year. There are several public and private campgrounds and recreational vehicle parks.

Transportation. The George Parks Highway, Glenn Highway, and other local roads connect Wasilla to Anchorage, the remainder of the State of Alaska and Canada. The Alaska Railroad serves the City on its Fairbanks to Seward route. An airport with a 3,700-foot paved runway is owned and operated by the City. A seaplane base is located at Wasilla Lake. There are ten additional private airstrips in the vicinity. Commercial jet flights are operated out of Ted Stevens International Airport in Anchorage.

Facilities, Utilities, Schools and Health Care. The majority of homes use individual water wells and septic systems, although the City operates a piped water and sewer system. Water is provided by several wells, with a 2.3 million gallon storage capacity. All homes are completely plumbed. Funds were recently provided to upgrade the sewage treatment plant. An expansion of the water system is planned for fiscal year 2003. Electricity is provided by Matanuska Electric Association (a part owner of the Alaska Electric Generation & Transmission Cooperative, Inc.). Piped natural gas is primarily used for home heating. There are nine schools located in the community. The University of Alaska, Mat-Su College is located approximately 7 miles from the City. There are several private medical practices within the City and a small medical center/hospital.

Largest Employers. The following are the City's largest employers. As discussed above, approximately 38% of the City's population commutes to Anchorage for employment.

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
<u>Wal-Mart</u>	<u>Retail</u>	<u>375</u>
<u>Mat-Su Borough School District</u>	<u>School System</u>	<u>361</u>
<u>Fred Meyer</u>	<u>Retail</u>	<u>320</u>

Carrs Quality Center  
Nye Frontier

Retail  
Automobile Dealership

194  
150

*Source: City of Wasilla*

The City of Wasilla and the Matanuska-Susitna Borough has seen a rapid increase in employment over the last ten years. According to Alaska Economic Trends, May 2001, employment in the Matanuska-Susitna Borough grew by a remarkable 73.6 percent between 1990 and 2000, compared with the state average of 18.2 percent.

**APPENDIX E**

**Financial Statements of the  
Alaska Municipal Bond Bank  
for the Year Ending June 30, 2001**