

Requested by: Chairman of the Assembly
at the request of the Mayor

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CLERK'S OFFICE

APPROVED

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MUNICIPALITY OF ANCHORAGE, ALASKA

ORDINANCE NO. AO 2003-103

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR THE ISSUANCE OF SUBORDINATE LIEN WATER REVENUE AND REFUNDING BONDS OF THE MUNICIPALITY IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$48,000,000 FOR THE PURPOSE OF PROVIDING PART OF THE FUNDS TO REFUND CERTAIN OUTSTANDING SENIOR LIEN WATER REVENUE BONDS OF THE MUNICIPALITY AND TO PROVIDE FOR CERTAIN IMPROVEMENTS TO THE WATER UTILITY AND TO PAY COSTS OF ISSUANCE; FIXING CERTAIN COVENANTS AND PROTECTIVE PROVISIONS SAFEGUARDING THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE DATE, FORM, TERMS, MATURITIES AND MANNER OF SALE OF THE BONDS; DELEGATING TO THE CHIEF FISCAL OFFICER AND/OR ACTING CHIEF FISCAL OFFICER THE APPROVAL OF FINAL MATURITY AMOUNTS AND INTEREST RATES ON SAID BONDS; AUTHORIZING AN OFFICIAL STATEMENT; APPOINTING AN ESCROW AGENT; APPROVING THE FORM OF AN ESCROW DEPOSIT AGREEMENT; AUTHORIZING THE SALE OF SUCH BONDS; AND REPEALING ORDINANCE NO. AO 2003-59.

WHEREAS, the Municipality of Anchorage, Alaska (the "Municipality"), owns, operates and maintains a water utility (hereinafter defined as the "System") which is in need of certain additions, improvements and extensions (hereinafter defined as the "Projects"); and

1 WHEREAS, the Municipality has outstanding the following described revenue bonds
 2 having a prior lien on the revenues of the System:

<u>Authorizing Ordinance</u>	<u>Bond Designation</u>	<u>Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding (3/1/03)</u>
AO 93-144(S)	Senior Lien Water Revenue and Refunding Bonds, 1993 ("1993 Bonds")	September 1, 1993	\$ 18,585,000	\$ 6,260,000
AO 98-71	Senior Lien Water Revenue and Refunding Bonds, 1998 ("1998 Bonds")	June 1, 1998	28,930,000	23,255,000

3
 4 (collectively, the "Prior Lien Bonds"); and

5 WHEREAS, the Municipality has outstanding the following described revenue bonds
 6 having a subordinate lien on the revenues of the System:

<u>Authorizing Ordinance</u>	<u>Bond Designation</u>	<u>Date of Bonds</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding (3/1/03)</u>
AO 99-118(S)	Subordinate Lien Water Revenue and Refunding Bonds, 1999	October 15, 1999	\$ 68,515,000	\$ 63,970,000

7
 8 (the "1999 Bonds"); and

9 WHEREAS, the 1993 Bonds issued pursuant to Ordinance No. AO 93-144(S) passed on
 10 September 21, 1993, (the "1993 Bond Ordinance"), mature in principal amounts and bear interest
 11 as follows:

Maturity Years (March 1)	Principal Amounts	Interest Rates
2004	\$ 1,565,000	4.80%
2005	1,640,000	4.90
2006	1,715,000	5.00
2013	1,340,000	5.25

1 ; and

2 WHEREAS, the 1993 Bond Ordinance authorizes the defeasance and optional
3 redemption of the 1993 Bonds maturing on or after March 1, 2004 at a price of par plus accrued
4 interest to the date of redemption, in whole on any date on and after March 1, 2003; and

5 WHEREAS, as a result of changed market conditions it appears that substantial debt
6 service savings may be obtained by refunding the 1993 Bonds through the issuance of the bonds
7 herein authorized (hereinafter defined as the "Refunding Bonds"); and

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

11 WHEREAS, in order to effect such refunding in the most economical manner it is
12 deemed necessary and advisable that the proceeds of the sale of the Refunding Bonds and, if
13 necessary, other moneys available and required for refunding purposes be invested in obligations
14 maturing in such amounts and at such times as are required to redeem and retire the 1993 Bonds
15 maturing on and after March 1, 2004 at a price of par plus accrued interest to the date of
16 redemption; and

17 WHEREAS, because the amount of Refunding Bond proceeds and the obligations
18 necessary to effect the refunding of the 1993 Bonds depend, in part, on the interest rate or rates to
19 be borne by the Bonds to be issued pursuant to this ordinance, the exact amount of Refunding

1 Bond proceeds required and the specific obligations to be acquired shall be fixed in accordance
2 with the terms set forth herein; and

3 WHEREAS, the Municipality now deems it to be in the best interest of the inhabitants of
4 the Municipality to provide for the financing of the Projects by the issuance of the bonds herein
5 authorized (hereinafter defined as the "Improvement Bonds"); and

6 WHEREAS, it appears to the Assembly that it is in the best interest of the Municipality
7 that the Improvement Bonds and Refunding Bonds be sold in a single issue of water revenue and
8 refunding bonds (hereinafter defined as the "Bonds") with an aggregate principal amount of not
9 to exceed \$48,000,000; and

10 WHEREAS, Ordinance No. AO 99-118(S) permits the Municipality to issue bonds in the
11 future on a parity with the 1999 Bonds upon compliance with the terms and conditions set forth
12 in the Ordinance No. AO 99-118(S); and

13 WHEREAS, the Municipality has been assured that said conditions have or will be
14 complied with prior to the closing and delivery of the Bonds; and

15 WHEREAS, it is necessary to establish the form, terms, date, payment dates, conditions,
16 covenants and method of sale of such Bonds and to make provision for establishing the amounts,
17 redemption rights, interest rates and maturities thereof; and

18 WHEREAS, the Municipality passed and approved Ordinance No. AO 2003-59 on
19 April 22, 2003 providing for the issuance of the Bonds; and

20 WHEREAS, the closing for the issuance of the Bonds was delayed by several months due
21 to unforeseen circumstances; and

22 WHEREAS, it would be in the best interest of the Municipality to repeal
23 Ordinance No. AO 2003-59 and replace it with this ordinance;

24 NOW, THEREFORE, THE MUNICIPALITY OF ANCHORAGE ORDAINS:

1 Section 1. Purpose. The purpose of this Series Ordinance is to authorize the issuance
2 and sale of not to exceed \$48,000,000 of subordinate lien water revenue and refunding bonds, to
3 fix the form, covenants and method of sale of said bonds and to provide for establishing the
4 amount, date, payment dates, redemption rights and maturities of said bonds. The purpose for
5 the issuance of the water revenue and refunding bonds authorized herein is to pay part of the cost
6 of refunding the 1993 Bonds, to pay and reimburse the Municipality for the cost of the Projects
7 described in Section 4 of this ordinance, fund a portion of the New Lien Reserve Account
8 Requirement, to capitalize interest on a portion of the Bonds and to pay costs of issuance.

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

11 *Accreted Value* means (1) with respect to any Capital Appreciation Bonds, as of any date
12 of calculation, the sum of the amount set forth in the Series Ordinance as the amount
13 representing the initial principal amount of such Capital Appreciation Bonds plus the interest
14 accumulated, compounded and unpaid thereon as of the most recent compounding date, or
15 (2) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount
16 representing the initial public offering price of such Original Issue Discount Bonds plus the
17 amount of discounted principal which has accreted since the date of issue. In each case the
18 Accreted Value shall be determined in accordance with the provisions of the Series Ordinance
19 authorizing the issuance of such Capital Appreciation Bonds or Original Issue Discount Bonds.

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

22 (i) any bonds or other obligations which as to principal and interest constitute
23 direct obligations of, or are unconditionally guaranteed by, the United States of America,
24 including obligations of any federal agency or corporation which has been or may hereafter be

1 created pursuant to an act of Congress as an agency or instrumentality of the United States of
2 America to the extent unconditionally guaranteed by the United States of America; and

3 (ii) any bonds or other obligations of any state of the United States of America
4 or of any agency, instrumentality or local governmental unit of any such state (a) which are not
5 callable at the option of the obligor prior to maturity or as to which irrevocable instructions have
6 been given to the trustee of such bonds or other obligations by the obligor to give due notice of
7 redemption and to call such bonds for redemption on the date or dates specified in such
8 instructions, (b) which are fully secured as to principal and interest and redemption premium, if
9 any, by a fund consisting only of cash or bonds or other obligations of the character described in
10 clause (i) hereof which fund may be applied only to the payment of such principal of and interest
11 and redemption premium, if any, on such bonds or other obligations on the maturity date or dates
12 thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as
13 appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the
14 character described in clause (i) hereof which have been deposited in such fund along with any
15 cash on deposit in such fund are sufficient to pay principal of and interest and redemption
16 premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity
17 date or dates thereof or on the redemption date or dates specified in the irrevocable instructions
18 referred to in subclause (a) of this clause (ii), as appropriate.

19 ***Acting Chief Fiscal Officer*** means the duly appointed acting chief fiscal officer of the
20 Municipality.

21 ***Annual Debt Service*** means the total amount of Debt Service for any New Lien Bond or
22 series of New Lien Bonds in any fiscal year or Base Period.

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

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

3 (ii) the amount of any payments required to be made during such year into any
4 sinking fund established for the payment of any such bonds, plus

5 (iii) all interest payable during such year on any such bonds outstanding,
6 calculated on the assumption that mandatory redemptions of bonds for which no sinking fund
7 installments have been established will be made in accordance with the mandatory call schedule,
8 and that mandatory sinking fund installments will be applied to the redemption or retirement of
9 such bonds on the earlier of the date specified in such bonds or the first par call date. Such
10 amount shall be net of any interest and principal funded out of bond proceeds.

11 ***Arbitrage and Tax Certification*** means the certificate of that name executed and
12 delivered by the Municipality at the time of issuance and delivery of the Bonds.

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

15 ***Available Revenues*** means for any fiscal year or other period of time, the Gross
16 Revenues and interest and profits derived from the investment of moneys held in the New Lien
17 Bond Fund during such period less Operating Expenses and the payments described in
18 paragraphs Second and Third of Section 12 of this ordinance for such period.

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

1 **Base Period** means any consecutive 12-month period selected by the Municipality out of
2 the 30-month period next preceding the date of issuance of an additional series of New Lien
3 Bonds.

4 **Beneficial Owner** means the beneficial owner of all or a portion of a Bond while such
5 Bond is in book-entry only form.

6 **Bond** or **Bonds** means any of the water revenue and refunding bonds of the Municipality
7 the issuance and sale of which are authorized herein, consisting of the Improvement Bonds and
8 the Refunding Bonds.

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

11 **Bond Register** means the registration books maintained by the Registrar containing the
12 names and addresses of the Registered Owners of the Bonds.

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

19 **Call Date** means the date designated by the Chief Fiscal Officer and/or Acting Chief
20 Fiscal Officer as the date on which the 1993 Bonds will be paid and redeemed (not more than 90
21 days after the date of closing and delivery of the Bonds).

22 **Capital Appreciation Bonds** means New Lien Bonds all or a portion of the interest on
23 which is compounded, accumulated and payable only upon redemption or on the maturity date of
24 such New Lien Bonds. If so provided in the Series Ordinance authorizing their issuance, New

1 Lien Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term.
2 On the date on which New Lien Bonds no longer are Capital Appreciation Bonds, they shall be
3 deemed Outstanding in a principal amount equal to their Accreted Value.

4 **Charter** means the Anchorage Municipal Charter as the same may be amended from time
5 to time.

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

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

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

11 **Consultant** means at any time an independent consultant nationally recognized in water
12 utility matters or an engineer or engineering firm or other expert appointed by the Municipality to
13 perform the duties of the Consultant as required by this ordinance. For the purposes of delivering
14 any certificate required by Section 20 hereof and making the calculation required by Section 20
15 hereof, the term Consultant shall also include any independent national public accounting firm
16 appointed by the Municipality to make such calculation or to provide such certificate or
17 nationally recognized financial advisor appointed by the Municipality for purposes of making
18 such calculation.

19 **Coverage Requirement** means (i) Net Revenues equal to or greater than 115% of the
20 maximum Annual Debt Service with respect to all Prior Lien Bonds and (ii) Available Revenues
21 equal to or greater than 115% of Maximum Annual Debt Service.

22 **Credit Facility** means either or both a Qualified Letter of Credit or Qualified Insurance.

23 **Date of Commercial Operation** means the date upon which any facilities of the System
24 are first ready for normal continuous operation or, if portions of the facilities are placed in

1 normal continuous operation at different times, shall mean the midpoint of the dates of
2 continuous operation of all portions of such facilities, as estimated by the Municipality or, if used
3 with reference to facilities of the System to be acquired, shall mean the date on which such
4 acquisition is final.

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

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

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

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

1 as of the date of such computation would be amortized (i) in accordance with the mandatory
2 redemption provisions, if any, set forth in the Series Ordinance authorizing the issuance of such
3 New Lien Bonds, or if mandatory redemption provisions are not provided, during a period
4 commencing on the date of computation and ending on the date 30 years after the date of
5 issuance (ii) at an interest rate equal to 80% of the yield to maturity set forth in the 40-Bond
6 Index published in the edition of *The Bond Buyer* (or comparable publication or such other
7 similar index selected by the Municipality with the approval of the Consultant, if applicable)
8 selected by the Municipality and published within ten days prior to the date of calculation or, if
9 such calculation is being made in connection with the certificate required by Section 20 hereof,
10 then within ten days of such certificate, (iii) to provide for essentially level annual debt service of
11 principal and interest over such period; and

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

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

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

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

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

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

12 (b) for which the Municipality's obligations to make all or any portion of
13 Municipality Payments may be secured by a pledge of and lien on Available Revenues on an
14 equal and ratable basis with the Outstanding New Lien Bonds;

15 (c) under which Reciprocal Payments are to be made directly into a bond fund
16 for Outstanding New Lien Bonds;

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

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

21 **Derivative Product Account** means the Derivative Product Account, if any, created and
22 established under a Series Ordinance.

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

4 **Escrow Agent** means U.S. Bank National Association or its successor, acting in the
5 capacity of Escrow Agent pursuant to the Escrow Agreement.

6 **Escrow Agreement** means the Escrow Agent Agreement pursuant to which the proceeds
7 of the Refunding Bonds will be held by the Escrow Agent to defease the 1993 Bonds.

8 **Estimated Average Derivative Rate** means:

9 (a) as to the variable rate payments to be made by a party under any
10 Derivative Product,

11 (i) to the extent such variable rate payments have been made for a
12 period of 12 months or more, the higher (in the case of variable rate Municipality Payments), or
13 the lower (in the case of variable rate Reciprocal Payments) of:

14 (A) the weighted average rate of interest applicable to such
15 payments during the immediately preceding 12-month period; or

16 (B) the rate applicable under the related Derivative Product as
17 of the date of determination; or

18 (ii) to the extent such variable rate payments have not been made for a
19 period of 12 months or more, the most current actual rate used in calculating such variable rate
20 payments; and

21 (b) as to any Derivative Products which have been authorized to be entered
22 into by the Municipality but have not yet been executed or become effective, the variable rate
23 will be estimated by applying the variable rate formula specified in the contract to the most
24 recently published rate for the floating rate index or other equivalent specified in the Derivative

1 Product as the basis upon which the variable rate will be determined, *provided that*, when the
2 variable rate to be used in a Derivative Product is specified as the rate or rates applicable to one
3 or more specified maturities of New Lien Bonds, the variable rate or rates under the Derivative
4 Product will be deemed to be the same rate or rates estimated for the specified maturity or
5 maturities of the specified New Lien Bonds, and *provided further that*, if two or more Derivative
6 Products each specify the same index and formula for determining and setting their respective
7 variable rates, on the same dates, and for the same periods of time, and with respect to identical
8 derivative principal amounts, all such Derivative Products shall be deemed to have the same
9 Estimated Average Derivative Rate, calculated in accordance with paragraphs (a)(i) and (a)(ii) of
10 this definition and, where applicable, with respect to the first of such Derivative Products to
11 become effective.

12 ***Fiscal Year*** means the fiscal year of the Municipality, which currently is the calendar
13 year.

14 ***Fitch*** means Fitch, Inc., a corporation organized and existing under the laws of the State
15 of Delaware, its successors and their assigns, and, if such organization shall be dissolved or
16 liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be
17 deemed to refer to any other nationally-recognized securities rating agency (other than S&P or
18 Moody's) designated by the Chief Fiscal Officer and/or Acting Chief Fiscal Officer.

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

1 **Future New Lien Bonds** means revenue bonds or other revenue obligations issued by the
2 Municipality in the future with a lien on Available Revenues equal to the lien thereon of the 1999
3 Bonds and the Bonds.

4 **Government Obligations** means any of the following: (i) any bonds or other obligations
5 which, as to principal and interest, constitute direct obligations of, or are unconditionally
6 guaranteed by, the United States of America; (ii) bonds, debentures, or other evidences of
7 indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter
8 be created pursuant to an act of Congress as an agency or instrumentality of the United States of
9 America; (iii) obligations of financial institutions insured by the federal government, to the
10 extent insured; and (iv) bank certificates of deposit secured by obligations described in (i) and (ii)
11 hereof.

12 **Gross Revenues** means all rates and charges and other income, (including income from
13 Water Fund investments) in each case derived by or for the account of the Municipality from the
14 ownership, leasing or operation of the System, except proceeds from the sale of the bonds or
15 notes, any grants received for the System and interest received and profits derived from the
16 investment of moneys obtained from such sources or from moneys held in any fund solely to pay
17 or secure the payment of any bonds or notes issued in connection with the System.

18 Gross Revenue shall include any withdrawal from the Rate Stabilization Account and
19 shall exclude transfers to the Rate Stabilization Account, as described in Section 18 of this
20 Ordinance.

21 **Improvement Bonds** means that portion of the Bonds authorized to be issued herein for
22 the purpose of financing the cost of additional capital projects pursuant to Section 4 of this
23 ordinance.

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

3 **Maximum Annual Debt Service** means, with respect to any Outstanding series of New
4 Lien Bonds, the highest remaining Annual Debt Service for such series of New Lien Bonds or
5 Derivative Products, as the case may be.

6 **Mayor** means the Mayor of the Municipality, elected pursuant to Section 5.01 of the
7 Charter.

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

14 **MSRB** means the Municipal Securities Rulemaking Board or any successor to its
15 functions.

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

19 **Municipal Manager** means the Municipal Manager of the Municipality.

20 **Municipal Utility Service Assessments** means assessments levied pursuant to Ordinance
21 No. AO 88-162, as amended by Ordinance No. AO 88-173, as the same may be further amended,
22 repealed and superseded from time to time and any successor assessments levied by the
23 Municipality against the System, to be paid in lieu of property taxes for governmental services.

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

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

6 **1993 Bond Ordinance** means Ordinance No. AO 93-144(S), passed on
7 September 21, 1993.

8 **1993 Bonds** means the Municipality of Anchorage, Alaska, Senior Lien Water Revenue
9 and Refunding Bonds, 1993, issued pursuant to the 1993 Bond Ordinance, which remain
10 outstanding in the principal amount of \$6,260,000.

11 **1999 Bonds** means the Municipality of Anchorage, Alaska, Subordinate Lien Water
12 Revenue and Refunding Bonds, 1999, issued pursuant to Ordinance No. AO 99-118(S).

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

15 **Net Revenues** means for any fiscal year or other period of time, the Gross Revenues and
16 interest and profits derived from the investment of moneys held in the New Lien Bond Fund and
17 the Prior Lien Bond Fund during such period less Operating Expenses for such period.

18 **New Lien Bond Fund** means the special fund designated as the "Anchorage Water
19 Revenue Bond Fund" and maintained pursuant to Section 12 of Ordinance No. AO 99-118(S)
20 and Section 13 of this ordinance.

21 **New Lien Bonds** means the 1999 Bonds described in the recitals of this ordinance, the
22 Bonds and any Future New Lien Bonds.

23 **New Lien Reserve Account** means the special fund of that name created pursuant to
24 Section 12 of Ordinance No. AO 99-118(S).

1 ***New Lien Reserve Account Requirement*** means an amount equal to the lesser of (i) 10%
2 of the net proceeds of each series of New Lien Bonds, (ii) Maximum Annual Debt Service (with
3 respect to the series of New Lien Bonds being secured by such New Lien Reserve Account
4 Requirement), (iii) 1.25 times average Annual Debt Service (with respect to the series of New
5 Lien Bonds being secured by such New Lien Reserve Requirement) or (iv) such lesser amount as
6 shall be required to maintain the exemption of interest of any New Lien Bonds from taxation
7 under the Code.

8 ***NRMSIR*** means a nationally recognized municipal securities information repository.

9 ***Operating Expenses*** means the current expenses incurred for operation, maintenance or
10 repair of the System of a non-capital nature, and shall include, without limiting the generality of
11 the foregoing, payments required by any water purchase agreements, source of supply expenses,
12 fuel expenses, treatment, transmission and distribution expenses, customer accounts expenses,
13 administrative and general expenses, insurance premiums, lease rentals, legal, regulatory, and
14 engineering expenses, payments to pension, retirement, group life insurance, health and
15 hospitalization funds or other employee benefit funds which are properly chargeable to current
16 operations, interest on customers' deposits, payroll tax expenses and any other expenses required
17 to be paid under the provisions of this ordinance or by law or permitted by standard practices for
18 public utility systems similar to the properties and business of the System (adjusted to reflect
19 public ownership) and applicable in the circumstances. ***Operating Expenses*** shall not include
20 any allowances for depreciation or amortization or any principal, redemption price or purchase
21 price of, or interest on, any obligations of the Municipality incurred in connection with and
22 payable from Gross Revenues or Municipal Utility Service Assessments or any assessment levied
23 in lieu of municipal taxes.

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

4 **Outstanding** when used with reference to New Lien Bonds means all New Lien Bonds
5 authenticated and delivered under a Series Ordinance as of the time in question, except:

6 (a) All New Lien Bonds theretofore cancelled or required to be cancelled
7 under the Series Ordinance;

8 (b) New Lien Bonds for the payment or redemption of which provision has
9 been made in accordance with a Series Ordinance; provided that, if such New Lien Bonds are
10 being redeemed, the required notice of redemption shall have been given or irrevocable
11 instructions therefor shall have been given to the Registrar; and

12 (c) New Lien Bonds in substitution for which other New Lien Bonds have
13 been authenticated and delivered pursuant to a Series Ordinance.

14 **Outstanding Prior Lien Bonds** means the prior lien water revenue and refunding water
15 revenue bonds identified in the recitals of this ordinance.

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

19 **Prior Lien Bond Fund** means the Anchorage Senior Lien Water Revenue Bond Fund
20 created by Section 13 of Ordinance No. AO 84-136.

21 **Prior Lien Reserve Account** means the Reserve Account created in the Anchorage Senior
22 Lien Bond Fund by Section 13 of Ordinance No. AO 84-136.

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

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

14 **Projects** means the improvements made and to be made to the System, as described in
15 Section 4 of this ordinance.

16 **Qualified Insurance** means any non-cancellable municipal bond insurance policy or
17 surety bond issued by any insurance company licensed to conduct an insurance business in any
18 state of the United States (or by a service corporation acting on behalf of one or more such
19 insurance companies).

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

24 **Rate Covenant** has the meaning given such term in Section 16(a) hereof.

1 **Rate Stabilization Account** means the special fund authorized to be created pursuant to
2 Section 17 of Ordinance No. AO 99-118(S).

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

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

6 **Rebate Amount** means the amount(s) computed pursuant to the Arbitrage and Tax
7 Certification.

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

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

14 **Refunding Account** means the Account by that name created pursuant to Section 26 of
15 this ordinance.

16 **Refunding Bonds** means the portion of the Bonds issued pursuant to this ordinance for
17 the purpose of refunding the 1993 Bonds.

18 **Registered Owner** means the person named as the registered owner of a Bond in the Bond
19 Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be
20 the sole owner of the Bonds, except for purposes of Section 29 of this ordinance.

21 **Registrar** means U.S. Bank National Association, Seattle, Washington, and its successors
22 appointed pursuant to Section 6 hereof.

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

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

6 **Series Ordinance** means Ordinance No. AO 99-118(S), this ordinance and any future
7 ordinance of the Assembly authorizing the issuance of a series of Future New Lien Bonds, as
8 such ordinance(s) may thereafter be amended or supplemented.

9 **SID** means a state information depository for the State of Alaska (if one is created in the
10 future).

11 **System** means the existing water utility system of the Municipality as the same may be
12 added to, improved and extended for as long as any of the New Lien Bonds are outstanding, but
13 shall not include such water supply treatment, transmission and distribution facilities that may be
14 hereafter purchased, constructed or otherwise acquired by the Municipality as a separate water
15 utility system, the revenues of which may be pledged to the payment of bonds issued to purchase,
16 construct or otherwise acquire and improve such separate system.

17 **Underwriter** means Salomon Smith Barney, Inc., Seattle, Washington and other
18 underwriters, if any, which will be designated by the Chief Fiscal Officer and/or Acting Chief
19 Fiscal Officer.

20 **Water Fund** means the special fund of that name created by Section 6 of Ordinance
21 No. 1002 of the Municipality of Anchorage (a predecessor to the Municipality) as such section
22 was amended by Section 12 of Ordinance No. AO 84-136.

1 **Interpretation.**

2 (a) Unless the context otherwise indicates, words expressed in the singular
3 shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is
4 for convenience only and shall be deemed to mean and include the neuter, masculine or feminine
5 gender, as appropriate.

6 (b) Headings of articles and sections herein and the table of contents hereof
7 are solely for convenience of reference, do not constitute a part hereof and shall not affect the
8 meaning, construction or effect hereof.

9 (c) All references herein to “Articles,” “Sections” and other subdivisions are
10 to the corresponding Articles, Sections or subdivisions of this ordinance; the words “herein,”
11 “hereof,” “hereby,” “hereunder” and other words of similar import refer to this ordinance as a
12 whole and not to any particular Article, Section or subdivision hereof.

13 Section 3. Compliance with Parity Conditions The Municipality has reserved the
14 right in Ordinance No. AO 99-118(S) to issue Future New Lien Bonds upon compliance with
15 certain conditions as set forth in Section 19 of Ordinance No. AO 99-118(S) (the “Parity
16 Conditions”).

17 The Assembly hereby finds and determines as follows:

18 That the Municipality has not have been in default of its Rate Covenant for the
19 fiscal year immediately preceding the year of issuance of the Bonds (2002); and

20 That at the time of issuance of the Bonds, the Municipality shall have filed a
21 verification with the Bond Counsel confirming fulfillment of the Coverage Requirement,
22 commencing with the first full fiscal year following the Date of Commercial Operation of the
23 Projects and for the following two fiscal years (such certificate delivered by the Municipality
24 without a Consultant and based upon Available Revenues, from the financial statements of the

1 Municipality for the Base Period, corroborated by the most recently audited financial statements
2 of the System, audited by an independent certified public accounting firm.)

3 The Parity Conditions being complied with or assured, the Bonds shall be New Lien
4 Bonds and shall have a lien and charge upon Available Revenues for the payment of the principal
5 thereof and interest thereon equal to the lien and charge upon the Available Revenues of the 1999
6 Bonds.

7 The Municipality hereby further covenants and agrees that the Bonds will not be issued
8 and delivered to the purchasers thereof as a bond on a parity with the Outstanding Parity Bonds
9 until the certificate required herein, in form and contents satisfactory to the Municipality and its
10 Bond Counsel, has been filed with the Municipality.

11 Section 4. Authorization and Description of Bonds. The Municipality hereby
12 authorizes the issuance and sale of not to exceed \$48,000,000 of water revenue and refunding
13 bonds (the "Bonds"), to be designated "Municipality of Anchorage, Alaska, Water Revenue and
14 Refunding Bonds, 2003." The Bonds shall be issued in fully registered form in the denomination
15 of \$5,000 or in integral multiples of \$5,000 within a maturity, provided no Bond shall represent
16 more than one maturity, and shall be numbered separately in the manner and with such additional
17 designation as the Registrar deems necessary for purposes of identification. The Bonds shall
18 bear interest from their date payable on the first days of each May and November, commencing
19 on the interest payment date identified in the contract of purchase for the Bonds approved by the
20 Chief Fiscal Officer and/or Acting Chief Fiscal Officer and shall mature on May 1 and bear
21 interest at the interest rates determined, all as provided in Section 23 of this ordinance.

22 The Bonds shall be deemed to mature on May 1 of the following years in the following
23 estimated principal amounts:

Year	Principal Amount
2004	\$ 2,720,000
2005	2,740,000
2006	2,735,000
2007	1,120,000
2008	1,135,000
2009	1,155,000
2010	1,190,000
2011	1,225,000
2012	1,265,000
2013	1,315,000
2014	1,000,000
2015	1,040,000
2016	1,080,000
2017	1,125,000
2018	1,170,000
2019	1,220,000
2020	1,275,000
2021	1,335,000
2022	1,395,000
2023	1,460,000
2024	1,535,000
2025	1,610,000
2026	1,690,000
2027	1,775,000
2028	1,865,000
2029	1,960,000
2030	2,055,000
2031	2,160,000
2032	2,270,000
2033	2,380,000

1 A portion of the Bonds in the estimated aggregate principal amount of not to exceed
2 \$40,000,000 shall be designated as the Improvement Bonds. The proceeds of the Improvement
3 Bonds shall be used to reimburse the Municipality for the costs of the certain additions,
4 betterments and improvements to the System undertaken as a part of the 2000, 2001 and 2002
5 capital improvement plans (approximately \$7.8 million); to pay a portion of the costs of the
6 System's 2002 and 2003 capital improvement plans (approximately \$14.8 million in general
7 plant improvements, \$6 million in rehabilitation, repair and renovation of existing facilities; \$4

1 million in transmission and distribution facilities and \$100,000 in assessment district projects
2 (collectively, the "Projects"); to fund all or a portion of the New Lien Reserve Account
3 Requirement; to capitalize interest on a portion of the Bonds; and to pay costs of issuance.

4 For the purpose of refunding the 1993 Bonds and thereby effecting a substantial savings
5 in debt service to the Municipality for the benefit of the ratepayers of the System, the
6 Municipality shall issue the remaining portion of the Bonds, designated as the Refunding Bonds,
7 in the aggregate principal amount of not to exceed \$8,000,000.

8 The exact principal amount of the Bonds and the allocation of the principal amounts to
9 Improvement Bonds and Refunding Bonds shall be determined at the time of marketing of the
10 Bonds and shall be consistent with the pricing guidelines established in Section 23 of this
11 ordinance.

12 Section 5. Place and Medium of Payment. The principal of and interest on the Bonds
13 shall be payable in lawful money of the United States of America. Interest on the Bonds shall be
14 calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Bonds are
15 in book-entry only form, such payments of principal and interest thereon shall be made as
16 provided in the operational arrangements of DTC as referred to in the Letter of Representations.

17 In the event that the Bonds are no longer in book-entry only form, interest on the Bonds
18 shall be paid by check or draft mailed to the Registered Owners of the Bonds at the addresses for
19 such Registered Owners appearing on the Bond Register on the 15th day of the month preceding
20 the interest payment date. Principal of the Bonds shall be payable upon presentation and
21 surrender of such Bonds by the Registered Owners at the principal office of the Registrar.

22 Section 6. Registration, Transfer and Exchange.

23 (a) *Appointment of Registrar.* The Bonds shall be issued only in registered
24 form as to both principal and interest. U.S. Bank National Association, Seattle, Washington, is

1 appointed initially to serve as the authenticating agent, paying agent and bond registrar (the
2 “Registrar”). The Municipality is hereby authorized to enter into a written agreement with the
3 Registrar to evidence the Registrar’s commitment to act as Registrar in accordance with the
4 terms set forth in this ordinance and providing for the payment of the fees and expenses of the
5 Registrar. The Registrar may be removed at any time at the option of the Municipality upon
6 prior notice to the Registrar, the Bond Insurer, if any, DTC, each NRMSIR and SID, if any, and a
7 successor Registrar appointed. Each Registrar shall warrant at the time of acceptance of its
8 duties hereunder that it (i) is a trust company or bank in good standing located in or incorporated
9 under the laws of a state of the United States; (ii) is duly authorized to exercise trust powers; and
10 (iii) is subject to examination by a federal or state authority. No resignation or removal of the
11 Registrar shall be effective until a successor shall have been appointed and until the successor
12 Registrar shall have accepted the duties of the Registrar hereunder.

13 The Registrar shall keep, or cause to be kept, at its principal corporate trust office,
14 sufficient books for the registration and transfer of the Bonds which shall at all times be open to
15 inspection by the Municipality (the “Bond Register”). The Registrar is authorized, on behalf of
16 the Municipality, to authenticate and deliver Bonds transferred or exchanged in accordance with
17 the provisions of such Bonds and this ordinance and to carry out all of the Registrar’s powers and
18 duties under this ordinance. The Registrar shall be responsible for its representations contained
19 in the Certificate of Authentication on the Bonds.

20 (b) *Letter of Representations/Book-Entry System.* In order to induce DTC to
21 accept the Bonds as eligible for deposit at DTC, the Municipality has executed and delivered the
22 Letter of Representations. The Bonds initially issued shall be held in book-entry only form by
23 DTC acting as depository pursuant to the terms and conditions set forth in the Letter of
24 Representations.

1 (c) *Municipality and Registrar Not Responsible for DTC.* Neither the
2 Municipality nor the Registrar will have any responsibility or obligation to DTC participants or
3 the persons for whom they act as nominees with respect to the Bonds in respect of the accuracy
4 of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC
5 participant of any amount in respect of the principal or interest on the Bonds, any notice which is
6 permitted or required to be given to Registered Owners under this ordinance (except such notices
7 as shall be required to be given by the Municipality to the Registrar and the Bond Insurer, if any,
8 or to DTC), or any consent given or other action taken by DTC as the Registered Owner.

9 (d) *DTC as Registered Owner.* The Municipality and the Registrar, each in its
10 discretion, may deem and treat the Registered Owner as the absolute owner thereof for all
11 purposes, and neither the Municipality nor the Registrar shall be affected by any notice to the
12 contrary. Payment of any such Bond shall be made only as described in this section, but such
13 registration may be transferred as herein provided. All such payments made as described in this
14 section shall be valid and shall satisfy and discharge the liability of the Municipality upon such
15 Bond to the extent of the amount or amounts so paid. The Municipality and the Registrar shall
16 be entitled to treat DTC as the absolute owner of all Bonds for all purposes of this ordinance and
17 any applicable laws, notwithstanding any notice to the contrary received by the Registrar or the
18 Municipality. Neither the Municipality nor the Registrar will have any responsibility or
19 obligation, legal or otherwise, to any other party including DTC or its successor (or substitute
20 depository or its successor), except to the Registered Owners.

21 (e) *Use of DTC/Book-Entry System.*

22 (1) *Bonds Registered in the Name Designated by DTC.* The Bonds
23 shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with one Bond for
24 each maturity in a denomination corresponding to the total principal therein designated to mature

1 on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not
2 thereafter be transferred except (i) to any successor of DTC or its nominee, *provided that* any
3 such successor shall be qualified under any applicable laws to provide the service proposed to be
4 provided by it; (ii) to any substitute depository appointed by the Municipality pursuant to
5 subparagraph (2) below or such substitute depository's successor; or (iii) to any person as
6 provided in paragraph (4) below.

7 (2) *Substitute Depository.* Upon the resignation of DTC or its
8 successor (or any substitute depository or its successor) from its functions as depository or a
9 determination by the Municipality that it is no longer in the best interest of owners of beneficial
10 interests in the Bonds to continue the system of book entry transfers through DTC or its
11 successor (or any substitute depository or its successor), the Municipality may thereafter appoint
12 a substitute depository. Any such substitute depository shall be qualified under any applicable
13 laws to provide the services proposed to be provided by it.

14 (3) *Issuance of New Bonds to Successor/Substitute Depository.* In the
15 case of any transfer pursuant to clause (i) or (ii) of paragraph (1) above, the Registrar shall, upon
16 receipt of all outstanding Bonds, together with a written request on behalf of the Municipality,
17 issue a single new Bond for each maturity of such Bonds then outstanding, registered in the name
18 of such successor or such substitute depository, or their nominees, as the case may be, all as
19 specified in such written request of the Municipality.

20 (4) *Termination of Book-Entry System.* In the event that (i) DTC or its
21 successor (or substitute depository or its successor) resigns from its functions as depository, and
22 no substitute depository can be obtained, or (ii) the Municipality determines that it is in the best
23 interest of the owners of beneficial interests in the Bonds that they be able to obtain Bond
24 certificates, the ownership of Bonds may then be transferred to any person or entity as herein

1 provided, and the Bonds shall no longer be held in book-entry only form. The Municipality shall
2 deliver a written request to the Registrar, together with a supply of definitive Bonds, to issue
3 Bonds as herein provided in any authorized denomination. Upon receipt of all then Outstanding
4 Bonds by the Registrar together with a written request on behalf of the Municipality to the
5 Registrar, new Bonds shall be issued in such denominations and registered in the names of such
6 persons as are requested in such written request.

7 (f) *Transfer or Exchange of Registered Ownership; Change in*
8 *Denominations.* If the Bonds are no longer held in immobilized, book-entry form, the registered
9 ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be
10 valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond
11 duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a
12 manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the
13 surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or
14 transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the
15 same date, maturity and interest rate and for the same aggregate principal amount in any
16 authorized denomination, naming as Registered Owner the person or persons listed as the
17 assignee on the assignment form appearing on the surrendered Bond, in exchange for such
18 surrendered and canceled Bond. Any Bond may be surrendered to the Registrar and exchanged,
19 without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and
20 interest rate, in any authorized denomination. The Registrar shall not be obligated to transfer or
21 exchange any Bond during the 15 days preceding any interest payment date or principal payment
22 date. No charge shall be imposed upon Registered Owners in connection with any transfer or
23 exchange, except for taxes or governmental charges related thereto.

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

4 Section 7. Right of Prior Redemption and Purchase. The Bonds may be subject to
5 optional or mandatory redemption prior to their scheduled maturity as determined in accordance
6 with the terms of Section 23 of this ordinance. Notwithstanding the foregoing, the Municipality
7 reserves the right, whenever it has money in the Water Fund over and above the amounts
8 necessary to satisfy the requirements of Section 12, First through Ninth, to use such money at any
9 time to purchase any of the New Lien Bonds for retirement, but only if the same may be
10 purchased at a price (including brokerage and similar charges) deemed advantageous to the
11 Municipality by its Chief Fiscal Officer and/or Acting Chief Fiscal Officer.

12 Section 8. Notice of Redemption. Notice of any intended redemption of Bonds shall
13 be given not less than 30 nor more than 45 days prior to the date fixed for redemption by United
14 States mail to Registered Owners of the Bonds to be redeemed at their addresses as they appear
15 on the Bond Register on the day the notice is mailed; *provided, however*, that for so long as the
16 Bonds are held in book-entry only form, all notices shall be given only in accordance with the
17 operational requirements then in effect at DTC, as referred to in the Letter of Representations.
18 Neither the Municipality nor the Registrar will provide any notices to Beneficial Owners. The
19 requirements of this section shall be deemed to be complied with when notice is mailed as herein
20 provided, whether or not it is actually received by the Registered Owner or any Beneficial
21 Owner.

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

- 23 (a) the redemption date;
24 (b) the redemption price;

1 (c) if fewer than all outstanding Bonds are to be redeemed, the identification
2 (and, in the case of partial redemption, the respective principal amounts per maturity) of the
3 Bonds to be redeemed;

4 (d) that on the redemption date the redemption price will become due and
5 payable upon each such Bond or portion thereof called for redemption, and that interest thereon
6 shall cease to accrue from and after said date; and

7 (e) the place where such Bonds are to be surrendered for payment of the
8 redemption price, which place shall be designated by the Registrar.

9 On or before any redemption date, the Municipality shall deposit with the Registrar an
10 amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds
11 which are to be redeemed on that date.

12 Official notice of redemption having been given as aforesaid, the Bonds or portions of
13 Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption
14 price therein specified, and from and after such date (unless the Municipality shall default in the
15 payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.
16 Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall
17 be paid by the Registrar at the redemption price. Installments of interest due on or prior to the
18 redemption date shall be payable as herein provided for payment of interest. All Bonds which
19 have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

20 In addition to the foregoing notice, further notice shall be given by the Registrar as set out
21 below, but no defect in said further notice nor failure to give all or any portion of such further
22 notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is
23 given as above prescribed.

1 Section 9. Form of Bonds. The Bonds shall be in substantially the following form
2 with such additions and modifications as shall be appropriate to reflect the final negotiated terms
3 of the Bonds.

4 UNITED STATES OF AMERICA

5
6 No. _____ \$ _____

7
8 STATE OF ALASKA
9 ANCHORAGE, ALASKA

10 WATER REVENUE AND REFUNDING BOND, 2003

11 INTEREST RATE: MATURITY DATE: CUSIP NO.:

12
13 REGISTERED OWNER: CEDE & CO.

14
15 PRINCIPAL AMOUNT:

16
17 Anchorage, Alaska (the "Municipality"), a municipal corporation of the State of Alaska,
18 hereby acknowledges itself to owe and for value received promises to pay to the Registered
19 Owner identified above, or its registered assigns, solely out of the special fund of the
20 Municipality known as the "Anchorage Water Revenue Bond Fund" (the "Bond Fund") created
21 by authority of Ordinance No. AO 2003-103 of the Municipality (the "Bond Ordinance") on the
22 Maturity Date identified above, the Principal Amount indicated above together with interest
23 thereon at the Interest Rate shown above, payable on _____ 1, 2003, and semiannually
24 thereafter on the first days of May and November, or until such Principal Amount shall have
25 been paid or duly provided for. Payments of principal of and interest on this bond shall be made
26 as provided in The Depository Trust Company Operational Arrangements Memorandum dated
27 December 12, 1994, as amended from time to time and referred to in the Blanket Issuer Letter of
28 Representations dated July 1, 1995, between the Municipality and The Depository Trust
29 Company (together, the "Letter of Representations") for so long as this bond is held in book entry
30 only form. U.S. Bank National Association, Seattle, Washington has been appointed as the
31 authentication agent, paying agent and registrar for the bonds of this issue (the "Registrar").
32
33

34
35 This bond is one of an issue of bonds (the "Bonds") of like date and tenor except as to
36 number, rate of interest, and date of maturity, aggregating the principal sum of \$ _____ and
37 is issued pursuant to the Constitution and statutes of the State of Alaska and the Home Rule
38 Charter and duly adopted ordinances and resolutions of the Municipality, including particularly,
39 the Bond Ordinance for the purpose of making certain capital improvements to the
40 Municipality's water utility (the "System") and for the additional purpose of refunding certain
41 outstanding water revenue bonds of the Municipality. The definitions contained in the Bond
42 Ordinance shall apply to capitalized terms contained herein.
43

1 The bonds of this issue are subject to optional and/or mandatory redemption in the
2 manner, at the times and at the redemption prices determined as provided in the Bond Ordinance.
3

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

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

14 The amounts so pledged to be paid out of said Water Fund into the Bond Fund are hereby
15 declared to be a lien and charge upon the money in the Water Fund and Gross Revenues superior
16 to all other charges of any kind or nature except Operating Expenses (specifically excluding
17 Municipal Utility Service Assessments and successor payments in lieu of property taxes) and
18 subordinate to the lien and charge thereon for amounts pledged to the payment of the Senior Lien
19 Water Revenue and Refunding Bonds, 1998, issued under date of June 1, 1998, and equal in lien
20 to the Subordinate Lien Water Revenue and Refunding Bonds, 1999 and any revenue bonds of
21 the Municipality issued in the future on a parity herewith.
22

23 It is hereby certified that all acts, conditions and things required by the Constitution and
24 statutes of the State of Alaska and the Home Rule Charter, resolutions and ordinances of the
25 Municipality to be done precedent to and in the issuance of this bond have happened, been done
26 and performed.
27

28 IN WITNESS WHEREOF, Anchorage, Alaska, has caused this bond to be executed with
29 the manual or facsimile signature of its Municipal Manager or Mayor and to be countersigned
30 with the manual or facsimile signature of its Clerk and the official seal of the Municipality to be
31 impressed or imprinted hereon, this _____ day of May, 2003.
32

33 ANCHORAGE, ALASKA

34
35
36 By /s/manual or facsimile signature
37 [Municipal Manager][Mayor]
38

39 Countersigned:

40
41
42 /s/manual or facsimile signature
43 Clerk
44

45 (Form of Certificate of Authentication)

46
47 Date of Authentication:

1
2 This bond is one of the Municipality of Anchorage, Alaska, Water Revenue and
3 Refunding Bonds, 2003, described in and issued pursuant to the within mentioned Bond
4 Ordinance.

5
6 U.S. BANK NATIONAL ASSOCIATION,
7 Registrar

8
9 By _____
10 Authorized Signer

11
12 In the event the Bonds are no longer held in book-entry only form, the form of Bonds may
13 be modified to conform to printing requirements and the terms of this ordinance.

14 Section 10. Execution of Bonds. The Bonds shall be executed on behalf of the
15 Municipality with the manual or facsimile signature of the Municipal Manager or Mayor of the
16 Municipality, attested with the manual or facsimile signature of the Municipal Clerk and
17 authenticated by the manual signature of an authorized representative of the Registrar. The
18 official seal of the Municipality shall be impressed or imprinted or otherwise reproduced on each
19 Bond. In case any of the officers who shall have signed, attested or registered any of the Bonds
20 shall cease to be such officer before such Bonds have been actually issued and delivered, such
21 Bonds shall be valid nevertheless and may be issued by the Municipality with the same effect as
22 though the persons who had signed, attested or registered such Bonds had not ceased to be such
23 officers.

24 Section 11. Lost, Stolen, Destroyed or Mutilated Bonds. In case any Bonds shall at
25 any time become mutilated or be lost, stolen or destroyed, the Municipality in the case of such a
26 mutilated Bond shall, and in the case of such a lost, stolen or destroyed Bond in its discretion
27 may, execute and deliver a new Bond of the same interest rate and maturity and of like tenor and
28 effect in exchange or substitution for and upon the surrender and cancellation of such mutilated
29 Bond, or in lieu of or in substitution for such destroyed, stolen or lost Bond, or if such stolen,

1 destroyed or lost Bond shall have matured, instead of issuing a substitute therefor, the
2 Municipality may at its option pay the same without the surrender thereof. Except in the case
3 where a mutilated Bond is surrendered, the applicant for the issuance of a substitute Bond shall
4 furnish to the Registrar evidence satisfactory to it of the theft, destruction or loss of the original
5 Bond, and of the ownership thereof, and also such security and indemnity as may be required by
6 the Municipality, and no such substitute Bond shall be issued unless the applicant for the
7 issuance thereof shall reimburse the Municipality for the expenses incurred by the Municipality
8 in connection with the preparation, execution, issuance and delivery of the substitute Bond, and
9 any such substitute Bond shall be equally and proportionately entitled to the security of this
10 ordinance with all other Bonds issued hereunder, whether or not the Bond alleged to have been
11 lost, stolen or destroyed shall be found at any time or be enforceable by anyone.

12 Section 12. Water Fund and Priority of Use of Gross Revenues. There has heretofore
13 been created by Section 6 of Ordinance No. 1002 of the Municipality of Anchorage, a special
14 fund known as the "Water Fund." Gross Revenues and the moneys in the Water Fund are hereby
15 pledged to and shall be used only for the following purposes and in the following order of
16 priority:

17 First, to pay Operating Expenses except Municipal Utility Service Assessments or
18 any assessment levied in lieu of municipal taxes;

19 Second, to make all payments, including sinking fund payments, required to be
20 made into the Prior Lien Bond Fund for the payment of the principal of and interest on any
21 Outstanding Prior Lien Bonds;

22 Third, to make all payments required to be made into the Prior Lien Reserve
23 Account;

1 Fourth, to make all payments, including sinking fund payments, required to be
2 made into the New Lien Bond Fund for the payment of the principal of and interest on any New
3 Lien Bonds;

4 Fifth, to make all payments required to be made into the New Lien Reserve
5 Account;

6 Sixth, to make all payments, including sinking fund payments, required to be
7 made into a new debt service account for the payment of the principal of and interest on any
8 bonds subordinate to the New Lien Bonds;

9 Seventh, to make all payments required to be made into a reserve account for
10 bonds subordinate to the New Lien Bonds;

11 Eighth, to make all required payments of Municipal Utility Service Assessments
12 or other assessments levied in lieu of municipal taxes;

13 Ninth, to repay all loans received by the Municipality from the Alaska Drinking
14 Water Fund; and

15 Tenth, to make payments not otherwise made as Operating Expenses into any
16 fund or account to pay or secure the payment of debt service on general obligation bonds issued
17 for System purposes, to pay the costs of additions, betterments, improvements and repairs to and
18 extensions and replacements of the System, to make legally authorized payments into any other
19 fund or account of the Municipality, to purchase or redeem water revenue bonds or notes of the
20 Municipality, or for any other proper purpose in connection with the operation of the System.

21 Section 13. New Lien Bond Fund and Accounts Therein. There has heretofore been
22 authorized, by Ordinance No. AO 99-118(S), to be created a special fund of the Municipality
23 known as the "Anchorage Water Revenue Bond Fund" (the "New Lien Bond Fund"), which fund
24 is a trust fund to be drawn upon for the sole purpose of paying the principal of and interest and

1 premium, if any, on all New Lien Bonds. The New Lien Bond Fund includes a special account
2 therein designated as the New Lien Reserve Account.

3 The Municipality hereby obligates and binds itself irrevocably to set aside and to pay (to
4 the extent not otherwise provided) into the New Lien Bond Fund, certain fixed amounts from
5 Available Revenues, without regard to any fixed proportion of said revenues, sufficient to pay the
6 principal of and premium, if any, and interest on all New Lien Bonds from time to time
7 outstanding as the same respectively become due and payable either at the maturity thereof or in
8 accordance with the terms of any sinking fund provided for the retirement of term New Lien
9 Bonds. The payments into the New Lien Bond Fund for the payment of the New Lien Bonds
10 shall constitute a charge and lien upon Available Revenues of equal rank with the charge and lien
11 on said Available Revenues for the payments required to be made into the New Lien Bond Fund
12 for the payment of the principal of, premium, if any, and interest on any Future New Lien Bonds.

13 The Municipality hereby irrevocably obligates and binds itself to set aside and pay into
14 the New Lien Bond Fund out of Available Revenues or out of any other moneys legally available
15 therefor on or before the date on which any payment of Annual Debt Service is due such amounts
16 as will be sufficient to pay Annual Debt Service scheduled to become due on the date of maturity
17 of such New Lien Bonds.

18 The New Lien Bond Fund shall be drawn upon solely for the purpose of paying the
19 principal of and premium, if any, and interest on New Lien Bonds. Moneys set aside from time
20 to time with the Registrar for such payments shall be held in trust for the owners of the New Lien
21 Bonds in respect of which the same shall have been so set aside. Until so set aside, all moneys in
22 the New Lien Bond Fund shall be held in trust for the benefit of the owners of all New Lien
23 Bonds at the time outstanding equally and ratably.

1 Section 14. New Lien Reserve Account. The Municipality hereby covenants and
2 agrees that it will set aside and pay into the New Lien Reserve Account from proceeds of the
3 Bonds or otherwise, an amount so that the amount on deposit in the New Lien Reserve Account
4 will be at least equal to the New Lien Reserve Account Requirement on the date of issuance of
5 the Bonds.

6 The New Lien Reserve Account Requirement may be maintained by deposits of cash, a
7 Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. To the
8 extent that the Municipality obtains a Qualified Letter of Credit or Qualified Insurance in
9 substitution for cash or securities in the New Lien Reserve Account, all or a portion of the money
10 on hand in the New Lien Reserve Account shall be transferred to the fund or account, specified
11 by the Chief Fiscal Officer and/or Acting Chief Fiscal Officer within the limitations permitted by
12 Section 19 of this ordinance. In computing the amount on hand in the New Lien Reserve
13 Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face
14 amount thereof, and all other obligations purchased as an investment of moneys therein shall be
15 valued at cost. As used herein, the term "cash" shall include U.S. currency, cash equivalents and
16 evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the
17 New Lien Reserve Account may be satisfied by the transfer of qualified investments to such
18 account.

19 The Municipality further covenants and agrees that in the event it issues any Future New
20 Lien Bonds hereafter it will provide in each ordinance authorizing the same that approximately
21 equal annual payments will be made into the New Lien Reserve Account out of the Water Fund
22 so that within five years or less from the date of issuance of such New Lien Bonds, the total
23 amount of such payments together with the money already in the New Lien Reserve Account,
24 including any amounts funded, will be equal to the New Lien Reserve Account Requirement.

1 The Municipality further covenants and agrees that when said required amounts have
2 been deposited in the New Lien Reserve Account it will at all times maintain therein an amount
3 at least equal to the New Lien Reserve Account Requirement until there is a sufficient amount in
4 the New Lien Bond Fund, including the New Lien Reserve Account, to pay the principal of,
5 premium, if any, and interest on all outstanding New Lien Bonds, at which time the money in the
6 New Lien Reserve Account may be used to pay such principal, premium, if any, and interest;
7 *provided, however,* that moneys in the New Lien Reserve Account may be withdrawn, or set
8 aside in a special account in the New Lien Bond Fund pursuant to Section 21 of this ordinance, to
9 pay (with or without other available funds) the principal, premium, if any, and interest on all of
10 the outstanding bonds of any single issue or series payable out of the New Lien Bond Fund, so
11 long as the moneys remaining on deposit in the New Lien Reserve Account are at least equal to
12 the New Lien Reserve Account Requirement with respect to all of the remaining New Lien
13 Bonds then Outstanding. The Municipality may, from time to time, transfer from the New Lien
14 Reserve Account to the New Lien Bond Fund amounts in excess of the New Lien Reserve
15 Account Requirement.

16 In the event there shall be a deficiency in the New Lien Bond Fund for meeting maturing
17 installments of either principal of or interest on, or mandatory redemption requirements on, New
18 Lien Bonds, such deficiency shall be made up from the New Lien Reserve Account by the
19 withdrawal of cash therefrom, and then by a drawing upon a Qualified Letter of Credit or
20 Qualified Insurance, if any. Any deficiency created in the New Lien Reserve Account by reason
21 of any such withdrawal shall then be made up from the money in the Water Fund first available
22 therefor after making necessary provision for the required payments into the New Lien Bond
23 Fund. Investments in the New Lien Reserve Account shall be valued at amortized cost except
24 that in the event of a deficiency in the New Lien Reserve Account caused by the withdrawal or

1 transfer of moneys therefrom, the amount of such deficiency shall be determined by valuing all
2 investments in the New Lien Reserve Account at the then market value.

3 All money in the New Lien Reserve Account may be kept in cash or invested in
4 Government Obligations. Such investments shall mature not later than the last maturity of
5 outstanding New Lien Bonds outstanding at the time of said purchase. Interest on any such
6 investments and/or any profits realized from the sale thereof shall be deposited in and become a
7 part of the New Lien Reserve Account.

8 Section 15. Adequacy of Available Revenues. The corporate authorities of the
9 Municipality hereby declare that in fixing the amounts to be paid into the New Lien Bond Fund
10 hereinbefore provided for they have exercised due regard for Operating Expenses and the
11 payment priorities specified in paragraphs Second through Fifth of Section 12 of this ordinance
12 and have not obligated the Municipality to set aside and pay into said New Lien Bond Fund a
13 greater amount of Available Revenues than in their judgment will be available over and above
14 Operating Expenses and such other payments.

15 Section 16. Specific Covenants. The Municipality hereby makes the following
16 covenants with the Registered Owner of each of the outstanding Bonds for as long as any of the
17 same remain outstanding.

18 (a) *Rate Covenant.* The Municipality will establish, maintain and collect rates
19 and charges for water service and all other services or facilities furnished or supplied by the
20 System in each fiscal year that will provide Available Revenues in an amount equal to at least
21 1.15 times the Annual Debt Service Requirement for such year on all Outstanding New Lien
22 Bonds.

23 (b) *Maintenance of System.* The Municipality will at all times maintain,
24 preserve and keep the System and every part and parcel thereof in good repair, working order and

1 condition; will from time to time make or cause to be made all necessary and proper repairs,
2 renewals and replacements thereto so that the business carried on in connection therewith may be
3 properly and advantageously conducted; and will at all times operate the System in an efficient
4 manner and at a reasonable cost.

5 (c) *Insurance.* The Municipality will at all times carry fire insurance and such
6 other forms of insurance on such of the buildings, equipment, property and facilities of the
7 System as are ordinarily insured in such amounts and with such deductibles as under good
8 business practice are ordinarily carried on such buildings, equipment, property and facilities.

9 (d) *Use of Money in Water Fund.* The Municipality will not expend any of the
10 money in the Water Fund for any extensions or betterments which are not economically sound
11 and which will not contribute to the operation of the System in an efficient and economical
12 manner unless such extensions or betterments are required by law or by any regulatory body
13 having valid jurisdiction.

14 (e) *Books and Accounts.* The Municipality will keep and maintain proper
15 books and accounts with respect to the operation of the System in such manner as prescribed by
16 any authorities having jurisdiction over the System; will cause its books and accounts to be
17 audited annually by a certified public accountant, copies of which audits shall, upon request, be
18 furnished to the purchaser or purchasers or owners of the New Lien Bonds. Said audit shall
19 show whether or not the Municipality has in all respects performed and complied with the
20 covenants set forth in this ordinance, including the payments into the New Lien Bond Fund and
21 New Lien Reserve Account herein provided for.

22 (f) *Bonded Employees and Agents.* All employees and agents of the
23 Municipality collecting or handling money of the Municipality in connection with the

1 management and operation of the System shall be bonded in an amount commensurate with the
2 funds they handle and in an amount sufficient to protect the Municipality from loss.

3 (g) *Disposal of Properties.* The Municipality will not mortgage, sell, lease, or
4 in any manner encumber or dispose of all or substantially all the property of the System
5 (voluntarily or involuntarily), unless provision is made for payment into the New Lien Bond
6 Fund of a sum sufficient to pay the principal of, premium, if any, and interest on all outstanding
7 bonds payable therefrom, nor will it mortgage, sell, lease, or in any manner encumber or dispose
8 of (including but not limited to a disposition by transfer to another public or private organization)
9 voluntarily or involuntarily any part of the System that is used, useful and material to the
10 operation of the System unless

11 (i) the Municipality certifies, based upon reasonable expectations, that
12 the remaining assets of the System shall be sufficient to continue regular operations of the
13 Municipality on a financially sound basis for a period of at least five years, and

14 (ii) provision is made for replacement thereof or for payment into the
15 New Lien Bond Fund of the total amount of revenue received which shall not be less than an
16 amount which shall bear the same ratio to the amount of outstanding New Lien Bonds as the
17 greater of:

18 (1) the Available Revenues for such outstanding Parity Bonds
19 for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the
20 System sold, leased, encumbered or disposed of bears to the Available Revenues for such New
21 Lien Bonds from the entire System for the same period;

22 (2) the Gross Revenues for the 12 months preceding such sale,
23 lease, encumbrance or disposal from the portion of the System sold, leased, encumbered or
24 disposed of bears to the Gross Revenues of the System for the same period;

1 (3) the proportion of assets (on a depreciated basis) allocable to
2 the assets being sold, leased, encumbered or disposed of bears to the total assets of the System; or

3 (4) the proportion of customers of the Municipality allocable to
4 the assets being sold, leased, encumbered or disposed of bears to the total number of customers
5 of the System, *provided, however*, that the Municipality may dispose of any portion of the
6 facilities of the System up to an aggregate of five percent of the book value of the total assets of
7 the System without the requirement for any deposit to the New Lien Bond Fund as hereinabove
8 provided.

9 Any such moneys so paid into the New Lien Bond Fund shall be used to retire such
10 outstanding New Lien Bonds at the earliest possible date. Any money received by the
11 Municipality as condemnation awards, insurance proceeds or the proceeds of sale, if not
12 deposited to the New Lien Bond Fund, shall be used for the replacement of facilities of the
13 System.

14 Section 17. Tax Covenants.

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

23 The Municipality will take any action determined by the Municipality, after consultation
24 with its bond counsel, to be legal and practicable and required to be taken by the Municipality

1 under future federal laws or regulations in order to maintain the exemption of the interest on the
2 Bonds from federal income taxation.

3 (b) *Arbitrage Rebate.* The Municipality shall compute and pay the Rebate
4 Amount, if necessary, as provided in the Arbitrage and Tax Certification.

5 (c) *Qualification Under Section 265(b) of the Code.* The Municipality has not
6 designated the Bonds as “qualifying tax-exempt obligations” pursuant to Section 265(b) of the
7 Code for investment by financial institutions. The Municipality anticipates that it will issue more
8 than \$10,000,000 in tax exempt obligations during 2003.

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

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

13 (2) More than 10% of the principal or interest payments on the Bonds
14 in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be
15 used for any Private Person Use or secured by payments in respect of property used or to be used
16 for any Private Person Use, or (B) derived from payments (whether or not made to the
17 Municipality) in respect of property, or borrowed money, used or to be used for any Private
18 Person Use.

19 The Municipality further covenants that, if:

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

22 (4) More than five percent of the principal or interest payments on the
23 Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement)
24 directly or indirectly:

1 (A) secured by any interest in property used or to be used for
2 any Private Person Use or secured by payments in respect of property used or to be used for any
3 Private Person Use, or

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

17 Section 18. Rate Stabilization Account. The Municipality has heretofore authorized,
18 by Section 17 of Ordinance No. 99-118(S), to be created a separate fund of the Municipality
19 designated as the "Rate Stabilization Account" in order to even out fluctuations in Net Revenues
20 and help to alleviate the need for short-term rate adjustments. Money in the Rate Stabilization
21 Account will be transferred as determined from time to time by the Municipality. The
22 Municipality may make payments into the Rate Stabilization Account from the Water Fund at
23 any time. Money in the Rate Stabilization Account may be withdrawn at any time and used for
24 the purpose for which the Gross Revenue may be used. Amounts withdrawn from the Rate

1 Stabilization Account shall increase Gross Revenue for the period for which they are withdrawn,
2 and amounts deposited in the Rate Stabilization Account shall reduce Gross Revenue for the
3 period for which they are deposited. Credits to or from the Rate Stabilization Account that occur
4 within 90 days after the end of a Fiscal Year may be treated as occurring within such Fiscal Year.
5 Earnings on the Rate Stabilization Account shall be credited to the Water Fund.

6 Section 19. Derivative Products. The following shall be conditions precedent to the
7 use of any Derivative Product on a parity with New Lien Bonds under this ordinance:

8 (a) *General Parity Tests.* The Derivative Product must satisfy the
9 requirements for additional New Lien Bonds described in Section 20 of this ordinance.

10 (b) *Notice to Rating Agencies.* Before entering into any Derivative Product,
11 the Municipality shall provide prior written notice to each Rating Agency then maintaining a
12 rating with respect to New Lien Bonds, together with drafts of the documentation evidencing the
13 Derivative Product.

14 (c) *Opinion of Bond Counsel.* The Municipality shall obtain an opinion of its
15 Bond Counsel on the due authorization and execution of such Derivative Product opining that the
16 action proposed to be taken is authorized or permitted by this ordinance or the applicable
17 provisions of any Series Ordinance and will not adversely affect the exclusion from regular
18 federal income tax of the interest on any Outstanding New Lien Bonds.

19 (d) *Payments.* Each Derivative Product shall set forth the manner in which
20 the Municipality Payments and Reciprocal Payments are to be calculated and a schedule of
21 Derivative Payment Dates.

22 (e) *Series Ordinances to Govern Derivative Products.* Prior to entering into a
23 Derivative Product, the Municipality shall adopt a Series Ordinance, which shall:

1 (i) create and establish a Derivative Product Account or provide for
2 some other way to account for the use of a Derivative Product; establish general provisions for
3 the retention of Available Revenues in amounts sufficient to make, when due, Municipality
4 Payments;

5 (ii) establish general provisions for the rights of providers of
6 Derivative Products or Derivative Facilities; and

7 (iii) set forth such other matters as the Municipality deems necessary or
8 desirable in connection with the management of Derivative Products as are not clearly
9 inconsistent with the provisions of this ordinance.

10 This ordinance may be amended in the future to reflect the lien position and priority of
11 any payments made in connection with a Derivative Product; *provided, however*, that no
12 amendment shall be made which permits a payment under a Derivative Product to constitute a
13 lien on Gross Revenue superior to that of Bonds, and, *provided, further*, that termination
14 payments under Derivative Products may not attain a parity lien with New Lien Bonds.

15 Section 20. Additional New Lien Bonds.

16 (a) *Prior Lien Closed.* The lien of the Prior Lien Bonds is closed, and the
17 Municipality shall issue no further Prior Lien Bonds in the future.

18 (b) *Limitations on Issuance of New Lien Bonds.* Except as provided in
19 subsection (c) below, the Municipality shall not issue any series of Future New Lien Bonds or
20 incur any additional indebtedness with a parity lien or charge on Available Revenues (*i.e.*, on a
21 parity of lien with New Lien Bonds at the time Outstanding) unless:

22 (i) the Municipality shall not have been in default of its Rate
23 Covenant for the immediately preceding fiscal year, and

1 (ii) there shall have been filed with Bond Counsel a certificate
2 (prepared as described in subsection (d) or (e) below) demonstrating fulfillment of the Coverage
3 Requirement, commencing with the first full fiscal year following the later of (1) the Date of
4 Commercial Operation of the Facilities to be financed with the proceeds of the New Lien Bonds
5 or (2) the date on which any portion of interest on the series of New Lien Bonds then being
6 issued no longer will be paid from the proceeds of such series of New Lien Bonds and for the
7 following two fiscal years.

8 (c) *No Certificate Required.* The certificate described in the foregoing
9 subsection (b)(2) shall not be required as a condition to the issuance of New Lien Bonds:

10 (i) if the New Lien Bonds being issued are for the purpose of
11 refunding Outstanding New Lien Bonds upon compliance with the provisions of subsection (f);

12 or

13 (ii) if the New Lien Bonds are being issued to pay costs of construction
14 of facilities of the System for which New Lien Bonds have been issued previously and the
15 principal amount of such New Lien Bonds being issued for completion purposes does not exceed
16 an amount equal to an aggregate of 15% of the principal amount of New Lien Bonds theretofore
17 issued for such facilities and reasonably allocable to the facilities to be completed as shown in a
18 written certificate of the Chief Fiscal Officer and/or Acting Chief Fiscal Officer, and there is
19 delivered to Bond Counsel a Consultant's certificate stating that the nature and purpose of such
20 Facilities has not materially changed.

21 (d) *Certificate of the Municipality Without A Consultant.* If required pursuant
22 to the foregoing subsection (b)(ii), a certificate may be delivered by the Municipality without a
23 Consultant if Available Revenues, based upon the financial statements of the Municipality for the
24 Base Period, corroborated by the most recently audited financial statements of the System,

1 audited by an independent certified public accounting firm, demonstrate that the Coverage
2 Requirement will be fulfilled commencing with the first full fiscal year following the later of
3 (i) the Date of Commercial Operation of the facilities to be financed with the proceeds of the
4 New Lien Bonds as reasonably estimated by the Municipality, or (ii) the date on which any
5 portion of interest on the series of New Lien Bonds then being issued will not be paid from the
6 proceeds of such series of New Lien Bonds and for the following two fiscal years; provided,
7 however, the certificate of the Municipality may make an adjustment to Available Revenues to
8 reflect rate increases fully approved and in effect to the extent that the revenue impact is not fully
9 reflected in the audited financial statements.

10 (e) *Certificate of a Consultant.* Unless compliance with the requirements of
11 subsection (b)(ii) have been otherwise satisfied (as provided in (c) or (d) above), compliance with
12 the Coverage Requirement of this Section 20 shall be demonstrated conclusively by a certificate
13 of a Consultant.

14 In making the computations of Available Revenues for the purpose of certifying
15 compliance with the Coverage Requirement of this Section 20 the Consultant shall use as a basis
16 the Available Revenues for the Base Period.

17 In making such computations the Consultant shall make such adjustments as follows:

18 (i) The Available Revenues derived from those customers of the
19 System that have become customers during such Base Period or thereafter and prior to the date of
20 such certificate, adjusted to reflect an estimate of a full year's Available Revenues from each
21 such customer to the extent such Available Revenues were not previously included.

22 (ii) The estimated annual Available Revenues to be derived from any
23 person, firm, association, private or municipal corporation under any executed contract for water

1 service, which Available Revenues were not previously included in any of the sources of
2 Available Revenues.

3 (iii) The estimated annual Available Revenues to be derived from the
4 operation of any additions or improvements to or extensions of the System under construction
5 but not completed at the time of such certificate and not being paid for out of the proceeds of sale
6 of such New Lien Bonds being issued, and which Available Revenues were not otherwise
7 included in any of the sources of Available Revenues.

8 (iv) The estimated annual Available Revenues to be derived from the
9 operation of any additions and improvements to or extensions of the System being paid for out of
10 the proceeds of sale of such New Lien Bonds being issued.

11 (v) The estimated additional annual Available Revenues to be derived
12 from rate increases that have been fully approved by the regulatory authority with jurisdiction to
13 become effective thereafter if there has been any change in such rates and charges put into effect
14 or so approved during or after such 12-consecutive month rate period.

15 In the event the Municipality will not derive any Gross Revenues as a result of the
16 construction of the additions, improvements or extensions being or to be made to the System
17 within the provisions of subparagraphs (iii) and (iv) immediately above, the estimated Operating
18 Expenses of such additions, improvements and extensions shall be deducted from such Available
19 Revenues.

20 The computation of Available Revenues shall be adjusted to reflect the water rates and
21 charges effective on the date of such certificate or approved by the regulatory authority with
22 jurisdiction to become effective thereafter if there has been any change in such rates and charges
23 put into effect or so approved during or after the Base Period.

1 (f) New Lien Bonds may be issued at any time for the purpose of refunding
2 (including by purchase) New Lien Bonds or Prior Lien Bonds, including amounts to pay
3 principal thereof and redemption premium, if any, and interest thereon to the date of redemption
4 (or purchase) and the expenses of issuing such New Lien Bonds to purchase or refund the same
5 and of effecting such refunding upon delivery of a certificate as provided in (e) above. Such
6 refunding New Lien Bonds also may be issued without a certificate if the Maximum Annual Debt
7 Service on all New Lien Bonds to be Outstanding after the issuance of the refunding New Lien
8 Bonds shall not be greater than the Maximum Annual Debt Service were such refunding not to
9 occur.

10 (g) New Lien Bonds may be issued at any time for the purpose of refunding
11 (including by purchase) any other bonds of the Municipality, including amounts to pay principal
12 thereof and redemption premium, if any, and interest thereon to the date of redemption of such
13 bonds (or purchase) and the expenses of issuing the New Lien Bonds to purchase or refund the
14 same and of effecting such refunding; *provided, however*, that prior to the issuance of such New
15 Lien Bonds the Municipality must provide a certificate if required by (e) above.

16 (h) New Lien Bonds may be issued for the purpose of refunding (including by
17 purchase) at any time within one year prior to maturity, any New Lien Bonds for the payment of
18 which sufficient Available Revenues or other moneys are not available, without the requirement
19 of a certificate pursuant to (e) above.

20 Section 21. Liens Subordinate to New Lien Bonds. Nothing herein contained shall
21 prevent the Municipality from issuing revenue bonds or other obligations which are a charge
22 upon the Gross Revenue junior or inferior to the payments required by this ordinance to be made
23 out of such Gross Revenue to pay and secure the payment of any New Lien Bonds.

1 Section 22. Defeasance. In the event that money and/or Acquired Obligations
2 maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to
3 redeem and retire any or all of the Bonds in accordance with their terms are set aside in a special
4 trust account in the New Lien Bond Fund to effect such redemption or retirement and such
5 money and the principal of and interest on such obligations are irrevocably set aside and pledged
6 for such purpose, then no further payments need be made into the New Lien Bond Fund for the
7 payment of the principal of and interest on such Bonds, and such Bonds shall cease to be entitled
8 to any lien, benefit or security of this ordinance except the right to receive the funds so set aside
9 and pledged, and such Bonds shall be deemed not to be outstanding hereunder or under any other
10 Series Ordinance.

11 Section 23. Sale of Bonds. The Bonds shall be sold at negotiated sale to the
12 Underwriter. The Chief Fiscal Officer and/or Acting Chief Fiscal Officer of the Municipality is
13 hereby authorized to negotiate terms for the purchase of the Bonds and execute a purchase
14 contract with the Underwriter. The Assembly has been advised by the Underwriter that market
15 conditions, which are particularly critical in maximizing the savings effected by the issuance of
16 the Bonds, are fluctuating and, as a result, the most favorable market conditions may occur on a
17 day other than a regular meeting date of the Assembly. The Assembly has determined that it
18 would be inconvenient to hold a special meeting on short notice and, accordingly, has determined
19 that it would be in the best interest of the Municipality to delegate to the Chief Fiscal Officer
20 and/or Acting Chief Fiscal Officer for a limited time the authority to approve final principal
21 maturities on the Bonds and interest rates on the Bonds and other terms and conditions. The final
22 interest rates for the Bonds shall be determined by agreement among the Underwriter, financial
23 advisor and the Chief Fiscal Officer and/or Acting Chief Fiscal Officer and shall be set forth as
24 an exhibit to the purchase contract for the Bonds. The Chief Fiscal Officer and/or Acting Chief

1 Fiscal Officer is hereby authorized to approve the final principal maturities and final maturity
2 amounts of the Bonds and the final interest rates and yields for the Bonds in the manner provided
3 hereafter for so long as the true interest cost on the Bonds does not exceed 6% and the net present
4 value of savings effected as a result of the issuance of the Refunding Bonds shall be at least equal
5 to the lesser of \$188,500 or 3% of the principal amount of the Refunded Bonds. In determining
6 the maturities, principal amounts, redemption terms and rate or rates of interest of the Bonds, the
7 Chief Fiscal Officer and/or Acting Chief Fiscal Officer shall, in consultation with the
8 Municipality's financial advisor, take into account those factors which, in her/his judgment, will
9 result in the lowest net effective interest cost on the Bonds to their maturity, including, but not
10 limited to current financial market conditions and current interest rates for obligations
11 comparable in tenor and quality to the Bonds. The Chief Fiscal Officer and/or Acting Chief
12 Fiscal Officer is hereby authorized to execute the final form of the purchase contract for the
13 Bonds, upon her/his approval of the final principal maturities on the Bonds, redemption
14 provisions and the interest rates set forth therein. The authority granted to the Chief Fiscal
15 Officer and/or Acting Chief Fiscal Officer by this Section 23 shall expire in 120 days from the
16 date of approval of this ordinance, and if final interest rates have not been approved by the Chief
17 Fiscal Officer and/or Acting Chief Fiscal Officer in accordance with the delegated authority of
18 this Section 23 within 120 days, no final Bond terms shall be approved without further advice
19 and consultation of the Assembly at a regular or special meeting.

20 Section 24. Application of Bond Proceeds. From the monies derived from the sale of
21 the Bonds;

22 (a) the accrued interest, if any, to the date of delivery of the Bonds shall be
23 deposited in the New Lien Bond Fund and shall be used to pay the interest on the Bonds coming
24 due on November 1, 2003;

1 (b) an amount designated by the Chief Fiscal Officer and/or Acting Chief
2 Fiscal Officer shall be deposited in the New Lien Reserve Account to satisfy a portion of the
3 New Lien Reserve Account Requirement;

4 (c) the balance of the proceeds of the Improvement Bonds shall be deposited
5 in the fund of the Municipality designated in the closing memorandum executed by the Chief
6 Fiscal Officer and/or Acting Chief Fiscal Officer (or her/his designee) on the date of delivery of
7 the Improvement Bonds and used to pay an allocable share of costs of issuance, to capitalize
8 interest on a portion of the Bonds; and pay or reimburse the Municipality for the costs of the
9 Projects; and

10 (d) the balance of the proceeds of the Refunding Bonds and other available
11 funds shall be deposited into the Refunding Account to implement the refunding plan outlined in
12 Sections 26 and 27 of this ordinance and to pay allocable costs of issuance.

13 Certain funds of the Municipality may be held and maintained in the custody of the
14 Registrar, as depository, under the terms of the written agreement with the Registrar. Those
15 funds may be further subdivided into accounts or subaccounts for accounting purposes. All such
16 money and securities held by the Registrar, as depository, shall be applied and invested only in
17 accordance with the terms of the agreement with the Registrar. All interest earnings from
18 investment, if any, of money held in any fund or account held by the Registrar shall accrue for
19 the benefit of the invested fund or account. All money, accounts and funds of the Municipality
20 that may be held by the Registrar, as depository, shall be and continue to be funds of the
21 Municipality and subject to the terms of this ordinance.

22 Section 25. General Authorization to Municipal Officials. After the sale, the proper
23 officials of the Municipality are hereby authorized and directed to do everything necessary to

1 complete such sale and delivery of the Bonds to the Underwriter upon payment of the purchase
2 price thereof.

3 Section 26. Refunding Account. There is hereby authorized to be created an account
4 known as the "Refunding Account" which account is to be drawn upon for the sole purpose of
5 paying the interest on the 1993 Bonds until their date of redemption, paying the redemption price
6 of the 1993 Bonds on the date of redemption of the 1993 Bonds and paying costs related to the
7 refunding of the 1993 Bonds.

8 The proceeds of sale of the Refunding Bonds (exclusive of accrued interest thereon,
9 which shall be paid into the New Lien Bond Fund) shall be credited to the Refunding Account.

10 Money in the Refunding Account shall be used immediately upon receipt thereof to
11 defease the 1993 Bonds as authorized by the 1993 Bond Ordinance and pay costs of issuance
12 allocable to the Refunding Bonds. The Municipality shall defease the 1993 Bonds and discharge
13 such obligations by the use of money in the Refunding Account to purchase certain Government
14 Obligations, bearing such interest and maturing as to principal and interest in such amounts and
15 at such times which, together with any necessary beginning cash balance, will provide for the
16 payment of:

- 17 (a) interest on the 1993 Bonds through the Call Date; and
- 18 (b) the redemption price of the 1993 Bonds being redeemed on the Call Date.

19 A beginning cash balance, if any, and Acquired Obligations shall be deposited
20 irrevocably with the Escrow Agent in an amount sufficient to defease the 1993 Bonds. The
21 proceeds of the Refunding Bonds remaining in the Refunding Account after acquisition of the
22 Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to
23 pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the
24 issuance of the Refunding Bonds.

1 Section 27. Call For Redemption of 1993 Bonds. The Municipality hereby irrevocably
2 sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the
3 Refunding Bonds to make the payments described in Section 26 of this ordinance.

4 The Municipality hereby irrevocably calls the 1993 Bonds maturing on and after March 1,
5 2004 for redemption on the Call Date in accordance with the provisions of the 1993 Bond
6 Ordinance authorizing the redemption and retirement of the 1993 Bonds prior to their fixed
7 maturity.

8 Said defeasance and call for redemption of the 1993 Bonds shall be irrevocable after the
9 final establishment of the escrow account and delivery of the Acquired Obligations to the Escrow
10 Agent.

11 The Escrow Agent is hereby authorized and directed to provide for the timely giving of
12 notice of the redemption of the 1993 Bonds in accordance with the applicable provisions of the
13 1993 Bond Ordinance. The Chief Fiscal Officer and/or Acting Chief Fiscal Officer is authorized
14 and requested to provide whatever assistance is necessary to accomplish such redemption and the
15 giving of notice therefor. The costs of publication of such notice shall be an expense of the
16 Municipality.

17 The Escrow Agent is hereby authorized and directed to pay to the Chief Fiscal Officer
18 and/or Acting Chief Fiscal Officer, or, at the direction of the Chief Fiscal Officer and/or Acting
19 Chief Fiscal Officer, to the paying agent for the 1993 Bonds, sums sufficient to pay, when due,
20 the payments specified in of Section 26 of this ordinance. All such sums shall be paid from the
21 moneys and Acquired Obligations deposited with said Escrow Agent pursuant to Section 26 of
22 this ordinance and the income therefrom and proceeds thereof. All such sums so paid to or at the
23 direction of said Chief Fiscal Officer and/or Acting Chief Fiscal Officer shall be credited to the
24 Refunding Account. All moneys and Acquired Obligations deposited with said Escrow Agent

1 and any income therefrom shall be held, invested (but only at the direction of the Chief Fiscal
2 Officer and/or Acting Chief Fiscal Officer) and applied in accordance with the provisions of the
3 Escrow Agreement.

4 The Municipality will take such actions as are found necessary to see that all necessary
5 and proper fees, compensation and expenses of the Escrow Agent for the 1993 Bonds shall be
6 paid when due.

7 In order to carry out the purposes of Section 26 of this ordinance and of this section, the
8 Chief Fiscal Officer and/or Acting Chief Fiscal Officer is authorized and directed to execute and
9 deliver to the Escrow Agent a copy of the Escrow Agreement substantially in the form attached
10 to this ordinance as "Exhibit A".

11 Section 28. Approval of Official Statements. The Chief Fiscal Officer and/or Acting
12 Chief Fiscal Officer is hereby authorized to review and approve on behalf of the Municipality the
13 preliminary Official Statement and to execute a certificate evidencing compliance with the Rule
14 with such additions and changes as may be deemed necessary or advisable to her/him. The Chief
15 Fiscal Officer and/or Acting Chief Fiscal Officer is hereby authorized and directed to review and
16 approve on behalf of the Municipality a final official statement with respect to the Bonds.

17 Section 29. Undertaking to Provide Ongoing Disclosure. The Chief Fiscal Officer
18 and/or Acting Chief Fiscal Officer is authorized to, in her/his discretion, execute and deliver an
19 Ongoing Disclosure Agreement to assist the Underwriter in complying with the Rule.

20 Section 30. Municipal Bond Insurance Policy. The payments of the principal of and
21 interest on the Bonds may be insured by the issuance of the Municipal Bond Insurance Policy.
22 The Chief Fiscal Officer and/or Acting Chief Fiscal Officer, with the assistance of the
23 Underwriter, shall solicit proposals from municipal bond insurance companies, and the Chief
24 Fiscal Officer and/or Acting Chief Fiscal Officer, in consultation with the financial advisor, is

1 hereby authorized to review such proposals and may select the proposal which is deemed to be
2 the most cost effective and further to execute a commitment with such insurance company (the
3 “Bond Insurer”) which may include such covenants and conditions as shall be approved by the
4 Chief Fiscal Officer and/or Acting Chief Fiscal Officer.

5 Section 31. Amendatory and Supplemental Ordinances.

6 (a) The Assembly from time to time and at any time may approve an
7 ordinance or ordinances supplemental hereof, which ordinance or ordinances thereafter shall
8 become a part of this ordinance, for any one or more of the following purposes:

9 (1) To add to the covenants and agreements of the Municipality in this
10 ordinance contained, other covenants and agreements thereafter to be observed, or to surrender
11 any right or power herein reserved to or conferred upon the Municipality.

12 (2) To make such provisions for the purpose of curing any ambiguities
13 or of curing, correcting or supplementing any defective provision contained in this ordinance or
14 in regard to matters or questions arising under this ordinance as the Assembly may deem
15 necessary or desirable and not inconsistent with this ordinance and which shall not materially and
16 adversely affect the interest of the Registered Owners or Beneficial Owners of any New Lien
17 Bonds.

18 (3) To provide for the issuance of New Lien Bonds in a different form
19 of book-entry or certificated obligations.

20 Any such supplemental ordinance of the Assembly may be approved without the consent
21 of the Registered Owner or Beneficial Owner of any of the New Lien Bonds at any time
22 outstanding, notwithstanding any of the provisions of subsection (b) of this section.

23 (b) With the consent of the Registered Owners of not less than 60% in
24 aggregate principal amount of any New Lien Bonds at the time Outstanding, the Assembly may

1 approve an ordinance or ordinances supplemental hereto for the purpose of adding any provisions
2 to or changing in any manner or eliminating any of the provisions of this ordinance or of any
3 supplemental ordinance; *provided, however*, that no such supplemental ordinance shall:

4 (1) Extend the fixed maturity of any of the New Lien Bonds, or reduce
5 the rate of interest thereon, or reduce the amount or change the date of any sinking fund payment
6 requirement, or extend the time of payments of interest from their due date, or reduce the amount
7 of the principal thereof, or reduce any premium payable on the redemption thereof, without the
8 consent of the Registered Owner of each New Lien Bond so affected; or

9 (2) Reduce the aforesaid percentage of Registered Owners of New
10 Lien Bonds required to approve any such supplemental ordinance without the consent of the
11 Registered Owners of all of the New Lien Bonds then outstanding; or

12 (3) Remove the pledge and lien of this ordinance on Gross Revenues
13 or the moneys in the Water Fund.

14 It shall not be necessary for the consent of the Registered Owners of the New Lien Bonds
15 under this subsection (b) to approve the particular form of any proposed supplemental ordinance,
16 but it shall be sufficient if such consent shall approve the substance thereof.

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

1 (d) New Lien Bonds executed and delivered after the execution of any
2 supplemental ordinance adopted pursuant to the provisions of this section may bear a notation as
3 to any matter provided for in such supplemental ordinance, and if such supplemental ordinance
4 shall so provide, New Lien Bonds so modified as to conform, in the opinion of the Assembly, to
5 any modification of this ordinance contained in any such supplemental ordinance may be
6 prepared by the Municipality and delivered without cost to the owners of New Lien Bonds then
7 outstanding, upon surrender for cancellation of such Bonds or New Lien Bond in equal aggregate
8 principal amounts.

9 Section 32. Amending Section 25 of Ordinance No. AO 98-71. Section 25 of
10 Ordinance No. AO 98-71 shall be amended to read as follows (deletions are shown as stricken
11 text and additions are shown as underscored):

12 (a) Contract/Undertaking. This section constitutes the
13 Municipality's written undertaking for the benefit of the Registered Owners of the
14 Bonds as required by Section (b)(5) of the Rule.

15 (b) Financial Statements/Operating Data. The Municipality
16 agrees to provide or cause to be provided to each NRMSIR and to the SID, if any,
17 in each case as designated by the Commission in accordance with the Rule, annual
18 financial information and operating data for the prior fiscal year (commencing in
19 1999 for the fiscal year ended December 31, 1998), including annual financial
20 statements for the System prepared in accordance with generally accepted
21 accounting principles as prescribed by the Government Accounting Standards
22 Board (or its successor) from time to time and generally of the type included in
23 the official statement for the Bonds under the in the tables titled "Number of
24 Customers; Ten Largest Customers--Anchorage Water Utility--1997"; "Annual
25 Production"; [~~"1993-1998 Capital Improvement Program Financial Summary--
26 Anchorage Water Utility";~~] "AWU Rate Increases"; "Current Water Rates--
27 Anchorage Water Utility"; "Statement of Revenues, Expenses and Debt Service
28 Coverage--Anchorage Water Utility"; and "Revenue Bonds Debt Service--
29 Anchorage Water Utility" or in the Comprehensive Annual Financial Report
30 under comparable headings.

31 Such annual information and operating data described above shall be
32 available on or before seven months from the end of each fiscal year. If the fiscal
33 year of the Municipality is changed, the Municipality may adjust such date by
34 providing written notice of the change of fiscal year and the new reporting date to
35 each then existing NRMSIR and the SID, if any. In lieu of providing such annual
36 financial information and operating data, the Municipality may cross-reference to

1 other documents the Municipality provides to the NRMSIRs, the SID or to the
2 Commission and, if such document is a final official statement within the meaning
3 of the Rule, available from the MSRB.

4 If not provided as part of the annual financial information discussed above,
5 the Municipality shall provide the Municipality's audited annual financial
6 statements prepared in accordance with generally accepted accounting principles
7 as prescribed by the Government Accounting Standards Board (or its successor)
8 from time to time when and if available to each then existing NRMSIR and the
9 SID, if any.

10 (c) Material Events. The Municipality agrees to provide or
11 cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR
12 or to the MSRB notice of the occurrence of any of the following events with
13 respect to the Bonds, if material:

- 14 • Principal and interest payment delinquencies;
- 15 • Non-payment related defaults;
- 16 • Unscheduled draws on debt service reserves reflecting financial
17 difficulties;
- 18 • Unscheduled draws on credit enhancements reflecting financial
19 difficulties;
- 20 • Substitution of credit or liquidity providers, or their failure to
21 perform;
- 22 • Adverse tax opinions or events affecting the tax-exempt status of
23 the Bonds;
- 24 • Optional, contingent or unscheduled Bond calls other than
25 scheduled sinking fund redemptions for which notice is given
26 pursuant to Exchange Act Release 34-23856;
- 27 • Modifications to rights of Registered Owners;
- 28 • Defeasances;
- 29 • Release, substitution or sale of property securing the repayment of
30 the Bonds; and
- 31 • Rating changes.

32 With respect to the notice regarding release, substitution or sale of
33 property, the Municipality will state in its Preliminary and Final Official
34 Statements that there is no property securing the repayment of the Bonds.

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

40 (e) Termination/Modification. The Municipality's obligations
41 to provide annual financial information and notices of material events shall
42 terminate upon the defeasance or payment in full of all of the Bonds. This
43 section, or any provision hereof, shall be null and void if the Municipality
44 (1) obtains an opinion of nationally recognized bond counsel to the effect that
45 those portions of the Rule which require this section, or any such provision, are
46 invalid, have been repealed retroactively or otherwise do not apply to the Bonds
47 and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion

1 and the cancellation of this section. Notwithstanding any other provision of this
2 ordinance, the Municipality may amend this Section 25 and any provision of this
3 Section 25 may be waived, provided that the following conditions are satisfied:

4 i. If the amendment or waiver relates to the provisions
5 of Section 25(b) or (c), it may only be made in connection with a change in
6 circumstances that arises from a change in legal requirements, change in law, or
7 change in the identity, nature or status of an obligated person with respect to the
8 Bonds, or the type of business conducted;

9 ii. The undertaking, as amended or taking into account
10 such waiver, would, in the opinion of nationally recognized bond counsel, have
11 complied with the requirements of the Rule at the time of the original issuance of
12 the Bonds, after taking into account any amendments or interpretations of the
13 Rule, as well as any change in circumstances; and

14 iii. The amendment or waiver either (A) is approved by
15 the Registered Owners in the same manner as provided in this ordinance for
16 amendments to this ordinance with the consent of Registered Owners, or (B) does
17 not, in the opinion of nationally recognized bond counsel, materially impair the
18 interests of owners of the Bonds.

19 In the event of any amendment of or waiver of a provision of this
20 Section 25, the Municipality shall describe such amendment in the next annual
21 report, and shall include, as applicable, a narrative explanation of the reason for
22 the amendment or waiver and its impact on the type (or in the case of a change of
23 accounting principles, on the presentation) of financial information or operating
24 data being presented by the Municipality. In addition, if the amendment relates to
25 the accounting principles to be followed in preparing financial statements,
26 (i) notice of such change shall be given in the same manner as for a material event
27 under Subsection (c), and (ii) the annual report for the year in which the change is
28 made should present a comparison (in narrative form and also, if practical, in
29 quantitative form) between the financial statements as prepared on the basis of the
30 new accounting principles and those prepared on the basis of the former
31 accounting principles.

32 (f) Registered Owner's Remedies Under This Section. A
33 Registered Owner's right to enforce the provisions of this section shall be limited
34 to a right to obtain specific enforcement of the Municipality's obligations
35 hereunder, and any failure by the Municipality to comply with the provisions of
36 this undertaking shall not be a default with respect to the Bonds under this
37 ordinance.

38
39 As amended by this ordinance, Ordinance No. AO 98-71 is hereby ratified, approved and

40 confirmed.

1 Section 33. Amending Section 28 of Ordinance No. AO 99-118(S). Section 28 of
2 Ordinance No. AO 99-118(S) shall be amended to read as follows (deletions are shown as
3 stricken text and additions are shown as underscored):

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

7 (b) *Financial Statements/Operating Data.* The Municipality
8 agrees to provide or cause to be provided to each NRMSIR and to the SID, if any,
9 in each case as designated by the Commission in accordance with the Rule, annual
10 financial information and operating data for the prior fiscal year (commencing in
11 2000 for the fiscal year ended December 31, 1999), including annual financial
12 statements for the System prepared in accordance with generally accepted
13 accounting principles as prescribed by the Government Accounting Standards
14 Board (or its successor) from time to time and generally of the type included in
15 the official statement for the Bonds under the in the tables titled "Number of
16 Customers"; "Daily Average Production/Demand"; [~~"Capital Improvement
17 Program Financial Summary - Anchorage Water Utility";~~] "Water Utility Rate
18 Increases"; "Current Water Rates - Anchorage Water Utility"; "Statement of
19 Revenues, Expenses and Debt Service Coverage - Anchorage Water Utility"; and
20 "Revenue Bonds Debt Services - Anchorage Water Utility" or in the
21 Comprehensive Annual Financial Report under comparable headings.

22 Such annual information and operating data described above shall be
23 available on or before seven months from the end of each fiscal year. If the fiscal
24 year of the Municipality is changed, the Municipality may adjust such date by
25 providing written notice of the change of fiscal year and the new reporting date to
26 each then existing NRMSIR and the SID, if any. In lieu of providing such annual
27 financial information and operating data, the Municipality may cross-reference to
28 other documents the Municipality provides to the NRMSIRs, the SID or to the
29 Commission and, if such document is a final official statement within the meaning
30 of the Rule, available from the MSRB.

31 If not provided as part of the annual financial information discussed above,
32 the Municipality shall provide the Municipality's audited annual financial
33 statements prepared in accordance with generally accepted accounting principles
34 as prescribed by the Government Accounting Standards Board (or its successor)
35 from time to time when and if available to each then existing NRMSIR and the
36 SID, if any.

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

- 41 • Principal and interest payment delinquencies;
- 42 • Non-payment related defaults;
- 43 • Unscheduled draws on debt service reserves reflecting financial
44 difficulties;

- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856;
- Modifications to rights of Registered Owners;
- Defeasances;
- Release, substitution or sale of property securing the repayment of the Bonds; and
- Rating changes.

With respect to the notice regarding release, substitution or sale of property, the Municipality will state in its Preliminary and Final Official Statements that there is no property securing the repayment of the Bonds.

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

(e) *Termination/Modification.* The Municipality's obligations to provide annual financial information and notices of material events shall terminate upon the defeasance or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the Municipality (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section. Notwithstanding any other provision of this ordinance, the Municipality may amend this Section 28 and any provision of this Section 28 may be waived, provided that the following conditions are satisfied:

i. If the amendment or waiver relates to the provisions of Section 28(b) or (c), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

ii. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

iii. The amendment or waiver either (A) is approved by the Registered Owners in the same manner as provided in this ordinance for amendments to this ordinance with the consent of Registered Owners, or (B) does

1 not, in the opinion of nationally recognized bond counsel, materially impair the
2 interests of owners of the Bonds.

3 In the event of any amendment of or waiver of a provision of this
4 Section 28, the Municipality shall describe such amendment in the next annual
5 report, and shall include, as applicable, a narrative explanation of the reason for
6 the amendment or waiver and its impact on the type (or in the case of a change of
7 accounting principles, on the presentation) of financial information or operating
8 data being presented by the Municipality. In addition, if the amendment relates to
9 the accounting principles to be followed in preparing financial statements,
10 (i) notice of such change shall be given in the same manner as for a material event
11 under Subsection (c), and (ii) the annual report for the year in which the change is
12 made should present a comparison (in narrative form and also, if practical, in
13 quantitative form) between the financial statements as prepared on the basis of the
14 new accounting principles and those prepared on the basis of the former
15 accounting principles.

16 (f) *Remedies Under This Section.* The Registered Owner's or
17 Beneficial Owner's right to enforce the provisions of this section shall be limited
18 to a right to obtain specific enforcement of the Municipality's obligations
19 hereunder, and any failure by the Municipality to comply with the provisions of
20 this undertaking shall not be a default with respect to the Bonds under this
21 ordinance.

22
23 As amended by this ordinance, Ordinance No. AO 99-118(S) is hereby ratified, approved
24 and confirmed.

25 Section 34. Amending Section 12 of Ordinance No. AO 98-71. Section 12 of
26 Ordinance No. AO 98-71 shall be amended to read as follows (deletions are shown as stricken
27 text and additions are shown as underscored):

28 There has heretofore been created a special fund of the Municipality
29 known as the "Anchorage Senior Lien Water Revenue Bond Fund," (the "Bond
30 Fund"), which fund is a trust fund to be drawn upon for the sole purpose of paying
31 the principal of and interest and premium, if any, on the Senior Lien Parity Bonds.
32 The Bond Fund consists of two accounts, the Debt Service Account and the
33 Reserve Account. Amounts pledged to be paid into the Bond Fund are hereby
34 declared to be a lien and charge upon Gross Revenues and the moneys in the
35 Water Fund superior to all other charges of any kind or nature, except Operating
36 Expenses, and equal in rank to the charge thereon to pay and secure the payment
37 of the principal of and interest on the Outstanding Senior Lien Parity Bonds.

38 From and after the time of issuance and delivery of the Bonds and as long
39 thereafter as any of the same remain outstanding, the Municipality hereby
40 irrevocably obligates and binds itself to set aside and pay into the Debt Service
41 Account out of Gross Revenues and moneys in the Water Fund or out of any other

1 moneys legally available therefor on or before the ~~[20th day of each month the~~
2 ~~following:]~~ **[date on which any payment of debt service on the Bonds is due]**
3 ~~[~~ ~~(a)~~ ~~S]~~ such amounts, ~~in approximately equal monthly~~
4 ~~installments, as will be sufficient to accumulate the amount]~~ required to pay the
5 interest scheduled to become due on the Senior Lien Parity Bonds on the ~~[next~~
6 ~~]interest payment date; and~~
7 ~~[~~ ~~(b)~~ ~~S]~~ such amounts, ~~in approximately equal monthly~~
8 ~~installments,]~~ as will be sufficient to ~~[accumulate]~~ **[pay]** (i) any required sinking
9 fund installment, (ii) the amount required to pay the next maturing principal of all
10 Senior Lien Parity Bonds, and (iii) the principal amounts of, and any redemption
11 premium on, all Senior Lien Parity Bonds payable **[on such payment date]** as a
12 result of any mandatory redemption provisions, ~~in each case during the next~~
13 ~~12 months].~~

14 The Municipality may, at its option, credit the principal amounts of Senior
15 Lien Parity Bonds purchased and retired pursuant to Section 6 of this ordinance
16 against payments required by subparagraph (b) above to the extent that such
17 payments are or could be applicable to the Senior Lien Parity Bonds so purchased
18 and retired.

19 Moneys in the Debt Service Account may be held in cash or
20 invested in Government Obligations or repurchase agreements of Government
21 Obligations written with banks or insurance companies rated "A" or better which
22 investments mature prior to the time such money is required for the payment of
23 the principal of or interest on the Senior Lien Parity Bonds. All interest earned on
24 and profits derived from such investments shall remain in and become a part of
25 the Debt Service Account.


26
27 As amended by this ordinance, Ordinance No. AO 98-71 is hereby ratified, approved and
28 confirmed.

29 Section 35. Repeal of Ordinance No. AO 2003-59. The Assembly hereby repeals
30 Ordinance No. AO 2003-59 in its entirety.

1 Section 36. Severability. If any one or more of the covenants or agreements provided
2 in this ordinance to be performed on the part of the Municipality shall be declared by any court of
3 competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or
4 agreements shall be null and void and shall be deemed separable from the remaining covenants
5 and agreements in this ordinance and shall in no way affect the validity of the other provisions of
6 this ordinance or of the Bonds.

7 PASSED AND APPROVED by the Assembly of the Municipality of Anchorage this
8 15th day of July, 2003.

9
10 MUNICIPALITY OF ANCHORAGE, ALASKA

11
12 By 
13
14 Chair

15
16 ATTEST:

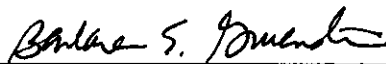
17 
18
19 Municipal Clerk

EXHIBIT A

ESCROW AGREEMENT

**MUNICIPALITY OF ANCHORAGE, ALASKA
WATER REVENUE AND REFUNDING BONDS, 2003**

THIS ESCROW AGREEMENT, dated as of May __, 2003 (herein, together with any amendments or supplements hereto, called the "Agreement"), is entered into by and between the Municipality of Anchorage, Alaska (herein called the "Municipality"), and U.S. Bank National Association, Seattle, Washington, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The notice addresses of the Municipality and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the Municipality heretofore has issued and there presently remain outstanding the obligations described in Exhibit B attached hereto (the "1993 Bonds"); and

WHEREAS, pursuant to Ordinance No. AO 2003-103 passed on _____, 2003 (the "Bond Ordinance"), the Municipality has determined to issue its Water Revenue and Refunding Bonds, 2003 (the "Bonds") a portion of the proceeds of which will be used for the purpose of providing funds to pay the costs of refunding the 1993 Bonds; and

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

WHEREAS, pursuant to the Bond Ordinance, the 1993 Bonds have been designated for redemption prior to their scheduled maturity date and, after provision is made for such redemption, the 1993 Bonds will bear interest at such rate, and be payable at such times and in such amounts as are set forth in Exhibit C attached hereto and made a part hereof; and

WHEREAS, when Escrowed Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the 1993 Bonds when due, then the 1993 Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, the issuance, sale, and delivery of the Bonds have been duly authorized to be issued, sold and delivered for the partial purpose of obtaining the funds required to provide for the payment of the principal of and interest on the 1993 Bonds when due as shown on Exhibit C attached hereto; and

WHEREAS, the Municipality desires that, concurrently with the delivery of the Bonds to the purchasers thereof, a portion of the proceeds of the Bonds, together with certain

other available funds of the Municipality, shall be applied to purchase certain noncallable direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the 1993 Bonds as the same accrues and becomes payable and the principal of the 1993 Bonds as it becomes due and payable; and

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

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

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the 1993 Bonds, the Municipality and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

Article 1. Definitions

Section 1.1. Definitions.

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

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

Escrowed Securities means the noncallable direct obligations of the United States of America described in Exhibit D attached to this Agreement, or cash or other noncallable direct obligations of the United States of America substituted therefor pursuant to Section 4.2 of this agreement.

Government Obligations means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series, (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed as to full and timely payment by the United States. The term "Government Obligations" shall not include mutual funds or unit investment trusts.

Paying Agent means U.S. Bank National Association, as the successor paying agent for the 1993 Bonds.

Section 1.2. Other Definitions.

The terms “Agreement,” “Municipality,” “Escrow Agent,” “Bond Ordinance,” “1993 Bonds,” and “Bonds” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.3. Interpretations.

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the 1993 Bonds in accordance with applicable law.

Article 2. Deposit of Funds and Escrowed Securities

Section 2.1. Deposits in the Escrow Fund.

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

Article 3. Creation and Operation of Escrow Fund

Section 3.1. Escrow Fund.

The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit D attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the 1993 Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers have been made for the payment of such principal of and interest on the 1993 Bonds, any balance then remaining in the Escrow Fund shall be transferred to the Municipality, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.2. Payment of Principal and Interest.

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the 1993 Bonds at their redemption date and interest thereon to such redemption date in the amounts and at the time shown in Exhibit C attached hereto.

Section 3.3. Sufficiency of Escrow Fund.

The Municipality represents that the receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit or scheduled to be on deposit in the Escrow Fund will be at all time sufficient to provide moneys for transfer to the Paying Agent at the times and in the amount required to pay the interest on the 1993 Bonds as such interest comes due and the principal of the 1993 Bonds as the 1993 Bonds are paid on the optional redemption date prior to maturity, all as more fully set forth in Exhibit E attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2. hereof, the Municipality shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Municipality's failure to make additional deposits thereto.

Section 3.4. Trust Fund.

The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the 1993 Bonds; and a special account thereof shall at all times prior to termination of this Agreement be maintained on the books of the Escrow Agent. The owners of the 1993 Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the 1993 Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Municipality, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Municipality or, except to the extent expressly herein provided, by the Paying Agent.

Article 4. Limitation on Investments

Section 4.1. Investments.

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

Section 4.2. Substitution of Securities.

At the written request of the Municipality, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Escrow Fund, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase 1993 Bonds or other noncallable governmental obligations of the type permitted to be used for defeasance for the 1993 Bonds by the 1993 Bond Ordinance. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a firm of independent certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient, without reinvestment, to provide for the full and timely payment of principal and interest on the 1993 Bonds as they become due, taking into account the optional redemption thereof exercised by the Municipality in connection with such transaction; and (b) the Escrow Agent shall have received the unqualified written legal opinion of its bond counsel or tax counsel to the effect that such transaction will not cause any of the Bonds or 1993 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1989, as amended or, if applicable, Section 103(c) of the Internal Revenue Code of 1954, as amended.

Article 5. Application of Cash Balances

Section 5.1. In General.

Except as provided in Section 2.1, 3.2, and 4.2, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent in U.S. currency and shall not be reinvested by the Escrow Agent, except as directed or authorized herein.

Article 6. Redemption of 1993 Bonds.

Section 6.1. Call for Redemption.

The Municipality hereby irrevocably calls the 1993 Bonds for redemption on _____, 2003, as shown on Appendix A-2 attached hereto.

Section 6.2. Notice of Redemption/Notice of Defeasance.

The Escrow Agent agrees to give a notice of defeasance and a notice of the redemption of the 1993 Bonds pursuant to the terms of the 1993 Bonds and in substantially the forms attached hereto as Appendices A-1 and A-2 attached hereto and as described on said Appendices A-1 and A-2 to the Paying Agent for distribution as described therein. The notice of defeasance shall be given immediately following the execution of this Agreement, and the notice of redemption shall be given in accordance with the ordinance or resolution authorizing the 1993 Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the 1993 Bonds.

Article 7. Records and Reports.

Section 7.1. Records.

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

Section 7.2. Reports.

While this Agreement remains in effect, the Escrow Agent monthly shall prepare and send to the Municipality a written report summarizing all transactions relating to the Escrow Fund, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the 1993 Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of each calendar quarter.

Article 8. Concerning the Paying Agents and Escrow Agent

Section 8.1. Representations.

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

Section 8.2. Limitation on Liability.

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the 1993 Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligor of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Municipality promptly of any such occurrence.

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

The Escrow Agent is not a party to the proceedings authorizing the Bonds or the 1993 Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrars therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

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

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

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

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Municipality with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund and to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its

negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Municipality or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Municipality at any time.

Section 8.3. Compensation.

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

Section 8.4. Successor Escrow Agents.

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Municipality, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Municipality within 60 days, a successor may be appointed by the owners of a majority in principal amount of the 1993 Bonds then outstanding by an instrument or instruments in writing filed with the Municipality, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any 1993 Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and subject to the supervision or examination by federal or state authority.

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

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

Any corporation into which the Escrow Agent may merge, sell, or transfer its escrow business and assets, shall automatically be and become successor Escrow Agent hereunder and vested with all powers as was its predecessor, without the execution or filing of any instructions, or any further act, deed or conveyance on the part of the parties hereto.

Article 9. Miscellaneous

Section 9.1. Notice.

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

Section 9.2. Termination of Responsibilities.

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Municipality, the owners of the 1993 Bonds or to any other person or persons in connection with this Agreement.

Section 9.3. Binding Agreement.

This Agreement shall be binding upon the Municipality and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the 1993 Bonds, the Municipality, the Escrow Agent and their respective successors and legal representatives.

Section 9.4. Severability.

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

Section 9.4.1. Alaska Law Governs.

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

Section 9.5. Time of the Essence.

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

Section 9.6. Notice to Moody's and S&P.

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

Section 9.7. Amendments.

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the 1993 Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the 1993 Bonds.

EXECUTED as of the date first written above.

MUNICIPALITY OF ANCHORAGE, ALASKA

[Acting] Chief Fiscal Officer

U.S. BANK NATIONAL ASSOCIATION

Authorized Signer

- Exhibit A - Addresses of the Municipality and Escrow Agent
- Exhibit B - Description of the 1993 Bonds
- Exhibit C - Schedule of Debt Service on 1993 Bonds
- Exhibit D - Description of Beginning Cash Deposit and Escrowed Securities
- Exhibit E - Escrow Fund Cash Flow
- Appendix A-1 - Notice of Defeasance
- Appendix A-2 - Notice of Redemption
- Appendix B - Fee Schedule

EXHIBIT A
Addresses of the Municipality and Escrow Agent

Municipality: Municipality of Anchorage
632 West Sixth Avenue
Anchorage, Alaska 99501
Attention: [Acting] Chief Fiscal Officer

Escrow Agent: U.S. Bank National Association

Attention: _____

EXHIBIT B
Description of the 1993 Bonds

Municipality of Anchorage, Alaska
Senior Lien Water Revenue and Refunding Bonds, 1993

(the "1993 Bonds")

Maturity Year (March 1)	Principal Amount	Interest Rate
2004	\$ 1,565,000	4.80%
2005	1,640,000	4.90
2006	1,715,000	5.00
2013	1,340,000	5.25

EXHIBIT C
Schedule of Debt Service on the 1993 Bonds

<u>Date</u>	<u>Interest</u>	<u>Principal/ Redemption Price</u>	<u>Redemption Premium</u>	<u>Total</u>
	\$ _____	\$ _____	\$ _____	\$ _____

EXHIBIT D
Escrow Deposit

I. Cash - \$_____

II. Other Obligations

<u>Description</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Total Cost</u>
		\$	%	\$

EXHIBIT E
Escrow Fund Cash Flow

<u>Date</u>	<u>Escrow Requirement</u>	<u>Net Escrow Receipts</u>	<u>Total Receipts</u>	<u>Cash Balance</u>
	--	\$	\$	\$
	\$			

APPENDIX A-1
Notice of Defeasance
Municipality of Anchorage, Alaska
Senior Lien Water Revenue and Refunding Bonds, 1993

\$1,565,000 @ 4.80% DUE 03/01/04 CUSIP 033285MW4

\$1,640,000 @ 4.90% DUE 03/01/05 CUSIP 033285MX2

\$1,715,000 @ 5.00% DUE 03/01/06 CUSIP 033285MY0

\$1,340,000 @ 5.25% DUE 03/01/13 CUSIP 033285NF0

NOTICE IS HEREBY GIVEN to the owners of that portion of the above-captioned bonds with respect to which, pursuant to an Escrow Agreement dated May ___, 2003, by and between the Municipality of Anchorage (the "Municipality") and U.S. Bank National Association (the "Escrow Agent"), the Municipality has deposited into an escrow account, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money sufficient to pay each year, to and including the respective maturity or redemption dates of such bonds so provided for, the principal thereof and interest thereon (the "1993 Defeased Bonds"). Such 1993 Defeased Bonds are therefore deemed to be no longer outstanding pursuant to the provisions of Section 19 of Ordinance No. AO 93-144(S) of the Municipality, authorizing the issuance of the 1993 Defeased Bonds, but will be paid by application of the assets of such escrow account.

U.S. Bank National Association, as Escrow Agent

APPENDIX A-2

**Notice of Full Redemption*
Municipality of Anchorage, Alaska
Senior Lien Water Revenue and Refunding Bonds, 1993**

\$1,565,000 @ 4.80% DUE 03/01/04 CUSIP 033285MW4

\$1,640,000 @ 4.90% DUE 03/01/05 CUSIP 033285MX2

\$1,715,000 @ 5.00% DUE 03/01/06 CUSIP 033285MY0

\$1,340,000 @ 5.25% DUE 03/01/13 CUSIP 033285NF0

NOTICE IS HEREBY GIVEN pursuant to the terms of the ordinance of the Municipality of Anchorage, Alaska, as Issuer, that the bonds listed above or on the attached Notice have been selected for Optional Redemption on _____, 2003 (the Redemption Date) at a price of 100% (the Redemption Price) together with interest accrued to the Redemption Date.

Payment of the Redemption Price on the Bonds called for redemption will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner:

If by Mail: (REGISTERED BONDS)

U.S. Bank National Association
P.O. Box 64111
St. Paul, MN 55164-0111

(612) 973-5800

If by Hand or Overnight Mail:

U.S. Bank National Association
180 East Fifth Street
4th Floor - Bond Drop Window
St. Paul, MN 55101

Bondholders presenting their bonds in person for same day payment **must** surrender their bond(s) by 1:00 P.M. on the Redemption Date and a check will be available for pick up after 2:00 P.M. Checks not picked up by 4:30 P.M. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Bond, you are not required to endorse the Bond to collect the Redemption Price.

* This notice shall be given not more than 60 nor less than 35 days prior to _____, 2003 by first class mail, postage prepaid, to each registered owner of the Refunded Bonds. In addition notice shall be mailed to Ambac Assurance Corporation, and notice shall be mailed at least 35 days prior to _____, 2003 to The Depository Trust Company, Midwest Securities Trust Company of Chicago, Illinois and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania or to their respective business successors.

Interest on the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

IMPORTANT NOTICE

Under the Interest and Dividend Tax Compliance Act of 1983 as amended by the Energy Policy Act of 1992, 31% will be withheld if tax identification number is not properly certified.

The Trustee shall not be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness indicated in the Redemption Notice. It is included solely for convenience of the Holders.

By U.S. Bank National Association
as Registrar and Paying Agent

Date: _____ 1, 2003

APPENDIX B
Fee Schedule

Escrow Agent Fee: \$ _____

Requested by: Chairman of the Assembly
at the request of the Mayor

For Reading: June 24, 2003

Prepared by: Cynthia M. Weed,
Preston Gates & Ellis LLP

MUNICIPALITY OF ANCHORAGE, ALASKA

ORDINANCE NO. AO 2003-103

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA, PROVIDING FOR THE ISSUANCE OF SUBORDINATE LIEN WATER REVENUE AND REFUNDING BONDS OF THE MUNICIPALITY IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$48,000,000 FOR THE PURPOSE OF PROVIDING PART OF THE FUNDS TO REFUND CERTAIN OUTSTANDING SENIOR LIEN WATER REVENUE BONDS OF THE MUNICIPALITY AND TO PROVIDE FOR CERTAIN IMPROVEMENTS TO THE WATER UTILITY AND TO PAY COSTS OF ISSUANCE; FIXING CERTAIN COVENANTS AND PROTECTIVE PROVISIONS SAFEGUARDING THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; PROVIDING FOR THE DATE, FORM, TERMS, MATURITIES AND MANNER OF SALE OF THE BONDS; DELEGATING TO THE CHIEF FISCAL OFFICER AND/OR ACTING CHIEF FISCAL OFFICER THE APPROVAL OF FINAL MATURITY AMOUNTS AND INTEREST RATES ON SAID BONDS; AUTHORIZING AN OFFICIAL STATEMENT; APPOINTING AN ESCROW AGENT; APPROVING THE FORM OF AN ESCROW DEPOSIT AGREEMENT; AUTHORIZING THE SALE OF SUCH BONDS; AND REPEALING ORDINANCE NO. AO 2003-59.

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MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 543-2003

Meeting Date: June 24, 2003

1 **From:** Mayor

2
3 **Subject:** **AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE, ALASKA**
4 **PROVIDING FOR THE ISSUANCE OF SUBORDINATE LIEN WATER**
5 **REVENUE AND REFUNDING BONDS OF THE MUNICIPALITY IN THE**
6 **AGGREGATE AMOUNT NOT TO EXCEED \$48,000,000 AND**
7 **REPEALING ORDINANCE NO. AO 2003-59**
8
9

10 Attached Ordinance No. AO 2003-103 provides for an issuance of not to exceed \$48,000,000
11 Water Revenue and Refunding Bonds. Approximately \$40,000,000 of which will be used for
12 capital projects included in the Utility's Capital Improvement Program. Approximately
13 \$8,000,000 may be issued to refund Senior Lien Water Revenue and Refunding Bonds, 1993 if
14 interest rates remain favorable and repeals Ordinance No. AO 2003-59.

15
16 The current schedule calls for a retail order period on September 9, pricing on September 10 and
17 closing on September 24, 2003. The schedule is flexible, however, allowing us to postpone if
18 market conditions warrant.

19
20 Section 23 of the Ordinance authorizes the Chief Fiscal Officer and/or Acting Chief Fiscal
21 Officer to negotiate terms and to execute a contract for purchase of the Bonds.

22
23 THE ADMINISTRATION RECOMMENDS APPROVAL OF AO NO. 2003-103.
24

25
26 Recommended by: Anthony A. Price, Acting Chief Fiscal Officer

27 Concurrence: Harry J. Kieling, Jr., Municipal Manager

28 Respectfully submitted: George P. Wuerch, Mayor

Content Information

Content ID : 000925

Title: Issuance of Subordinate Lien Water Revenue and Refunding Bonds NTE \$48,000,000 and Repealing AO 2003-59

Author: pruittns

Initiating Dept: Finance

Keywords: Water Revenue, Refunding Bonds, Capital Projects, Repealing AO 2003-59

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Requested Assembly Meeting Date MM/DD/YY: 6/24/03 12:00 AM

Requested Public Hearing Date MM/DD/YY: 7/15/03 12:00 AM

At 2003-103

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Legal_SubWorkflow	6/19/03 7:55 AM	Approve	wheelerda	Public	000925
MuniManager_SubWorkflow	6/19/03 1:24 PM	Approve	kielinghj	Public	000925
MuniMgrCoord_SubWorkflow	6/19/03 1:38 PM	Approve	katkusja	Public	000925

INTRODUCTION - 9.F.9.

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CLERK OF COURSE

2003 JUN 19 PM 3:18

M.N.A.