

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA
RESOLUTION NO. 1817

A RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA, FIXING THE FINAL PRINCIPAL AMOUNTS OF THE REFUNDING PORTION OF THE GENERAL OBLIGATION SCHOOL AND REFUNDING BONDS, 1996 SERIES A, AUTHORIZED BY ORDINANCE SERIAL NO. 96-11; FIXING THE INTEREST RATES FOR THE REFUNDING BONDS AND IMPROVEMENT BONDS AUTHORIZED TO BE SOLD THEREIN AS A SINGLE SERIES; AND APPROVING THE EXECUTION OF A BOND PURCHASE AGREEMENT.

WHEREAS, on April 1, 1996, the Assembly of the City and Borough of Juneau, Alaska (the "City and Borough"), passed Ordinance Serial No. 96-11 authorizing the issuance and sale of general obligation refunding bonds (the "Refunding Bonds") in the aggregate principal amount of not to exceed \$12,600,000 and a first series of general obligation bonds in the aggregate principal amount of \$4,000,000 (the "Improvement Bonds"); and

WHEREAS, the Improvement Bonds and the Refunding Bonds were combined and sold as a single series designated as "City and Borough of Juneau, Alaska, General Obligation School and Refunding Bonds, 1996 Series A (the "Bonds"); and

WHEREAS, pursuant to said ordinance the proper officials of the City and Borough have negotiated a bond purchase Agreement (the "Bond Purchase Agreement") with Prudential Securities Incorporated (the "Underwriter") which provides, *inter alia*, for the issuance and sale by the City and Borough and the purchase by the Underwriter of the bonds as authorized by Ordinance Serial No. 96-11; and

WHEREAS, it is hereby found to be in the best interest of the City and Borough that the Bond Purchase Agreement be approved and executed and that certain matters relating to such bonds and the use of the proceeds of such sale be established.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA, as follows:

Section 1. Bond Sale and Bond Purchase Agreement. The sale of \$16,250,000 of the General Obligation School and Refunding Bonds, 1996 Series A authorized by Ordinance Serial No. 96-11 (the "Bonds") as provided in the Bond Purchase Agreement, is hereby authorized and approved. The Underwriter has presented

the Bond Purchase Agreement to the Assembly, which Bond Purchase Agreement is on file with the Municipal Clerk. Under the Bond Purchase Agreement, the Underwriter has offered to purchase the Bonds under the terms and conditions set forth therein, in Ordinance Serial No. 96-11 and this resolution. The Assembly finds that entering into the Bond Purchase Agreement is in the City and Borough's best interest and, therefore, accepts the offer contained in the Bond Purchase Agreement and authorizes the execution of the Bond Purchase Agreement by the Finance Director on behalf of the City and Borough. Capitalized terms in this resolution which are not otherwise defined shall have the meanings given such terms in Ordinance Serial No. 96-11.

Section 2. Bond Date and Payments. The Bonds, in the aggregate principal amount of \$16,250,000 shall bear interest payable on January 1, 1997 and semiannually thereafter on the first days of each January and July at the rates set forth on Schedule A attached hereto and by this reference made a part hereof. Both principal of and interest on the Bonds shall be paid as provided in Ordinance Serial No. 96-11.

Section 3. Bond Maturity. The Refunding Bonds shall mature on the years and in the principal amounts set forth on Schedule A attached hereto.

Section 4. Delivery of the Bonds. The proper officials of the City and Borough are authorized and directed to execute all documents and to do everything necessary for the preparation and delivery of a transcript of proceedings pertaining to the Bonds and the printing, authentication and delivery of the Bonds in definitive form to the Underwriter.

Section 5. Ratification. All actions taken by the Finance Director relative to the sale of the Bonds are hereby in all respects ratified and confirmed. The Finance Director of the City and Borough is hereby authorized and directed to execute the Bond Purchase Agreement and to do all things necessary for the prompt execution, issuance and delivery of the Bonds and for the proper application and use of the Bond proceeds. The Finance Director of the City and Borough is hereby authorized to review and approve on behalf of the City and Borough the Preliminary Official Statement and the final Official Statement relative to the Bonds with such additions and changes as may be deemed necessary or advisable.

The use by the Underwriter of the Preliminary Official Statement dated April 25, 1996 in connection with the marketing and offering for sale of the Bonds by the Underwriter is hereby ratified and approved by the City and Borough. The Financial Director's execution of the Preliminary Official Statement on behalf of the City and Borough is deemed final and is hereby authorized, ratified and approved.

Section 6. Provisions Relative to Bond Insurer. The Bonds shall be insured as to the payment of principal and interest by a policy of insurance to be issued by

AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company (the "Bond Insurer"). Under the terms of the Bond Insurer's Commitment To Issue A Financial Guaranty Insurance Policy, dated May 3, 1996 (the "Commitment"), the Bond Insurer has agreed to issue said policy of insurance for the Bonds upon compliance with certain conditions precedent to the issuance of said policy. The Finance Director is hereby authorized and directed to confirm compliance with said conditions prior to the closing and delivery of the Bonds.

Section 7. Notices and Payment Procedure Pursuant to Municipal Bond Insurance Policy. As long as the Municipal Bond Insurance Policy shall be in full force and effect, the City and Borough and the Bond Registrar agree to comply with the following provisions:

(1) If, one day prior to an interest payment date, the City and Borough or the Bond Registrar determines that there will be insufficient funds in the Bond Fund to pay the principal of or interest on the Bonds on such interest payment date, the City and Borough or the Bond Registrar shall so notify Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the City and Borough or the Bond Registrar has not so notified Bond Insurer at least one day prior to an interest payment date, Bond Insurer will make payments of principal or interest due on the Bonds on or before the first business day next following the date on which Bond Insurer shall have received notice of nonpayment from the City and Borough or the Bond Registrar.

(2) The City and Borough or the Bond Registrar shall, after giving notice to Bond Insurer as provided in (1) above, make available to Bond Insurer and, at Bond Insurer's direction, to the United States Trust Company of New York, as insurance trustee for Bond Insurer or any successor insurance trustee (the "Insurance Trustee"), the registration books of the City and Borough maintained by the Bond Registrar, and all records relating to the Bond Fund.

(3) The City and Borough or the Bond Registrar shall provide Bond Insurer and the Insurance Trustee with a list of registered owners of Bonds entitled to receive principal or interest payments from Bond Insurer under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Bonds entitled to receive full or partial interest payments from Bond Insurer, and (ii) to pay principal on Bonds surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from Bond Insurer.

(4) The City and Borough or the Bond Registrar shall, at the time it provides notice to Bond Insurer pursuant to (1) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from Bond Insurer (i) as to the fact of such entitlement, (ii) that Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of Bond Insurer) for payment to the Insurance Trustee, and not the Bond Registrar, and (iv) that should they be entitled to receive partial payment of principal from Bond Insurer, they must surrender their Bonds for payment thereon first to the Bond Registrar, who shall note on such Bonds the portion of the principal paid by the Bond Registrar, and then, along with an appropriate instrument of assignment satisfactory to Bond Insurer, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(5) In the event that the Bond Registrar has notice that any payment of principal of or interest on a Bond which has become due for payment and which is made to a bondholder by or on behalf of the City and Borough has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Bond Registrar shall, at the time Bond Insurer is notified pursuant to (1) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Bond Registrar shall furnish to Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Bond Registrar and subsequently recovered from registered owners and the dates on which such payments were made.

(6) In addition to those rights granted Bond Insurer under this resolution, Bond Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Bond Registrar shall note Bond Insurer's rights as subrogee on the registration books of the City and Borough maintained by the Bond Registrar upon receipt from Bond Insurer of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Bond Registrar shall note Bond Insurer's rights as subrogee on the registration books of the City and Borough maintained by the Bond

Registrar upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(7) Any provision of this resolution expressly recognizing or granting rights in or to Bond Insurer may not be amended in any manner which affects the rights of Bond Insurer hereunder without the prior written consent of Bond Insurer.

(8) Any reorganization or liquidation plan with respect to the City and Borough must be acceptable to Bond Insurer. In the event of any reorganization or liquidation, Bond Insurer shall have the right to vote on behalf of all bondholders who hold Bond Insurer-insured bonds absent a default by Bond Insurer under the applicable Municipal Bond Insurance Policy insuring such Bonds.

(9) While the Municipal Bond Insurance Policy is in effect, the City and Borough shall furnish to Bond Insurer:

(a) as soon as practicable after the filing thereof, a copy of any audit and annual report of the City and Borough.

(b) a copy of any notice to be given to the registered owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Resolution relating to the security for the Bonds; and

(c) such additional information it may reasonably request.

(10) The City and Borough shall notify Bond Insurer of any failure of the City and Borough to provide relevant notices, certificates, etc.

(11) The City and Borough will permit Bond Insurer to discuss the affairs, finances and accounts of the City and Borough or any information Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City and Borough. The City and Borough will permit Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

(12) Notwithstanding any other provision of this resolution, the City and Borough shall immediately notify Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

(13) Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by Bond Insurer pursuant to the

Municipal Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City and Borough and all covenants, agreements and other obligations of the City and Borough to the registered owners shall continue to exist and shall run to the benefit of Bond Insurer, and Bond Insurer shall be subrogated to the rights of such registered owners.

Section 8. Effective Date. This resolution shall take effect immediately upon its adoption and approval.

PASSED AND ADOPTED by the Assembly of City and Borough of Juneau, Alaska, this 6th day of May, 1996.

CITY AND BOROUGH OF
JUNEAU, ALASKA

By _____



Mayor

ATTEST:


Clerk