

ALASKA MUNICIPAL BOND BANK
FORM OF LOAN AGREEMENT

THIS LOAN AGREEMENT, dated the ___ day of _____ 20__ (the “Loan Agreement”), between the Alaska Municipal Bond Bank (the “Bank”), a body corporate and politic constituted as an instrumentality of the State of Alaska (the “State”) exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the “Act”), having its principal place of business at Juneau, Alaska, and the _____, Alaska, a duly constituted _____ [type of issuer] of the State (the “Issuer”):

W I T N E S S E T H:

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

WHEREAS, the Issuer is a “Governmental Unit” as defined in the General Bond Resolution of the Bank hereinafter mentioned and was authorized to accept a Loan from the Bank, evidenced by its municipal bond; and

WHEREAS, the Issuer desires to borrow money from the Bank in the amount not to exceed \$ _____ and has submitted an application to the Bank for a Loan in the amount not to exceed \$ _____; and

WHEREAS, the Issuer has duly authorized the issuance of its fully registered bond in the principal amount of \$ _____ (the “Municipal Bond”), which Municipal Bond is to be purchased by the Bank as evidence of and security for the Issuer’s obligation to repay the Loan in accordance with this Loan Agreement; and

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

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

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

WHEREAS, on _____, 2019, the Board adopted Series Resolution No. 20__-__ (the “Series Resolution” and together with the General Bond Resolution, the “Bond Resolution”), authorizing the Bank to, among other things, issue the Bank’s General Obligation Bonds, 2019 Series _____ (the “2019 Series _____ Bonds”), make the Loan to the Issuer and purchase the Issuer’s Municipal Bond.

NOW, THEREFORE, the parties agree as follows:

1. The Bank hereby makes the Loan, and the Issuer, hereby accepts the Loan in the principal amount of \$_____. As evidence of the Loan made to the Issuer and such money borrowed from the Bank by the Issuer, the Issuer hereby agrees to sell to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A.

2. The Issuer represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including [Ordinance] [Resolution] No. _____, adopted on _____, 20__ (the "Issuer [Ordinance] [Resolution]"). The Issuer further represents to the Bank that the Issuer has taken or will take all other proceedings required by law to enable it to enter into this Loan Agreement and to issue its Municipal Bond to the Bank and that the Municipal Bond will constitute [a general obligation bond, secured by the full faith and credit] [a revenue bond, secured by a special and limited obligation] of the Issuer, all duly authorized by the Issuer [Ordinance] [Resolution].

The Issuer represents that the Issuer [Resolution] [Ordinance] is in full force and effect and has not been amended, supplemented or otherwise modified, other than as may have been previously certified by the Issuer to the Bank.

3. Subject to any applicable legal limitations, the amounts to be paid by the Issuer pursuant to this Loan Agreement representing interest due on its Municipal Bond (the "Municipal Bond Interest Payments") shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the Loan and to purchase the Municipal Bond (the "Loan Obligations") and shall be paid by the Issuer [for revenue obligations in monthly installments] at least seven (7) Business Days before the Interest Payment Date to provide funds sufficient to pay interest as the same becomes due on the Loan Obligations.

4. The amounts to be paid by the Issuer pursuant to this Loan Agreement representing principal due on its Municipal Bond (the "Municipal Bond Principal Payments"), shall be paid [for revenue obligations, in monthly installments on the dates and in amounts sufficient] to provide at least seven (7) Business Days before the payment date stated in the Municipal Bond funds sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A.

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

6. In the event that all or a portion of the Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the Issuer on the Municipal Bond for the corresponding year pursuant to the terms of the Municipal Bond, then both the Municipal Bond Interest Payments and the

Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the Issuer on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of the Bank's refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond Principal Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of the Loan Obligations, the Bank shall present to the Issuer for the Issuer's approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the Issuer the revised schedule shall be attached hereto as Exhibit A and incorporated herein in replacement of the previous Exhibit A detailing said principal installment amounts and interest rates.

7. The Issuer is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the Issuer shall be in an amount sufficient, together with the Issuer's Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to Section 606 of the General Bond Resolution:

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

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

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

8. The Issuer is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due at least seven (7) Business Days prior to each date indicated in Exhibit A, and thereafter on the anniversary thereof each year. The Issuer is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing seven (7) Business Days prior to each date indicated in Exhibit A, and to pay any Fees and Charges imposed by the Bank within 30 days after receiving the invoice of the Bank therefor.

9. The Bank shall not sell and the Issuer shall not redeem prior to maturity any portion of the Municipal Bond in an amount greater than the related Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal

Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The Issuer shall give the Bank at least 50 days' prior written notice of the Issuer's intention to redeem its Municipal Bond.

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

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

In the event all or a portion of the Loan Obligations have been refunded, the amount which the Issuer shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligations or portion thereof are redeemed, shall be the premium, if any, on the Loan Obligations to be redeemed.

Nothing in this Section shall be construed as preventing the Issuer from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of all or a portion of the Loan Obligations.

10. Simultaneously with the delivery of the Municipal Bond to the Bank, the Issuer shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid and binding [general obligation] [special and limited obligation] of the Issuer, secured by the [full faith and credit] [revenue of the _____] of the Issuer.

11. Invoices for payments under this Loan Agreement shall be addressed to the Issuer, Attention: _____, _____, _____, Alaska 99____. The Issuer shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' prior written notice of any change in such address.

12. [The Issuer hereby agrees that it shall fully fund, at the time of loan funding, its debt service reserve fund (in an amount equal to \$ _____) which secures payment of principal and interest on its Municipal Bond, that such fund shall be held in the name of the Issuer with the Trustee, and that the yield on amounts held in such fund shall be restricted to a yield not in excess of _____ percent. (Applies to revenue bonds only.)]

13. **[Rate covenant and other covenant language – if applicable.]**

14. The Issuer hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the Issuer's record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The Issuer agrees that all records required by the preceding sentence shall be made available to the Bond Bank upon request.

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

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

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

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

16. The obligation of the Bank under this Loan Agreement is contingent upon delivery of its General Obligation Bonds, 20__ Series _____ and receipt of the proceeds thereof.

17. The Issuer agrees that it will provide the Bank with written notice of any default in covenants under the Issuer [Ordinance] [Resolution] within thirty (30) days after the date thereof.

18. The Issuer agrees that it shall file, on an annual basis, its annual financial statements with the Municipal Securities Rulemaking Board not later than two hundred ten (210) days after the end of each fiscal year of the Issuer for so long as the Municipal Bond remains outstanding. The Issuer further agrees that filings under this Section 18 shall be made in connection with CUSIP Nos. 01179P, 011798 and 01179R. Additional or alternate CUSIP number(s) may be added from time to time by written notice from the Bank to the Issuer. The Issuer agrees that if it shall receive from the Bank CUSIP number(s) in addition to those set forth in this Section then it shall thereafter make its filings using both CUSIP numbers herein stated and any additional CUSIP number(s).

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

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

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

20. Upon request of the Bank, the Issuer agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

21. The Issuer agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D of the Bank’s Official Statement, dated _____, 20__, under the heading “Summary of Borrowers Representing 10% or More of Outstanding Bonds Issued Under the 2005 General Bond Resolution,” attached hereto as Exhibit B.

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

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

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

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

26. This Loan Agreement shall remain in full force and effect so long as the Municipal Bond remains outstanding.

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

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the date first set forth above.

ALASKA MUNICIPAL BOND BANK

By: _____
DEVEN J. MITCHELL
Executive Director

[ISSUER], ALASKA
By: _____

Its: _____

EXHIBIT A

\$ _____
Issuer, Alaska
[General Obligation] [Revenue] Bond, 20__
(the "Municipal Bond")

Due (_____ 1)	Principal <u>Amount</u>	Interest <u>Rate</u>
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Principal installments shall be payable on _____ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on _____ 1, 20__, and thereafter on _____ 1 and _____ 1 of each year.

[Prepayment Provisions: The Municipal Bond principal installments are not subject to prepayment prior to maturity.]

Optional Prepayment: The Municipal Bond principal installments due on or after _____ 1, 20__ are subject to prepayment in whole or in part at the option of the Issuer on any date on or after _____ 1, 20__, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

EXHIBIT B

[Information to be inserted from Appendix D of the Bond Bank's Official Statement]