

1 CITY AND BOROUGH OF SITKA, ALASKA  
2  
3 JUNIOR LIEN ELECTRIC REVENUE REFUNDING BOND (TAXABLE)  
4  
5 (REFINANCING AEA LOAN)  
6  
7  
8

9 ORDINANCE NO. 2020-30  
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12  
13 AN ORDINANCE of the City and Borough of Sitka authorizing the City to obtain a  
14 loan from the Alaska Municipal Bond Bank in a principal amount not to exceed  
15 \$7,000,000 to refinance for savings the City's outstanding loan from the Alaska  
16 Energy Authority; authorizing the issuance to the Bond Bank of a junior lien  
17 electric revenue refunding bond of the City to evidence and secure the loan;  
18 authorizing the Municipal Administrator and Chief Finance and Administrative  
19 Officer to enter into a loan agreement with the Bond Bank setting forth the terms  
20 and conditions of the loan and the refunding bond; and establishing an effective  
21 date.  
22

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24 PASSED: June 9, 2020  
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33  
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CITY AND BOROUGH OF SITKA, ALASKA

ORDINANCE NO. 2020-30

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67

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-30

AN ORDINANCE of the City and Borough of Sitka authorizing the City to obtain a loan from the Alaska Municipal Bond Bank in a principal amount not to exceed \$7,000,000 to refinance for savings the City’s outstanding loan from the Alaska Energy Authority; authorizing the issuance to the Bond Bank of a junior lien electric revenue refunding bond of the City to evidence and secure the loan; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into a loan agreement with the Bond Bank setting forth the terms and conditions of the loan and the refunding bond; and establishing an effective date..

WHEREAS, the City and Borough of Sitka, Alaska (the “City”), owns and operates electric generation and transmission facilities (the “Electric System”); and

WHEREAS, to pay a portion of the cost of the City’s Green Lake hydroelectric project, a component of the Electric System, the City borrowed \$15,000,000 (at a per annum interest rate of 4.0%) from the Alaska Power Authority (now known as the Alaska Energy Authority, “AEA”) under a Loan and Security Agreement dated as of August 24, 1982, as evidenced by a Promissory Note dated August 26, 1982 (as subsequently amended, the “AEA Loan”); and

WHEREAS, in 1994 or 1995, the City and AEA agreed on a restructuring of debt service on the AEA Loan, which is currently payable in approximately equal semiannual installments of principal and interest each January 1 and July 1 with a current outstanding balance of \$6,177,921.70; and

WHEREAS, after due consideration it appears to this Assembly that the City may be able to realize savings to the City and ratepayers of the Electric System by refinancing the AEA Loan from the proceeds of a lower-cost loan from the Alaska Municipal Bond Bank (the “Bond Bank”) that would be evidenced and secured by the issuance to the Bond Bank of a junior lien electric revenue refunding bond (the “Bond”), as authorized by this ordinance; and

WHEREAS, there are currently outstanding (as of May 1, 2020) the following electric revenue bonds of the City, all held by the Bond Bank:

Sitka Series	Issue Date	Ordinance	Principal Amount Outstanding	Bond Bank Series
2010 Senior Lien	12/9/2010	2010-29	\$31,500,000	2010 Four
2013 Junior Lien	3/12/2013	2013-02	35,530,000	2013 One
2013(2d) Junior Lien	11/14/2013	2013-38	25,615,000	2013 Three
2014 Junior Lien	10/30/2014	2013-38	16,325,000	2014 Three

105 WHEREAS, the ordinances that authorized the issuance of the outstanding electric revenue  
106 bonds provide that the City may issue additional bonds with a lien on revenue of the Electric System  
107 on a parity with the lien on such revenue of the Junior Lien Bonds (as identified above), if certain  
108 conditions are met; and

109  
110 WHEREAS, this Assembly finds that the applicable parity conditions have been or will be met,  
111 so the Bond may be issued as a Parity Bond; and

112  
113 WHEREAS, the Assembly has determined that it is in the best interest of the City to delegate  
114 to the Municipal Administrator and the Chief Finance and Administrative Officer authority to enter  
115 into a loan with the Bond Bank by issuing the Bond to the Bond Bank, as authorized by this ordinance,  
116 so long as the principal amount of the Bond does not exceed \$7,000,000; and

117  
118 WHEREAS, the Assembly finds that it is in the best interest of the City and ratepayers of  
119 the Electric System to issue the Bond through the Bond Bank, on the terms and conditions set forth  
120 in this ordinance and in a loan agreement authorized by this ordinance to be entered into with the  
121 Bond Bank;

122 NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of  
123 Sitka, Alaska, as follows:

124 Section 1. Classification. This ordinance is not of a permanent nature and is not  
125 intended to become part of the Sitka General Code.

126 Section 2. Definitions. As used in this ordinance, the following words have the  
127 following meanings, unless a different meaning clearly appears from the context:

128 “AEA” means the Alaska Energy Authority (formerly known as the Alaska Power  
129 Authority).

130 “AEA Loan” means the loan to the City in the original amount of \$15,000,000 (at a per  
131 annum interest rate of 4.0%) from the Alaska Power Authority (now known as AEA) under a Loan  
132 and Security Agreement dated as of August 24, 1982, as evidenced by a Promissory Note dated  
133 August 26, 1982, and as subsequently amended.

134 “Annual Debt Service” means the total amount of Debt Service for any bonds or other  
135 evidences of indebtedness payable from Revenue of the System in any fiscal year.

136 “Assembly” means the Assembly of the City and Borough of Sitka, Alaska, the general  
137 legislative authority of the City, as duly constituted from time to time, or any successor body.

138 “Balloon Maturity Bonds” means any bonds or other evidences of indebtedness of the City  
139 payable from Revenue of the System that are so designated in the ordinance pursuant to which  
140 such bonds are issued or such indebtedness is incurred.

141 “Base Period” means any consecutive 12-month period selected by the City out of the  
142 36-month period next preceding the date of issuance of a series of Future Parity Bonds.

143           “Bond” means the Junior Lien Electric Revenue Refunding Bond, 20\_\_ (Taxable),  
144 authorized to be issued in a principal amount not to exceed \$7,000,000 pursuant to this ordinance.

145           “Bond Bank” means the Alaska Municipal Bond Bank, a public corporation and  
146 instrumentality of the State of Alaska, created pursuant to the provisions of Chapter 85, Title 44,  
147 Alaska Statutes, as amended.

148           “Bond Bank Bonds” means bonds to be issued by the Bond Bank to provide funds to be  
149 loaned to the City under the Loan Agreement.

150           “Bond Fund” means the “City and Borough of Sitka 2013 Electric Revenue Bond  
151 Redemption Fund,” created pursuant to Ordinance No. 2013-02 and continued by this ordinance  
152 to pay and secure the payment of all Parity Bonds.

153           “Bond Register” means the registration books for the Bond maintained by the Registrar,  
154 for the purpose of complying with the requirements of Section 149 of the Code and listing, inter  
155 alia, the name and address of the Registered Owner of the Bond.

156           “Chief Finance and Administrative Officer” means the Chief Finance and Administrative  
157 Officer of the City or the successor to the duties of that office.

158           “City” means the City and Borough of Sitka, Alaska, a home rule municipal corporation  
159 duly organized and existing under the Constitution and laws of the State of Alaska and its Charter.

160           “Code” means the federal Internal Revenue Code of 1986, as amended, together with  
161 corresponding and applicable final, temporary or proposed regulations and revenue rulings issued  
162 or amended with respect thereto by the United States Treasury Department or the Internal Revenue  
163 Service.

164           “Consultant” means an independent municipal financial consultant, including but not  
165 limited to an independent accounting firm or engineer, having a favorable reputation for skill and  
166 experience with electric utilities comparable to the Electric System in such matters as are relevant  
167 to the purpose for which he or she is retained, appointed from time to time by the City to perform  
168 the duties of the Consultant as required by this ordinance.

169           “Covered Bonds” means the 2013 Bond, the 2013(2d) Bond, the 2014 Bond, the Bond, and  
170 any Future Parity Bonds designated in the ordinance authorizing their issuance as Covered Bonds  
171 secured by the Reserve Account, subject to the approval of the Bond Bank, as provided in Section  
172 8(b), and the 2010 Bonds, subject to the approval of the Bond Bank, as provided in Section 8(b).

173           “Debt Service” means, for any period of time,

174           (a)     for outstanding Fixed Rate Bonds, an amount equal to the sum of:

175                   (1) all interest payable on such Fixed Rate Bonds during the period;

176 (2) the amount of principal of such Fixed Rate Bonds due or subject to mandatory  
177 redemption during such period and for which no Sinking Fund Requirement has been  
178 established, and

179 (3) the amount of the Sinking Fund Requirement for the period;

180 plus

181 (b) for outstanding Parity Bonds other than Fixed Rate Bonds, including but not limited  
182 to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for the  
183 period equal to the amount that would have been payable for principal and interest on these Parity  
184 Bonds during that period computed on the assumption that the amount of Parity Bonds as of the  
185 date of such computation would be amortized (i) in accordance with the mandatory redemption  
186 provisions, if any, set forth in the ordinance authorizing the issuance of such Parity Bonds, or if  
187 mandatory redemption provisions are not provided, during a period commencing on the date of  
188 computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal  
189 to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer*  
190 (or comparable publication or such other similar index selected by the City) and published within  
191 ten days prior to the date of calculation or, if such calculation is being made in connection with  
192 the certificate required by Section 11 hereof, then within ten days of such certificate, (iii) to  
193 provide for approximately level annual debt service of principal and interest over such period.

194 Debt Service shall be net of any capitalized interest funded out of bond proceeds and any  
195 Debt Service Offsets.

196 “Debt Service Offset” means receipts of the City, including but not limited to federal  
197 interest subsidy payments, designated as such by the City that are not included in Revenue of the  
198 System and are legally available to pay debt service on Parity Bonds.

199 “Electric System” means the electric utility properties, rights and assets, real and personal,  
200 tangible and intangible, now owned and operated by the City and used or useful in the generation,  
201 transmission, distribution and sale of electric energy and the business incidental thereto and all  
202 properties, rights and assets, real and personal, tangible and intangible, hereafter constructed or  
203 acquired by the City as additions, betterments, improvements or extensions to those electric utility  
204 properties, rights and assets, but shall not include any other generating, conservation, transmission  
205 or distribution facilities that have been or may hereafter be acquired or constructed by the City as  
206 a utility system designated by the Assembly at the time of financing thereof to be separate from  
207 the Electric System, the revenues of which may be pledged to the payment of bonds issued to  
208 purchase, construct or otherwise acquire or expand that separate utility system or are otherwise  
209 pledged to the payment of the bonds of another separate utility system of the City other than the  
210 Electric System. The Assembly may, by ordinance, elect to combine with and include as a part of  
211 the Electric System any other separate utility of the City, provided that full provision for the  
212 payment of any outstanding indebtedness of that separate system must first be paid or that  
213 indebtedness must be refunded with bonds issued in accordance with this ordinance.

214 “Event of Default” means any of those events described as such in Section 18 of this  
215 ordinance.

216           “Fitch” means Fitch, Inc., organized and existing under the laws of the State of Delaware,  
217 its successors and their assigns, and, if such organization is dissolved or liquidated or no longer  
218 performs the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other  
219 nationally recognized securities rating agency (other than S&P or Moody’s) designated by the  
220 Chief Finance and Administrative Officer.

221           “Fixed Rate Bonds” means those Parity Bonds other than Balloon Maturity Bonds the rates  
222 of interest of which are fixed and determinable through their final maturity or for a specified period  
223 of time. If so provided in the ordinance authorizing their issuance, Parity Bonds may be deemed  
224 to be Fixed Rate Bonds for only a portion of their term.

225           “Future Parity Bonds” means electric revenue bonds of the City issued after the date of  
226 issuance of the Bond that have a lien on Revenue of the System for the payment of the principal  
227 thereof and interest thereon equal to the lien on the Revenue of the System for the payment of the  
228 principal of and interest on the 2013 Bond, the 2013(2d) Bond, the 2014 Bond, and the Bond.

229           “Government Obligations” means any bonds or other obligations that, as to principal and  
230 interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of  
231 America.

232           “Loan Agreement” means the Loan Agreement by and between the City and the Bond Bank  
233 authorized to be entered into pursuant to Section 17 of this ordinance for the sale of the Bond.

234           “Moody’s” means Moody’s Investors Service, its successors and their assigns, and, if such  
235 corporation is dissolved or liquidated or no longer performs the functions of a securities rating  
236 agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating  
237 agency (other than S&P and Fitch) designated by the Chief Finance and Administrative Officer.

238           “Municipal Administrator” means the Municipal Administrator (or Borough  
239 Administrator) or the successor to the duties of that office.

240           “Net Revenue” means, for any period, Revenue of the System less Operating Expenses for  
241 that period, excluding from the computation of Revenue of the System (a) any profit or loss derived  
242 from the sale or other disposition, not in the ordinary course of business, of properties, rights or  
243 facilities of the Electric System, or resulting from the early extinguishment of debt; and  
244 (b) insurance proceeds other than proceeds to replace lost revenue.

245           “Operating Expenses” mean the City’s expenses for operating and maintaining the Electric  
246 System, and ordinary repairs, renewals, replacements and reconstruction of the Electric System,  
247 including all costs of delivering electric power and energy, and payments into reasonable reserves  
248 in the Revenue Fund for items of operation and maintenance the payment for which is not  
249 immediately required, and shall include, without limiting the generality of the foregoing, costs of  
250 purchased power; costs of transmission and distribution operation and maintenance expenses;  
251 rents; administrative and general expenses; engineering expenses; legal and financial advisory  
252 expenses; required payments to pension, retirement, health and hospitalization funds; insurance  
253 premiums; and any taxes, assessments, payments in lieu of taxes or other lawful governmental  
254 charges, all to the extent properly allocable to the Electric System; and the fees and expenses of  
255 the Registrar. Operating Expenses shall not include any costs or expenses for new construction,



256 interest, amortization, non-cash losses or costs with respect to any real or personal property,  
257 investment or agreement that may be required to be recognized under generally accepted  
258 accounting principles, including but not limited to depreciation expense and unrealized mark-to-  
259 market losses.

260 “Parity Bonds” mean the 2013 Bond, the 2013(2d) Bond, the 2014 Bond, the Bond, and  
261 any Future Parity Bonds.

262 “Permitted Investments” means any of the following to the extent permitted by the laws of the  
263 State of Alaska:

264 (1) Direct obligations of the United States of America (including obligations  
265 issued or held in book-entry form on the books of the Department of the Treasury of the United States  
266 of America, and CATS and TIGRS) or obligations the timely payment of the principal of and interest  
267 on which are fully guaranteed by the United States of America.

268 (2) Bonds, debentures, notes or other evidence of indebtedness issued or  
269 guaranteed by any of the following federal agencies and provided such obligations are backed by the  
270 full faith and credit of the United States of America (stripped securities are only permitted if they have  
271 been stripped by the agency itself):

- 272 A. Farmers Home Administration: certificates of beneficial ownership;
- 273 B. Federal Financing Bank;
- 274 C. General Services Administration: participation certificates;
- 275 D. Government National Mortgage Association (GNMA): GNMA-  
276 guaranteed mortgage-backed bonds and GNMA-guaranteed pass-  
277 through obligations;
- 278 E. U.S. Maritime Administration: guaranteed Title XI financing; and
- 279 F. U.S. Department of Housing and Urban Development: project notes; local  
280 authority bonds; U.S. government-guaranteed new communities debentures;  
281 U.S. government-guaranteed public housing notes and bonds.

282  
283 (3) Bonds, debentures, notes or other evidence of indebtedness issued or  
284 guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped  
285 securities are only permitted if they have been stripped by the agency itself):

- 286 A. Federal Home Loan Bank System: senior debt obligations;
- 287 B. Federal Home Loan Mortgage Corporation (FHLMC): participation  
288 certificates and senior debt obligations rated AAA by S&P or Aaa by  
289 Moody’s;
- 290 C. Federal National Mortgage Association (FNMA): mortgage-backed  
291 securities and senior debt obligations rated AAA by S&P or Aaa by  
292 Moody’s;
- 293 D. Student Loan Marketing Association (SLMA): senior debt obligations;
- 294 E. Resolution Funding Corp. (REFCORP): only the interest component of  
295 REFCORP strips that have been stripped by request to the Federal  
296 Reserve Bank of New York; and
- 297 F. Farm Credit System: consolidated systemwide bonds and notes.

298 (4) Money market funds registered under the Federal Investment Company Act of  
299 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by  
300 S&P of AAAM-G, AAAM or AAM or having a rating by Moody's of Aaa, Aa1 or Aa2.

301 (5) Certificates of deposit secured at all times by collateral described in (1) and/or  
302 (2) above. Such certificates must be issued by commercial banks, savings and loan associations or  
303 mutual savings banks whose short-term obligations are rated A-1+ or better by S&P and Prime-1 or  
304 better by Moody's. The collateral must be held by a third party and Bondowners must have a perfected  
305 first security interest in the collateral.

306 (6) Certificates of deposit, savings accounts, deposit accounts or money market  
307 deposits that are fully insured by FDIC, including BIF and SAIF.

308 (7) Commercial paper rated, at the time of purchase, Prime-1 by Moody's and A-  
309 1 or better by S&P.

310 (8) Bonds or notes issued by any state or municipality rated by Moody's and S&P  
311 in one of the two highest rating categories assigned by such agencies.

312 (9) Federal funds or bankers acceptances with a maximum term of one year of any  
313 bank that has an unsecured, uninsured and unguaranteed obligation rating of Prime-1 or A3 or better  
314 by Moody's and A-1 or A or better.

315 (10) Repurchase agreements providing for the transfer of securities from a dealer  
316 bank or securities firm (seller/borrower) to the City or its agent or trustee (buyer/lender), and the  
317 transfer of cash from the City or its agent or trustee to the dealer bank or securities firm with an  
318 agreement that the dealer bank or securities firm will repay the cash plus a yield to the City or its agent  
319 or trustee in exchange for the securities at a specified date. Repurchase Agreements for a term of  
320 30 days or less must satisfy the following criteria:

321 A. Repos must be between the City or its agent or trustee and a dealer bank  
322 or securities firm.

323 a. Primary dealers on the Federal Reserve reporting dealer list that  
324 fall under the jurisdiction of the SIPC and that are rated A or  
325 better by S&P and Moody's, or

326 b. Banks rated A or above by S&P and Moody's.

327 B. The written repo contract must include the following:

328 a. Securities that are acceptable for transfer are:

329 (1) Direct U.S. governments, or

330 (2) Federal agencies backed by the full faith and credit of  
331 the U.S. government (and FNMA & FHLMC).

332 b. The term of the repo may be up to 30 days.

333 c. The collateral must be delivered to the City (if the City is not  
334 supplying the collateral) or to a third party acting as agent for  
335 the City (if the City is supplying the collateral) before or  
336 simultaneously with payment (perfection by possession of  
337 certificated securities).

338 d. The securities must be valued weekly, marked-to-market at  
339 current market price plus accrued interest. The value of  
340 collateral must be equal to 104% of the amount of cash  
341 transferred by the City or its agent or trustee to the dealer bank  
342 or securities firm under the repo plus accrued interest. If the  
343 value of securities held as collateral slips below 104% of the  
344 value of the cash transferred, then additional cash and/or  
345 acceptable securities must be transferred. If, however, the  
346 securities used as collateral are FNMA or FHLMC, then the  
347 value of collateral must equal 105%.

348 (11) Any other investments approved by the Bond Bank.

349 “Qualified Insurance” means any non-cancelable municipal bond insurance policy or  
350 surety bond issued by any insurance company licensed to conduct an insurance business in any  
351 state of the United States (or by a service corporation acting on behalf of one or more such  
352 insurance companies) which insurance company or companies, as of the time of issuance of such  
353 policy or surety bond, are currently rated in one of the two highest Rating Categories by two Rating  
354 Agencies.

355 “Qualified Letter of Credit” means any irrevocable letter of credit issued by a financial  
356 institution for the account of the City on behalf of registered owners of the applicable Parity Bonds,  
357 which institution maintains an office, agency or branch in the United States and as of the time of  
358 issuance of such letter of credit, is currently rated in one of the two highest Rating Categories by  
359 any Rating Agency.

360 “Rate Stabilization Account” means the account of that name within the Revenue Fund.

361 “Rating Agency” means Moody’s, S&P or Fitch.

362 “Registrar” means the Chief Finance and Administrative Officer, for the purposes of  
363 registering and authenticating the Bond, maintaining the Bond Register, and paying principal of  
364 and interest on the Bond.

365 “Registered Owner” means the person in whose name the Bond is registered on the Bond  
366 Register.

367 “Reserve Account” means the Parity Bond Reserve Account created within the Bond Fund  
368 pursuant to Ordinance No. 2012-02 and continued by this ordinance.

369 “Reserve Requirement” means the amount to be calculated with respect to all Covered  
370 Bonds and separately with respect to other Parity Bonds, as follows:

371 (a) For Covered Bonds, the Reserve Requirement is equal to the least of: (1) maximum  
372 Annual Debt Service for Covered Bonds, (2) 10% of the initial principal amount of each series of  
373 Covered Bonds, and (3) 125% of average Annual Debt Service for Covered Bonds; provided,  
374 however, that the amount required to be contributed, if any, as a result of the issuance of a series  
375 of Future Parity Bonds will not be greater than the Tax Maximum. If the amount required to be  
376 contributed at the time of issuance of a series exceeds the Tax Maximum, then the amount required  
377 to be contributed shall be equal to the Tax Maximum.

378 (b) For any Parity Bonds that are not designated as Covered Bonds, the Reserve  
379 Requirement will be the amount, if any, specified in the ordinance authorizing the issuance of  
380 those Parity Bonds.

381 The amount of the Reserve Requirement may be recalculated from time to time as principal  
382 of Parity Bonds is paid or Future Parity Bonds are issued.

383 “Revenue Fund” means the Electric Utility Revenue Fund heretofore established and  
384 maintained in the office of the Chief Finance and Administrative Officer.

385 “Revenue of the System” means all income and revenue derived by the City from the sale  
386 of electric energy and all other commodities, services and facilities sold, furnished or supplied by  
387 the City through the ownership or operation of the Electric System, together with the proceeds  
388 received by the City directly or indirectly from the sale, lease or other disposition of any of the  
389 properties, rights or facilities of the Electric System, any federal interest subsidy payments  
390 received in connection with Parity Bonds (to the extent such payments are not designated as Debt  
391 Service Offsets), and any investment income earned on money held in any fund or account of the  
392 City, including any bond redemption funds and the accounts therein, in connection with the  
393 ownership and operation of the Electric System (but excluding income derived from investments  
394 irrevocably pledged to the payment of any specific revenue bonds of the City, such as bonds  
395 heretofore or hereafter refunded or defeased, investment income earned on money in any arbitrage  
396 rebate account, grants for capital purposes, and non-cash marked-to-market gains with respect to  
397 any real or personal property, investment or agreement that may be required to be recognized under  
398 generally accepted accounting principles).

399 “Rule” means the SEC’s Rule 15c2-12 under the Securities Exchange Act of 1934.

400 “SEC” means the United States Securities and Exchange Commission.

401 “S&P” means Standard & Poor’s Ratings Services, its successors and their assigns, and, if  
402 such corporation is dissolved or liquidated or no longer performs the functions of a securities rating  
403 agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency  
404 (other than Moody’s and Fitch) designated by the Chief Finance and Administrative Officer.

405 “Sinking Fund Requirement” means, for any fiscal year, the principal amount and premium, if  
406 any, of Term Bonds required to be purchased, redeemed or paid at maturity in that fiscal year as  
407 established by the ordinance or other proceedings of the City authorizing the issuance of those Term  
408 Bonds.

409           “Tax Maximum” means the maximum amount permitted by the Code to be allocated to a  
410 bond reserve account from bond proceeds without requiring a balance to be invested at a restricted  
411 yield.

412           “Term Bonds” means any Future Parity Bonds identified as such in the proceedings for the sale  
413 thereof, the payment of the principal of which is fully provided for by a Sinking Fund Requirement.  
414

415           “2010 Bonds” means the City’s Electric Revenue and Refunding Bonds, 2010, issued in  
416 three series on December 9, 2010, in the initial aggregate principal amount of \$48,700,000, as  
417 authorized by Ordinance No. 2010-29, and as they may be amended or refinanced from time to  
418 time.

419           “2013 Bond” means the City’s Junior Lien Electric Revenue Bond, 2013, issued on March  
420 12, 2013, in the initial principal amount of \$35,530,000, as authorized by Ordinance No. 2013-02.

421           “2013(2d) Bond” means the City’s Junior Lien Electric Revenue Bond, 2013 Second  
422 Series, issued on November 14, 2013, in the initial principal amount of \$25,615,000, as authorized  
423 by Ordinance No. 2013-38.

424           “2014 Bond” means the City’s Junior Lien Electric Revenue Bond, 2014, issued on  
425 October 30, 2014, in the initial principal amount of \$16,325,000, as authorized by Ordinance  
426 No. 2013-38.

427           *Rules of Interpretation.* Words of the masculine gender are deemed and construed to  
428 include correlative words of the feminine and neuter genders. Words imparting the singular  
429 number include the plural numbers and vice versa unless the context otherwise indicates.  
430 Reference to sections and other subdivisions of this ordinance are to the sections and other  
431 subdivisions of this ordinance as originally adopted unless expressly stated to the contrary. The  
432 headings or titles of the sections hereof, and the table of contents appended hereto, are for  
433 convenience of reference only and do not define or limit the provisions hereof.

434           Section 3. Compliance with Parity Conditions. The Assembly hereby finds that the  
435 conditions required for issuance of the Bond as a Parity Bond have been or will be met. The Assembly  
436 finds that:

437  
438           (1) there will be no deficiency in the Bond Fund or any of the accounts therein;

439           (2) this ordinance contains the required covenants (provided in Section 10 hereof) and  
440 provides that the Reserve Requirement, if any, will be funded no later than the date of delivery of  
441 the Bond; and

442           (3) the City will have on file a certificate (dated no earlier than the date that is 90 days prior  
443 to the date of issuance of the Bond) relating to Net Revenue, as described in Section 11 (c) or (d)  
444 of Ordinance No. 2013-02 and Ordinance No. 2013-38, except as otherwise permitted under  
445 subsection (e) of Section 11 therein.

446           The parity conditions having been complied with or assured, the payments required in this  
447 ordinance to be made out of the Revenue Fund into the Bond Fund and the Reserve Account shall

448 constitute a lien and charge upon the money in the Revenue Fund equal to the lien and charge  
449 thereon for the payments required to be made into the Bond Fund to pay and secure the payment  
450 of the principal of and interest on the outstanding Parity Bonds.

451  
452 Section 4. Authorization of Bonds. To provide funds to refinance the AEA Loan, the  
453 City shall issue and sell to the Bond Bank its junior lien electric revenue refunding bond in a  
454 principal amount not to exceed \$7,000,000 (the “Bond”). The Bond shall be designated as the  
455 “City and Borough of Sitka Junior Lien Electric Revenue Refunding Bond, 20\_\_ (Taxable),” with  
456 such year and series designation as may be appropriate. The Bond shall be dated the date of its  
457 sale and delivery to the Bond Bank, in accordance with Section 17 hereof, shall be fully registered  
458 as to both principal and interest, shall be numbered in such manner and with any additional  
459 designation as the Registrar deems necessary for purposes of identification and control, shall bear  
460 interest at the rate or rates, shall mature on the date or dates and shall be paid in installments in the  
461 principal amounts and on the dates to be determined in accordance with Section 17 hereof. Interest  
462 on the Bond shall be calculated based on a 360-day year of twelve 30-day months.

463 The Bond shall be an obligation only of the Bond Fund and shall be payable and secured  
464 as provided herein. The Bond does not constitute an indebtedness or general obligation of the City  
465 within the meaning of the constitutional provisions and limitations of the State of Alaska.

466 Section 5. Registration, Payment and Transfer. The Chief Finance and Administrative  
467 Officer shall act as authenticating agent, transfer agent, paying agent and registrar for the Bond  
468 (collectively, the “Registrar”). Both principal of and interest on the Bond shall be payable in lawful  
469 money of the United States of America. Interest on the Bond shall be paid by check or draft of the  
470 Registrar mailed (on the date such interest is due) to the Registered Owner or nominee at the  
471 addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest  
472 payment date. Principal of the Bond shall be payable upon presentation and surrender of the Bond  
473 to the Registrar by the Registered Owner or nominee at the office of the Registrar in Sitka, Alaska.  
474 Notwithstanding the foregoing, if the Bond is sold to the Bond Bank pursuant to the provisions of  
475 Section 17 of this ordinance, and for so long as the Bond Bank is the owner of the Bond, payments  
476 of principal of and interest on that Bond shall be made to the Bond Bank in accordance with the  
477 applicable Loan Agreement.

478 The Bond may be transferred only on the Bond Register maintained by the Registrar for  
479 that purpose upon the surrender thereof by the Registered Owner or nominee or his or her duly  
480 authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully  
481 registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee  
482 in exchange therefor. Upon surrender thereof to the Registrar, the Bond is interchangeable for a  
483 bond or bonds (in denominations of \$5,000 or any integral multiple thereof) of an equal aggregate  
484 principal amount and of the same interest rates and principal payment amounts as the Bond. Such  
485 transfer or exchange shall be without cost to the Registered Owner or transferee.

486 The City may deem the person in whose name the Bond is registered to be the absolute  
487 owner thereof for the purpose of receiving payment of the principal of and interest on the Bond  
488 and for any and all other purposes whatsoever.

489           Section 6.    Prepayment. Provisions for the optional prepayment of some or all  
490 principal installments of the Bond may be established pursuant to Section 17 and shall be set forth  
491 in the Loan Agreement. Portions of the principal amount of the Bond, in increments of \$5,000 or  
492 any integral multiple of \$5,000, may be prepaid.

493           So long as the Bond Bank is the owner of the Bond, notice of prepayment shall be given  
494 according to the terms of the Loan Agreement. If the Bond Bank is not the owner of the Bond,  
495 notice of prepayment shall be given not less than 30 nor more than 60 days prior to the date fixed  
496 for prepayment by first class mail, postage prepaid, to the Registered Owner of the Bond at the  
497 address appearing on the Bond Register. The requirements of this section shall be deemed  
498 complied with when notice is mailed as herein provided, regardless of whether it is actually  
499 received by the owner of the Bond. Each official notice of prepayment shall be dated and shall  
500 state: (i) the prepayment date, (ii) the prepayment price or prepayment premium, if any, payable  
501 upon such prepayment; (iii) if less than all of an installment of principal is to be prepaid, the  
502 principal amount to be prepaid (which must be an integral multiple of \$5,000); (iv) that the interest  
503 on the Bond, or on the principal amount thereof to be prepaid, designated for prepayment in such  
504 notice, shall cease to accrue from and after such prepayment date; and (v) that on such date there  
505 will become due and payable on the Bond the principal amount thereof to be prepaid and the  
506 interest accrued on such principal amount to the prepayment date.

507           Section 7.    Revenue Fund.

508           (a)    *Revenue Fund Established.* There has heretofore been established in the office of  
509 the Chief Finance and Administrative Officer a separate enterprise fund of the City designated as  
510 the “City and Borough of Sitka Electric Utility Revenue Fund” (the “Revenue Fund”) All Revenue  
511 of the System will be deposited in the Revenue Fund. Notwithstanding the foregoing, the Chief  
512 Finance and Administrative Officer may maintain separate funds and accounts in such names and  
513 under such additional designations as may be required to comply with City practices and State law.

514           (b)    *Priority of Application of Revenue of the System.* The Revenue Fund shall be held  
515 separate and apart from all other funds and accounts of the City, and the Revenue of the System  
516 deposited in this fund shall be used only for the following purposes and in the following order of  
517 priority:

518                   First, to pay the Operating Costs;

519                   Second, to pay principal of and interest on the 2010 Bonds;

520                   Third, to make all payments required to be made into the reserve account for the  
521 2010 Bonds;

522                   Fourth, to pay principal of and interest on any Parity Bonds, including  
523 reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified  
524 Letter of Credit or Qualified Insurance secures the payment of debt service on Parity Bonds and  
525 the ordinance authorizing those Parity Bonds provides for such reimbursement;

526                   Fifth, to make all payments required to be made into the Reserve Account for  
527 Covered Bonds and to any reserve account created in the future for the payment of debt service on

528 Future Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or  
529 Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance has been issued to fund  
530 the Reserve Requirement or the reserve requirement(s) for any Future Parity Bonds and if the  
531 ordinance authorizing those Future Parity Bonds provides for such reimbursement;

532 Sixth, to make all payments required to be made into any revenue bond redemption  
533 fund or revenue warrant redemption fund and debt service fund or reserve account created to pay  
534 and secure the payment of the principal of and interest on any revenue bonds or revenue warrants  
535 of the City having a lien on Revenue of the System subordinate and inferior to the lien thereon to  
536 pay or secure the payment of Parity Bonds; and

537 Seventh, to retire by redemption or purchase any outstanding revenue bonds or  
538 revenue warrants of the City, to make necessary additions, betterments, improvements and repairs  
539 to or extensions and replacements of the Electric System, to make deposits into the Rate  
540 Stabilization Account, or for any other lawful City purposes.

541 The City may transfer any money from any funds or accounts of the Electric System legally  
542 available therefor, except bond redemption funds, refunding escrow funds or defeasance funds, to  
543 meet the required payments to be made into the Bond Fund.

544 (c) *Rate Stabilization Account.* As authorized by Ordinance No. 2010-29, the Chief  
545 Finance and Administrative Officer has established a Rate Stabilization Account within the  
546 Revenue Fund, which Account currently has on deposit therein approximately \$688,000. The City  
547 may make additional payments into the Rate Stabilization Account from the Revenue Fund at any  
548 time. Money in the Rate Stabilization Account may be withdrawn at any time for deposit into the  
549 Revenue Fund and used for the purposes for which Revenue of the System may be used. Amounts  
550 withdrawn from the Rate Stabilization Account and deposited into the Revenue Fund shall increase  
551 Revenue of the System for the period in which they are withdrawn, and amounts deposited in the  
552 Rate Stabilization Account shall reduce Revenue of the System for the period during which they  
553 are deposited. Credits to or from the Rate Stabilization Account that occur within 90 days after the  
554 end of a fiscal year may be treated as occurring within that fiscal year. Earnings on the Rate  
555 Stabilization Account shall be credited to the Revenue Fund.

556 Section 8. Bond Fund. A special fund of the City known as the “City and Borough of  
557 Sitka 2013 Electric Revenue Bond Redemption Fund” (the “Bond Fund”) has heretofore been  
558 created in the office of the Chief Finance and Administrative Officer, with the Debt Service  
559 Account and Reserve Account established therein, and that Fund and the Accounts therein are  
560 hereby authorized to be continued so long as the Bond is outstanding. The Bond Fund shall be  
561 drawn upon for the sole purpose of paying the principal of and interest on the Parity Bonds.

562 (a) *Payments into Debt Service Account.* As long as any Parity Bond remains  
563 outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay into the  
564 Debt Service Account out of money in the Revenue Fund, on or before the date due as provided in  
565 the Loan Agreement, the amounts necessary, together with money already in the Debt Service  
566 Account, to pay the principal of, premium, if any, and interest on the Bond as the same become  
567 due and payable.



568 If there is a deficiency in the Debt Service Account for such purpose, the City shall make  
569 up the deficiency from the Reserve Account by the withdrawal of cash therefrom for that purpose,  
570 and, if necessary, by sale or redemption of any authorized investments in the amount that will  
571 provide cash in the Reserve Account sufficient to make up any such deficiency.

572 Whenever and so long as the assets of the Debt Service Account are sufficient to provide  
573 money to pay when due a principal installment on the Bond in full, including such interest as may  
574 be due thereon, no payments need be made into the Debt Service Account pursuant to this  
575 ordinance.

576 Money in the Debt Service Account shall be held for the benefit of the owners of all Parity  
577 Bonds then outstanding and payable equally and ratably and without preference or distinction as  
578 between different series, installments, or maturities.

579 (b) *The Reserve Account.* The Reserve Account shall be maintained as a common  
580 reserve, securing the payment of the principal of and interest on the 2013 Bond, the 2013(2d)  
581 Bond, the 2014 Bond, the Bond, any Future Parity Bonds that (i) are designated as Covered Bonds  
582 in the ordinance authorizing their issuance and (ii) so long as the Bond Bank is the owner of any  
583 of the Parity Bonds, are approved as “Covered Bonds” by the Bond Bank, and the 2010 Bonds, if  
584 the Bond Bank approves designating the 2010 Bonds as “Covered Bonds” (inclusively, “Covered  
585 Bonds”). Prior to or upon the issuance of the Bond, the City will deposit into the Reserve Account  
586 funds sufficient to satisfy the Reserve Requirement for the Bond. The City covenants and agrees  
587 that from and after the closing and delivery of the Bond, it will at all times maintain an amount in  
588 the Reserve Account at least equal to the Reserve Requirement, except for withdrawals therefrom  
589 authorized by this ordinance, so long as any Covered Bonds remain outstanding. The Reserve  
590 Requirement may be maintained by deposits of cash, a Qualified Letter of Credit or Qualified  
591 Insurance, or a combination of the foregoing. All amounts other than a Qualified Letter of Credit  
592 or Qualified Insurance held in the Reserve Account shall be invested solely in Permitted  
593 Investments. In computing the amount on hand in the Reserve Account, Qualified Insurance and/or  
594 a Qualified Letter of Credit shall be valued at the face amount thereof, and all other Reserve  
595 Account investments shall be valued as provided in (d) below. As used herein, the term “cash”  
596 includes U.S. currency, cash equivalents and evidences thereof, including demand deposits,  
597 certified or cashier’s check. The deposit to the Reserve Account may be satisfied initially by the  
598 transfer of qualified investments to that account.

599 If the balances on hand in the Reserve Account are sufficient to satisfy the Reserve  
600 Requirement, interest earnings shall be applied as provided in the following sentences. Whenever  
601 there is a sufficient amount in the Bond Fund, including the Reserve Account to pay the principal  
602 of and interest on all outstanding Covered Bonds, the money in the Reserve Account may be used  
603 to pay such principal and interest. As long as the money left remaining on deposit in the Reserve  
604 Account is equal to the Reserve Requirement, money in the Reserve Account may be transferred  
605 to the Bond Fund and used to pay the principal of and interest on Covered Bonds as the same  
606 become due and payable. The City also may transfer out of the Reserve Account any money  
607 required in order to prevent any Parity Bonds from becoming “arbitrage bonds” under the Code.

608 If a deficiency in the Bond Fund for the payment of debt service on Covered Bonds occurs,  
609 the deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom

610 for that purpose and by the sale or redemption of obligations held in the Reserve Account, in such  
611 amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency  
612 with respect to Covered Bonds, and if a deficiency still exists immediately prior to an interest  
613 payment date and after the withdrawal of cash, the City shall then draw from any Qualified Letter  
614 of Credit or Qualified Insurance for Covered Bonds in sufficient amount to make up the deficiency.  
615 Such draw shall be made at such times and under such conditions as the agreement for such  
616 Qualified Letter of Credit or such Qualified Insurance provides.

617 In making the payments and credits to the Reserve Account required by this Section 8(b),  
618 to the extent that the City has obtained Qualified Insurance or a Qualified Letter of Credit for  
619 specific amounts required pursuant to this section to be paid out of the Reserve Account such  
620 amounts so covered by Qualified Insurance or a Qualified Letter of Credit will be credited against  
621 the amounts required to be maintained in the Reserve Account by this Section 8(b) to the extent  
622 that such payments and credits to be made are insured by an insurance company, or guaranteed by  
623 a letter of credit from a financial institution.

624 Any deficiency created in the Reserve Account by reason of any such withdrawal shall  
625 then be made up within one year of the date of withdrawal from Net Revenue (or out of any other  
626 money on hand legally available for such purpose) after making necessary provision for the  
627 payments required to be made by paragraphs First through Fourth in Section 7 of this ordinance.

628 Any Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than  
629 30 days' notice to the City. In the event of any cancellation, the Reserve Account shall be funded  
630 as if the Covered Bonds that remain outstanding had been issued on the date of such notice of  
631 cancellation.

632 If the City elects to meet the Reserve Requirement by using a Qualified Letter of Credit,  
633 Qualified Insurance or other equivalent credit enhancement device, the City may contract with the  
634 entity providing such Qualified Letter of Credit, Qualified Insurance or other equivalent credit  
635 enhancement device that the City's reimbursement obligation, if any, to such entity shall be made  
636 from payments of principal and interest on Covered Bonds from the City subject only to the prior  
637 lien thereon for the payments required hereunder to be made to registered owners of Parity Bonds.

638 (c) *Priority of Lien of Payments into Bond Fund and Reserve Account.* The amounts  
639 so pledged to be paid into the Bond Fund and the accounts therein from the Revenue Fund are  
640 hereby declared to be a prior lien and charge on the Revenue of the System superior to all other  
641 charges of any kind or nature whatsoever except the Operating Costs and payments required to be  
642 made to pay and secure the payment of the 2010 Bonds, and equal in rank to the lien and charge  
643 on Revenue of the System to pay and secure the payment of any Future Parity Bonds.

644 (d) *Application and Investment of Money in the Bond Fund.* Money in the Bond Fund  
645 may be kept in cash or Permitted Investments. Investments in the Debt Service Account shall  
646 mature prior to the date on which such money is needed for required interest or principal payments  
647 or having a guaranteed redemption price prior to maturity. Investments in the Reserve Account  
648 shall mature not later than the last maturity of any then outstanding Parity Bonds.

649 (e) *Sufficiency of Revenues.* The Assembly hereby finds that in fixing the amounts to  
650 be paid into the Bond Fund and the accounts therein out of Revenue of the System, it has exercised  
651 due regard for the Operating Costs and has not obligated the City to set aside and pay into the  
652 Bond Fund and the accounts therein a greater amount of such Revenue than in its judgment will  
653 be available over and above the Operating Costs and costs of paying debt service on the 2010  
654 Bonds.

655 Section 9. Defeasance. If money and/or Government Obligations, maturing at such  
656 time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire  
657 the Bond or a portion thereof in accordance with its terms, are set aside in a special account to  
658 effect such prepayment and retirement, and such money and the principal of and interest on such  
659 obligations are irrevocably set aside and pledged for such purpose, then no further payments need  
660 be made into the Bond Fund for the payment of the principal of and interest on the Bond or portion  
661 thereof so provided for, and the Bond or portion thereof shall cease to be entitled to any lien,  
662 benefit or security of this ordinance except the right to receive the money so set aside and pledged,  
663 and the Bond or portion thereof shall be deemed not to be outstanding hereunder.

664 Section 10. Specific Covenants.

665 (a) *Rate Covenant.* The City will establish, maintain and collect rates and charges for  
666 service of the Electric System for so long as the Bond is outstanding that will provide in any fiscal  
667 year hereafter Net Revenue, taking into account transfers from the Rate Stabilization Account in  
668 accordance with Section 7(c), in an amount equal to at least 125% of the Debt Service required to  
669 be paid in that fiscal year on the outstanding 2010 Bonds and Parity Bonds.

670 The City shall cause the rate coverage calculation described in this Section 10(a) to be  
671 made no later than 90 days following the end of each fiscal year. Failure to collect Revenue of the  
672 System in any fiscal year sufficient to comply with the rate covenant set forth in this Section 10(a)  
673 will not constitute an Event of Default under this ordinance if, before the 180th day of the following  
674 fiscal year, the City:

675 (1) employs a Consultant to recommend changes in the Electric System rates  
676 that are estimated to produce Revenue of the System sufficient to satisfy the rate covenant set forth  
677 in this Section 10(a); and

678 (2) imposes Electric System rates at least as high as those recommended by the  
679 Consultant that will become effective at the time or times so recommended.

680 (b) *Electric System Maintenance.* The City will at all times maintain and keep the  
681 Electric System in good repair, working order and condition, and also will at all times operate the  
682 Electric System and the business in connection therewith in an efficient manner and at a reasonable  
683 cost.

684 (c) *Disposal of Properties.* The City will not mortgage, sell, lease, or in any manner  
685 encumber or dispose of all or substantially all the property of the Electric System (voluntarily or  
686 involuntarily), unless provision is made for payment into the Bond Fund of a sum sufficient to pay  
687 the principal of, premium, if any, and interest on all outstanding Parity Bonds, nor will it mortgage,  
688 sell, lease, or in any manner encumber or dispose of (including but not limited to a disposition by

689 transfer to another public or private organization) voluntarily or involuntarily any part of the  
690 Electric System that is used, useful and material to the operation of the Electric System unless:

691 (1) the City certifies, based upon reasonable expectations, that the remaining  
692 assets of the Electric System will be sufficient to continue regular operations of the City on a  
693 financially sound basis for a period of at least five years and

694 (2) provision is made for replacement thereof or for payment into the Bond  
695 Fund of the total amount of revenue received, which shall not be less than an amount that bears  
696 the same ratio to the amount of outstanding Parity Bonds as the greatest of

697 (A) the Net Revenue available for Debt Service for such outstanding  
698 Parity Bonds for the 12 months preceding such sale, lease, encumbrance or disposal from the  
699 portion of the Electric System sold, leased, encumbered or disposed of bears to the Net Revenue  
700 available for Debt Service for such Parity Bonds from the entire Electric System for the same  
701 period;

702 (B) the Revenue of the System for the 12 months preceding such sale,  
703 lease, encumbrance or disposal from the portion of the Electric System sold, leased, encumbered  
704 or disposed of bears to the Revenue of the System for the same period;

705 (C) the proportion of assets (on a depreciated basis) allocable to the  
706 assets being sold, leased, encumbered or disposed of bears to the total assets of the Electric System;  
707 or

708 (D) the ratio of the number of customers of the City allocable to the  
709 assets being sold, leased, encumbered or disposed of to the total number of customers of the  
710 Electric System,

711 except that the City may dispose of any portion of the facilities of the Electric System up to an  
712 aggregate of 5% of the book value of the total assets of the Electric System without the requirement  
713 for any deposit to the Bond Fund as hereinabove provided.

714 Any such money so paid into the Bond Fund must be used to retire such outstanding Parity  
715 Bonds at the earliest possible date. Any money received by the City as condemnation awards,  
716 insurance proceeds or the proceeds of sale, if not deposited to the Bond Fund, shall be used for the  
717 replacement of facilities of the Electric System.

718 (d) *Books and Records.* The City will, while the Bond remains outstanding, keep  
719 proper and separate accounts and records in which complete and separate entries shall be made of  
720 all transactions relating to the Electric System, and it will furnish the registered owner of the Bond,  
721 at the written request of the owner, complete operating and income statements of the Electric  
722 System in reasonable detail covering any fiscal year, showing compliance with the terms and  
723 conditions of this ordinance, not more than 150 days after the close of such fiscal year, and it will  
724 grant the owner of the Bond the right at all reasonable times to inspect the entire Electric System  
725 and all records, accounts and data of the City relating thereto. Upon request of the owner of the  
726 Bond, it will also furnish to the owner a copy of the most recently completed audit of the City's  
727 accounts by an independent certified public accountant.

728 (e) *No Free Service.* The City will not furnish any commodity or service of the Electric  
729 System to any customer whatsoever free of charge (except as permitted by law to aid the poor, to  
730 provide for resource conservation or to provide for the proper handling of hazardous materials)  
731 and will promptly take legal action to enforce collection of all delinquent accounts.

732 (f) *Insurance.* The City will either self-insure or, as needed, and to the extent insurance  
733 coverage is available at reasonable cost with responsible insurers, keep, or cause to be kept, the  
734 Electric System and the operation thereof insured, with policies payable to the City, against the  
735 risks of direct physical loss, damage to or destruction of the Electric System, or any part thereof,  
736 and against accidents, casualties or negligence, including liability insurance and employer's  
737 liability, at least to the extent that similar insurance is usually carried by municipalities operating  
738 like utilities. If insurance policies to provide coverage required by this subsection are not  
739 obtainable at reasonable cost with responsible insurers, the City shall, prior to the lapse of such  
740 policies, deliver an opinion to that effect to the Registered Owner of the Bond.

741 Section 11. Issuing Future Parity Bonds.

742 (a) *No Senior Lien Bonds.* The City hereby covenants and agrees with the owner of  
743 the Bond that the City will hereafter issue no bonds with a lien on Revenue of the System superior  
744 to the lien thereon of the Bond, and by this covenant and agreement the City expressly waives its  
745 rights under Ordinance No. 2010-29 to issue additional bonds on a parity of lien with the 2010  
746 Bonds.

747 (b) *Conditions for Issuing Future Parity Bonds.* Except as provided in subsections (e)  
748 and (f) below, the City will issue Future Parity Bonds or incur any additional indebtedness with a  
749 parity lien or charge on Net Revenue (*i.e.*, on a parity of lien with the Bond and any other Parity  
750 Bonds at the time outstanding) only in compliance with the following conditions:

751 (1) At the time of the issuance of any Future Parity Bonds, there is no deficiency  
752 in the Bond Fund or any of the accounts therein;

753 (2) The ordinance authorizing the issuance of Future Parity Bonds will include  
754 the covenants provided in Section 10 hereof and provide that the Reserve Requirement, if any, will  
755 be funded no later than the date of delivery of the Future Parity Bonds; and

756 (3) the City will have on file a certificate (dated no earlier than the date that is  
757 90 days prior to the date of issuance of the Future Parity Bonds) relating to Net Revenue, as  
758 described in subsection (c) or (d) below, except as otherwise permitted under subsection (e) below.

759 (c) *Certificate of the City Without A Consultant.* If required pursuant to  
760 subsection (b)(3) above, a certificate may be delivered by the City, executed by the Chief Finance  
761 and Administrative Officer without a Consultant, showing that Net Revenue (which may be based  
762 on unaudited financial statements of the City if the audit has not yet been completed) for the Base  
763 Period equals at least 125% of the maximum Annual Debt Service for all 2010 Bonds and Parity  
764 Bonds then outstanding plus the proposed Future Parity Bonds.

765 (d) *Certificate of a Consultant.* If required pursuant to subsection (b)(3) above, a  
766 certificate of a Consultant may be delivered by the City showing that Net Revenue for the Base

767 Period equals at least 125% of the maximum Annual Debt Service for all 2010 Bonds and Parity  
768 Bonds then outstanding plus the proposed Future Parity Bonds. In computing Net Revenue for the  
769 purpose of this certificate, the Consultant shall use as a basis the Net Revenue (which may be  
770 based on unaudited financial statements of the City if the audit has not yet been completed) for the  
771 Base Period. Such Net Revenue may be adjusted to take into consideration changes in Net Revenue  
772 estimated to occur under one or more of the following conditions after delivery of the proposed  
773 Future Parity Bonds:

774 (1) any increase or decrease in Net Revenue projected to result from changes  
775 in rates and charges (A) adopted prior to the date of the certificate but after the beginning of the  
776 Base Period and (B) effective at any time prior to the date needed for payment of Debt Service on  
777 Parity Bonds;

778 (2) any increase or decrease in Net Revenue estimated by such engineer or  
779 accountant to result from any additions, betterments and improvements to and extensions of any  
780 facilities of the Electric System that (A) became fully operational after the beginning of the Base  
781 Period, (B) were under construction at the time of such certificate, or (c) will be constructed from  
782 the proceeds of the Future Parity Bonds to be issued;

783 (3) the additional Net Revenue that would have been received if any customers  
784 added to the Electric System after the beginning of the Base Period had been customers for the  
785 entire period.

786 The Consultant shall base the certification upon, and the certificate shall have attached  
787 thereto, financial statements of the Electric System, certified by the Chief Finance and  
788 Administrative Officer, showing income and expenses for the Base Period.

789 (e) *No Certificate Required.* The certificate described in subsection (b)(3) and  
790 subsections (c) or (d) above is not required as a condition to the issuance of Future Parity Bonds:

791 (1) if the Future Parity Bonds being issued are for the purpose of refunding  
792 outstanding Parity Bonds; or

793 (2) if the Future Parity Bonds are being issued to pay costs of construction of  
794 facilities of the Electric System for which Parity Bonds have been issued previously and the  
795 principal amount of such Future Parity Bonds being issued for completion purposes does not  
796 exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore  
797 issued for such facilities and reasonably allocable to the facilities to be completed as shown in a  
798 written certificate of the Chief Finance and Administrative Officer, and there is delivered a  
799 certificate of the Municipal Administrator stating that the nature and purpose of such facilities has  
800 not materially changed.

801 (f) *Refunding Obligations.* Nothing herein contained shall prevent the City from  
802 issuing revenue bonds to refund maturing Parity Bonds for the payment of which money is not  
803 otherwise available.

804 Section 12. Subordinate Lien Bonds. Nothing herein contained shall prevent the City  
805 from issuing revenue bonds or other obligations that are a charge upon the Revenue of the System

806 subordinate or inferior to the payments required by this ordinance to be made out of such Revenue  
807 to pay and secure the payment of any Parity Bonds. Such subordinate or inferior obligations may  
808 not be subject to acceleration. This prohibition against acceleration does not prohibit mandatory  
809 tender or other tender provisions with respect to variable rate obligations.

810 Section 13. Form of the Bond. The Bond will be in substantially the form set forth on  
811 Exhibit A.

812 Section 14. Execution of the Bond. The Bond shall be signed on behalf of the City by  
813 the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile  
814 signature of the Municipal Clerk, and the seal of the City shall be impressed or imprinted thereon.

815 Only a Bond that bears thereon a Certificate of Authentication in the form set forth in  
816 Exhibit A, manually executed by the Registrar, shall be valid or obligatory for any purpose or  
817 entitled to the benefits of this ordinance. The Certificate of Authentication shall be conclusive  
818 evidence that the Bond so authenticated has been duly executed, authenticated, registered, and  
819 delivered hereunder and is entitled to the benefits of this ordinance.

820 In case any officer of the City who has signed, attested, authenticated, registered, or sealed  
821 the Bond ceases to hold that office before the Bond so signed, attested, authenticated, registered  
822 or sealed has been actually issued and delivered, the Bond shall be valid nevertheless and may be  
823 issued by the City with the same effect as though the person who had signed, attested,  
824 authenticated, registered or sealed that Bond had not ceased to hold that office. Any Bond may  
825 also be signed, attested, authenticated, registered or sealed on behalf of the City by a person who,  
826 at the actual date of execution of the Bond is a proper officer of the City although at the original  
827 date of the Bond that person did not hold that office.

828 Section 15. Lost or Destroyed Bond. If the Bond is lost, stolen or destroyed, the  
829 Registrar may authenticate and deliver a new Bond of like amount, date, and tenor to the Registered  
830 Owner upon such owner's paying the expenses and charges of the City in connection with  
831 preparation and authentication of the replacement Bond and upon his or her filing with the  
832 Registrar evidence satisfactory to the Registrar that the Bond was actually lost, stolen or destroyed  
833 and of his or her ownership, and upon furnishing the City with indemnity satisfactory to the  
834 Registrar.

835 Section 16. Application of Bond Proceeds; Plan of Refunding. Upon the issuance of  
836 the Bond, proceeds of the Bond shall be applied, as follows:

837 (a) An amount sufficient to pay in full the outstanding balance of the AEA Loan shall  
838 be paid to or at the direction of AEA;

839 (b) An amount shall be deposited in the Reserve Account that is sufficient, with other  
840 funds on deposit therein, to satisfy the Reserve Requirement for the Bond; and

841 (c) The remaining proceeds of the Bond shall be applied to pay costs of issuance of the  
842 Bond, with any balance deposited into the Bond Fund.

843           Section 17. Sale of the Bond. The Chief Finance and Administrative Officer is  
844 authorized to negotiate the sale of the Bond to the Bond Bank on terms and conditions consistent  
845 with this ordinance and the Bond Bank’s loan approval to be set forth in a Loan Agreement by and  
846 between the City and the Bond Bank (a sample of which is set forth on Exhibit B attached hereto).  
847 The Loan Agreement will include the principal amount, date, principal installment payment  
848 schedules, interest rates, and prepayment provisions for the Bond, all as provided for in this  
849 ordinance, subject to the approval of the Municipal Administrator, which approval shall be  
850 evidenced by the Municipal Administrator’s execution of the Loan Agreement. Following the  
851 execution of the Loan Agreement, the Chief Finance and Administrative Officer shall provide a  
852 report to the Assembly, describing the final terms of the Bond approved pursuant to the authority  
853 delegated by this ordinance.

854           The authority granted to the Chief Finance and Administrative Officer and Municipal  
855 Administrator by this section for the initial sale of the Bond shall expire on December 31, 2020. If  
856 a Loan Agreement for the Bond has not been executed by December 31, 2020, the authorization  
857 for the issuance of the Bond shall be rescinded, and the Bond shall not be issued nor its sale  
858 approved unless the Bond is re-authorized by ordinance. The ordinance reauthorizing the issuance  
859 and sale of the Bond may be in the form of a new ordinance repealing this ordinance in whole or  
860 in part (only with respect to the Bond not issued) or may be in the form of an amendatory ordinance  
861 approving a Loan Agreement or establishing terms and conditions for the authority delegated under  
862 this section.

863           The proper officials of the City and their agents and representatives are hereby authorized  
864 and directed to do everything necessary for the prompt execution and delivery of the Bond to the  
865 Bond Bank in accordance with the provisions of this ordinance and the Loan Agreement.

866           The Chief Finance and Administrative Office and Municipal Administrator are further  
867 authorized from time to time to approve a revised schedule of principal payment amounts and  
868 interest rates for the Bond, in accordance with the refinancing provisions of the Loan Agreement  
869 in connection with a refunding of the Bond Bank Bonds, so long as the revised debt service  
870 schedule is financially advantageous to the City. The Municipal Administrator is authorized to  
871 sign an amendment to the Loan Agreement that sets forth the revised debt service schedule, and  
872 the Municipal Administrator, Chief Finance and Administrative Officer, Municipal Attorney,  
873 Municipal Clerk, and other appropriate officers of the City are authorized and directed to take such  
874 steps, to do such other acts and things, and to execute such letters, certificates, agreements, or  
875 instruments as in their judgment may be necessary, appropriate or desirable for refinancing the  
876 Bonds in connection with a refunding of the Bond Bank Bonds.

877  
878           Section 18. Events of Default.

879           To protect and safeguard the covenants and obligations undertaken by the City securing  
880 the Bond, the City hereby covenants and agrees with the purchaser and owner from time to time  
881 of the Bond that the following shall constitute “Events of Default”:

- 882           (1) If default is made in the due and punctual payment of the principal of or  
883 premium, if any, on any of the Parity Bonds when the same become due and payable, either at maturity  
884 or by proceedings for redemption or otherwise;



885 (2) If default is made in the due and punctual payment of any installment of interest  
886 on any Parity Bond;

887 (3) If the City fails, by any Sinking Fund Requirement date, to have purchased or  
888 redeemed Term Bonds in a cumulative principal amount at least equal to the cumulative Sinking Fund  
889 Requirements at such Sinking Fund requirement date;

890 (4) If the City defaults in the observance and performance of any other of the  
891 covenants, conditions and agreements on the part of the City contained in this ordinance and such  
892 default or defaults continues for a period of 90 days after the City receives from a representative of (a)  
893 owners of not less than 66% in principal amount of the Parity Bonds then outstanding or (b) the Bond  
894 Bank, if the Bond Bank is then the Registered Owner of any of the Parity Bonds, a written notice  
895 specifying and demanding the cure of such default;

896 (5) If the City (except as herein permitted) sells, transfers, assigns or conveys any  
897 properties constituting the Electric System or interests therein, or makes any agreement for such sale  
898 or transfer (except as expressly authorized herein);

899 (6) If an order, judgment or decree is entered by any court of competent  
900 jurisdiction: (a) appointing a receiver, trustee or liquidator for the City or the whole or any substantial  
901 part of the Electric System; (b) approving a petition filed against the City seeking the bankruptcy,  
902 arrangement or reorganization of the City under any applicable law of the United States or the State of  
903 Alaska; or (c) assuming custody or control of the City or of the whole or any substantial part of the  
904 Electric System under the provisions of any other law for the relief or aid of debtors and such order,  
905 judgment or decree is not vacated or set aside or stayed (or, in case custody or control is assumed by  
906 said order, such custody or control is not otherwise terminated) within 90 days from the date of the  
907 entry of such order, judgment or decree; or

908 (7) If the City: (a) admits in writing its inability to pay its debts generally as they  
909 become due; (b) files a petition in bankruptcy or seeking a composition of indebtedness under any state  
910 or federal bankruptcy or insolvency law; (c) makes an assignment for the benefit of its creditors;  
911 (d) consents to the appointment of a receiver of the whole or any substantial part of the Electric System;  
912 or (e) consents to the assumption by any court of competent jurisdiction under the provisions of any  
913 other law for the relief or aid of debtors of custody or control of the City or of the whole or any  
914 substantial part of the Electric System.

915 Section 19. Remedies Available for an Event of Default.

916 (a) *Waivers of Default.* No delay or omission of the owners of the Parity Bonds to  
917 exercise any right or power arising upon the happening of an Event of Default shall impair any  
918 right or power or shall be construed to be a waiver of any such Event of Default or to be an  
919 acquiescence therein; and every power and remedy given by this Section to the owners of Parity  
920 Bonds may be exercised from time to time and as often as may be deemed expedient by such  
921 owners.

922 The owners of not less than 66% in principal amount of the Parity Bonds at the time  
923 outstanding (the "Majority Bondowners"), or their attorneys-in-fact duly authorized, may on  
924 behalf of the owners of all of the Parity Bonds waive any past default under this ordinance and its  
925 consequences, except a default in the payment of the principal of, premium, if any, or interest on

926 any of the Parity Bonds. No such waiver shall extend to any subsequent or other default or impair  
927 any right consequent thereon.

928 (b) *Suits at Law or in Equity.* The Majority Bondowners may, upon the happening of  
929 an Event of Default, and during the continuance thereof, take such steps and institute such suits,  
930 actions or other proceedings all as may be deemed appropriate for the protection and enforcement  
931 of the rights of owners of the Parity Bonds to collect any amounts due and owing the City, or to  
932 obtain other appropriate relief, and may enforce the specific performance of any covenant,  
933 agreement or condition contained in this ordinance, or in any of the Parity Bonds.

934 Any action, suit or other proceedings instituted by the Majority Bondowners hereunder  
935 shall be brought in its name on behalf of all owners of the Parity Bonds, and all such rights of  
936 action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced  
937 by the Majority Bondowners without the possession of any of said Parity Bonds and without the  
938 production of the same at any trial or proceedings relative thereto except where otherwise required  
939 by law, and the respective owners of said Parity Bonds, by taking and holding the same, shall be  
940 conclusively deemed irrevocably to appoint the Majority Bondowners the true and lawful trustee  
941 of the respective owners of the Parity Bonds, with authority to institute any such action, suit or  
942 proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account  
943 of the Parity Bonds; to execute any paper or documents for the receipt of such money, and to do  
944 all acts with respect thereto that the owner of a Parity Bond might have done in person. Nothing  
945 herein contained shall be deemed to authorize or empower the Majority Bondowners to consent to  
946 accept or adopt, on behalf of any owner of any Parity Bond, any plan or reorganization or  
947 adjustment affecting the Parity Bonds or any right of any owner thereof, or to authorize or  
948 empower the Majority Bondowners to vote the claims of the owners thereof in any receivership,  
949 insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City shall be  
950 a party.

951 Nothing contained in this ordinance shall, in any event or under any circumstance, be deemed  
952 to authorize the acceleration of maturity of principal on Parity Bonds outstanding, and the remedy of  
953 acceleration is expressly denied to the owners of Parity Bonds outstanding under any circumstances  
954 including, without limitation, upon the occurrence and continuance of an Event of Default.

955 (c) *Books of City Open to Inspection.* The City covenants that if an Event of Default  
956 occurs and is not remedied, the books of record and account of the City will at all reasonable times  
957 be subject to the inspection and use of the owners of any Parity Bonds.

958 The City covenants that if an Event of Default happens and is not remedied, the City will  
959 continue to account, as trustee of an express trust, for all Revenues of the System and other money,  
960 securities and funds pledged under this ordinance.

961  
962 Section 20. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of  
963 the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an  
964 “obligated person” with respect to the Bond Bank Bonds or other bonds issued by the Bond Bank.  
965 In accordance with the Rule and as the Bond Bank may require, the City shall undertake to provide  
966 certain annual financial information and operating as shall be set forth in the Loan Agreement.



999 NO. \_\_\_\_\_ \$ \_\_\_\_\_  
 1000  
 1001 UNITED STATES OF AMERICA  
 1002  
 1003 STATE OF ALASKA  
 1004  
 1005 CITY AND BOROUGH OF SITKA  
 1006 JUNIOR LIEN ELECTRIC REVENUE REFUNDING BOND, 20\_\_ (TAXABLE)  
 1007  
 1008 INTEREST RATE: \_\_\_\_\_ FINAL MATURITY DATE: \_\_\_\_\_  
 1009 SEE BELOW  
 1010 REGISTERED OWNER: ALASKA MUNICIPAL BOND BANK  
 1011 PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100 DOLLARS

1012 The City and Borough of Sitka, Alaska (the “City”), a municipal corporation organized and  
 1013 existing under and by virtue of its charter and the laws and Constitution of the State of Alaska,  
 1014 hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner  
 1015 identified above, or registered assigns, the principal amount specified above, in installments  
 1016 payable as set forth below, together with interest on such installments from the date hereof or the  
 1017 most recent date to which interest has been paid or duly provided for, at the interest rates set forth  
 1018 below, on \_\_\_\_\_ 1, 20\_\_, and on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1 thereafter until payment of  
 1019 the principal sum has been made or duly provided for.

Principal Installment Payment Year (_____ 1)	Principal Installment Amount	Interest Rate
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		

1020 Both principal of and interest on this bond are payable solely from the special fund of the  
 1021 City known as the City and Borough of Sitka 2013 Electric Revenue Bond Redemption Fund (the  
 1022 “Bond Fund”). Payments of principal of and interest on this bond shall be made in lawful money  
 1023 of the United States of America. Installments of principal of and interest on this bond are payable  
 1024 by check or draft of the Chief Finance and Administrative Officer of the City (the “Registrar”)  
 1025 mailed on the date such interest is due to the Registered Owner at the address appearing on the  
 1026

1027 Bond Register as of the fifteenth day of the month preceding the interest payment date. The final  
1028 installment of principal of and interest on this bond shall be paid to the Registered Owner upon  
1029 presentation and surrender of this bond at the office of the Registrar. Notwithstanding the  
1030 foregoing, so long as the Bond Bank is the Registered Owner of this bond, payments of principal  
1031 of and interest on this bond shall be made to the Bond Bank in accordance with the Loan  
1032 Agreement.

1033 This bond is issued pursuant to Ordinance No. 2020-30, passed June 9, 2020 (the “Bond  
1034 Ordinance”), to provide funds to refinance an outstanding loan to the City from the Alaska Energy  
1035 Authority. Capitalized terms used in this bond and not otherwise defined herein have the meanings  
1036 given those terms in the Bond Ordinance.

1037 Principal installments of this bond are subject to prepayment as provided in the Bond  
1038 Ordinance and in the Loan Agreement.

1039 The City does hereby pledge and bind itself to set aside from the Electric System Revenue  
1040 Fund of the City created by the Bond Ordinance, and to pay into the Bond Fund and the Accounts  
1041 therein, the various amounts required by the Bond Ordinance to be paid into and maintained in  
1042 said Fund and Accounts, all within the times provided by the Bond Ordinance. The City has further  
1043 pledged and bound itself to pay into the Revenue Fund as collected, all Revenue of the System.

1044 The amounts so pledged to be paid out of the Revenue Fund into the Bond Fund and  
1045 Accounts therein are hereby declared to be a prior lien and charge upon money in the Revenue  
1046 Fund superior to all other charges of any kind or nature except Operating Costs and the costs of  
1047 paying and securing payment of the 2010 Bonds and equal in rank to the lien and charge on the  
1048 money in the Bond Fund to pay and secure the payment of other Parity Bonds.

1049 The pledge of Revenue of the System for payment of principal of and interest on this bond  
1050 may be discharged prior to maturity of this bond by making provision for the payment thereof on  
1051 the terms and conditions set forth in the Bond Ordinance and Loan Agreement.

1052 This bond will not be valid or become obligatory for any purpose or be entitled to any  
1053 security or benefit under the Bond Ordinance until the Certificate of Authentication hereon has  
1054 been manually signed by the Registrar.

1055 It is hereby certified and declared that this bond is issued pursuant to and in strict  
1056 compliance with the Constitution and laws of the State of Alaska and the charter, ordinances, and  
1057 resolutions of the City, that all acts, conditions and things required to be done precedent to and in  
1058 the issuance of this bond have happened, been done and performed, and that this bond does not  
1059 exceed any Constitutional or statutory limitations.

1060 IN WITNESS WHEREOF, the City and Borough of Sitka, Alaska, has caused this bond to  
1061 be signed on behalf of the City with the manual or facsimile signature of the Mayor, to be attested  
1062 by the manual or facsimile signature of the Municipal Clerk, and the seal of the City to be imprinted  
1063 or impressed hereon, as of this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

1064 CITY AND BOROUGH OF SITKA,  
1065 ALASKA

1066  
1067  
1068 By \_\_\_\_\_ /s/  
1069 Gary L. Paxton, Mayor

1070 [SEAL]

1071  
1072 ATTEST:

1073  
1074  
1075 /s/ \_\_\_\_\_  
1076 Sara Peterson, MMC  
1077 Municipal Clerk

1078  
1079 CERTIFICATE OF AUTHENTICATION

1080  
1081 Date of Authentication: \_\_\_\_\_

1082 This is the City and Borough of Sitka, Alaska, Junior Lien Electric Revenue Refunding  
1083 Bond, 20\_\_ (Taxable), dated \_\_\_\_\_, 20\_\_, as described in the Bond Ordinance.

1084  
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1087 \_\_\_\_\_  
1088 Chief Finance and Administrative Officer,  
1089 City and Borough of Sitka, Alaska, as  
1090 Registrar

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**EXHIBIT B**

**FORM OF  
LOAN AGREEMENT**

THIS LOAN AGREEMENT, dated as of the \_\_\_ day of \_\_\_\_\_ 20\_\_ (the "Loan Agreement"), 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] [Borough], Alaska, a duly constituted \_\_\_\_\_ [City] [Borough] of the State (the "[City] [Borough]"):

WITNESSETH:

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

WHEREAS, the [City] [Borough] is a "Governmental Unit" as defined in the General Bond Resolution of the Bank hereinafter mentioned and is authorized to accept a Loan from the Bank, evidenced by its municipal bond; and

WHEREAS, the [City] [Borough] desires to borrow money from the Bank in the amount not to exceed \$ \_\_\_\_\_ and has submitted an application to the Bank for a Loan in the amount not to exceed \$ \_\_\_\_\_; and

WHEREAS, the [City] [Borough] has duly authorized the issuance of its fully registered bond in the principal amount of \$ \_\_\_\_\_ (the "Municipal Bond"), which Municipal Bond is to be purchased by the Bank as evidence of and security for the [City's] [Borough's] obligation to repay the Loan in accordance with this Loan Agreement; and

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

WHEREAS, to provide for the issuance of bonds of the Bank to obtain from time to time money with which to make and/or refinance Loans, the Board of Directors of the Bank (the "Board") has adopted its General Obligation Bond Resolution on July 13, 2005, as amended (the "General Bond Resolution"); and

WHEREAS, the Board approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding; and

WHEREAS, on April [\_\_], 2020, the Board adopted Series Resolution No. 2020-[\_\_] (the "Series Resolution" and together with the General Bond Resolution, the "Bond Resolution"), authorizing the Bank to, among other things, issue the Bank's General Obligation and Refunding Bonds, 2020 Series One Bonds and General Obligation and Refunding Bonds, 2020 Series Two

CERTIFICATE

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I, the undersigned, duly chosen, qualified and acting Municipal Clerk of the City and Borough of Sitka (the “City”) and keeper of the records of the Assembly, DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Ordinance No. 2020-\_\_\_\_\_ of the Assembly (the “Ordinance”), as finally adopted at a regular meeting of the Assembly held on \_\_\_\_\_, 2020, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum of the Assembly was present throughout the meeting and a legally sufficient number of members of the Assembly voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Municipal Clerk  
City and Borough of Sitka