

NON-CODE ORDINANCE

Sponsored By: Borough Manager
Introduced: 08/17/16
Public Hearing: 09/06/16
Adopted: 09/06/16

**MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 16-109**

AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO ISSUE AREAWIDE GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, TO REFUND CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE BOROUGH; FIXING CERTAIN DETAILS OF SUCH BONDS; AND AUTHORIZING THEIR SALE.

WHEREAS, there is currently outstanding \$14,210,000 in aggregate principal amount of General Obligation School Bonds, 2009 Series "A" of the Borough maturing on July 1 in the years 2017 through 2026, inclusive, and 2029, issued pursuant to Ordinance Serial No. 09-035 of the Borough (the "2009 Series "A" Bonds"); and

WHEREAS, there is currently outstanding \$27,440,000 in aggregate principal amount of General Obligation School Bonds, 2011 Series "A" of the Borough maturing on April 1 in the years 2017 through 2031, inclusive, issued pursuant to Ordinance Serial No. 11-003 of the Borough (the "2011 Series "A" Bonds"); and

WHEREAS, the Assembly finds that it is in the best interest of the Borough to provide for the refunding, including the payment of principal of and interest on, those maturities of the 2009 Series "A" Bonds and 2011 Series "A" Bonds, that the Borough Manager or Borough Finance Director determines will produce the

percentage of debt service savings specified in Section 17, by the issuance of general obligation refunding bonds; and

WHEREAS, to effect such refunding in the most economical manner, part of the sale proceeds of the bonds authorized herein may be invested in obligations to be authorized and approved by the Borough Manager or Borough Finance Director, maturing in such amounts and at such times as are required to pay interest on the 2009 Series "A" Bonds and the 2011 Series "A" Bonds to be refunded prior to the date of their redemption and to redeem such 2009 Series "A" Bonds and 2011 Series "A" Bonds on the earliest practicable dates on which such 2009 Series "A" Bonds and 2011 Series "A" Bonds may be called for optional redemption; and

WHEREAS, Section 29.47.320 of the Alaska Statutes provides that general obligation refunding bonds may be issued without an election and that their issuance may be authorized by ordinance, and Section 29.47.410 of the Alaska Statutes provides that the Assembly by ordinance or resolution may provide for the form and manner of sale of bonds and notes; and

WHEREAS, the Assembly finds that, after the issuance of the Bonds (as defined in Section 2), the total outstanding principal amount of general obligation bonds of the Borough will not exceed seven percent of the total assessed valuation of taxable property in the Borough; and

WHEREAS, the Assembly finds that it is necessary and appropriate to delegate to each of the Borough Manager and Borough Finance Director authority to determine the principal amounts per maturity, interest rates and other details of the Bonds, to determine the manner of sale of the Bonds and to determine other matters that are not provided for in this Ordinance;

NOW THEREFORE, BE IT ENACTED BY THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH:

Section 1. Classification. This Ordinance is a non-code ordinance.

Section 2. Definitions. The following terms shall have the following meanings in this Ordinance:

(A) "2009 Series "A" Bonds" means the currently outstanding \$14,210,000 in aggregate principal amount of General Obligation School Bonds, 2009 Series "A" of the Borough maturing on July 1 in the years 2017 through 2026, inclusive, and 2029, issued pursuant to Ordinance Serial No. 09-035 of the Borough.

(B) "2011 Series "A" Bonds" means the currently outstanding \$27,440,000 in aggregate principal amount of General Obligation School Bonds, 2011 Series "A" of the Borough maturing on April 1 in the years 2017 through 2031, inclusive, issued pursuant to Ordinance Serial No. 11-003 of the Borough.

(C) Assembly" means the Assembly of the Matanuska-Susitna Borough, as the general legislative authority of the Matanuska-

Susitna Borough, as the same shall be duly and regularly constituted from time to time.

(D) "Beneficial Owner" means the person in whose name a Bond is recorded as the beneficial owner of such Bond by the respective systems of The Depository Trust Company and The Depository Trust Company Participants.

(E) "Bond" or "Bonds" means any or all of the General Obligation School Refunding Bonds and General Obligation Transportation System Refunding Bonds of the Borough issued to refund the Refunded Bonds, as provided in this Ordinance.

(F) "Bond Insurer" means any insurance company which issues a policy of insurance with respect to payment of the principal of and interest on the Bonds, as approved by the Borough Manager or Borough Finance Director under Section 22.

(G) "Bond Register" means the registration books maintained by the Paying Agent as Bond registrar, which include the names and addresses of the owners or nominee of the owners of the Bonds.

(H) "Borough" means the Matanuska-Susitna Borough, a municipal corporation of the State of Alaska, organized as a second class borough under Title 29 of the Alaska Statutes.

(I) "Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

(J) "Cost" or "Costs" means the administrative costs of refunding the Refunded Bonds, including legal fees, fees and expenses of the Paying Agent and costs of issuance of the Bonds by the Borough, including underwriting discount and fees and expenses of bond counsel, financial advisors and consultants in connection therewith, the cost of any bond insurance premium and bond ratings and the cost of audits.

(K) "DTC" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

(L) "DTC Participant" means a trust company, bank, broker dealer, clearing corporation, and any other organization that is a participant of DTC.

(M) "Government Obligations" means obligations that are non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

(N) "Letter of Representations" means the blanket letter of representations from the Borough to DTC, dated as of November 20, 1998.

(O) "Ordinance" means this Ordinance Serial No. 16-109 of the Borough.

(P) "Paying Agent" means the entity appointed as Paying Agent pursuant to Section 12, and its successors. The Paying Agent shall also act as Bond registrar under Section 12.

(Q) "Refunded 2009 Series "A" Bonds" means the maturities of the 2009 Series "A" Bonds, if any, selected for redemption under Section 17 at the time of execution of the purchase contract for the Bonds under Section 22.

(R) "Refunded 2011 Series "A" Bonds" means the maturities and sinking fund installments of the 2011 Series "A" Bonds, if any, selected for redemption under Section 17 at the time of execution of the purchase contract for the Bonds under Section 22.

(S) "Refunding Account" means the special account established under Section 16(C) and designated as the "2016 General Obligation Bond Refunding Account" (or such other name as the Borough Finance Director may hereafter determine), for the purpose of holding money, including Bond proceeds, to be used to pay the interest on and the redemption price of the Refunded Bonds.

(T) "Refunding Trust Agreement" means the Refunding Trust Agreement between the Refunding Trustee and the Borough, under which the Government Obligations will be deposited, together with other money, if necessary, to pay the interest on and the redemption price of the Refunded Bonds.

(U) "Refunding Trustee" means the entity appointed as Refunding Trustee under the Refunding Trust Agreement pursuant to Section 16, and its successors.

(V) "Registered Owner" means the person named as the registered owner of a Bond in the Bond Register.

(W) "Underwriter" means RBC Capital Markets, LLC, or the initial purchaser of the Bonds as determined by the Borough Manager or the Borough Finance Director in accordance with the provisions of this Ordinance.

Section 3. Authorization of Bonds and Purpose of Issuance.
For the purpose of providing funds required to pay the Costs of refunding the Refunded Bonds, including the funds to purchase Government Obligations and to provide beginning cash to effect the refunding of the Refunded Bonds in the manner and at the times hereinafter set forth, to provide for original issue premium or discount, if any, and to pay all costs incidental thereto and to the issuance of the Bonds, the Borough hereby authorizes and determines to issue and sell the Bonds in an aggregate principal amount, not to exceed the principal amount of the Refunded Bonds, that the Borough Manager or Borough Finance Director determines will produce the percentage of debt service savings specified in this Ordinance.

Section 4. Obligation of Bonds. The Bonds shall be direct and general obligations of the Borough, and the full faith and

credit of the Borough are hereby pledged to the payment of the principal of and interest on the Bonds. The Borough hereby irrevocably pledges and covenants that it will levy ad valorem taxes upon all taxable property within the Borough, without limitation of rate or amount, to pay the principal of and interest on the Bonds as the same become due and payable. In the event that any Bond Insurer makes any payment under a bond insurance policy with respect to the Bonds, such payment shall not be deemed a payment of the Borough and such payment amount shall continue to be due and payable by the Borough under this Ordinance.

Section 5. Details of the Bonds. Each of the Bonds shall be in the denomination of \$5,000 or an integral multiple thereof within a single series, maturity and interest rate, shall be numbered separately in the manner and with such additional designation as the Paying Agent deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The Bonds shall bear interest from their date, payable commencing on the date determined at the time of execution of the purchase contract for the Bonds under Section 22 that is no later than twelve months after their dated date, and semi-annually

thereafter in each year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The dated date, the principal and interest payment dates, the principal amount of each maturity, the amount of each sinking fund installment and the interest rates on the Bonds shall be determined at the time of execution of the purchase contract for the Bonds under Section 22.

Section 6. Optional Redemption. The Bonds, if any, subject to optional redemption by the Borough, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such Bonds, shall be determined at the time of execution of the purchase contract for the Bonds under Section 22.

Section 7. Mandatory Sinking Fund Redemption. The Bonds, if any, that are subject to mandatory redemption in part from sinking fund installments, and the amounts and due dates of such sinking fund installments, shall be determined at the time of execution of the purchase contract for the Bonds under Section 22. If Bonds subject to mandatory sinking fund redemption are (i) redeemed at the option of the Borough under Section 6, (ii) defeased under Section 21 or (iii) purchased by the Borough, there shall be credited to one or more future sinking fund installments (including the payment due at final maturity) with respect to such Bonds the amount of principal of the Bonds so redeemed, defeased or purchased

that the Borough designates in written instructions delivered to the Paying Agent before the date of the optional redemption, defeasance or purchase; provided that if the Borough does not deliver such written instructions to the Paying Agent, there shall be credited to each such sinking fund installment (including the payment due at final maturity) a pro rata portion of the principal amount of the Bonds so redeemed, defeased or purchased.

Section 8. Selection of Bonds for Redemption; Notice of Redemption.

(A) Selection of Bonds for Redemption. Unless otherwise provided in the purchase contract for the Bonds under Section 22, as long as the Bonds are held in book-entry only form, the selection of Bonds to be redeemed, if any, shall be made as provided in the Letter of Representations, and if the Bonds are no longer held in book-entry form, the selection of Bonds to be redeemed shall be made as provided in this subsection ("A"). If the Borough redeems at any one time fewer than all of the Bonds of a series having the same maturity date and interest rate, the particular Bonds or portions of Bonds of such maturity and interest rate to be redeemed shall be selected by lot (or in such other manner determined by the Paying Agent) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the Borough and Paying Agent shall treat such Bond as representing such number of separate Bonds each of the denomination of \$5,000

as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the corporate trust office of the Paying Agent there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations authorized herein.

(B) Notice of Redemption. Notice of any intended redemption of Bonds shall be given not less than 20 nor more than 45 days prior to the date fixed for redemption by first class mail to Registered Owners of the Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed; provided, however, that for so long as the Bonds are registered in the name of Cede & Co. or its registered assigns, all notices shall be given only as provided in the Letter of Representations. The requirements of this section shall be deemed to be met when notice is mailed as herein provided, whether or not it is actually received by the Registered Owners.

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

- (1) the redemption date;
- (2) the redemption price;

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

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

(5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the corporate trust office of the Paying Agent.

Official notice of redemption having been given as aforesaid, Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Borough shall fail to deposit the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid by the Paying Agent at the redemption price. Each check or other transfer of funds issued to pay the redemption price of Bonds shall bear the CUSIP number identifying, by series, maturity and interest rate, the Bonds being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for

payment of interest. Upon surrender of any Bond for partial redemption, there shall be prepared for the Registered Owner a new Bond or Bonds of the same series, maturity and interest rate in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Paying Agent and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Paying Agent as set forth below, but no defect in such further notice nor failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus: (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption shall be sent electronically at least 20 days before the redemption date to the Municipal Securities Rulemaking Board.

Notwithstanding the foregoing provisions of this subsection (B), in the case of an optional redemption, the notice may state that the Borough retains the right to rescind the

consisting of twelve 30-day months. The principal of and the interest on this Bond shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Principal shall be paid to the Registered Owner or assigns upon presentation and surrender of this Bond at the corporate trust office of _____ (the "Paying Agent"), or its successors. Payment of interest shall be made by check or draft mailed to the Registered Owner as of the 15th day of the month preceding each interest payment date at the address appearing on the Bond Register of the Borough kept at the corporate trust office of the Paying Agent; provided, that interest to be paid to the Registered Owner of Bonds in the aggregate principal amount of \$1,000,000 or more may be made by wire transfer to any location in the United States of America as provided in the hereinafter defined Ordinance; and provided further, that if this Bond is held in fully immobilized form, payment of interest shall be made by wire transfer.

This Bond is one of the General Obligation [School]/[Transportation System] Refunding Bonds, _____ Series _____ of the Matanuska-Susitna Borough, Alaska, of like tenor and effect except as to interest rate, serial number and maturity, aggregating \$ _____ in principal amount, and constituting Bonds authorized for the purpose of refunding prior general obligation bonds that were issued to pay the cost of [educational and related capital improvements]/[public roads and transportation facilities] in the Borough, and is issued under Ordinance Serial No. 16-_____ of the Borough entitled:

AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO ISSUE AREAWIDE GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, TO REFUND CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE BOROUGH; FIXING CERTAIN DETAILS OF SUCH BONDS; AND AUTHORIZING THEIR SALE.

(the "Ordinance").

The Bonds are subject to redemption prior to their stated maturity dates as provided in the Ordinance.

This Bond is transferable as provided in the Ordinance (i) only upon the Bond Register of the Borough kept for that purpose at the corporate trust office of the Paying Agent and (ii) upon surrender of this Bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount, series, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon the payment of charges, if any, as therein prescribed. The Borough and the Paying Agent may treat and consider the person in whose name this Bond is of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This Bond is a general obligation of the Matanuska-Susitna Borough, and the full faith and credit of the Borough are pledged for the payment of the principal of and interest on this Bond as the same shall become due.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts or things required by the constitution or statutes of the State of Alaska to exist or the ordinances of the Borough, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed, and that the series of Bonds of which this is one, together with all other indebtedness of the Borough, is within every debt and other limit prescribed by such constitution, statutes or ordinances.

IN WITNESS WHEREOF, THE MATANUSKA-SUSITNA BOROUGH, ALASKA, has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the ____ day of _____, _____.

_____/specimen/
Borough Mayor

ATTEST:

_____/specimen/
Borough Clerk

(SEAL)

Section 10. Execution and Authentication.

(A) The Bonds shall be executed in the name of the Borough by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the Borough Clerk. The execution of a Bond on behalf of the Borough by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of authentication of the Bond or shall not have held office on the date of the Bond.

(B) The Bonds shall bear a certificate of authentication, executed manually by the Paying Agent, in the following form:

PAYING AGENT'S CERTIFICATE
OF AUTHENTICATION

This Bond is one of the Matanuska-Susitna Borough, Alaska, General Obligation [School]/[Transportation System] Refunding Bonds, _____ Series _____, described in and issued pursuant to the within mentioned Ordinance.

as Paying Agent

By: _____
Authorized Officer

Only Bonds bearing such certificate of authentication, duly executed, shall be entitled to any right or benefit under this Ordinance. No Bond shall be valid or obligatory for any purpose until such certificate of authentication thereon shall have been duly executed by the Paying Agent. Such certificate of authentication upon any Bond executed on behalf of the Borough shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Ordinance and that the Registered Owner thereof is entitled to the benefit of this Ordinance.

Section 11. Payment of Principal and Interest. The Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. For so long as all outstanding Bonds are held in book-entry form under Section 13, payment of principal

thereof and interest thereon shall be made as provided in the Letter of Representations. In the event that the Bonds are no longer held in book-entry form under Section 13, payment of interest on the Bonds shall be made by check or draft mailed by first class mail to the Registered Owner of record as of the 15th day of the month preceding each interest payment date at the address appearing on the Bond Register of the Borough kept at the corporate trust office of the Paying Agent, provided that any owner of Bonds in an aggregate principal amount of \$1,000,000 or more may, at its option, receive interest payments by wire transfer at any location within the United States of America upon notice delivered to the Paying Agent not later than the 15th day of the month preceding any interest payment date; and principal of the Bonds will be payable at the corporate trust office of the Paying Agent upon presentation and surrender of the Bonds representing such principal.

Section 12. Registration. Each of the Borough Manager and the Borough Finance Director is hereby authorized to appoint the Paying Agent for the Bonds. The Paying Agent shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, and shall have such additional qualifications, if any, as the Borough Manager or Borough Finance Director may consider appropriate. The term "Paying Agent" shall include any successor or successors thereto.

The Paying Agent as Bond registrar shall maintain at its corporate trust office a Bond Register which shall include the names and addresses of the Registered Owners or nominees of the Registered Owners of the Bonds.

Upon presentation for such purpose at such office, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer on the Bond Register any Bonds entitled to registration or transfer. The Borough and the Paying Agent may treat the person in whose name any Bond shall be registered as the absolute owner of such Bond for all purposes, whether or not the Bond shall be overdue, and all payments of principal of and interest on a Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Borough nor the Paying Agent shall be affected by any notice to the contrary.

Section 13. Securities Depository.

(A) The Bonds shall be registered initially in the name of "Cede & Co.," as nominee of DTC, and shall be issued initially in the form of a single Bond for each maturity and interest rate of each series of the Bonds in the amount of such maturity and interest rate. Registered ownership of the Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor

shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository's successor; or (iii) to any person as provided in subsection (D) below.

(B) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Borough that it is no longer in the best interest of the Borough to continue the system of book-entry transfers through DTC or its successors (or any substitute depository or its successor), the Borough may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(C) In the case of any transfer pursuant to clause (i) or (ii) of subsection ("A") above, the Paying Agent shall, upon receipt of all outstanding Bonds, together with a written request of the Borough and a supply of new Bonds, authenticate a single new Bond for each maturity and interest rate of each series of the Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request.

(D) In the event that DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or the

Borough determines that it is in the best interest of the Borough or of the Beneficial Owners that Beneficial Owners be able to obtain bond certificates, the ownership of Bonds may then be transferred to any person or entity as provided in this Ordinance and the Bonds shall no longer be held in book-entry form. The Borough shall deliver a written request to the Paying Agent, together with a supply of definitive Bonds, to issue Bonds as provided in this Ordinance in any authorized denomination. Upon receipt of all then outstanding Bonds by the Paying Agent, together with a written request of the Borough to the Paying Agent, new Bonds shall be issued and authenticated in such denominations and registered in the names of such persons as are requested in such written request.

(E) For so long as the Bonds are held in book-entry form under this section, the Borough and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive Registered Owner of the Bonds registered in its name for the purposes of payment of principal of and interest on the Bonds, giving any notice permitted or required to be given to Registered Owners under this Ordinance, registering the transfer of Bonds, and obtaining any consent or other action to be taken by Registered Owners and for all other purposes whatsoever; and neither the Borough nor the Paying Agent shall be affected by any notice to the contrary. Neither the Borough nor the Paying Agent shall have any responsibility or

obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Participant, or any other person not shown on the Bond Register as being a Registered Owner with respect to the accuracy of any records maintained by DTC or any DTC Participant, the payment by DTC or any DTC Participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under this Ordinance, or any consent given or other action taken by DTC as Registered Owner. The Paying Agent shall pay from money available hereunder all principal of and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Borough's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid.

Section 14. Transfer and Exchange. Bonds shall be transferred only upon the Bond Register. Upon surrender for transfer or exchange of any Bond, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Paying Agent, duly executed by the duly authorized attorney of the Registered Owner, the Borough shall execute and the Paying Agent shall authenticate and deliver an equal aggregate principal amount of Bonds of the same series, maturity and interest rate of any authorized denominations,

subject to such reasonable regulations as the Paying Agent may prescribe and upon payment sufficient to reimburse the Borough or the Paying Agent for any tax, fee, or other governmental charge required to be paid in connection with such transfer or exchange. All Bonds surrendered for transfer or exchange shall be cancelled by the Paying Agent.

Section 15. Mutilated, Destroyed, Stolen or Lost Bonds. Upon surrender to the Paying Agent of a mutilated Bond, the Borough shall execute and the Paying Agent shall authenticate and deliver a new Bond of like series, maturity, interest rate and principal amount. Upon filing with the Paying Agent of evidence satisfactory to the Borough and the Paying Agent that a Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the Borough and the Paying Agent with indemnity satisfactory to them, the Borough shall execute and the Paying Agent shall authenticate and deliver a new Bond of like series, maturity, interest rate and principal amount. The person requesting the authentication and delivery of a new Bond under this section shall comply with such other reasonable regulations as the Borough and the Paying Agent may prescribe and pay such expenses as the Borough and the Paying Agent may incur in connection therewith.

Section 16. Disposition of the Sale Proceeds of the Bonds.

(A) The sale proceeds of the Bonds representing accrued interest, if any, on the Bonds shall be applied to pay interest

due on the Bonds on the first interest payment date for the Bonds. The sale proceeds of the Bonds allocated to pay issuance costs of the Bonds shall be deposited in the appropriate funds or accounts of the Borough for such purposes.

(B) The remaining sale proceeds of the Bonds shall be deposited in the Refunding Account, which is hereby created, and used, together with such other money as may be transferred to the Refunding Account, to deposit cash and to purchase Government Obligations maturing as to principal and interest in such amounts and at such times as necessary to provide for the payment of the interest on and the redemption price of the Refunded Bonds. Such money and Government Obligations shall be deposited in trust with the Refunding Trustee pursuant to the Refunding Trust Agreement, which shall be substantially in the form presented at the meeting in which this Ordinance is approved. Such money and Government Obligations are hereby pledged to be held and applied solely for the purpose set forth herein. When all of the Refunded Bonds shall have been redeemed and retired, the Borough may cause to be transferred to the Borough from the Refunding Account free of trust all money remaining therein.

(C) Each of the Borough Manager and the Borough Finance Director is hereby authorized to appoint the Refunding Trustee under the Refunding Trust Agreement. The Refunding Trustee shall be a bank or trust company duly authorized to exercise trust powers

and subject to examination by federal or state authority, and shall have such additional qualifications, if any, as the Borough Manager or Borough Finance Director may consider appropriate.

Section 17. Designation of Refunded Bonds. The Borough Manager and the Borough Finance Director each is authorized to designate which, if any, maturities and sinking fund installments of the 2009 Series "A" Bonds and the 2011 Series "A" Bonds shall be refunded, provided that (i) the refunding of the 2009 Series "A" Bonds and the 2011 Series "A" Bonds so designated shall realize a debt service savings, net of all issuance costs including insurance premium, if any, and underwriting discount, on a present value basis of at least 3 percent of the principal amount of such bonds and (ii) the Bonds issued to refund any series of bonds so designated shall have a final maturity date not later than six months after the final maturity date of the bonds so designated.

Section 18. Call of Refunded Bonds for Redemption. The Borough Manager and the Borough Finance Director each is authorized and directed to call the Refunded Bonds for redemption on the earliest practicable dates on which the Refunded Bonds may be called for optional redemption. The call for redemption of any Refunded Bonds shall be subject to the delivery of the Bonds to the Underwriter, and such call shall become irrevocable upon such delivery. Notice of redemption of the Refunded Bonds shall be

given in the manner set forth in the ordinances authorizing the issuance of the Refunded Bonds.

Section 19. Tax Covenants. The Borough covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes. The Borough covenants that it will make no use of the proceeds of the Bonds that will cause the Bonds to be "arbitrage bonds" interest on which is subject to federal income taxation by reason of Section 148 of the Code. The Borough covenants that it will not take or permit any action that would cause the Bonds to be "private activity bonds" as defined in Section 141 of the Code.

Section 20. Amendatory and Supplemental Ordinances.

(A) The Assembly from time to time and at any time may adopt an ordinance or ordinances supplemental hereto, which ordinance or ordinances thereafter shall become a part of this Ordinance, for any one or more of the following purposes:

(1) To add to the covenants and agreements of the Borough in this Ordinance other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the 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 or in regard to matters or questions arising under this Ordinance as the Assembly may deem necessary or desirable and not inconsistent with this Ordinance and which shall not materially adversely affect the interests of the Registered Owners of the Bonds.

Any such supplemental ordinance may be adopted without the consent of the Registered Owner of any of the Bonds at any time outstanding, notwithstanding any of the provisions of subsection (B) of this section.

(B) With the consent of the Registered Owners of not less than a majority of the aggregate principal amount of the Bonds at the time outstanding, the Assembly 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:

(1) extend the fixed maturity of any of the Bonds, or reduce the rate of interest thereon, or reduce the amount or change the date of any sinking fund installment, 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 Registered Owners of each Bond so affected; or

(2) reduce the aforesaid number of Registered Owners of Bonds required to approve any such supplemental ordinance without the consent of the Registered Owners of all of the Bonds then outstanding.

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

(C) Upon the adoption of any supplemental ordinance under this section, this Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Ordinance of the Borough and all Registered Owners of outstanding Bonds shall thereafter be subject in all respects to such modification and amendment, and all the terms and conditions of the supplemental ordinance shall be deemed to be part of the terms and conditions of this Ordinance for any and all purposes.

(D) Bonds executed and delivered after the execution of any supplemental ordinance adopted under this section may bear a notation as to any matter provided for in such supplemental ordinance, and if such supplemental ordinance shall so provide, new Bonds modified so as to conform, in the opinion of the Borough, to any modification of this Ordinance contained in any such supplemental ordinance may be prepared by the Borough and delivered

without cost to the Registered Owners of the Bonds then outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 21. Defeasance. In the event money and/or Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such Bonds and such Bonds shall be deemed not to be outstanding.

Section 22. Sale of Bonds. The Bonds shall be sold in one or more series at negotiated sale to the Underwriter. The Assembly has been advised that bond market conditions are fluctuating and that the most favorable market conditions for the sale of the Bonds may not occur on the date of a regular Assembly meeting. The Assembly has determined that it would be inconvenient to hold a special meeting on short notice to approve the manner and terms of the sale of the Bonds. Therefore, the Assembly hereby determines that it is in the best interest of the Borough to delegate the authority to approve the manner and terms of the sale of the Bonds as provided herein. Each of the Borough Manager and the Borough

Finance Director is hereby authorized to determine the identity of the Underwriter, the principal amount per maturity, sinking fund installments, if any, interest rates, yields, dated date, principal and interest payment dates, redemption terms, if any, for the Bonds, and other details of the Bonds. In determining the identity of the Underwriter, principal amount per maturity, sinking fund installments, if any, interest rates, yields, and redemption terms, if any, for the Bonds, and other details of the Bonds, the Borough Manager or Borough Finance Director shall, in consultation with the Borough's financial advisor, take into account those factors which, in his or her judgment, will result in the lowest true interest cost on the Bonds, including current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds, taking into consideration the financing goals of the Borough. The Borough Manager and Borough Finance Director each is further authorized to determine, in consultation with the Borough's financial advisor and the Underwriter, whether there shall be bond insurance for the Bonds, and to enter into one or more agreements for bond insurance; provided, that bond insurance shall be obtained only if the present value of the bond insurance premium will be less than the present value of the expected interest savings on such Bonds as a result of the bond insurance. The agreement for bond insurance may contain such provisions relating to the rights of the Bond Insurer

supplementary to and amendatory of the provisions of Sections 20 and 21 as the Borough Manager or Borough Finance Director may approve. Based upon the foregoing determinations, the Borough Manager and the Borough Finance Director each is authorized to execute a purchase contract for the Bonds with the Underwriter, in substantially the form presented at the meeting at which this Ordinance is adopted. The authority granted to the Borough Manager and Borough Finance Director by this section shall expire 270 days after the effective date of this Ordinance. If the Borough Manager or Borough Finance Director has not executed a purchase contract with the Underwriter within 270 days after the effective date of this Ordinance, no purchase contract for the Bonds may be executed on behalf of the Borough without further authorization from the Assembly.

Section 23. Official Statement. The distribution of the preliminary Official Statement for the Bonds in substantially the form presented at the meeting at which this Ordinance is adopted is approved. The preliminary Official Statement may be modified as the Borough Manager or Borough Finance Director may determine. The Borough Manager and Borough Finance Director each is hereby authorized to deem the preliminary Official Statement final for purposes of paragraph (b)(1) of Securities and Exchange Commission Rule 15c2-12, and to execute and approve for distribution by the Underwriter the final Official Statement for the Bonds.

Section 24. Authority of Officers. The Mayor, the Borough Manager, the Borough Finance Director, the Borough Clerk, the Borough Attorney, and each of them, hereby is authorized and directed to do and perform all things and determine all matters not determined by this Ordinance, to the end that the Borough may carry out its obligations under the Bonds and this Ordinance.

Section 25. Prohibited Sale of Bonds. No person, firm, or corporation, or any agent or employee thereof, acting as financial consultant to the Borough under an agreement for payment in connection with the sale of the Bonds, is eligible to purchase the Bonds as a member of the original underwriting syndicate either at public or private sale.

Section 26. Miscellaneous.

(A) All payments made by the Borough of, or on account of, the principal of or interest on the Bonds shall be made on the several Bonds ratably and in proportion to the amount due thereon, respectively, for principal or interest as the case may be.

(B) No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon or on this Ordinance against any member of the Assembly or officer of the Borough or any person executing the Bonds. The Bonds are not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the Borough, and do not and shall not create or constitute an indebtedness or

obligation, either legal, moral or otherwise, of the State of Alaska or of any political subdivision thereof, except the Borough.

Section 27. Continuing Disclosure. The Borough hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate in substantially the form presented at the meeting at which this Ordinance is adopted.

Notwithstanding any other provision of this Ordinance, failure of the Borough to comply with the Continuing Disclosure Certificate shall not be considered a default of the Borough's obligations under this Ordinance or the Bonds; however, the Registered Owner or Beneficial Owner of any Bond may bring an action for specific performance to cause the Borough to comply with its obligations under this section.

Section 28. Severability. If any one or more of the provisions of this Ordinance shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance or of the Bonds.

Section 29. Effective Date. This Ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this 6 day
of September, 2016.


VERN HALTER, Borough Mayor

ATTEST:


LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

PASSED UNANIMOUSLY: Sykes, Beck, McKee, Colligan, Mayfield, Doty,
and Kowalke