

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

**HOSPITAL REVENUE BONDS
(BARTLETT REGIONAL HOSPITAL PROJECT)**

Serial No. 2021-43

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF HOSPITAL REVENUE BONDS IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$20,000,000 TO PROVIDE FINANCING FOR CAPITAL IMPROVEMENTS TO BARTLETT REGIONAL HOSPITAL; PROVIDING FOR THE FORM AND TERMS OF THE BONDS; PROVIDING A METHOD OF PAYMENT THEREFOR; AND RESERVING THE RIGHT TO ISSUE REVENUE BONDS ON A PARITY WITH THE BONDS UPON COMPLIANCE WITH CERTAIN CONDITIONS.

Approved: February 7, 2022

Prepared by:

K&L GATES LLP
Seattle, Washington

City and Borough of Juneau, Alaska
Ordinance Serial No. 2021-43
Table of Contents*

	Page
Section 1. Classification.....	2
Section 2. Definitions.....	2
Section 3. The Projects	9
Section 4. Costs of the Projects.....	9
Section 5. Authorization of Bonds.....	9
Section 6. Registration, Exchange and Payments.....	10
Section 7. Prepayment and Redemption	11
Section 8. Priority of Payments from Hospital Revenue Account.....	12
Section 9. Bond Account	13
Section 10. Sale of Bonds	17
Section 11. Undertaking to Provide Ongoing Disclosure.....	17
Section 12. Insurance	17
Section 13. Disposition of Proceeds of the Bonds.....	17
Section 14. Defeasance	18
Section 15. Specific Covenants.....	18
Section 16. Future Parity Bonds	21
Section 17. Lost, Stolen or Destroyed Bonds	23
Section 18. Form of Bonds and Registration Certificate	23
Section 19. Execution of Bonds.....	26
Section 20. Supplements and Amendments.....	27
Section 21. Compliance with Parity Conditions	28
Section 22. Severability	28
Section 23. Effective Date	28

* This Table of Contents and the cover page are provided for convenience only and are not a part of this ordinance.

Presented by: The Manager
Introduced: 01/10/22
Drafted by: Bond Counsel

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2021-43

An Ordinance Providing for the Issuance and Sale of Hospital Revenue Bonds in One or More Series in the Aggregate Principal Amount of Not to Exceed \$20,000,000 to Provide Financing for Capital Improvements to Bartlett Regional Hospital; Providing for the Form and Terms of the Bonds; Providing a Method of Payment Therefor; and Reserving the Right to Issue Revenue Bonds on a Parity with the Bonds upon Compliance with Certain Conditions.

WHEREAS, the City and Borough of Juneau, Alaska (the “City and Borough”) owns and operates Bartlett Regional Hospital (the “Hospital”); and

WHEREAS, the Hospital is in need of expansion and renovation (hereinafter defined as the “Projects”); and

WHEREAS, the City and Borough is authorized by its Home Rule Charter to issue revenue bonds for capital project purposes without a vote of the electors; and

WHEREAS, it appears to be in the best interests of the City and Borough and its residents to finance all or a portion of the costs of the Projects by means of the revenue bonds authorized herein, in the amount of not to exceed \$20,000,000, payable solely from the Net Revenues (as defined herein) of the Hospital; and

WHEREAS, the City and Borough has outstanding its Hospital Revenue Refunding Bond, 2021 (Taxable) (Bartlett Regional Hospital Project) (Amending 2013 Hospital Revenue Refunding Bond) in the principal amount of \$18,260,000 (the “Outstanding Parity Bonds”); and

WHEREAS, Ordinance Serial No. 2012-23 and Ordinance Serial No. 2020-21, as amended (together, the “Outstanding Parity Bond Ordinance”) authorize the City and Borough to issue hospital revenue bonds in the future upon compliance with the terms and conditions set forth in the Outstanding Parity Bond Ordinance; and

WHEREAS, it appears to the Assembly of the City and Borough (the “Assembly”) that such conditions can be met and that it is in the best interests of the City and Borough and its residents that the Bonds be issued on a parity with the Outstanding Parity Bonds; and

WHEREAS, the Outstanding Parity Bonds were sold to the Alaska Municipal Bond Bank (the “Bond Bank”); and

WHEREAS, the Assembly finds that it is in the best interest of the City and Borough to sell the bonds herein authorized to the Bond Bank on the terms and conditions set forth herein and in a loan agreement between the City and Borough and the Bond Bank, as authorized by this ordinance;

NOW, THEREFORE, BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

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

Accreted Value means with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the ordinance authorizing their issuance as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date. The Accreted Value shall be determined in accordance with the provisions of the ordinance authorizing the issuance of such Balloon Maturity Bonds.

Accountant means any independent public accountant or firm of independent public accountants selected by the Hospital and not objected to by the Bond Bank.

Accounts means the Hospital Revenue Account and the Bond Account and shall include all subaccounts therein.

Annual Debt Service means the total amount of Debt Service for any Parity Bond or series of Parity Bonds or other evidences of indebtedness payable from Hospital Revenues in any fiscal year or Base Period.

Assembly means the Assembly of the City and Borough of Juneau as the same shall be duly and regularly constituted from time to time.

Balloon Maturity Bonds means any evidences of indebtedness of the City and Borough payable from Hospital Revenues which are so designated in the ordinance pursuant to which such indebtedness is incurred.

Base Period means each of the two most recently completed fiscal years of the City and Borough for which audited financial statements are available within the 36-month period immediately preceding the date of issuance of an additional series of Future Parity Bonds.

Bond Account means the “City and Borough of Juneau Hospital Revenue Bond Account” authorized to be created in the office of the Finance Director pursuant to this ordinance.

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

Bond Bank Bonds means bonds to be issued by the Bond Bank to provide funds to be loaned to the City and Borough pursuant to the Loan Agreement.

Bond Register means the registration books for the Bonds, maintained by the Bond Registrar, for the purpose of complying with the requirements of Section 149 of the Code and listing, inter alia, the names and addresses of all registered owners of the Bonds.

Bond Registrar means the Finance Director, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, and paying the principal of and interest on the Bonds.

Bonds mean the not to exceed \$20,000,000 aggregate par value of City and Borough of Juneau, Alaska, Hospital Revenue Bond, 2022[Series Designation] (Bartlett Regional Hospital Project) authorized to be issued in one or more series pursuant to this ordinance.

Bond Bank Reserve Agreement means the Reserve Depositary Agreement, among the Bond Bank Trustee and the City and Borough.

Bond Bank Trustee means The Bank of New York Mellon Trust Company, N.A., as the trustee for the Bond Bank under the terms of the 2005 General Obligation Bond Resolution adopted by the Board of Directors of the Bond Bank on July 13, 2005 and shall include any successor thereto as provided in said Resolution.

Capital Appreciation Bonds means any Future Parity Bonds all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Capital Appreciation Bonds. If so provided in the ordinance authorizing their issuance, Future Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Future Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount equal to their Accreted Value.

City and Borough means the City and Borough of Juneau, a municipal corporation organized and existing under the laws of the State of Alaska.

City and Borough Representative means the City Manager or such other official or employee of the City and Borough designated in writing by the City Manager.

City Manager means the city manager or interim city manager of the City and Borough.

Code means the United States Internal Revenue Code of 1986, as amended, together with all applicable rulings and regulations heretofore or hereafter promulgated thereunder.

Consultant means a professional investment banking firm, certified public accounting firm, commercial banking institution or financial advisory firm having the skill and experience necessary to render the certificate required by Section 16 of this ordinance or to perform the services required in Section 15(a) of this ordinance, as the case may be. Any Consultant appointed by the City and Borough shall be nationally recognized and approved by the Bond Bank. The Consultant shall be appointed by the City and Borough to perform the duties of the Consultant as required by this ordinance who at the time shall be employed for no other purpose by the Hospital or the City and Borough. For the purposes of delivering any certificate required by Section 16 of this ordinance and making the calculation required by Section 16 of this ordinance, the term

Consultant shall also include any independent public accounting firm appointed by the City and Borough to make such calculation or to provide such certificate.

Contributions means the aggregate amount of all contributions, grants, gifts, bequests and devises actually received in cash or marketable securities by the Hospital in the applicable Fiscal Year of the Hospital and any such contributions, grants, gifts, bequests and devises received in a form other than cash or marketable securities by the Hospital which are converted in the applicable Fiscal Year of the Hospital to cash or marketable securities and which, in either case, are not restricted in any way which would prevent their application to the payment of debt service on Parity Bonds or to the payment of Costs of Maintenance and Operation.

Costs of Maintenance and Operation means the aggregate of all expenses incurred in the maintenance and operation of the Hospital, as calculated in accordance with GAAP, but shall not include any payments for debt service or into reserve funds, depreciation or taxes levied or imposed by the City and Borough or payments to the City and Borough in lieu of taxes, or capital additions or capital replacements to the Hospital.

Credit Facility means any Qualified Letter of Credit or Qualified Insurance.

Debt Service means, for any period of time,

(a) with respect to any outstanding Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the ordinance authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(b) with respect to any outstanding Fixed Rate Bonds, an amount equal to (1) the principal amount of such Fixed Rate Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Fixed Rate Bonds, plus (3) all interest payable during such period on any such outstanding Fixed Rate Bonds and with respect to Fixed Rate Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Fixed Rate Bonds on the date specified in the ordinance authorizing such Fixed Rate Bonds; and

(c) with respect to all other series of Parity Bonds, other than Fixed Rate Bonds, Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed on the assumption that the amount of Parity Bonds as of the date of such computation would be amortized (1) in accordance with the mandatory redemption provisions, if any, set forth in the ordinance authorizing the issuance of such Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (2) at an interest rate equal to the yield to maturity set forth in the 30-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the City and Borough) and published within ten days prior to the

date of calculation or, if such calculation is being made in connection with the certificate required by Section 16 of this ordinance, then within ten days of such certificate, (3) to provide for essentially level annual debt service of principal and interest over such period. Debt Service shall be net of any interest funded out of Bond proceeds. Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent authorized by ordinance.

Environmental Laws shall mean any federal, state or local law, statute, ordinance, or regulation pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Real Property, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), 42 U.S.C. Section 9601, et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986 (PL 99-499), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., and the Resource Conservation and Recovery Act of 1976, as amended (“RCRA”), 42 U.S.C. Section 6901, et seq.

Federal Tax Certificate means the certificate executed on behalf of the City and Borough upon the issuance of the Bonds and including certain representations regarding the use and application of the Bond proceeds and the payment of rebatable arbitrage, if any, with respect to the Bonds.

Finance Director means the director of the finance department or interim director of the finance department of the City and Borough.

Fiscal Year means the fiscal year of the City and Borough, currently July 1 through June 30.

Fitch means Fitch Ratings, Inc., organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Manager or his/her designee.

Fixed Rate Bonds means those Parity Bonds other than Capital Appreciation Bonds or Balloon Maturity Bonds issued under an ordinance in which the rate of interest on such Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the ordinance authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

Future Parity Bonds means any revenue bonds which the City and Borough may hereafter issue having a lien upon the Hospital Revenues for the payment of the principal thereof and interest thereon equal to the lien of the Outstanding Parity Bonds and the Bonds upon the Hospital Revenues.

GAAP means generally accepted accounting principles as from time to time in effect.

Government Obligations means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by such obligations.

Hazardous Substances include without limitation:

(a) Those substances included within the definitions of “hazardous substances,” “hazardous materials,” “toxic substances,” or “solid waste” in CERCLA, RCRA, the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., and the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., and in the regulations promulgated pursuant to said laws;

(b) Those substances defined as “dangerous wastes,” “hazardous wastes” or as “hazardous substances” under the Toxic Substance Control Act, 15 U.S.C. Section 2601 et seq., and in the regulations promulgated pursuant to said laws;

(c) Any material, waste or substance which is (1) petroleum, (2) asbestos, (3) polychlorinated biphenyls, (4) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251, et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317) (5) flammable explosives; or (6) radioactive materials;

(d) Those substances listed in the United States Department of Transportation Table (49 C.F.R. 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 C.F.R. Part 302 and amendments thereto);

(e) Storm water discharge regulated under any federal, state or local law, ordinance or regulation relating to storm water drains, including, but not limited to, Section 402(p) of the Clean Water Act, 33 U.S.C. Section 1342 and the regulations promulgated thereunder; and

(f) Such other substances, materials and wastes which are or become regulated under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state or local laws or regulations:

Hospital means Bartlett Regional Hospital owned and operated by the City and Borough.

Hospital Revenue Account means the enterprise fund of the City and Borough known as the “Bartlett Regional Hospital Fund”.

Hospital Revenues means, for any specified period, the sum of (a) gross patient service revenues of the Hospital less contractual allowances and provisions for uncollectible accounts, free care and discounted care, plus (b) other operating revenues of the Hospital, plus (c) nonoperating revenues including receipts from the City and Borough (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain or loss from the extinguishment of debt or any other extraordinary item, but including proceeds of business interruption insurance), plus (d) Contributions, all as determined in accordance with GAAP. **Hospital Revenues** shall also include any federal or state reimbursements of operating expenses to the extent such expenses are included as “Costs of Maintenance and Operation” and all earnings from the investment of money in the Bond Account which earnings are deposited in the Bond Account. **Hospital Revenues** shall exclude the proceeds from the sale of Hospital property, City and Borough taxes collected by or through the Hospital, principal proceeds of bonds and earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund obligations payable from Hospital Revenues (until commingled with other earnings and revenues

of the Hospital) or held in a special account for the purpose of paying a rebate to the United States Government under the Code.

Loan Agreement means the Loan Agreement for the Bonds by and between the City and Borough and the Bond Bank authorized to be entered into pursuant to Section 10 of this ordinance.

Maximum Annual Debt Service means highest dollar amount of Annual Debt Service in any fiscal year or Base Period for all outstanding Parity Bonds.

Moody's means Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Manager or his/her designee.

Net Revenue means Hospital Revenues less Costs of Maintenance and Operation.

Outstanding Parity Bonds mean the City and Borough's Hospital Revenue Refunding Bond, 2021 (Taxable) (Bartlett Regional Hospital Project) (Amending 2013 Hospital Revenue Refunding Bond) in the principal amount of \$18,260,000.

Outstanding Parity Bond Ordinance means Ordinance Serial No. 2012-23 and Ordinance Serial No. 2020-21, as amended.

Parity Bonds means the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

Parity Requirement means (a) historical Net Revenues for the Base Period at least equal to or greater than 125% of Maximum Annual Debt Service for all Parity Bonds (including the Future Parity Bonds then proposed to be issued) or (b) Net Revenues, as adjusted by a Consultant, described in Section 16 of this ordinance, equal to at least 150% of Maximum Annual Debt Service for all Parity Bonds (including the Future Parity Bonds then proposed to be issued), commencing with the first fiscal year after the anticipated completion of the facilities to be financed with the proceeds of the Future Parity Bonds.

Payment Date means each day on which a payment of principal and/or interest on the Bonds comes due following their issuance and delivery.

Principal and Interest Account means the account of that name created within the Bond Account pursuant to Section 9 of this ordinance.

Projects mean the construction of a crisis stabilization building, expansion and remodeling of the emergency room and capital improvements to the Hospital.

Project Account means the Hospital Project Account, into which certain net proceeds of the Bonds shall be deposited.

Qualified Insurance means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance

companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in one of the two highest Rating Categories by two of the Rating Agencies.

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

Rate Covenant means Net Revenue in each fiscal year at least equal to 115% of the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on all Parity Bonds, excluding therefrom interest funded from Parity Bond proceeds.

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

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

Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Reserve Account means the Reserve Account held by Bond Bank Trustee pursuant to the Bond Bank Reserve Agreement.

Reserve Requirement means, with respect to Parity Bonds outstanding, the lesser of (a) 125% of Average Annual Debt Service, (b) 10% of the net proceeds of each series of Parity Bonds secured by the Reserve Account, or (c) Maximum Annual Debt Service. The Reserve Requirement shall be established as of the date of issuance of each series of Parity Bonds and shall be re-calculated thereafter upon any decrease in Average Annual Debt Service or Maximum Annual Debt Service with respect to all Parity Bonds scheduled to mature following the date of re-calculation.

S&P means S&P Global Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Manager or his/her designee.

State means the State of Alaska.

Valuation Date means each July 1.

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

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

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

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

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

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

(f) Words importing the singular number include the plural number and vice versa.

Section 3. The Projects. The Assembly hereby ratifies and approves the Projects. The Projects have and will be undertaken in accordance with specifications and contracts for acquisition and construction approved by the Assembly from time to time.

It is hereby provided that said Projects shall be subject to such changes as to details of design or any other details of said Projects as may be authorized by the Assembly either prior to or during the actual course of construction.

The City and Borough may proceed with the construction and installation of the Projects as herein authorized, either alone or in conjunction with the construction of other facilities, and in whole, or in successive parts or units from time to time as may be found advisable.

Section 4. Costs of the Projects. The estimated cost of the Projects is hereby declared to be, as near as may be, the sum of up to \$26,750,000 (including all financing costs), of which not more than \$20,000,000 (Bonds amount minus projected reserve account deposit) will be paid for from the proceeds of the Bonds. The balance of the costs of the Projects are anticipated to be paid from local sales taxes, federal funds, interest earnings, grants, donations, and revenues of the Hospital. The City and Borough will use its best efforts to complete the Projects to the extent of available funds.

Section 5. Authorization of Bonds.

(a) *Authorization.* The City and Borough shall issue and sell not to exceed \$20,000,000 of its hospital revenue bonds (the “Bonds”) in one or more series for the purpose of providing financing for a portion of the costs of the Projects, funding the Reserve Requirement, and paying the costs of issuance of the Bonds.

(b) *Bond Details.* The Bonds shall be designated as the “City and Borough of Juneau, Alaska Hospital Revenue Bond, 2022[Series Designation] (Bartlett Regional Hospital Project),” shall be dated as of the date established pursuant to Section 10 of this ordinance, shall be fully registered as to both principal and interest, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, and shall bear interest from their date payable on the dates set forth in the Loan Agreement, and shall come due on the dates set forth in the Loan Agreement of the following years in the following estimated principal installments:

Maturity Year	Amount
2022	\$ 545,000
2023	575,000
2024	600,000
2025	635,000
2026	665,000
2027	700,000
2028	735,000
2029	775,000
2030	810,000
2031	855,000
2032	900,000
2033	945,000
2034	990,000
2035	1,045,000
2036	1,095,000
2037	1,155,000
2038	1,210,000
2039	1,275,000
2040	1,340,000
2041	1,410,000

Total: \$18,260,000*

* Principal maturities do not add to \$20,000,000, in anticipation of selling Bonds with original issue premium, generating not more than \$20,000,000 in net proceeds.

If the Bonds are sold in more than one series, the principal maturities of a series shall be applied to reduce the foregoing schedule as provided in the resolution approving the sale of that series; provided that in the aggregate the foregoing estimated principal amounts may increase or decrease in any year by 25%, and *provided, further*, in the aggregate, the Bonds shall be issued in principal amounts that provide no more than \$20,000,000 (principal amount plus premium, if any, less costs of issuance) in net proceeds or \$20,000,000 in principal amount, whichever is less.

Section 6. Registration, Exchange and Payments. The Finance Director shall act as authenticating agent, paying agent and registrar for the Bonds (collectively, the “Bond Registrar”). The principal of and interest on the Bonds shall be payable in lawful money of the United States

of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. Interest on the Bonds shall be paid by check or draft of the Bond Registrar mailed (on the date such interest is due) to the Registered Owners or nominees at the addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds to the Bond Registrar by the registered owners or nominees at the office of the Bond Registrar. Notwithstanding the foregoing, so long as the Bond Bank is the Registered Owner of the Bonds, payments of principal of and interest on the Bonds shall be made to the Bond Bank in accordance with the Loan Agreement.

The Bonds may be transferred only on the Bond Register maintained by the Bond Registrar for that purpose upon the surrender thereof by the registered owner or nominee or his/her duly authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Upon surrender thereof to the Bond Registrar, the Bond is interchangeable for a bond or bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rates and maturities. Such transfer or exchange shall be without cost to the Registered Owner or transferee.

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

Section 7. Prepayment and Redemption.

(a) *Optional Prepayment.* Provisions for the optional prepayment of some or all principal installments of the Bonds may be established pursuant to Section 10 of this ordinance and shall be set forth in the Loan Agreement.

(b) *Extraordinary Optional Redemption.* In the event that all or any substantial portion of the facilities of the Hospital shall have been damaged or destroyed (i) to the extent that they cannot, in the City and Borough's judgment, be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the City and Borough is thereby prevented, in its judgment, from carrying on its normal operations at the Hospital for a period of six months or more, then the City and Borough may at any time thereafter, at its option, redeem the Bonds in whole or in part, and if in part with installments to be selected by the City and Borough, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

(c) *Notice of Redemption; Payment of Redeemed Bonds.* So long as the Bond Bank is the owner of the Bonds, notice of prepayment shall be given according to the terms of the Loan Agreement. If the Bond Bank is not the owner of the Bonds, notice of prepayment shall be given not less than 20 nor more than 60 days prior to the date fixed for prepayment by first class mail, postage prepaid, to the Registered Owners of the Bonds at the addresses appearing on the Bond Register. The requirements of this section shall be deemed complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the owners of the Bonds.

Each official notice of prepayment shall be dated and shall state: (i) the prepayment date, (ii) the prepayment price or prepayment premium, if any, payable upon such prepayment; (iii) if less than all of an installment of principal is to be prepaid, the principal amount to be prepaid (which must be an integral multiple of \$5,000); (iv) that the interest on the Bonds, or on the principal amount thereof to be prepaid, designated for prepayment in such notice, shall cease to accrue from and after such prepayment date; and (v) that on such date there will become due and payable on the Bonds the principal amount thereof to be prepaid and the interest accrued on such principal amount to the prepayment date.

Section 8. Priority of Payments from Hospital Revenue Account. There is maintained an enterprise fund of the City and Borough known as the “Bartlett Regional Hospital Fund” (the “Hospital Revenue Account”). All Hospital Revenues shall be deposited in the Hospital Revenue Account. The Hospital Revenue Account shall be held separate and apart from all other funds and accounts of the City and Borough and the Hospital Revenues deposited in such Account shall be used only for the following purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation of the Hospital;

Second, to pay the interest on any Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance secures the payment of interest on Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;

Third, to pay the principal of any Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance secures the payment of principal of Parity Bonds and the ordinance authorizing such Parity Bonds provides for such reimbursement;

Fourth, to make all payments required to be made into the Reserve Account to secure the payment of the principal of and interest on the Bonds and to make all payments required to be made into any reserve account hereafter established to secure the payment of the principal of or interest on any Future Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance fulfills the Reserve Requirement in whole or in part and the ordinance authorizing such Parity Bonds provides for such reimbursement;

Fifth, to pay debt service on general obligation bonds issued by the City and Borough for the benefit of the Hospital;

Sixth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service fund or reserve fund created to pay and secure the payment of the principal of and interest on any other revenue bonds or revenue warrants of the City and Borough having a lien upon the Hospital Revenues junior and inferior to the lien thereon for the payment of the principal of and interest on Parity Bonds; and

Seventh, to retire by redemption or purchase any outstanding revenue bonds or revenue warrants of the City and Borough, remaining Hospital Revenues may also be used to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Hospital, or for any other lawful City and Borough purposes.

Section 9. Bond Account. A special account of the City and Borough designated as the “City and Borough of Juneau Hospital Revenue Bond Account” (the “Bond Account”) has heretofore been created in the office of the Finance Director for the purpose of paying and securing the payment of the Bonds and all Parity Bonds. The Bond Account shall be held separate and apart from all other funds and accounts of the City and Borough and shall be a trust account for the owners of Parity Bonds. A subaccount named the Principal and Interest Account for the payment of the principal of and interest on the Bonds and the payment of redemption premium, if any, whether due at maturity or redemption prior to maturity has heretofore been created in the Bond Account.

(a) *Payments Into Principal and Interest Account.* Immediately after the delivery of the Bonds there shall be paid into the Principal and Interest Account all accrued interest received with respect to the Bonds, if any. In addition, the Finance Director may direct all or a portion of any original issue premium to be deposited in the Principal and Interest Account. As long as any Parity Bonds remain outstanding, the City and Borough hereby irrevocably obligates and binds itself to set aside and pay from the Hospital Revenue Account into the Principal and Interest Account those amounts necessary, together with such other funds as are on hand and available in the Principal and Interest Account, to pay the interest or principal and interest next coming due on outstanding Parity Bonds. Such payments shall be made on the 15th day of the month preceding each interest Payment Date or principal Payment Date (or the next succeeding business day if the 15th is not a business day) as follows:

(1) The first installment of interest shall be paid in a single installment equal to all of the interest coming due on the Bonds on the 15th day of the month immediately preceding the first Payment Date. The remaining interest payments shall be paid in semiannual installments equal to the interest coming due on the Bonds on the next succeeding Payment Date, which installments shall be due and payable on the 15th day of the month preceding each interest Payment Date, until such time as all principal of and interest on the Bonds is paid in full.

(2) Transfers to pay principal on the Bonds shall be made in annual installments equal to the principal of the Bonds coming due by reason of maturity or mandatory sinking fund redemption on the next succeeding principal Payment Date, which installments shall be due and payable on the 15th day of the month preceding each principal Payment Date, until such time as the principal of the Bonds is paid in full.

(b) *Priority of Lien of Payments into Principal and Interest Account.* Said amounts so pledged to be paid into the Bond Account are hereby declared to be a prior lien and charge upon the Hospital Revenues superior to all other charges of any kind or nature whatsoever, except for the Costs of Maintenance and Operation and except that the amounts so pledged are of equal lien to the lien and charge thereon of any Future Parity Bonds.

(c) *Reserve Account.* The Reserve Account (the “Reserve Account”) was created by Ordinance Serial No. 2004-24 and shall be maintained for the purpose of securing the payment of the principal of and interest on all Parity Bonds. The Reserve Account shall be held in the custody of the Bond Bank Trustee pursuant to the terms of a Bond Bank Reserve Agreement to be entered into by the City and Borough and the Bond Bank. The City Manager and/or the Finance Director of the City and Borough are hereby authorized to negotiate and approve the terms of the Bond Bank Reserve Agreement and to execute and deliver it upon their approval of the terms thereof. The City and Borough hereby covenants to transfer into the Reserve Account held by the Bond Bank Trustee on the date of issuance of the Bonds an amount equal to the Reserve Requirement with respect to the Bonds.

The City and Borough further covenants and agrees that when said required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Requirement with respect to all outstanding Parity Bonds. The City and Borough covenants and agrees that, if the aggregate value of the assets on hand is less than the Reserve Requirement on any Valuation Date, the City and Borough (1) shall notify the Bond Bank and (2) shall restore the aggregate value of the assets in the Reserve Account to the Reserve Requirement by taking one or a combination of the following actions:

(i) Obtaining a Credit Facility with a stated amount available for drawing thereunder not less than the amount necessary to increase the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement as of such Valuation Date;

(ii) Causing the amount available for drawing under any Credit Facility previously obtained to be increased by the amount necessary to restore the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement as of such Valuation Date; or

(iii) Paying or causing to be deposited into the Reserve Account, money and/or other investments in an amount sufficient to restore the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement as of such Valuation Date.

If the City and Borough restores the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement pursuant to subsections (i) or (ii) above, the amount or increased amount available for drawing under any such Credit Facility shall be effective no later than sixty days following the Valuation Date.

If the City and Borough restores the aggregate value of the assets on hand in the Reserve Account to the Reserve Requirement pursuant to subsection (iii) above, such additional payments shall be made as follows:

(A) If the aggregate value of the assets in the Reserve Account on any Valuation Date is less than the Reserve Requirement (after taking into account the amount available for drawing under any Credit Facility) because of the withdrawal of funds from the Reserve Account as authorized in the final paragraph of this subsection, the City and Borough shall pay the amount necessary to restore the aggregate value of the assets in the Reserve Account to the Reserve Requirement in 12 equal, consecutive, monthly installments, the first such

installment to be due on August 1; and the remainder of such installments to be due on the first day of the 11 successive calendar months thereafter; and

(B) If the aggregate value of the assets in the Reserve Account on any Valuation Date is less than the Reserve Requirement (after taking into account the amount available for drawing under any Credit Facility) for any reason other than a withdrawal therefrom as described in the final paragraph of this subsection, the City and Borough shall pay the amount necessary to restore the aggregate value of the assets in the Reserve Account to the Reserve Requirement in three equal, consecutive, monthly installments, the first such installment to be due on August 1; and the remainder of such installments to be due on the first day of the two successive calendar months thereafter.

Whenever there is an insufficient amount in the Bond Account, including the Principal and Interest Account to pay the principal of, premium if any, and interest on all outstanding Parity Bonds when due, the money in the Reserve Account may be used to pay such principal, premium if any, and interest. Money in the Reserve Account may be withdrawn to redeem and retire, and to pay the interest due to such date of redemption and premium, if any, on any outstanding bonds, so long as the money left remaining on deposit in the Reserve Account is equal to the Reserve Requirement with respect to all outstanding Parity Bonds. The City and Borough may, from time to time, transfer from the Reserve Account to the Bond Account amounts in excess of the Reserve Requirement.

The City and Borough may satisfy the Reserve Requirement, in whole or in part with a Qualified Letter of Credit or Qualified Insurance. In making the payments and credits to the Reserve Account required by this subsection (c), to the extent that the City and Borough has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Reserve Account, such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account by this subsection (c) to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. A Qualified Letter of Credit shall not be cancelable on less than 30 days' notice to the City and Borough, and Qualified Insurance shall be noncancellable. In the event of any cancellation of a Qualified Letter of Credit, the Reserve Account shall be funded in accordance with the following paragraphs of this subsection (c).

In the event that the City and Borough elects to meet the Reserve Requirement through the use of a Qualified Letter of Credit, Qualified Insurance or other equivalent credit enhancement device, the City and Borough may contract with the entity providing such Qualified Letter of Credit or Qualified Insurance that the City and Borough's reimbursement obligation, if any, to such entity shall be made from Hospital Revenues available after the payments described in Paragraphs First through Third in Section 8 of this ordinance have been made.

The City and Borough further covenants and agrees that if a Credit Facility has been utilized to meet the Reserve Requirement, the City and Borough will make the following deposits into the Reserve Account.

If the City and Borough receives notice from the issuer of a Qualified Letter of Credit that it will not be renewed or extended, an amount sufficient to cause the value of the cash and investments on deposit in the Reserve Account to equal the Reserve Requirement, such amount to be paid in equal installments on not less than a semiannual basis over the remaining term of the Qualified Letter of Credit and in any event prior to the termination or expiration of such Qualified Letter of Credit, but no such payment will be required if the then-current Qualified Letter of Credit is replaced by an alternate Credit Facility or if the City and Borough receives a binding commitment from an issuer of such an alternate Credit Facility to deliver such alternate Credit Facility on or before the date such deposit is required to be made.

If the City and Borough receives notice that (A) the rating of the issuer of the Credit Facility by a Rating Agency has fallen below the minimum Rating Category required to establish the Credit Facility as a Qualified Letter of Credit or Qualified Insurance, as the case may be, or (B) the issuer of the Credit Facility has defaulted in its payment obligations thereunder, (C) the issuer of the Credit Facility has become insolvent, or (D) the revolving feature of a Qualified Letter of Credit allowing amounts available thereunder to be reinstated to the extent of any reimbursement of draws or claims paid has been suspended or terminated, an amount sufficient to cause the value of the cash and investments on deposit in the Reserve Account to equal the Reserve Requirement, such amount to be paid within 30 days of the date of such notice; provided that no such payment will be required if the then-current Credit Facility is replaced by an alternate Credit Facility within the same time period.

In the event a deficiency in the Principal and Interest Account shall occur, the deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Reserve Account, if necessary, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the City and Borough shall then draw from any Qualified Letter of Credit or Qualified Insurance that secures the Parity Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up within one year of the date of withdrawal from Hospital Revenues after making necessary provision for making the payments described in Paragraphs First through Third in Section 8 of this ordinance.

(d) *Sufficiency of Hospital Revenues.* The corporate authorities of the City and Borough hereby declare that in fixing the amounts to be paid into the Bond Account as aforesaid they have exercised due regard to the Costs of Maintenance and Operation of the Hospital and have not obligated the City and Borough to set aside and pay into said Bond Account a greater amount of the Hospital Revenues than in their judgment will be available over and above such Costs of Maintenance and Operation and the amounts necessary to pay the principal of and interest on the Bonds.

(e) *Application and Investment of Moneys in the Bond Account.* Money in the Principal and Interest Account not needed to pay the interest or principal installment and interest next coming due on Parity Bonds may be used to prepay Parity Bonds. Money in the Bond Account therein may be invested in any legal investment for the funds of the City and Borough. All interest

earned and income derived by virtue of such investments shall remain in the Bond Account (or respective account therein) and be used to meet the required deposits into any account therein.

Section 10. Sale of Bonds. The City Manager or his/her designee is authorized to negotiate and complete the sale of the Bonds to the Bond Bank on terms and conditions consistent with this ordinance and the respective Loan Agreement for the Bonds. Following the sale of the Bond Bank Bonds for a series of Bonds, such terms and conditions, including the final principal amount, date, principal installment payment schedule, interest rates, payment dates and prepayment provisions, all as provided for in this ordinance, shall be set forth in a Loan Agreement, all subject to the Assembly's approval by resolution, which resolution may, at the option of the Assembly, provide for delegation within parameters approved by the Assembly.

Section 11. Undertaking to Provide Ongoing Disclosure. The City and Borough will execute a certificate for ongoing disclosure in form and substance satisfactory to the purchaser of the Bonds, and the City Manager or his/her designee is hereby authorized and directed to execute such certificate.

Section 12. Insurance. The Bond Bank may, with the consent of the City and Borough and on terms and conditions acceptable to the City and Borough, obtain a policy of municipal bond insurance guaranteeing the payment when due of the principal of and interest on the Bond Bank's Bonds, issued to provide funds for the loan to the City and Borough pursuant to the Loan Agreement. By the Loan Agreement, the City Manager or his/her designee may approve any such policy of municipal bond insurance and authorize all other officers, agents, attorneys, and employees of the City and Borough to cooperate with the bond insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City and Borough, consistent with this ordinance, as shall be necessary or advisable in providing for such policy of municipal bond insurance.

The City Manager or his/her designee also may obtain a surety policy in order to satisfy the Reserve Requirement on the condition that the surety policy meets the requirements of Qualified Insurance on terms and conditions determined to be acceptable to the City Manager or his/her designee. The City Manager or his/her designee may execute such additional agreements or certificates and provide such documentation to the issuer of such surety policy as shall be necessary or advisable in providing for such surety policy.

In connection with the initial issuance and sale of the Bonds to the Bond Bank, and notwithstanding the provisions of Section 20 of this ordinance to the contrary, the Assembly may by resolution modify any of the covenants or other provisions of this ordinance as may be required by a provider of bond insurance or a surety policy for the Bond Bank's Bonds.

Section 13. Disposition of Proceeds of the Bonds. The accrued interest received with respect to the Bonds, if any, shall be deposited into the Principal and Interest Account and used to pay interest on the Bonds coming due on the first date on which interest is due. In addition, the Finance Director may direct that all or a portion of the original issue premium, if any, also be deposited in the Principal and Interest Account. Unless the Reserve Requirement is satisfied with a Credit Facility, the Finance Director shall direct the deposit of a portion of the Bond proceeds equal to the Reserve Requirement in the Reserve Account.

The Finance Director has heretofore established a special fund of the City and Borough designated as the "Hospital Project Account" (the "Project Account"). The balance of the proceeds of the sale of the Bonds shall be deposited in the Project Account and shall be expended solely to pay the cost of issuing and selling the Bonds and, together with other available moneys of the City and Borough, shall be used to reimburse the City and Borough for funds already distributed for the costs of the Projects and to pay the costs of completing the Projects. Any money in the Project Account shall be invested by the Finance Director, pending disbursement, in any legal investment for City and Borough funds.

Section 14. Defeasance. In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with the their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Account or any account therein for the payment of the principal of and interest on the Bonds or portion thereof so provided for and the Bonds or portion thereof shall then cease to be entitled to any lien, benefit or security of this ordinance, except the right to receive the accounts so set aside and pledged, and the Bonds or portion thereof shall no longer be deemed to be outstanding hereunder.

Section 15. Specific Covenants. The City and Borough hereby covenants and agrees with the owners of the Bonds that for as long as the Bonds remain outstanding as follows:

(a) *Rate Covenant.* The City and Borough will establish, maintain and collect such rates and charges for service of the Hospital for so long as any Bonds are outstanding as will maintain the Rate Covenant. If the audited statement of revenues and expenses of the Hospital for any year discloses that the Rate Covenant is not being met, the City and Borough shall, at its expense, retain a Consultant for the purpose of making recommendations with respect to rates, fees, charges and operations with a view to restoring compliance with such Rate Covenant. The City and Borough shall, to the extent feasible and lawful, follow the reasonable recommendations of the Consultant. Written reasons for noncompliance shall be submitted to the Bond Bank. If and so long as the City and Borough complies in all material respects with the recommendations of the Consultant, and so long as Net Revenue is at least equal to the amounts required in such fiscal year to be paid as scheduled debt service (principal and interest) on all Parity Bonds in any year for which the Consultant's recommendations are made and any subsequent year for which such recommendations remain in place and for which the City and Borough continues to be in compliance with such recommendations, the Rate Covenant shall be deemed satisfied. A copy of the Consultant's written recommendations shall be supplied to the Bond Bank within six months of the end of the fiscal year with respect to which the Rate Covenant was not met; if not so submitted, the Bond Bank may retain a Consultant at the City and Borough's expense.

(b) *Accreditation.* The City and Borough shall use its best efforts to cause the Hospital to remain accredited by the Joint Commission on Accreditation of Healthcare Organizations or any successor organization unless the board of directors of the Hospital determines that it is not in the best interest of the Hospital to maintain such accreditation. In any event, the Hospital shall remain certified under the Medicare program. The City and Borough also shall do all things

necessary to obtain, renew and secure all governmental approvals necessary for operation of the Hospital.

(c) *Provider Status and Third-Party Reimbursement.* The City and Borough shall establish and maintain the status of the Hospital as a provider of service eligible for reimbursement under any programs by federal, State or local governments providing for the payment or reimbursement for service rendered.

(d) *Hospital Maintenance.* The City and Borough will at all times maintain and keep the Hospital in good repair, working order and condition, and also will at all times operate such facilities and the business in connection therewith in an efficient manner and at a reasonable cost.

(e) *Hazardous Substances.* The City and Borough will not cause or permit any Hazardous Substances to be brought upon, kept, used or generated by the Hospital, its agents, employees, contractors or invitees, in the operation of the Hospital except to the extent such Hazardous Substances are used and stored at the Hospital in the ordinary course of business and operation of the Hospital and in compliance with Environmental Laws.

(f) *Compliance with Environmental Laws.* The City and Borough will at all times and in all respects use its best efforts to comply with all Environmental Laws. The City and Borough's duty of compliance with Environmental Laws includes, without limitation, the duty to undertake the following specific actions: (1) the City and Borough will, at its own expense, procure, maintain in effect, and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required by all Environmental Laws, including, without limitation, permits required for discharge of (appropriately treated) Hazardous Substances into the ambient air or any sanitary sewers serving any real property owned or leased by the City and Borough and used by the Hospital; and (2) except as discharged into the ambient air or a sanitary sewer in strict compliance with all applicable Environmental Laws, any and all Hazardous Substances to be treated and/or disposed by the Hospital will be removed and transported solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal (except when applicable Environmental Laws permit on-site treatment or disposal in a sanitary landfill.)

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

(1) the City and Borough certifies, based upon reasonable expectations, that the remaining assets of the Hospital shall be sufficient to continue regular operations of the City and Borough on a financially sound basis for a period of at least five years and

(2) provision is made for replacement thereof or for payment into the Bond Account of the total amount of revenue received which shall not be less than an amount which shall bear the same ratio to the amount of outstanding Parity Bonds as the greater of

(i) the Net Revenue available for Debt Service for such outstanding Parity Bonds for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the Hospital sold, leased, encumbered or disposed of bears to the Net Revenue available for Debt Service for such Parity Bonds from the entire Hospital for the same period;

(ii) the Hospital Revenues for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the Hospital sold, leased, encumbered or disposed of bears to the Hospital Revenues for the same period; or

(iii) the proportion of assets (on a depreciated basis) allocable to the assets being sold, leased, encumbered or disposed of bears to the total assets of the Hospital; or

provided, however, that the City and Borough may dispose of any portion of the facilities of the Hospital up to an aggregate of five percent annually of the book value of the total assets of the Hospital the requirement for any deposit to the Bond Account as hereinabove provided.

Any such moneys so paid into the Bond Account shall be used to retire such outstanding Parity Bonds at the earliest possible date. Any money received by the City and Borough as condemnation awards, insurance proceeds or the proceeds of sale, if not deposited to the Bond Account, shall be used for the replacement of facilities of the Hospital.

(h) *Books and Records.* The City and Borough will, while the Bonds remain outstanding, keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the Hospital, and it will furnish the original purchaser or purchasers of the Bonds or any subsequent owner or owners thereof, at the written request of such owner or owners, complete operating and income statements of the Hospital in reasonable detail covering any fiscal year, showing the financial condition of the Hospital and compliance with the terms and conditions of this ordinance, not more than 120 days after the close of such fiscal year, and it will grant any owner or owners of at least 25% of the outstanding Bonds the right at all reasonable times to inspect the entire Hospital and all records, accounts and data of the City and Borough relating thereto. Upon request of any owner of any of said Bonds, it will also furnish to such owner a copy of the most recently completed audit of the City and Borough's accounts.

(i) *Property Insurance.* The City and Borough will carry or cause to be carried fire and extended coverage insurance covering the Hospital in such amounts and covering such risks as the City and Borough may determine from time to time. Such insurance shall be carried with financially responsible insurance companies authorized to do business in the State, and may be carried under a policy or policies covering other property owned or controlled by the City and Borough or may be accomplished through a program of self-insurance, if a funded program of self insurance (reviewed at least annually by an actuary) is then maintained for properties of the City and Borough. The City and Borough agrees that such policies shall contain a provision that the same may not be canceled or given notice of non-renewal nor shall the terms of conditions thereof

be altered, amended or modified without at least 45 days' prior written notice being given by the insurer to the City and Borough.

(j) *Liability Insurance.* The City and Borough shall maintain, or cause to be maintained, in full force and effect, comprehensive general liability insurance covering the Hospital in such amounts as may be established by the City and Borough from time to time but in any event not less than \$500,000 per occurrence. The City and Borough may provide all or a portion of any insurance by self insurance. Such insurance may be carried under a blanket policy with umbrella coverage. It is understood that this insurance covers any and all liability of the City and Borough and its officials, officers, employees and volunteers, and the procurement thereof does not constitute a waiver of the defense of governmental immunity. Such insurance (1) shall include coverage for any accident resulting in personal injury to or death of any person and consequential damages arising therefrom; (2) shall include comprehensive property damage insurance; (3) shall be issued by a financially responsible insurance company authorized to do business in the State; and (4) shall provide that the same may not be canceled or given notice of non-renewal nor shall the terms of conditions thereof be altered, amended or modified without at least 45 days prior written notice being given by the insurer to the City and Borough.

(k) *Ordinance a Contract.* This ordinance shall constitute a contract with the registered owners of the Bonds, and upon any default hereunder, said owner shall have the right to institute a mandamus action in any court of competent jurisdiction to compel performance by the City and Borough in accordance with the terms of this ordinance.

(l) *Tax Covenants.* The City and Borough covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds under Section 103 of the Code as set forth in the Federal Tax Certificate that will be executed at the closing for the Bonds.

The City and Borough has not designated the Bonds as “qualified tax-exempt obligation” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 16. Future Parity Bonds.

(a) *Conditions upon the Issuance of Future Parity Bonds.* As long as the Bonds and Outstanding Parity Bonds remain outstanding, the City and Borough hereby further covenants and agrees that it will not issue any obligations having a lien on the Hospital Revenues prior to the lien thereon of the Bonds and Outstanding Parity Bonds and further that it will not issue any Future Parity Bonds except in accordance with the conditions of this Section 16. The City and Borough hereby reserves the right to issue additional revenue obligations, which shall constitute a charge and lien upon the Hospital Revenues equal to the lien thereon of the Bonds and the Outstanding Parity Bonds. Except as provided in subsection (b) below, the City and Borough shall not issue any series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Net Revenues (*i.e.*, on a parity of lien with Parity Bonds at the time outstanding) unless:

(1) the City and Borough shall not have been in default of its Rate Covenant for the immediately preceding fiscal year,

(2) The ordinance authorizing the issuance of such Future Parity Bonds shall provide that the Reserve Account be funded in amount equal to the Reserve Requirement shall be funded no later than the date of delivery of the Future Parity Bonds; and

(3) there shall have been filed a certificate (prepared as described in subsection (c) or (d) below) demonstrating fulfillment of the Parity Requirement, commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued no longer will be paid from the proceeds of such series of Future Parity Bonds.

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(3) shall not be required as a condition to the issuance of Future Parity Bonds:

(1) if the Future Parity Bonds being issued are for the purpose of refunding outstanding Parity Bonds and the refunding is being undertaken for debt service savings; or

(2) if the Future Parity Bonds are being issued to pay costs of construction of facilities of the Hospital for which Parity Bonds have been issued previously and the principal amount of such Future Parity Bonds being issued for completion purposes does not exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore issued for such facilities and reasonably allocable to the facilities to be completed as shown in a written certificate of the City and Borough Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such facilities has not materially changed.

(c) *Certificate of the City and Borough Without A Consultant.* If required pursuant to the foregoing subsection (a)(3), a certificate may be delivered by the City and Borough (executed by the City and Borough Representative) without a Consultant if Net Revenues for the Base Period (confirmed by an independent auditor) conclusively demonstrate that the Parity Requirement will be fulfilled commencing with the first full fiscal year following the date on which any portion of interest on the series of Future Parity Bonds then being issued will not be paid from the proceeds of such series of Future Parity Bonds.

(d) *Certificate of a Consultant.* Unless compliance with the requirements of subsection (a)(3) have been otherwise satisfied (as provided in (b) or (c) above), compliance with the Parity Requirement shall be demonstrated conclusively by a certificate of a Consultant.

In making the computations of Net Revenues for the purpose of certifying compliance with the Parity Requirement, the Consultant shall use as a basis the Net Revenues for the Base Period. Such Net Revenues shall be determined by adding the following:

(1) The historical net revenue of the Hospital for any 24 consecutive months out of the 36 months immediately preceding the month of delivery of the Future Parity Bonds being issued as determined by a Consultant.

(2) The estimated annual net revenue to be derived from any person, firm, association, private or municipal corporation under any executed contract for service, which net revenue was not included in any of the sources of net revenue described in this subsection (d).

(3) The estimated annual net revenue to be derived from any additional fees and charges that have been established by the Assembly as new Hospital Revenues that have not been previously included in any of the sources of net revenue described in this subsection (d).

(4) The estimated annual net revenue to be derived from the operation of any additions and improvements to or extensions of the Hospital being paid for out of the proceeds of sale of such Future Parity Bonds being issued.

In the event the Hospital will not derive any revenue as a result of the construction of the additions, improvements or extensions being made or to be made to the Hospital within the provisions of subparagraph (4) immediately above, the estimated normal Costs of Maintenance and Operation (excluding any transfer of money to other funds of the City and Borough and license fees, taxes and payments in lieu of taxes payable to the City and Borough) of such additions, improvements and extensions shall be deducted from estimated annual net revenue.

The words “historical net revenue” or “net revenue” as used in this subsection (d) shall mean the Hospital Revenues or any part or parts thereof less the normal expenses of maintenance and operation of the Hospital or any part or parts thereof, but before depreciation.

Such “historical net revenue” or “net revenue” shall be adjusted to reflect the rates and charges effective on the date of such certificate if there has been any change in such rates and charges during or after such 24-consecutive-month period.

(e) *Subordinate Lien Obligations.* Nothing herein contained shall prevent the City and Borough from issuing revenue bonds or other obligations which are a charge upon the Hospital Revenues junior or inferior to the payments required by this ordinance to be made out of such Hospital Revenues to pay and secure the payment of any outstanding Parity Bonds.

(f) *Refunding Obligations.* Nothing herein contained shall prevent the City and Borough from issuing revenue bonds to refund maturing Parity Bonds for the payment of which moneys are not otherwise available.

Section 17. Lost, Stolen or Destroyed Bonds. In case any Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond of like amount, date and tenor to the owner thereof upon the owner’s paying the expenses and charges of the City and Borough in connection therewith and upon his filing with the City and Borough evidence satisfactory to both that such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the City and Borough with indemnity satisfactory to it.

Section 18. Form of Bonds and Registration Certificate. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____ \$ _____

STATE OF ALASKA

CITY AND BOROUGH OF JUNEAU
HOSPITAL REVENUE BOND, 2022[SERIES DESIGNATION]
(BARTLETT REGIONAL HOSPITAL PROJECT)

INTEREST RATES: See Below

FINAL MATURITY DATE:

REGISTERED OWNER: ALASKA MUNICIPAL BOND BANK

PRINCIPAL AMOUNT:

THE CITY AND BOROUGH OF JUNEAU, ALASKA (the “City and Borough”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount indicated above in accordance with the installment payment schedule set forth below (unless prepaid prior thereto as provided herein) and to pay interest thereon from _____, 20__, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the interest rates set forth below, payable on _____ 1, 20__ and semiannually thereafter on the first day of each _____ and _____.

Year of Principal Installment Payment (_____ 1)	Principal Installment Amount	Interest Rate
\$		

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of principal of and interest on this bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the Finance Director of the City and Borough of Juneau, Alaska (the “Bond Registrar”).

This bond is a hospital revenue bond of the Borough and is issued pursuant to Ordinance Serial No. 2021-43 (the “Bond Ordinance”) for the purpose of financing capital improvements to Bartlett Regional Hospital of the City and Borough.

The bond is subject to redemption as described in the Loan Agreement.

The City and Borough hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Ordinance.

The City and Borough does hereby pledge and bind itself to set aside from such Hospital Revenues, and to pay into said Bond Account the various amounts required by the Bond Ordinance to be paid into and maintained in said Account, all within the times provided by said Bond Ordinance.

To the extent more particularly provided by the Bond Ordinance, the amounts so pledged to be paid from the Hospital Revenue Account out of the Hospital Revenues into the Bond Account and the account therein shall be a lien and charge thereon equal in rank to the lien and charge upon said revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any Hospital Revenue bonds of the City and Borough hereafter issued on a parity with the bonds of this issue and superior to all other liens and charges of any kind or nature except Costs of Maintenance and Operation.

The City and Borough has further bound itself to maintain the Hospital in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rates and charges for as long as any of the bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, net revenue in an amount which will be at least equal to the Rate Covenant.

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

This bond is not a “qualified tax-exempt obligation” under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and ordinances of the City and Borough, including the Bond Ordinance, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the City and Borough of Juneau, Alaska has caused this bond to be executed by the manual or facsimile signature of its City Manager or his/her designee and

attested by the manual or facsimile of the Clerk, and the official seal of the City and Borough to be impressed, imprinted or otherwise reproduced hereon, as of this ____ day of _____, 2022.

CITY AND BOROUGH OF
JUNEAU, ALASKA

By _____
City Manager or Designee

ATTEST:

Clerk

The Certificate of Authentication for the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is the Hospital Revenue Bond, 2022[Series Designation] (Bartlett Regional Hospital Project) of the City and Borough of Juneau, Alaska, dated _____, 2022, and described in the within-mentioned Bond Ordinance.

CITY AND BOROUGH OF JUNEAU, ALASKA
FINANCE DIRECTOR, as Bond Registrar

By _____
Finance Director

Section 19. Execution of Bonds. The Bonds shall be executed on behalf of the City and Borough with the manual or facsimile signature of the City Manager or his/her designee, shall be attested by the manual or facsimile signature of the City and Borough Clerk, and the seal of the City and Borough shall be impressed or a facsimile thereof imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be officer or officers of the City and Borough before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City and Borough, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City and Borough as though those who signed the same had continued to

be such officers of the City and Borough. Any Bonds may also be signed and attested on behalf of the City and Borough by such persons who are at the actual date of delivery of such Bonds the proper officers of the City and Borough although at the original date of such Bonds any such person shall not have been such officer of the City and Borough.

Section 20. Supplements and Amendments.

(a) *Without Consent of Owner.* The City and Borough from time to time and at any time may adopt an ordinance or ordinances supplemental hereof, which ordinance or ordinances thereafter shall become a part of this ordinance, for one or more or all of the following purposes:

(1) To add to the covenants and agreements of the City and Borough in this ordinance contained and other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the owners of the Bonds, or to surrender any rights or power herein reserved to or conferred upon the City and Borough.

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

Any such supplemental ordinance of the Assembly may be adopted without the consent of any owner of the Bonds at any time outstanding, notwithstanding any of the provisions of this section.

(b) *With Owners' Consent.* With the consent of the majority of the owners of Parity Bonds, the Assembly of the City and Borough may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall extend the fixed maturity of the Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof without the consent of the owner of each Parity Bond so affected.

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

(c) *Effective Date of Modification.* Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City and Borough under this ordinance shall thereafter be determined, exercised and enforced thereunder, subject in all respect to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes. A copy of each supplemental ordinance shall be provided to the owners of the Bonds.

Section 21. Compliance with Parity Conditions The Assembly hereby finds and determines, as required by Section 15 of Ordinance Serial No. 2012-23, as follows:

(1) The City and Borough is not and has not been in default of its Rate Covenant for the fiscal year ending June 30, 2021;

(2) The Reserve Requirement shall be met no later than the date of issuance of the Bonds; and

(3) There shall be filed a certificate demonstrating fulfillment of the Parity Requirement on or before the date of issuance of the Bonds.

The applicable parity conditions set forth in Ordinance Serial No. 2012-23 having been complied with, the Bonds shall be issued on a parity of lien with the Outstanding Parity Bonds.

Section 22. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City and Borough shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance.

Section 23. Effective Date. This ordinance shall be effective immediately upon its passage.

ADOPTED this 7th day of February, 2022.



Beth A. Weldon, Mayor

ATTEST:



Elizabeth J. McEwen, Municipal Clerk

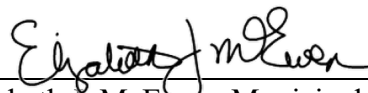
CERTIFICATE

I, the undersigned, Clerk of the City and Borough of Juneau, Alaska (the “City and Borough”), DO HEREBY CERTIFY:

1. That the attached Ordinance Serial No. 2021-43 (herein called the “Ordinance”) is a true and correct copy of an Ordinance of the City and Borough as finally adopted at a meeting of the Assembly held on the 7th day of February, 2022 and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of February, 2022.



Elizabeth J. McEwen, Municipal Clerk
City and Borough of Juneau