

# MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue, Palmer, Alaska 99645 - 907-861-8683

## BOROUGH MAYOR

Vern Halter

## BOROUGH CLERK

Lonnie R. McKechnie, CMC

## BOROUGH MANAGER

John Moosey

## BOROUGH ATTORNEY

Nicholas Spiropoulos



## BOROUGH ASSEMBLY

Jim Sykes, District 1  
Matthew Beck, District 2  
George McKee, District 3  
Steve Colligan, District 4  
Dan Mayfield, District 5  
Barbara J. Doty, District 6  
Randall Kowalke, District 7

## ASSEMBLY AGENDA ASSEMBLY CHAMBERS 350 EAST DAHLIA AVENUE, PALMER

**REGULAR MEETING**

**6 P.M.**

**TUESDAY, JUNE 7, 2016**

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF AGENDA

IV. PLEDGE OF ALLEGIANCE

V. MINUTES OF PRECEDING MEETINGS

- A. Special Assembly Meeting: 05/05/16
- B. Special Assembly Meeting: 05/09/16
- C. Special Assembly Meeting: 05/12/16
- D. Special Assembly Meeting: 05/17/16
- E. Regular Assembly Meeting: 05/17/16

VI. REPORTS/CORRESPONDENCE

A. AGENCY REPORTS (MSB 2.12.082; Seven minutes per person.)

- 1. Reports From Cities
- 2. Matanuska-Susitna Borough School District

B. COMMITTEE REPORTS

- 1. Joint Assembly/School Board Committee On School Issues
- 2. Assembly Public Relations

C. MANAGER COMMENTS

1. State/Federal Legislation
2. Strategic Planning Issues
3. Alaska Division of Air Quality
4. Matanuska Telephone Association — Michael C. Burke, Chief Executive Officer

D. ATTORNEY COMMENTS

E. CLERK COMMENTS

pp. 11-183

F. CITIZEN AND OTHER CORRESPONDENCE

1. MSB Board/Committee Minutes:
  - a. Agriculture Advisory Board: 02/17/16, Resolution Nos. 16-02, 16-03
  - b. Aviation Advisory Board: 10/08/15
  - c. Fairview RSA Board of Supervisors: Resolution No. 16-01
  - d. Greater Talkeetna RSA Board of Supervisors: 02/11/16
  - e. Local Emergency Planning Committee: 12/16/15
  - f. Local Road Service Area Advisory Board: 03/17/16
  - g. MSB Fish and Wildlife Commission: 02/18/16, 03/17/16
  - h. Parks, Recreation, and Trails Advisory Board: 11/30/15, 03/21/16, Resolution No. 16-01
  - i. Planning Commission: 08/17/15, 09/21/15, 04/18/16, 05/02/16
  - j. Platting Board: 04/07/16
  - k. Port Commission: 12/21/15
  - l. South Colony RSA Board of Supervisors: 09/16/15, 10/14/15, 02/09/16
  - m. Transportation Advisory Board: 12/16/15, 01/27/16, 03/23/16
  - n. Wastewater & Septage Advisory Board: 01/14/16
  - o. West Lakes FSA Board of Supervisors: 03/14/16, 04/11/16
  - p. Willow FSA Board of Supervisors: 03/10/16, 04/14/16
2. Community Council Minutes:
  - a. Glacier View Community Council: 02/11/16, 03/31/16
  - b. Lazy Mountain Community Council: 08/13/15
  - c. Meadow Lakes Community Council: 01/13/16, 03/09/16
  - d. North Lakes Community Council: 02/26/15, 04/30/15
  - e. Point MacKenzie Community Council: 02/11/16
  - f. South Knik River Community Council: 02/18/16
  - g. Sutton Community Council: 01/27/16, 02/24/16
  - h. Talkeetna Community Council: 02/01/16, 03/07/16, 04/04/16

A D O P T E D	A M E N D E D	P O S T P O N E D	D E F E A T E D

- i. Trapper Creek Community Council: 01/21/16, 02/18/16, 03/17/16
- j. Willow Area Community Organization: 01/04/16, 04/02/16

G. INFORMATIONAL MEMORANDUMS

pp. 184  
Doty

- 1. **IM No. 16-126:** Reporting Of Conclusion Of Contract For Bid No. 14-148B To QAP For Seldon Road And Lucille Street Upgrades In The Final Contract Amount Of \$4,978,467.35.

VII. SPECIAL ORDERS

A. PERSONS TO BE HEARD (MSB 2.12.081; Three Minutes Per Person.)  
*(Requires 11 Days Advance Notice And Must Otherwise Be In Compliance With The Necessary Code Requirements. If No Advance Notice Is Given, Persons Wishing To Speak May Do So Under The Audience Participation Section Of The Agenda.)*

B. PUBLIC HEARINGS (Three Minutes Per Person.)

pp. 185-374  
Mayfield

- 1. **Ordinance Serial No. 16-065:** An Ordinance Authorizing The Issuance Of State Of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) In An Amount Not To Exceed \$65,000,000; Approving The Form And Substance Of A Second Supplement To Trust Indenture, A Third Amendment To Lease Purchase Agreement, A Refunding Trust Agreement, And A Bond Purchase Agreement; Authorizing An Offering Document; Making Certain Findings And Determinations; Authorizing The Execution Of Documents And Instruments Necessary Or Convenient To Accomplish The Foregoing; And Containing Other Provisions Relating To The Subject.

a. IM No. 16-101

pp. 375-380  
Sykes

- 2. **Ordinance Serial No. 16-021:** An Ordinance Adopting MSB 8.41, Marijuana Related Facilities License Referrals.  
*(Sponsored By Assemblymember Sykes)*

a. IM No. 16-027

pp. 381-442  
Beck

- 3. **Ordinance Serial No. 16-022:** An Ordinance Amending MSB 15.24.030, Adopting The Matanuska-Susitna Borough Metropolitan Planning Organization Self-Assessment.

a. IM No. 16-034

pp. 443-447  
Beck  
pp. 448-450

- 4. **Ordinance Serial No. 16-066:** An Ordinance Reappropriating \$25,000 To A Security Card Upgrade Project Fund.

a. **Resolution Serial No. 16-048:** A Resolution Approving

A D O P T E D	A M E N D E D	P O S T P O N E D	D E F E A T E D

The Scope Of Work And Budget For A Security Card Upgrade Project.  
 (1) IM No. 16-099

pp. 451-455 Mayfield 5. **Ordinance Serial No. 16-067:** An Ordinance Accepting And Appropriating \$16,988.40 In Project Income For The Rail Extension From Port Mackenzie To The Mainline, Project No. 75001.

pp. 456-457 a. **Resolution Serial No. 16-049:** A Resolution Approving The Scope Of Work And Budget For Project Income On The Rail Extension From Port Mackenzie To The Mainline Project.  
 (1) IM No. 16-102

pp. 458-462 Beck 6. **Ordinance Serial No. 16-068:** An Ordinance Reappropriating \$230,000 To An Information Technology Strategic Plan Support Project Fund.

pp. 463-464 a. **Resolution Serial No. 16-050:** A Resolution Approving The Scope Of Work And Budget For An Information Technology Strategic Plan Support Project Fund.  
 (1) IM No. 16-103

pp. 465-486 Beck 7. **Ordinance Serial No. 16-069:** An Ordinance Amending MSB 2.47, Boroughwide Records Management Program.  
 a. IM No. 16-105

pp. 487-491 Beck 8. **Ordinance Serial No. 16-070:** An Ordinance Reappropriating \$95,000 From The Capital Projects Department Fiscal Year 2016 Operating Budget, Fund 100, To Project No. 47048, Fund 490, For Engineering, Environmental, And Survey Work For Fiscal Year 2017 Capital Projects Throughout The Borough.  
 a. IM No. 16-107

C. AUDIENCE PARTICIPATION (Three Minutes Per Person.)

D. CONSENT AGENDA

1. RESOLUTIONS

pp. 492-500 McKee a. **Resolution Serial No. 16-052:** A Resolution Approving The Amended Budgets And Transfer Of Funds From Seldon Road And Lucille Street Upgrades, Project No. 35406, To Collector Road Access To Machetanz Elementary (Also Known As “Trunk Road Extension South”), Project No. 35402, In The Amount Of \$300,487, And Old Glenn Highway Paved Pathway In The

A D O P T E D	A M E N D E D	P O S T P O N E D	D E F E A T E D

Butte, Project No. 35412, In The Amount Of \$150,000 For A Total Amount Of \$450,487.  
(1) IM No. 16-127

2. ACTION MEMORANDUMS

- pp. 501-507  
Colligan
  - a. **AM No. 16-043:** Vacate The Western Section Of The 60-Foot Wide Public Use Easement, Known As West Olympic Circle, Within Lot 3D Of Olympic Subdivision, Plat No. 2006-214, Located In Section 12, Township 17 North, Range 2 West, Seward Meridian.
- pp. 508-549  
Beck
  - b. **AM No. 16-044:** Extension Of Contract No. 04-098 With North Star Group In An Amount Not To Exceed \$75,000 For Federal Lobbyist Services.
- pp. 550-557  
McKee
  - c. **AM No. 16-045:** Vacate That Portion Of The 20-Foot Wide Platted Right-Of-Way Between Lots 8 And 14, Barry's Finger Lake No. 2, Plat No. 61-56, Lying South Of Bogard Road and East Of Cottonwood Creek, Located Within Section 33, Township 18 North, Range 1 East, Seward Meridian.
- pp. 558-561  
Beck
  - d. **AM No. 16-046:** Approval Of Agreement With Global Diving Inc. In An Amount Not To Exceed \$187,331 For The Recovery And Inspection Of The Cathodic Protection System Anode Sleds For Warranty Investigation/Repairs.

VIII. UNFINISHED BUSINESS

- pp. 562-595  
Beck
  - A. **Resolution Serial No. 16-023:** A Resolution To Adopt The Fiscal Year 2017 Schedule Of Rates And Fees Effective July 1, 2016, In Order To Have A Single Document For All Rates And Fees In The Matanuska-Susitna Borough.
    - 1. IM No. 16-046
- pp. 596-601  
Beck
  - B. **Ordinance Serial No. 16-053:** An Ordinance Accepting And Appropriating September 2012 Southcentral Flood Disaster Relief Monies In The Amount Of \$336,640 From The Alaska State Division Of Homeland Security And Emergency Management And The Federal Emergency Management Agency To Fund 445, Project No. 55017.
    - 1. **Resolution Serial No. 16-043:** A Resolution Amending The Budget For The September 2012 Southcentral Flood Disaster Relief Monies, Project No. 55017.
      - a. IM No. 16-079

A D O P T E D	A M E N D E D	P O S T P O N E D	D E F E A T E D

IX. VETO

X. NEW BUSINESS

A. INTRODUCTIONS (For public hearing – 06/21/16, Assembly Chambers)

pp. 605-609  
Colligan

1. **Ordinance Serial No. 16-072:** An Ordinance Appropriating \$150,000 From The Sale Proceeds Of Tract B In Fund 203, Fund Balance To Fund 480, Project No. 20283, For Future Engineering And Possible Relocation Of The Veterans Memorial Wall Of Honor.

a. IM No. 16-104

pp. 610-615  
McKee

2. **Ordinance Serial No. 16-073:** An Ordinance Accepting And Appropriating \$30,000 From The Alaska State Department Of Environmental Conservation, Division Of Water, And Reappropriating \$20,000 From The Fiscal Year 2015 Areawide Grant Match Appropriation To Fund 480, Project No. 47514, For The Purpose Of Conducting A Stormwater Analysis On Cottonwood Creek.

pp. 616-617

a. **Resolution Serial No. 16-053:** A Resolution Approving The Scope Of Work And Budget And Authorizing The Manager To Enter Into A Grant Agreement With The Alaska State Department Of Environmental Conservation, Division Of Water, For The Purpose Of Conducting A Stormwater Analysis On Cottonwood Creek.

(1) IM No. 16-106

pp. 618-622  
Beck

3. **Ordinance Serial No. 16-074:** An Ordinance Approving The Removal Of Specific Dollar Amounts For Rates And Fees From Code And Replacing Them With Reference To The Assembly's Power To Set Rates And Fees By Resolution.

a. IM No. 16-112

pp. 623-646  
Beck

4. **Ordinance Serial No. 16-075:** An Ordinance Providing For The Sale Of Certain Boroughwide Real Property Acquired Through Tax Foreclosure For Delinquent Real Property Tax Years 2006 And Prior, 2008 And Prior, 2009 And Prior, 2010 And Prior, And Delinquent Special Assessment For The Year 2011 And Prior, And Not Needed For Public Purpose.

a. IM No. 16-113

pp. 647-655  
Doty

5. **Ordinance Serial No. 16-076:** An Ordinance Reappropriating \$55,000 From Land And Resource Management Division, Fiscal Year 2016 Operating Budget, Fund 203, Land Management Fund, To Fund 480, Non-Lapsing/Non-Capital Projects, Project No. 15013, Parks And Recreation Comprehensive Plan,

A D O P T E D	A M E N D E D	P O S T P O N E D	D E F E A T E D

Reappropriating \$16,000 From The Community Development Department Fiscal Year 2016 Operating Budget, Fund 100, Areawide Fund To Fund 440, Cultural And Recreational Capital Projects For Project No. 15015, Trail Development, Authorizing The Borough Manager To Enter Into A Grant Agreement With The Talkeetna Community Council For The Ridge Trail Plan And A Grant To The Mat-Su Trails And Parks Foundation.

pp. 656-661

- a. **Resolution Serial No. 16-054:** A Resolution Approving The Scopes Of Work And Budgets For The Government Peak Recreation Area Master Plan, The Ridge Trail Management Plan, Project No. 15013, And For Trail Development, Project No. 15015.  
(1) IM No. 16-114

pp. 662-669  
Beck

- 6. **Ordinance Serial No. 16-077:** An Ordinance Amending MSB 5.25.028 And Placing On The Ballot Of The October 4, 2016, Regular Borough Election, The Annexation Of A Parcel Into The Lazy Mountain Road Service Area.

pp. 670-671

- a. **Resolution Serial No. 16-055:** A Resolution Finding The Annexation Of A Parcel Located At The End Of East T & T Lane On Lee Circle Into The Lazy Mountain Road Service Area No. 19 Serves The Public Interest And Placing It Before The Voters In The October 4, 2016, Regular Borough Election. *(Sponsored by Assemblymember Beck)*  
(1) IM No. 16-116

pp. 672-716  
Beck

- 7. **Ordinance Serial No. 16-078:** An Ordinance To Classify Borough Land As General Purpose Lands And Enter Into A Lease Of Borough-Owned Real Property To Construct, Install, Maintain, Repair, Operate, And Manage A Communication Site (MSB007139).

- a. IM No. 16-117

pp. 717-924  
Colligan

- 8. **Ordinance Serial No. 16-079:** An Ordinance Authorizing The Matanuska-Susitna Borough To Cause To Be Executed And Delivered And To Sell Not To Exceed \$5,000,000 Fire Station Lease Certificates Of Participation, 2016B; Authorizing The Execution And Delivery Of A Lease, A Lease Purchase Agreement And Trust Indenture, And A Deed Of Trust, Assignment Of Leases And Rents, And Security Agreement To Secure The Certificates; Authorizing The Execution Of A Certificate Purchase Agreement; And Providing For Related Matters.

- a. IM No. 16-118

A D O P T E D	A M E N D E D	P O S T P O N E D	D E F E A T E D

- pp. 925-1132  
Mayfield
9. **Ordinance Serial No. 16-080:** An Ordinance Authorizing The Matanuska-Susitna Borough To Cause To Be Executed And Delivered And To Sell Not To Exceed \$5,700,000 Fire Station Lease Certificates Of Participation, 2016A; Authorizing The Execution And Delivery Of A Lease, A Lease Purchase Agreement And Trust Indenture, And A Deed Of Trust, Assignment Of Leases And Rents, And Security Agreement To Secure The Certificates; Authorizing The Execution Of A Certificate Purchase Agreement; And Providing For Related Matters.  
a. IM No. 16-119
- pp. 1133-1196  
Sykes
10. **Ordinance Serial No. 16-081:** An Ordinance Amending MSB 15.24.030 And Adopting The Louise Susitna Tyone Lakes Comprehensive Plan Updating The Lake Louise Comprehensive Plan.  
a. IM No. 16-120
- pp. 1197-1201  
Kowalke
11. **Ordinance Serial No. 16-082:** An Ordinance Approving A Reappropriation Of \$214,000 From The Talkeetna Sewer And Water Fiscal Year Operating Fund, Fund 293, To Fund 415, Project No. 25053, For Talkeetna Sewer And Water.  
a. IM No. 16-121
- pp. 1202-1211  
Doty
12. **Ordinance Serial No. 16-083:** An Ordinance Amending MSB 5.25.142, To Annex Property Located In And Around Creekside Perch Subdivision Area Into The Greater Palmer Consolidated Fire Service Area No. 132.  
a. **Resolution Serial No. 16-056:** A Resolution Finding The Annexation Of Properties Located In And Around Creekside Perch Subdivision Area Into The Greater Palmer Consolidated Fire Service Area No. 132 Serves The Public Interest Without The Placement Of The Question On The Ballot. *(Sponsored by Assemblymember Doty)*  
(1) IM No. 16-123
- pp. 1214-1220  
Beck
13. **Ordinance Serial No. 16-084:** An Ordinance Approving The Deputy Borough Manager Position And Establishing The Powers Granted.  
a. IM No. 16-124
- pp. 1221-1230  
Beck
14. **Ordinance Serial No. 16-085:** An Ordinance Relating To The Construction, Acquisition, Improvement, And Equipping Of Parks And Recreational Capital Facilities And Related Capital Improvements In The Matanuska-Susitna Borough, Authorizing The Issuance Of Areawide General Obligation Bonds Of The Borough, In One Or More Series, In The Aggregate Principal Amount Of Not To Exceed \$22,160,000, To Finance The Cost, In

A D O P T E D	A M E N D E D	P O S T P O N E D	D E F E A T E D

Whole Or In Part, Of Such Parks And Recreational Capital Facilities And Related Capital Improvements, And Providing For The Submission To The Voters Of The Borough Of A Proposition Ratifying The Authorization Of Such Bonds At The October 4, 2016, Borough Regular Election.

a. IM No. 16-125

pp. 1231-1255  
Beck

15. **Ordinance Serial No. 16-086:** An Ordinance Enacting An Areawide Retail Sales Tax On Marijuana And Marijuana Products And Placing The Question Before The Voters At The October 4, 2016 Regular Borough Election.

a. IM No. 16-130

pp. 1256-1394  
Beck

16. **Ordinance Serial No. 16-087:** An Ordinance Authorizing The Matanuska-Susitna Borough To Cause To Be Executed And Delivered And To Sell Not To Exceed \$3,000,000 Animal Care Facility Lease Refunding Certificates Of Participation, 2016C; Authorizing The Execution And Delivery Of A First Supplement To Lease Purchase Agreement And Trust Indenture, And A Refunding Trust Agreement To Secure The Certificates; Authorizing The Execution Of A Certificate Purchase Agreement; And Providing For Related Matters.

a. IM No. 16-131

B. MAYORAL NOMINATIONS AND APPOINTMENTS

pp. 1395-1409

1. VACANCY REPORT

C. OTHER NEW BUSINESS

D. REFERRALS (For Referral To The Planning Commission For 90 Days Or Other Date Specified By The Assembly)

XI. RECONSIDERATION

XII. MAYOR, ASSEMBLY, AND STAFF COMMENTS

XIII. EXECUTIVE SESSION

XIV. ADJOURNMENT

**Disabled Persons Needing Reasonable Accommodation In Order To Participate At An Assembly Meeting Should Contact The Borough ADA Coordinator At 861-8432 At Least One Week In Advance Of The Meeting.**

**THE MINUTES ARE  
LOCATED AT THE  
BACK OF THE  
PACKET.**

**MATANUSKA-SUSITNA BOROUGH  
AGRICULTURE ADVISORY BOARD**

RECEIVED  
MAY 05 2016  
CLERKS OFFICE

<b>Chairman</b> - Norman Harris (05)	Dick Zobel (02)	Vacant (06)	Jon Olsen (10)
<b>Vice Chair</b> - James Skinner (09)	Kenneth Marsh (03)	Derylee "Lee" Hecimovich (07)	Erik "Moe" Johnson (11)
Bruce Bush (01)	Jenny VanderWeele (04)	Donald Brainard (08)	Braden VanderWeele (12)

**MINUTES**

**REGULAR MEETING  
DSJ BUILDING ASSEMBLY CHAMBERS**

**February 17, 2016  
4:30 P.M.**

**I. CALL TO ORDER, ROLL CALL**

Dr. Harris called the meeting to order at 4: 30 p.m

- A. Members present and establishing a quorum were:  
Donald Brainard, Dr. Norman Harris, Derylee Hecimovich, Kenneth Marsh, Jon Olsen, James Skinner, Jenny VanderWeele, Braden VanderWeele, and Dick Zobel
- B. Members Absent: Bruce Bush
- C. Members Absent and Excused: Erik Johnson
- D. Vacant Positions: Position 6
- E. Staff Present: Glenda Smith, Land Management Analyst and Elizabeth Weiant, Department Administrative Specialist
- F. Guests Present: Assemblymembers Beck and Sykes, Eric Phillips, Community Development Director, Mrs. Olsen, Ms. Cutler, and Mr. Haberman.

**II. APPROVAL OF AGENDA, PLEDGE OF ALLEGIANCE**

Mr. Zobel requested a discussion of Biosolids be added to the agenda.

GENERAL CONSENT: The agenda as amended was approved without objection

Dr. Harris led the Pledge of Allegiance

**III. APPROVAL OF MINUTES**

- A. December 17, 2015
- B. January 20, 2016

Chairman Harris queried if there were any changes to the minutes.

GENERAL CONSENT: The minutes were approved as presented without objection

**IV. AUDIENCE PARTICIPATION (Limit to 3 minutes)**

- A. Mr. Haberman spoke to public process.
- B. Ms. Cutler, owner of an agriculture parcel from the original 1977 agriculture rights sale which was not a fee simple sale, spoke to the following:

- Advised Mr. Colver about ag parcel issues;
- Mr. Colver requested an agriculture forum;
- Agriculture forum led to the development of the ad hoc committee;
- Ad hoc committee requested assembly create the Agriculture Advisory Board.
- Supposed to be focusing on land issues, not agriculture issues.
- Their family is one of the few left who have actually farmed their parcel;
- When you consider some of the land issues, not just for the future, i.e., decent parcel size, 2 acres for peonies, 5 acres for flowers or whatever, but what about the inheritance rights for those who did honor their contracts and are farming?

## V. ITEMS OF BUSINESS

### A. Elect Chair

Mr. Brainard nominated Dr. Harris as chair, Mr. Olsen 2<sup>nd</sup>. Motion Carried without objection.

### B. Elect Vice-Chair

Mr. Brainard nominated Mr. Marsh as Vice-Chair. Mr. March declined. Mr. Skinner volunteered for the position. There was no objection.

### C. Possible motion to withdraw motion on the floor regarding agricultural parcel size.

Motion to recommend to the Assembly that agricultural parcels not be sold or offered for sale of not less than 40 acres and that subdivision of parcels larger than 40 acres and be limited in size to no less than 40 acres.

Mr. Brainard requested to withdraw his motion as it is being addressed with Resolution 15-06. No objection to the request to withdraw.

### D. **RESOLUTION NO. 15-05** A RESOLUTION RECOMMENDING ASSEMBLY ACTION, IN THE FORM OF AN ORDINANCE, TO ESTABLISH A CHANGE IN MSB CODE 23.05.100 CLASSIFICATIONS.

Mr. Skinner moved, Ms. Hecimovich 2<sup>nd</sup> to approve Resolution No. 15-05.

- Mr. Skinner requested clarification of this resolution.
- The full resolution was read into the record. The intent is to change agricultural "crops" to agricultural "products."
- Mr. Brainard spoke in favor of the resolution.

GENERAL CONSENT: The motion carried with no objection.

E. **RESOLUTION NO. 15-06** A RESOLUTION RECOMMENDING ASSEMBLY ACTION, IN THE FORM OF AN ORDINANCE, TO ESTABLISH CODE WITH REGARD TO AGRICULTURAL PARCEL SIZE.

Ms. VanderWeele motioned, Mr. Marsh 2<sup>nd</sup> to approve Resolution No. 15-06.

- The full resolution was read into the record.
- Discussion followed.
- Ms. VanderWeele spoke in favor of the resolution.

GENERAL CONSENT: Motion carried with no objection.

F. Bio-Solids

Mr. Zobel motioned, Ms. VanderWheele 2<sup>nd</sup> to request a resolution be brought back to this board for the purpose of recommending the assembly create a committee to evaluate biosolids before it is allowed to be applied to borough lands.

- A number of counties and conservation districts in the lower 48 are prohibiting continued application of biosolids. Needs to be further investigated.
- Mr. Skinner brought a sample of biosolids from Anchorage to be tested at the University of Alaska lab for evaluation. Heavy in pH and could be used to increase the pH levels in poor soils.
- Who is going to pay for research? Studies have been done outside of Alaska and chemicals don't break down the same in Alaska.
- Wasilla Soil & Water Conservation District had an application for biosolids application in 2014 to be applied at Point Mackenzie; was supposed to be a one-time application; however, a new application has been submitted to DEC. EPA standards were done in the 1980's and 1990's and are not reflective of what is being disposed of today.
- Possible better use would be as a fuel source.
- The Wasilla Soil and Conservation District Board of Supervisors voted unanimously to oppose any future application of biosolids.

VOTE: Motion carried unanimously.

VI. MEMBER COMMENTS (Note: Limit to 3 minutes)

Mr. Brainard, Dr. Harris, Mr. Marsh, Ms. VanderWeele, Mr. VanderWeele, and Mr. Zobel had no comments.

Ms. Hecimovich stated there were a number of Ag related activities in the next few weeks.

- This Saturday the local 4-H District is sponsoring a horse symposium at the Real Life Church
- Next week Annual State-wide Alaska Sustainable Ag Conference followed by the Alaska Food Policy Conference and festival.
- First week of March there is a Regional Western 4-H Leader's Forum in Fairbanks.

Mr. Olsen:

- Would like to speak with Ms. Cutler after the meeting.

Mr. Skinner:

- Has a copy of information regarding the biosolids soil sample test results taken from Anchorage if any members would like a copy.

Ms. Smith:

Going forward we will be bringing the following to the board:

- Sale of agricultural property
- Potential leasing of agricultural properties
- Policies and procedures
- These resolutions will go as a group to the assembly in the form of a resolution along with the policies and procedure manual changes for the other areas of land management
- We will also address no-net loss of agricultural lands where we can include tillable and non-tillable lands.

VII. NEXT MEETING

A. March 16, 2016, 4:30 p.m., Assembly Chambers

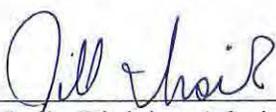
XV. ADJOURNMENT

Dr. Harris adjourned the meeting at 5 p.m.

AGRICULTURAL ADVISORY BOARD

  
Norman Rex Harris, Chairman

ATTEST:

  
\_\_\_\_\_  
Jill Irsik, Division Administrative Specialist

RECEIVED  
MAY 19 2016  
CLERKS OFFICE

MATANUSKA-SUSITNA BOROUGH  
AGRICULTURE ADVISORY BOARD  
RESOLUTION NO. 16-02

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH AGRICULTURE ADVISORY BOARD RECOMMENDING THE ASSEMBLY ESTABLISH A MORATORIUM ON SOIL APPLICATION OF CLASS A AND CLASS B BIOSOLIDS.

WHEREAS, the Agriculture Advisory Board was enacted by Matanuska-Susitna Borough Ordinance 15-050 to provide advice to the Assembly and Manager on agricultural issues; and

WHEREAS, the United States Environmental Protection Agency (EPA) Part 503 Biosolids Rule has allowed land application of Class A biosolids (incinerated sewage sludge) and Class B biosolids (treated sewage sludge) since the 1970's; and

WHEREAS, interest in the pollutants currently regulated in biosolids started in the 1970s, when it became clear that a number of them, including heavy metals and persistent organic pollutants, could be transferred to crops grown in soils amended with biosolids; and

WHEREAS, recent advances in analytical chemistry have allowed the detection of a large number of emerging substances of concern (ESOCs) including pharmaceuticals, endocrine disrupting compounds, natural or synthetic steroids/hormones, personal care products, etc., in biosolids whose potential impact to public and environmental health is not well understood; and

WHEREAS, research between 2009 and 2015 is inconclusive in regard to leaching and distribution of ESOCs, including through the soil and into aquifers; and

WHEREAS, limited data is available with regard to pathogen activity in cold climate areas; and

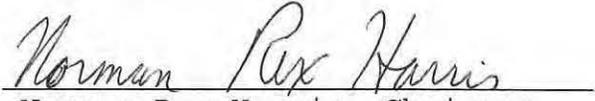
WHEREAS, the State of Alaska has limited testing facilities to measure nutrients in biosolids and no testing facilities to measure other pollutants, contaminants, or pathogens; and

WHEREAS, public surveys in the United States and Canada indicated that the majority of the respondents were in favor of biosolids recycling, but the preferred recycling options were energy generation such as gas co-generation and recovery from anaerobic digestion and power generation from incineration; and

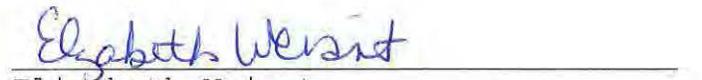
WHEREAS, review of cold climate data and other studies on biosolids recycling seem appropriate for the benefit of Borough residents, Borough soils, and Borough waterways.

NOW, THEREFORE, BE IT RESOLVED, the Agriculture Advisory Board recommends the Assembly place a moratorium on field application of biosolids in the Matanuska-Susitna Borough until the Agriculture Advisory Board and Biosolids Subcommittee can review additional data and make recommendations for Borough-specific regulations.

ADOPTED by the Matanuska-Susitna Borough Agriculture  
Advisory Board this 18th day of May 2016.

  
\_\_\_\_\_  
Norman Rex Harris, Chairman

ATTEST:

  
\_\_\_\_\_  
Elizabeth Weiant  
Department Administrative Specialist

RECEIVED  
MAY 19 2016  
CLERKS OFFICE

MATANUSKA-SUSITNA BOROUGH  
AGRICULTURE ADVISORY BOARD  
RESOLUTION NO. 16-03

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH AGRICULTURE ADVISORY BOARD RECOMMENDING RECORDED NOTICE FOR PROPERTIES CLASSIFIED AND RESTRICTED TO AGRICULTURAL USE.

WHEREAS, the Agriculture Advisory Board was enacted by Matanuska-Susitna Borough Ordinance 15-050 to provide advice to the Assembly and Manager on agricultural issues; and

WHEREAS, Matanuska-Susitna Borough established agricultural production, agricultural industries, and agricultural economic development as prime industries in 1970; and

WHEREAS, Matanuska-Susitna Borough code maintained classification for agricultural purposes be considered before other use classifications; and

WHEREAS, Matanuska-Susitna Borough continues to recognize the importance of local agriculture for food stability and safety; and

WHEREAS, all property sold by Matanuska-Susitna Borough to be used for agricultural purposes were restricted to this use in perpetuity; and

WHEREAS, restricted properties are being bought and sold allegedly without knowledge of agricultural restrictions and program protocols; and

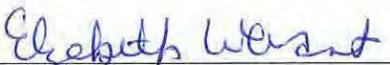
WHEREAS, Matanuska-Susitna Borough should provide clear, succinct, and current information to the public.

NOW, THEREFORE, BE IT RESOLVED, the Agriculture Advisory Board recommends the Assembly request a Notice be recorded as a public document, To Whom It May Concern, for each property sold by Matanuska-Susitna Borough with restrictions that run with the land in perpetuity.

ADOPTED by the Matanuska-Susitna Borough Agriculture Advisory Board this 18th day of May 2016.

  
\_\_\_\_\_  
Norman Rex Harris, Chairman

ATTEST:

  
\_\_\_\_\_  
Elizabeth Weiant  
Department Administrative Specialist

**I. CALL TO ORDER**

The regular meeting of the Matanuska-Susitna Borough Aviation Advisory Board was held on Thursday, October 8, 2015, at the MSB Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 2:30 p.m. by Mr. Archie Giddings

**II. ROLL CALL AND OF QUORUM**

Aviation Advisory Board members present and establishing a quorum were:

Ms. Beth Fread  
Mr. Archie Giddings  
Mr. Chris Kepler – joined us at 2:48  
Mr. Patrick Martin  
Mr. Dave Palmer  
Mr. Mike Pannone  
Mr. Mark Stigar

Aviation Advisory Board members absent and excused were:

Mr. Barry Stanley

MSB Staff in attendance were:

Mr. Brad Sworts, Pre-Design & Engineering Manager  
Ms. Debbie Passmore, Board Administrative Support  
Ms. Jessica Smith, MSB Planner II  
Ms. Pamela Ness, Code Compliance Officer  
Mr. Rick Antonio, MSB Engineering Technician  
Mr. Emerson Krueger, MSB Land Management Specialist  
Mr. Eric Phillips, MSB Community Development Director – 3:05  
Ms. Eileen Probasco, MSB Planning Director – 3:15

**III. AUDIENCE INTRODUCTION**

Mr. Allen Kemplen, ADOT&PF Planner III  
Ms. Ruth Wood  
Mr. John Strassenburgh  
Mr. Anthony Martin  
Mr. Drew Haag, Above Alaska  
Ms. Karen Mannix  
Ms. Whitney Wolff, Talkeetna Community Council  
Mr. Eugene Carl Haberman  
Ms. Leah Henderson, DOWL Aviation Planner  
Mr. Tor Anderson, HDL  
Mr. Jeff Combs, Palmer Airport  
Ms. Jane Dale

RECEIVED  
JAN 28 2016  
CLERKS OFFICE

Mr. Jerrald Souse  
Ms. Kathleen Fleming  
Ms. Iris Vandenharn, Talkeetna Parks Advisory Council  
Ms. Sarah Russell

#### **IV. APPROVAL OF AGENDA**

MOTION: Mr. Mike Pannone moved that today's agenda be approved; seconded by Mr. Mark Stigar.

Ms. Beth Fread moved that New Business move to after Old Business; Mr. Dave Palmer seconded.

GENERAL CONSENT: The agenda was approved as amended.

#### **V. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mr. Archie Giddings.

#### **VI. APPROVAL OF MINUTES OF PRECEDING MEETING**

A. August 13, 2015

MOTION: Ms. Beth Fread moved that the minutes of the August 13, 2015 meeting be approved; Mr. Dave Palmer seconded. Discussion of correction of name on page 2. Mr. Dave Palmer asked that we list the subject that each audience participant spoke on. Mr. Archie Giddings asked that the minutes be revised and brought back to the Board for approval at our next meeting.

Mr. Eugene Carl Haberman asked that the audience be allowed to speak before the minutes are approved. Mr. Archie Giddings explained that the audience won't need to speak because the minutes have been tabled until the next meeting.

#### **VII. AGENCY AND STAFF REPORTS**

##### **A. Airports**

1. Wasilla Airport: Mr. Archie Giddings; nothing today
2. Palmer Airport: Mr. Jeff Combs, Airport Superintendent; nothing new today

##### **B. State of Alaska**

1. Mr. Allen Kemplen, ADOT&PF Planner III; nothing today

##### **C. Matanuska-Susitna Borough**

1. Ms. Lauren Driscoll, MSB Planning Chief, introduced Ms. Jessica Smith, MSB Planner II.
2. Ms. Jessica Smith, MSB Planner II. Spoke on her background and her new position here.

**D. Citizen and Other Correspondence**

**VIII. PRESENTATIONS**

- A. Ms. Leah Henderson, C.M., DOWL
1. RASP, Phase 2 – Update

**IX. AUDIENCE PARTICIPATION** *(limited to three minutes)*

Mr. Eugene Carl Haberman

- Spoke on the way the packet was published.
- Spoke on the way resolutions are sponsored and introduced.
- Urged that the Board let the public comment on each decision that the Board makes
- Didn't like that his name was in one of the communications.
- Spoke about a different board and how they let each member of the public speak for only 5 minutes total.

Ms. Iris Vandenharn

- Talkeetna Parks Advisory Committee advised the Talkeetna Community Council
- Spoke on Resolutions 15-06 and 15-07
- Spoke on protecting the parks and prohibiting commercial uses.
- Strongly recommended that the resolutions not be discussed in our meetings
- Urged the Board to create a clean resolution with correct facts and terminology
- TPAC is fully behind the parks and is strongly opposed to these two resolutions and asks this Board to do the same.

Ms. Karen Mannix

- Lives in Talkeetna
- Submitted 46 signatures opposed to 15-06 and 15-07
- Feels there is no immediate need for an interim floatplane facility
- Believes it is inappropriate for the AAB to violate existing land use plans in favor of creating a new Aviation plan
- Spoke on how the Board spoke on this issue earlier this year and agreed not to pursue the lake options.
- Described how using lakes North of Willow is not in line with DOWL's study that states a site would be better suited for Willow or south.
- Discussed Mr. Haag's situation and his fabricated urgent need for a floatplane base
- Does not want this Board to ignore the study or the management plan
- Mentioned the 1,000's of hours of work that went into this topic previously
- Believes there is much to convince us that Resolutions 15-06 and 15-07 not be adopted by the AAB.

Mr. Drew Haag

- Loves the parks and wants to preserve them
- Wants an economic balance between economic development and recreational users
- This is not a one-man deal
- A public sea plane base would open the opportunity to the public without private issues
- Explained how it's hard to find land to buy privately
- Public facilities are the mainstream form of aviation
- Wants the Board to look at the facts and not be swayed by emotions
- Urged the Board to decide responsibly

Ms. Katy Rider (by telephone)

- Is a float plane pilot in Talkeetna and a Board member of the community council
- Wants to focus on the recent meeting where RASP, Phase 2 was introduced and discussed
- Does not want Talkeetna included in the RASP, Phase 2
- Sees that the ditch at the Talkeetna Airport would not make sense because of the cost
- Float plane traffic causes heavy congestion already
- Thinks that a float plane ditch at the Talkeetna Airport is not advisable

Ms. Becky Long (by telephone)

- Is a resident in Talkeetna
- Believes the community has been assaulted by the communication regarding Reso 15-06 and 15-07.
- Believes the floatplane needs are already being met
- Stresses that the three goals of the plan that would be negatively impacted by these resolutions
- Requests that the Board takes public comments seriously

Mr. Anthony Martin

- Lives in Talkeetna
- Authored Resolution 15-06 addressing long term aviation needs in the Borough and in Talkeetna
- Wants to address public access to the waters of Fish Lake to include multiple users
- Currently no publicly identified transient pick up or drop off points for either lake
- There are no DNR approved docks on either lake
- Christian Lake is under a SPUD; there are no verifications of nonconforming use and no conditional use permits that address float plane operators
- Wants the Borough and the State to provide public access to Fish Lake
- Wants to explore the potential of a float plane ditch at Talkeetna Airport

Ms. Whitney Wolff

- Is the chair of the Talkeetna Community Council
- Wants to comment on Resolutions 15-06 and 15-07
- Believes that Resolution 15-06 is full of inaccuracies; wants it withdrawn
- Feels Resolution 15-07 discusses areas that have already been reviewed and are

- incompatible
- Thinks the flood references are not to be decided by this Board
- The community opposition is strong, not obsolete
- The multiple resolutions from this Board (three in the last year) are offensive and are an assault to their public planning process

Mr. John Strassenberg

- Also speaking about Resolutions 15-06 and 15-07
- Feels that this Board is disregarding and disrespecting how the community feels about this issue
- Doesn't understand why this is coming up again because of the AAB's Resolution 15-02 earlier this year; thought it was settled then
- Reminded the Board how important their decisions are and the impact they make on people
- Asked that the Board be professional, fair minded and adhere to formal, proper procedures
- Thinks that both of the RASP studies recognize the importance of public sentiment and compatibility of land use compatibility
- Discussed the makeup of the RASP I technical committee
- Is dismayed with how the Board is handling these two resolutions and this topic because it is disregarding how the community sentiment and planning

Ms. Ruth Wood

- Is a resident of Talkeetna
- Was on the community council from 2000-2007, and Chair from 2002-2007, when the Fish and Numbered Lakes Management Plan was passed and they got the SPUD's
- Thinks that these resolutions should have been vetted by Law before they came out
- Believes there are a lot of misfacts in the recent communications
- Stated that there are no recent restrictions at Fish Lake
- No public landing facilities have been lost at Christianson Lake
- Says Talkeetna is the best community around because they care about their community
- Not one pilot came to their meetings when the Fish and Numbered Lake Management Plan was under consideration asking for a float plane base
- Wants the Board to specifically state in Resolution 15-07 that Fish Lake and Christianson Lake will not be included
- The airport needs to be looked at separately from the lakes

Mr. Jerrald Sousa

- Is the property owner of C-1 in Resolution 15-07
- States that there has not been any communication about the sale of the property to anyone and Resolution 15-07 is entirely false
- He was on the Iditarod this spring when Mr. Haag told the Board that there were no viable leases or options available on Fish Lake but he has texts between them
- The land use ROW permit statements are false mostly pertaining to the upland owner permission
- Described the history of the survey and permit

Ms. Jane Dale, Alaska Air Carriers Association

- The Alaska Air Carriers Association wants to ensure that there's a place in Talkeetna for a commercial operation
- As a former member of the AAB, she spoke on the RASP and that she didn't ever think a float plane base would be limited to the core area
- Wants to develop the culture of aviation in the Borough for now and in the future
- Wants a community compromise
- Wasn't aware of how the planning in Christianson Lake and Fish Lake was going
- Wants to make sure there's a place for commercial aviators to work both today and in the future for the public
- Thinks that the RASP II should be amended to include satellite seaplane bases
- Or at least identify the existing available slips and the projected need is going to be

Ms. Sarah Russell

- Is a resident of Talkeetna
- Ended up in Talkeetna because of aviation; she's a pilot and an airplane owner
- Has no place to park her floatplane
- Does use and support the parks with her family
- Believes there should be a balance between the users
- Loves Talkeetna and wants a place for her kids to enjoy the aviation history in the future
- Doesn't want to leave Talkeetna but wants to ensure there is a float plane base
- 244 acres of land around Fish Lake thinks there should be room for float planes

## **XI. NEW BUSINESS**

A. Discussion of the definition of a resolution "sponsor." The Board would like to hear from the Clerk's office.

B. AAB Resolution 15-07, RECOMMENDING THAT THE REGIONAL AVIATION SYSTEM PLAN PHASE II (RASP PHASE II) BE EXPANDED TO INCLUDE NORTH OF WILLOW LAKE AND THAT LARGER LAKES WITH RESIDENTIAL USES BE INCLUDED IN THE SURVEY OF APPROPRIATE LOCATIONS.

MOTION: Ms. Beth Fread moved for adoption of Resolution 15-07; Mr. Dave Palmer seconded. Discussion.

Ms. Beth Fread provided and spoke on a handout as a revised Resolution 15-07.

MOTION: Ms. Beth Fread moved that we table Resolution 15-07 indefinitely; Mr. Dave Palmer seconded. Discussion.

VOTE: six yeases; one opposition; this resolution is tabled indefinitely.

MOTION: Ms. Beth Fread moved that this Board ask staff to create a resolution to develop a RASP Phase III to consider the northern portion of the Matanuska-Susitna Borough for a float plane base; Mr. Mike Pannone seconded. Discussion.

Mr. Allen Kemplen, ADOT&PF Planner III

- Discussed an update to the Talkeetna Airport Master Plan
- The update could happen as early as 2016; would probably take a couple of years
- Would like to see a discussion with the Borough about developing Larsen Lake as a potential facility.

VOTE: four yeases; three no's; this motion does not pass because there must be five votes one way or the other to make a decision.

## **X. UNFINISHED BUSINESS**

A. AAB Resolution 15-06, A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH (MSB) AVIATION ADVISORY BOARD (AAB) TO THE MSB PLANNING COMMISSION AND ASSEMBLY REGARDING THE DEVELOPMENT OF A FLOAT PLANE LANDING, TAKE-OFF AND DOCKING FACILITY AT THE TALKEETNA STATE AIRPORT AND AN IMMEDIATE INTERIM FACILITY.

No motion to approve this resolution.

Ms. Karen Mannix

- Appreciates what the Board members have been saying
- Discussed Resolution 15-06 problems
- Appreciates the ability to comment

## **XII. NEXT MEETING REMINDER**

Thursday, December 10, 2015, from 2:30-4:30 in the Assembly chambers of the Borough Building.

## **XIII. MISC. INFORMATIONAL HANDOUTS AND COMMUNICATIONS**

- A. We have an opening on the Board in the Member 8 position  
B. Schedule of deadlines for next meeting

## **XIV. COMMENTS FROM THE AUDIENCE**

Mr. Eugene Carl Haberman

- Spoke on the audience being able to comment on each decision
- Is not happy how today went; the AAB did not let that happen today
- Discussed the City of Houston's policy
- Discussed the City of Wasilla process

Ms. Ruth Wood

- Rebuttal because they DID plan for the future when they made the plan
- Thinks it's a good to work on getting a floatplane base in the north but it probably won't be Fish Lake or Christianson Lake
- Resolutions should be written by staff in the future so they are created correctly
- Resolution 15-07 isn't correct, even the new one
- Wants information to come out well in advance of the meeting

Mr. John Strassenberg

- Addressed the frustration of the facts – true or not
- Believes staff should write resolutions with the aid of legal so they are correct in the future

Ms. Jane Dale

- Looks forward to the resolution on RASP Phase 3
- Appreciates the comments from the Board
- Will the Willow Lake Airport be eligible for AIP funds after the separation?

Mr. Allen Kemplen, ADOT&PF Planner III

No AIP funds will be spent at Willow Lake

Ms. Jane Dale

- The master plan shows a number of improvements at the lake. Are those off the table unless there's other money available?

Mr. Allen Kemplen, ADOT&PF Planner III

- All improvements at Willow Lake will be nonfederal funds

Ms. Jane Dale

- This is new information for the Board and for her
- All funds that are spent on public airports are usually AIP so this is a big deal

Ms. Karen Mannix

- The Talkeetna public appreciates this process and the Board
- She agrees that there need to be facilities for users with floatplanes with careful studies
- Appreciates planning but not the immediacy; planning is critical
- Spoke on Fish Lake details

Ms. Iris Vandenharn

- TPAC is a standing committee with a member on thee TCCI
- Spoke on Reso 15-06 and that it has died
- Spoke on the RASP Phase 3 studying Talkeetna by involving the Talkeetna community

Mr. Anthony Martin

- Clarifying that Fish Lake waters have no management plan; there is a Fish Lake Recreation Plan
- Believes there will only be three public access spots
- Very limited parking and no spot for transient users; no road access

Mr. Drew Haag

- Appreciate the Board's due diligence
- Agrees that this needs to be reviewed but not delayed

- Thinks that this shouldn't go to the RASP, Phase 3 but just through resolutions from the Board to the Assembly that they recommend to the State to review the master plan to update Talkeetna Airport.

MOTION TO EXTEND THE MEETING TO 5:00: Ms. Beth Fread moved; Mr. Dave Palmer seconded.

VOTE: no objection and the meeting is extended

Ms. Whitney Wolff

- Spoke on the last Talkeetna Community meeting
- Everyone did not want this issue to go to the RASP as Phase 3
- Thinks it's a good idea to research the Talkeetna Airport Master Plan
- Thinks we should stick to the RASP Phase I's five project goals
- Believes there is conflict among the users and need to keep the users separate for safety's sake
- Thanks the Board for their time and service

#### **XIV. COMMENTS FROM THE BOARD**

Mr. Mike Pannone

- no comment

Mr. Mark Stigar

- no comment

Mr. Patrick Martin

- no comment

Mr. Chris Kepler

- Is all for a floatplane up there but thinks the solution is at the Talkeetna Airport and not at a lake.
- If we do RASP 3, there will still have to be an airport layout plan

Mr. Dave Palmer

- Agrees with Mr. Kepler
- Agrees it shouldn't be a lake either and that the Talkeetna airport should be studied

Ms. Beth Fread

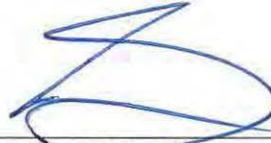
- Has no knowledge of aviation
- Has spent six months studying this issue and thinks there is a way to solve this problem
- Appreciates the Board considering the northern borough

Mr. Patrick Martin

- It's a good idea to have a floatplane base at the Talkeetna Airport but the State's running out of money.
- It would be great if everybody could work it out.

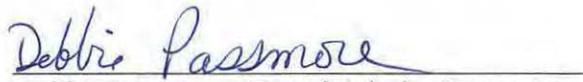
**XV. ADJOURNMENT**

Meeting was adjourned at 4:42.



Mr. Archie Giddings, Chair

ATTEST:

  
Debbie Passmore, Board Admin. Support

A RESOLUTION OF THE ROAD SERVICE AREA #14, FAIRVIEW BOARD OF SUPERVISORS REQUESTING APPROVAL OF THE FY2017 OPERATING BUDGET.

WHEREAS, the Road Service Area #14 Board of Supervisors have reviewed the FY17 Department Head Requested Budget figures for the operating budget of fund 271;and

WHEREAS, the RSA #14, Fairview Board of Supervisors agree with the operating budget figures as presented in the budget worksheet report dated February 12, 2016;

NOW, THEREFORE, BE IT RESOLVED, that the Road Service Area #14, Fairview Board of Supervisors requests the Matanuska-Susitna Borough Assembly approve the Road Service Area 14, Fund 271 Budget as submitted by the Public Works Department Head on February 12, 2016.

APPROVED by the Road Service Area #14, Fairview Board of Supervisors:

David Elliott  
RSA #14 Supervisor

2/16/16  
Date

Kurt Anderson  
RSA #14 Supervisor

2/16/16  
Date

\_\_\_\_\_  
RSA #14 Supervisor

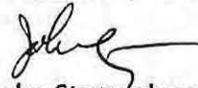
\_\_\_\_\_  
Date

Greater Talkeetna Road Service Board of Supervisors  
Minutes of Regular Meeting  
February 11, 2016

A regular meeting of the Greater Talkeetna Road Service Area Board of Supervisors (RSA 29) was held at the Talkeetna Fire Hall on February 11, 2016. Board members John Strassenburgh was present, and Billy FitzGerald and Dave Johnston participated by telephone. No Borough personnel or members of the public attended.

- I. There was a quorum, and the meeting was called to order at 7:05 pm.
- II. Minutes of the January 14, 2016 meeting were approved.
- III. The only matter of business was more discussion of RSA 29's financial position and the question of whether or not to recommend a mill rate increase, and if so, how much. Since the last meeting, John had received and analyzed additional financial documents from the Borough. John explained two spreadsheets he had prepared from the borough documents, and had sent out to Billy and Dave (as well as to several Borough officials) prior to the meeting. One spreadsheet showed projected revenue and expenditures under two scenarios, one of which showed a deficit of \$14,409 and the other a surplus of \$31,368. The other spreadsheet was a comparison of actual versus budget for the 265 Administration allocation account. John explained the spreadsheets and calculations and responded to questions from Dave and Billy. John indicated that he expected to have feedback and further information from the Borough. After discussion, the Board agreed unanimously that we need to see what further information the Borough provides in order to further inform our recommendation, with the goal of providing a \$15,000 cushion of revenues over expenses.
- IV. The meeting was adjourned at 7:40 pm.

Respectfully submitted,



John Strassenburgh  
RSA 29 Primary



MATANUSKA-SUSITNA BOROUGH  
LOCAL EMERGENCY PLANNING COMMITTEE MINUTES

RECEIVED  
APR 22 2016  
CLERKS OFFICE

December 16, 2015

The regular meeting of the Local Emergency Planning Committee (LEPC) was called to order by Chairman Tanner at 7:00 p.m. in the Central Mat-Su Public Safety Building.

LEPC members in attendance, establishing a quorum:

Bea Adler,	Ray Hollenbeck,
Ken Slauson,	Bryen Bartgis,
Yukon Tanner,	Louis Friend,
Bill Morrow,	Norman Straub,
Linda Russell,	Kevin Munson,
Casey Cook,	Micah Weinstein, and
Mike Chmielewski.	

Also present were Andrew Markham, 103<sup>rd</sup> Civil Support Team; Steve Willis, MEA; Derek Espelend, FBI; and Shelby and Kyle Dearborn, interested citizens.

A quorum was present, and due notice had been published.

APPROVAL OF AGENDA: By general consent, the agenda was approved as presented.

APPROVAL OF MINUTES: By general consent, the minutes of October 21, 2015 were approved as presented.

#### PERSONS TO BE HEARD

##### Derek Espelend

Derek Espelend, Special Agent with the FBI Anchorage Office, provided a slideshow presentation about "Wild Alaskans", which outlined a number of situations and scenarios that law enforcement has found themselves in. His job title is Weapons of Mass Destruction Coordinator and it's his job to get out and talk with agencies that might have some involvement in a mass incident involving nuclear, biological, chemical, explosive agents etc. The slideshow outlined such things as unstable chemicals, explosives materials, and ammunition. Some people involved in these situations had good intent but bad judgment, and others were suspicious individuals, or people with a specific agenda. The presentation provided highlights of some of the stranger things that he has seen while doing these types of investigations.

## REPORTS

### MSB Emergency Management

Mr. Cook stated that:

1. The upgrades for Field Com 2 are en-route and will be installed soon.
2. We have been doing a lot of Fire/EMS radio system support so we have two guys dedicated to radios in Emergency Management.
3. We are working on two Fire Management Assistance grants; One for recovery of the Sockeye Fire and the other for mitigation from the Sockeye Fire.
4. The Sockeye recovery is in the process, and we are waiting on project worksheets at this time.
5. The Willow Recovery Committee is still meeting and working with un-insured and under-insured property owners affected by the Sockeye Fire. They have been very active in helping people and rebuilding homes. They were recognized last night by the Borough Assembly for all the good work they have done.
6. The planning for the Willow Preparedness Fair has begun. AARP and the Willow and Caswell Fire Service Areas will be involved, as well the Willow Area Community Organization. It will be held in Willow next spring.
7. We have a tactical emergency training coming up for law enforcement and EMS in May at Alcantra. There are 25 slots available if anyone is interested.
8. We have a Situation Unit Leader training on the 25<sup>th</sup> – 29<sup>th</sup> of this month at Station 61.
9. ICS 300 will be held February 29<sup>th</sup> – March 2<sup>nd</sup>; ICS 400 will be held March 14<sup>th</sup> & 15<sup>th</sup>. ICS 402, which is for elected officials, will be held in February.
10. We have Salamander/Dragonfly training tomorrow at Station 61 from 10am to noon.
11. He is meeting with the Iditarod Race Committee, to help them do their Statewide Emergency Operations Plan.

### Public Health

Mr. Cook stated that: He has met with Sandra Wood's interim replacement at Public Health and has been told they have decided not to staff that position permanently at this time. For the time being, everything Sandra was doing is not being done. He has been approached by DHSS to take over their emergency management grant funds for the POD supplies. We will have to discuss this with Director Gamble to see if he is interested in taking on that responsibility.

### Willow CERT Training

Ms. Adler stated that: Under the banner of NAOI, they did a CERT class in Willow during the first two weekends of November. 15 people completed the 20 hour training and there are some new, experienced people from other states who have become involved. It was a really good class and she is very happy that the Willow CERT team is so active and involved. There are no other classes scheduled at this time, however, if any organization would like to have a training put on, please let her know.

## OLD BUSINESS

### Alaska Shield 2016

Mr. Cook stated that: We have our 5 objectives turned in. There will be some primary tasks associated with each one. The major exercise will be an Information Technology cyber driven event, which will lead to a hazmat incident in the morning then then a mass casualty incident in the afternoon. There will be several agencies coming out to assist with various areas of the exercise. Ms. Russell stated that: The hospital will be opening their alternate care site.

### Full EOP Review for Plans Workgroup

Mr. Cook stated that: He would like to have the EOP binders back so he can incorporate the changes folks noted. It was stated that there were mostly just spelling and grammatical errors. There were also some references that went nowhere, and some missing annexes. The annexes are being worked on and they should all be incorporated by the 2016 review. He will turn the current revision in to the Assistant Borough Manager next week for review. He will then put the approved EOP on thumb drives for distribution rather than passing out printed copies.

## NEW BUSINESS

### Letter of Approval for EOP Review

Mr. Cook stated that: If the Plan Review Workgroup is okay with the noted changes, he would like to have a letter of approval from the LEPC. Ms. Laughlin stated that she had a letter ready, and read it to the group. The group agreed that it was appropriate and Chairman Tanner approved and signed the letter.

## INFORMATIONAL ITEMS

### Disaster Housing Recovery Taskforce

Mr. Cook stated that: There is a gentleman in the area that makes the panel walls for homes. He met with him recently to determine how many houses he could put together. If he had all the materials, he said he could build 3 to 4 houses a week with those panels. Mr. Cook stated that he is going to start a Disaster Housing Recovery Taskforce so we can have a plan and show how we will attempt to recover from housing losses. He is looking for people to sit on the taskforce, so if you are interested, please let him know.

### Other Informational Items:

Chairman Tanner thanked Mr. Slauson for his years of service on the LEPC board. Mr. Slauson stated that he has asked Cathi Kramer, a West Lakes FSA Board of Supervisors member, to take his place on the LEPC. She is also a key person behind the Fire Wise Community.

Mr. Chmielewski stated that: The radio station he represents has added a new transmitter for Glacier View, so as you drive out the Glenn Highway and come to Chickaloon at a point where you may lose the signal from the Sutton transmitter, you can switch to the new one, 91.5. You will be able to get this signal from Lion's Head to beyond Sheep Mountain. The reason why we were able to do it is because a gentleman in that area allowed them to put their transmitter on a knoll above his home. The Glacier View Community Council donated some funds to allow this to happen. He wonders if someone from that council should come down and talk about their view of emergency management with our LEPC.

Mr. Bartgis stated that: The Lighthouse Clinic in Sutton will have their grand opening tomorrow and will start seeing patients on the 30<sup>th</sup> of December.

Mr. Slauson stated that: It has been a pleasure to work with this group over the years and knows they will continue to do good things in the future.

Ms. Laughlin stated that: Michelle Torres has resigned her position with the LEPC to avoid any conflict of interest while working in her current position with the State Homeland Security Office.

#### NEXT MEETING DATE

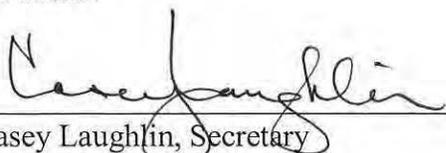
Chairman Tanner announced that the next meeting would be February 17, 2016 and held at the Central Mat-Su Public Safety Building at 7:00 p.m.

#### ADJOURNMENT

Chairman Tanner adjourned the meeting at 9:00 p.m.

  
Yukon Tanner, Chairman

ATTEST:

  
Casey Laughlin, Secretary

**MEETING**

Held 6:30 pm Thursday March 17, 2016 at West Lakes Fire Station #73

RECEIVED  
APR 22 2016  
CLERK'S OFFICE

IN ATTENDANCE:

**RSA #**

**RSA Members Present**

<b>09-Midway</b>			
<b>14-Fairview</b>	Dan Elliott <b>P</b>		Richard Buzby
<b>15-Caswell Lakes</b>			
<b>16-South Colony</b>			
<b>17-Knik</b>			
<b>19-Lazy Mountain</b>			Ray Cordes <b>tc</b>
<b>20-Willow</b>	Thomas Phillips <b>P</b>		
<b>21-Big Lake</b>	Bill Haller <b>P</b>		
<b>23-North Colony</b>			
<b>25-Bogard</b>		Carol Christiansen	
<b>26-Greater Butte</b>	Mike Shields <b>P</b>		
<b>27-Meadow Lakes</b>	Stephen Edwards <b>P</b>	Michael Fulton	
<b>28-Gold Trails</b>			Micah Schoming <b>tc</b>
<b>29-Talkeetna</b>			
<b>30-Trapper Creek</b>			
<b>31-Alpine</b>			Dean Lust <b>tc</b>

**tc** = by teleconference    **P** = Primary

**RSAs not represented:** Midway (09), Caswell Lakes (15), South Colony (16), Knik (17), North Colony (23), Talkeetna (29), and Trapper Cr (30).

**MSB Staff:** Public Works: Terry Dolan

**Borough Staff** (other than Public Works): N/A

**Borough Mayor:** N/A

**Assembly Representatives:** N/A

**Visitors:** N/A

**CALL TO ORDER** at 6:37 pm, with Pledge of Allegiance, Secretary Mike Shields presiding until arrival of Chair Stephen Edwards.

**ROLL CALL and QUORUM DETERMINATION:** 9 of 16 RSAs represented. Quorum was met.

**APPROVAL OF AGENDA:** Approved as presented.

**APPROVAL OF MINUTES:** Minutes of February 18, 2016 approved as written.

**TRAINING:** None

**STAFF REPORTS:**

**A. O&M: Terry Dolan:** O&M is transitioning to summer construction phase. Expect weight restrictions to go into place in the next week or two, by both Borough and State. The crack sealant purchase has been approved; Dept will include sealant left over from last year, and extend that contract for application. Utility work for CIP projects is about to start.

**BOARD MEMBER REPORTS:**

**A. TAB:** Dan Elliott reported that there was a presentation regarding highway lighting; one high tower equals 10 to 12 low towers, more pole offset is safer, and LEDs are more efficient but contribute

**LOCAL ROAD SERVICE AREA ADVISORY BOARD, MATANUSKA-SUSITNA BOROUGH**

more light pollution. The fed's require the establishment of a "Metropolitan Planning Organization" for designated areas of more than 50,000 population.

**UNFINISHED BUSINESS:**

**A. Board Effectiveness:** Stephen Edwards questioned whether the members felt that their volunteer time at the "Big Board" meetings over the months and years resulted in actual positive changes in Borough decisions and actions. Discussion followed, with two members citing experiences where they felt that direct interaction with their own Assembly representative created a positive result, but the general feeling was that the Assembly routinely ignores the advisory boards, including this one; if we don't support their own immediate philosophy or particular agendas, we don't exist in any meaningful way. No member could recall a Big Board resolution that resulted in change at the Assembly level except for those already sponsored by Borough staff and merely supported by this Board.

**NEW BUSINESS:** None

**OTHER BUSINESS:** None

**PERSONS TO BE HEARD:** None

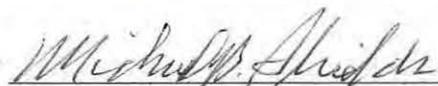
**CORRESPONDENCE AND INFORMATION:** None

**BOARD COMMENTS:** Carol Christiansen initiated a general discussion about equipment purchases and their billing to the RSAs through the 265 account.

**ADJOURNMENT:** Ray Cordes moved, second by Steve Edwards; meeting adjourned at 7:26 pm.

**NEXT MEETING:** Thursday, April 21, 2016 at the West Lakes Fire Station #73, 1250 Spring Drive.

Board Chair 

Board Secretary 

**Matanuska-Susitna Borough**  
**FISH AND WILDLIFE COMMISSION**  
Thursday, February 18, 2016 6:00pm

RECEIVED  
APR 21 2016  
CLERKS OFFICE

**MINUTES**

**I/II CALL TO ORDER/ROLL CALL**

The meeting was called to order at 6:05pm by Chair Terry Nininger at MSB in Palmer. Quorum was established with six members present: Howard Delo, Andy Couch, Larry Engel, Terry Nininger, Jim Sykes and Mike Wood. Also present: Ray Beamesderfer (phone), Sam Ivey, Samantha Oslund and Frankie Barker.

**III. APPROVAL OF AGENDA**

Howard made a motion to approve the agenda. The motion was seconded by Larry. Howard made a motion to amend the agenda to move several items up first to accommodate visitors. Larry seconded the motion. The amendment was approved. The amended agenda was approved.

**IV. MINUTES OF PRECEEDING MEETING**

Howard made a motion to approve the minutes from January 21, 2016. The motion was seconded and approved.

**V. CORRESPONDENCE/ ANNOUNCEMENTS**

Frankie indicated that the letter requesting funds for the FWC in the FY2017 budget was sent to the Borough Manager. Frankie talked to BOF nominee Robert Ruffner and invited him to attend FWC meetings. Howard suggested extending invitations to BOF nominees Israel Payton and Al Cain also. She reported on a meeting of all the Alaska Fish Habitat Partnerships which was held in Anchorage on February 9, 2016.

Commissioners discussed the three BOF candidates put forward by the Governor. Larry made a motion to endorse all three candidates (Ruffner, Payton, Cain). Howard seconded the motion. The motion was approved. Frankie will draft an endorsement letter for the commissioners to review. The letter will be sent to the Borough Manager to distribute to Mat-Su legislators, Mayor Halter and the Assembly.

Jack Erickson from ADF&G called Larry about the contract that they have with MSB to do coho genetics. He said they may not be able to do four years of escapement since the coho mark-recapture project will not be conducted in 2016. Larry suggested that Jack send us a letter indicating what they can do and any changes in the cost.

**VI. PERSONS TO BE HEARD**

Sam Ivey spoke about the Deshka coho weir and funding problems. The weir is funded only through 2016. Larry asked how much money is needed to maintain the weir. Sam said it costs \$90,000 a year. It was suggested to put this item on the March agenda for further discussion.

## VII. ADF&G STOCKING REPORT

Sam Ivey and Samantha Oslund from ADF&G reported on the stocking program in the Mat-Su. ADF&G has been doing egg takes from Chinook in Deception Creek to supply fish at Eklutna Tail Race and Willow Creek. Ship Creek Hatchery is also being used to supply fish. Their goal is to provide harvest of hatchery fish at Willow Creek but they have been struggling to rebuild brood stock. Sam said there is now a big interest in protecting wild stocks. Howard asked if the \$2 million in funds in the capital program are being used. Sam said they do use it for hatchery expenses. He is looking at using local ADF&G staff instead of hatchery staff to do egg takes. He talked about high water events affecting brood stock in recent years and about recently released announcements for 2016 fisheries restrictions.

## VIII. BOF & BOG PROPOSALS

Larry suggested looking at the 2014 proposals that did not pass to see which ones should be continued. Proposals for the 2017 Upper Cook Inlet BOF meeting are due April 10, 2016 but should probably be sent in on April 8. Larry suggested that a subcommittee be set up to meet before the next meeting to work on proposals. Howard indicated that individuals can submit proposals on their own. Mike mentioned several proposal ideas that he was considering including how to remove stock of concern designations, limits on winter kings and fishing closures along the Parks Highway. Larry made a motion to put together a subcommittee. Howard seconded the motion and it was approved. Howard asked everyone to submit their proposals in writing to the committee. Mike, Terry and Andy agreed to be on the committee. The committee will meet next week by phone.

Howard spoke about two Board of Game proposals that he has submitted. The first (Prop. 14) is about adding crossbows as a hunting tool in bow and arrow and firearms areas. The second (Prop.75) is to allow crossbows and black powder cartridges for hunting bison. He asked if the FWC could support these proposals. Andy made a motion to approve BOG Proposal 14. Larry seconded the motion and it was approved. Andy made a motion to approve BOG Proposal 75. Terry seconded the motion. Larry commented that the Prop. 14 is Mat-Su related but Prop. 75 is beyond our authority and may be more appropriate for a statewide meeting. Andy withdrew the motion.

## IX. ALASKA JOURNAL OF COMMERCE ARTICLE

Ray sent out a draft of an article to respond to the article from January 13, 2015 titled "*Smaller Budget means ADF&G can't fix faulty Susitna Counts*" in Alaska Journal of Commerce. Jim suggested simpler language to get buy-in at the top of the article. Larry suggested that Andy and Jim work with Patty Sullivan to fine tune the article.

Jim Sykes departed the meeting at 7:20pm.

## X. 2016 PRIORITIES

Commissioners reviewed the 2015 legislative priorities to revise them for 2016. They suggested removing #1 Escapement Goals under the Legislation category. Andy requested to have Deshka Weir added to the Fisheries Research list. Howard made a motion to approve the 2016 Priorities with the amendments discussed and send the revised version to FWC for review as soon as possible. Andy seconded the motion. The motion was approved.

**XI. BOF FIELD TRIP COMMITTEE**

Terry asked for volunteers for the committee. Frankie said there were unused funds in the FWC's FY2016 budget to fund the trip. Larry suggested talking about this more at the next meeting.

**XII. RIPARIAN BUFFER ORDINANCE**

Frankie introduced a draft ordinance to require riparian buffers around high priority salmon streams. She indicated that "alteration of riparian areas" is one of the top priorities of the Mat-Su Salmon Partnership this year. Terry talked to the Area Forester about this and he thought it was a great idea. He expects there will be some resistance from people who want lawns on their river banks. Discussion was tabled to the next meeting.

**XIII. KINTAMA RESEARCH**

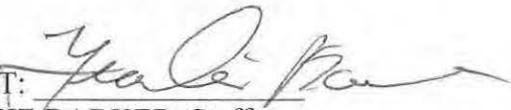
Terry spoke to David Welch about his net depth research. Larry also had conversations with David Welch. He said a research summary should be coming soon. He asked if Kenai River Sportfishing Association is interested in this research. Larry suggested reminding Steve about contacting KRSA. He also suggested asking KRSA about their BOF proposals and if we can work together.

**XIV. MEMBER COMMENTS**

Frankie passed around the address list and asked people to update their contact information. Mike said he did not apply to the BOF but it was fun to be considered. Frankie distributed FWC reports and publications to Mike and Jim who are new members. Howard and Terry said they are excited about all three BOF appointees.

**XV. ADJOURN**

Meeting was adjourned at 10:15pm.

ATTEST:   
FRANKIE BARKER, Staff

  
TERRY NININGER, Chair

**Matanuska-Susitna Borough**  
**FISH AND WILDLIFE COMMISSION**  
Thursday, March 17, 2016 6:00pm

RECEIVED  
MAY 19 2016  
CLERKS OFFICE

**MINUTES**

**I. CALL TO ORDER/ROLL CALL**

The meeting was called to order at 6:05pm by Chair Terry Nininger at MSB in Palmer. Quorum was established with eight members present: Howard Delo, Steve Colligan, Andy Couch, Jehnifer Ehmann, Larry Engel, Terry Nininger, Jim Sykes and Mike Wood. Bruce Knowles was on the phone. Also present: Frankie Barker.

**II. APPROVAL OF AGENDA**

Larry made a motion to approve the agenda. Jim requested to add an item to the agenda – Test Fishery. Jim made a motion to approve the amended agenda. Jehnifer seconded. The amended agenda was approved.

**III. MINUTES OF PRECEEDING MEETING**

Larry made a motion to approve the minutes from February 17, 2016. Andy seconded the motion. Andy suggested several corrections. Howard made a motion to approve the amended minutes. Andy seconded the motion. The motion was approved.

**IV. CORRESPONDENCE/ ANNOUNCEMENTS**

Frankie distributed a letter from Jack Erickson with ADF&G indicating that they will be unable to conduct part of their research which is funded by MSB due to lack of data. Larry asked if there was going to be any adjustment in cost. Terry suggested that the FWC write back to Erickson asking to be kept informed of any further changes. Andy made a motion to send a letter to Erickson. Howard seconded the motion. The motion was approved.

John Moosey sent two letters in February on behalf of the FWC. The first was an endorsement letter for the nominated BOF members sent to Alaska legislators. The second letter was to inform legislators of the fisheries research work that has been completed with the state grant.

Frankie received a notice that DNR was requesting comments on their water reservation program by February 19. She noted that Mike Wood is in a movie called *Super Salmon* about the Susitna River which just played in Palmer. Mike said it will be playing in Anchorage, Willow and other parts of the state. Steve commented that he was at a well-attended Wildlife Wednesday presentation at Mat-Su College by Jon Gerken from USFWS about juvenile salmon.

Mike commented that the EPA has a designation of Outstanding Natural Resource Waters but there are none in Alaska. Bills have been introduced in the legislature to oppose any ONRW designations in Alaska.

Frankie announced that there will be presentations of interest at the upcoming joint meeting of the Assembly and Planning Commission on March 22. Jessica Speed from the Mat-Su Salmon Habitat Partnership will be giving an update on the Partnership's activities. David Batker from

Earth Economics will be talking about a new report on the *Economic Benefits of Trails, Parks and Open Space in the Mat-Su*.

Jehniifer announced that their Kids Ice Fishing Derby was very successful. They had about 3000 people including 1000 kids on the ice at Finger Lake, and were able to raise \$23,000 for Make A Wish.

Terry said John Sturgeon will be speaking in Palmer on Saturday about the case he has filed against the National Park Service regarding hovercraft use on waters in Yukon Charley National Preserve.

Bruce thanked the commissioners for the flowers while he was in the hospital and congratulated Jehniifer for her successful event.

## **V. PERSONS TO BE HEARD**

None.

## **VI. BOF PROPOSALS**

There were ten draft proposals sent out to commissioners for review. Larry spoke to two proposals proposing restrictions on the drift fishery. He suggested that this was not the time to suggest additional restrictions on the drift fishery after the major changes that were adopted in 2014. Other commissioners agreed with Larry that these proposals should not be submitted for this cycle.

Larry spoke about a proposal to include all species of salmon in catch and release practices. Andy and Jehniifer commented about the logistical difficulty of keeping caught salmon in the water when fishing from boats or docks. Terry made a motion to approve the proposal. Mike seconded. The motion failed with 4 yes votes and 5 no votes.

Andy explained the Deshka King Management Plan proposal and the need for a specific trigger below which conservation actions may be necessary. Andy made a motion to approve this proposal. Howard seconded. The motion was approved.

Mike spoke about a proposal to organize the fishery at Larsen Creek by closing the creek to fishing from 11:00pm to 6:00am. Howard made motion to approve this proposal. Jehniifer seconded and the motion was approved.

Andy explained a proposal to restrict Northern District commercial king salmon fishing when Deshka River king salmon sport fishery is restricted. Larry described this as a conservation burden sharing proposal. Jehniifer made a motion to approve this proposal. Jim seconded. The motion was approved.

Terry proposed establishing Shell Lake sockeye as a conservation concern. Jehniifer made a motion to approve the proposal. Mike seconded. Howard suggested starting stock of concern consideration for Shell Lake sockeye. The motion was approved.

Howard presented a proposal to establish a process for delisting stocks of concern. Other commissioners suggested limiting the proposal to local areas and calling it the Susitna Stock of

Concern Recovery Plan. Jehnifer made a motion to approve the proposal as amended. Howard seconded. The motion was approved. Larry offered to rewrite the proposal with the amendments.

Larry presented a proposal to designate Susitna River sockeye as a stock of management concern. Jehnifer made a motion to approve the proposal. Andy seconded. Andy suggested removing a sentence or leaving it in after fact checking. Jehnifer made a motion to approve the amended proposal. Larry seconded. The motion was approved.

Jehnifer left the meeting at 8:50pm.

Larry discussed draft proposals being developed by the Kenai River Sportfishing Association regarding net mesh requirements and Kenai River goals. He made a motion to support the concept of 29 inch mesh nets. Howard seconded the motion. The motion was approved. No action was taken on the Kenai River goals.

## **VII. RIPARIAN BUFFER ORDINANCE**

Frankie distributed handouts including an information memorandum, a code ordinance and a fact sheet about riparian buffers. She plans to bring this legislation forward to the Planning Commission and the Assembly this spring. The legislation would establish riparian buffers along a select list of high priority salmon streams. The Mat-Su Salmon Habitat Partnership established “alteration of riparian buffers” as one of their top priorities this year.

Terry discussed the specifics of the ordinance as proposed and mentioned that the commercial fishery groups have been complaining about habitat in the Mat-Su. Larry made a motion to support the ordinance as written. Mike seconded the motion. Steve and Jim indicated that he would abstain because this legislation will be coming before the Assembly. Terry suggested reworking the ordinance to clarify the viewshed language. Howard made a motion to rewrite the FWC’s support letter to support the concept of riparian buffers. Larry seconded. The motion was approved.

## **VIII. TEST FISHERY**

Jim asked for clarification about the Cook Inlet test fishery. Larry indicated that FWC lobbied for funding for ADF&G to do the test fishery. Last year they did not award a contract. Larry heard that ADF&G will use the funding to expand genetic collection. Steve suggested that Larry or Terry call Eddie Grasser to find out what is happening with the test fishery funding.

## **IX. BOF FIELD TRIP COMMITTEE**

Discussion postponed to next meeting.

## **X. ALASKA JOURNAL OF COMMERCE ARTICLE**

Jim and Patty Sullivan are working to fine tune the article.

## **XI. DESHKA WEIR FUNDING**

Commissioners are concerned about funding for the weir. Terry offered to contact Sam Ivey at ADF&G to get an update.

**XII. FY2017 BOF EXPENSES**

Terry indicated that KRSA is willing to share a room with FWC at the BOF meeting in 2017. The room expenses will be about \$5,000. He suggested that the FWC get Ray Beamesderfer and Mac Minard hired for the 2017 BOF meeting. BOF will be holding a work session in October in Kenai. Frankie pointed out on the FWC's FY2017 budget request includes funding for contractors to prepare for and provide coordination at the BOF meeting.

**XIII. MEMBER COMMENTS**

Andy mentioned HB 137 which proposes to increase licenses fees.

**XV. ADJOURN**

Meeting was adjourned at 10:15pm.

ATTEST:  
FRANKIE BARKER, Staff



TERRY NININGER, Chair

# MATANUSKA-SUSITNA BOROUGH PARKS, RECREATION, AND TRAILS ADVISORY BOARD

**Chairperson** - David Palmer – At Large 4  
**Vice Chair** — Daniel Harrell – District 7  
Craig Saunders – District 1  
James Gustafson – At Large 1

George Brown – District 2  
Kenny Barber – At Large 2  
Sonya Walden - District 3  
Lyle Downing – At Large 3

VACANT – District 4  
VACANT - District 5  
Dave Rector - District 6

## MINUTES

**REGULAR MEETING**  
**Assembly Chambers**

**November 30, 2015**  
**5:00 P.M.**

I. CALL TO ORDER

Meeting called to order by Mr. Palmer at 5:02 P.M.

II. ROLL CALL – DETERMINATION OF QUORUM

A. Members present: David Palmer, Gus Gustafson, Sonya Walden, Kenny Barber, Lyle Downing, George Brown

Members Absent:

Members Absent and Excused: Craig Saunders, Daniel Harrell, Dave Rector

B. Staff Present: Hugh Leslie, Recreation Services Manager

Jill Irsik, CD Admin Spec.

C. Guests Present: Wayne Biessel, Alaska State Parks

Jason Collins, Wolf Architecture

Emerson Krueger, Land Management Specialist

III. APPROVAL OF AGENDA

MOTION: Mr. Gustafson moved, Ms. Walden 2<sup>nd</sup> to remove items A & B under Unfinished Business. All agreed. Mr. Gustafson moved, Ms. Walden 2<sup>nd</sup>. Agenda approved as changed.

IV. PLEDGE OF ALLEGIANCE

Mr. Palmer led the Pledge of Allegiance.

V. MINUTES OF PRECEDING MEETING

A. September 28, 2015

MOTION: Mr. Gustafson moved, Mr. Barber 2<sup>nd</sup>. Minutes approved.

VI. BOROUGH STAFF REPORTS

Mr. Leslie reported:

- FY17 budget process is starting.
- Still working on acquisition of the top of the Butte
- Still working on the trailer demo at the parking lot at the West Butte Trailhead
- Next Jim Creek stakeholders meeting will be 12/3/2015 @ 6:00 pm in the Assembly Chambers
  - We will be discussing funding for the next phase
- New Trails Specialist was hired

VII. TAB REPORT

Ms. Walden reported that there will be a joint TAB / PRTAB work session on December 16, 2015.

VIII. PERSONS TO BE HEARD / AUDIENCE PARTICIPATION

Dean Nelson, Hatcher Pass Snow Riders – spoke to Hatcher Pass motorized access

Jim Turner – spoke to Hatcher Pass and Snow Bird Glacier motorized access

Karen Hurst – spoke to Hatcher Pass motorized access

David Turner – spoke to Hatcher Pass motorized access

IX. UNFINISHED BUSINESS

A. Hatcher Pass Access – east to west

- Wayne Biessel from Alaska State Parks addressed the board and gave some background and insight to the current access issue that is before the board. He stated that State Parks is currently working with Hatcher Pass Snowriders to get the corridor open.
- He stated that state parks is happy to work with user groups regarding the corridor, especially if those user group are willing to educate their members and the general public.

B. Snowbird Glacier Access

- Mr. Biessel also addressed to board regarding this issue. He stated that this access was never a trail, and is used illegally by riders.
- The Department of Natural Resources manages this area
- He is open to suggestions regarding how to balance user's needs

C. Alaska LNG project - <http://ak-lng.com/>

- Nothing to report. Updates are being posted on their website.

X. PUBLIC NOTICES

XI. NEW BUSINESS

A. Brett Memorial Ice Arena Assessment – Jason Collins, Wolf Architecture

- Jason Collins gave a brief overview of the Brett Ice Arena Assessment.
- Staff is looking for consensus from the board as to what action the Borough should take regarding repairs and improvements.
- Mr. Downing moved, Mr. Barber 2<sup>nd</sup> for the board to support all improvements, Option 7b as presented in the assessment.

B. Nominations for MSB Recreational Trails Plan

- Mr. Krueger presented to the board an overview of nominations for inclusion in the MSB Recreational Trail Plan. He is planning on returning for the January meeting for more discussion.

C. Resolution 15-07 - A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PARKS, RECREATION AND TRAILS ADVISORY BOARD SUPPORTING A NO NET LOSS POLICY FOR MAT-SU BOROUGH TRAILS.

MOTION: Mr. Downing moved, Mr. Barber 2<sup>nd</sup>. Resolution 15-07 passed unanimously.

D. 2016 PRTAB Meeting schedule

MOTION: Ms. Walden moved, Mr. Barber 2<sup>nd</sup> to accept the 2016 Meeting schedule. All agreed.

XII. VOLUNTEER NOMINATIONS

None

XIII. CORRESPONDENCE

None

XIV. MEMBER COMMENTS

None

XV. NEXT MEETING

A. Next regularly scheduled meeting is Monday, January 25, 2016.

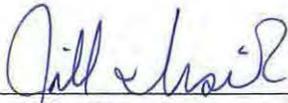
XVI. ADJOURNMENT

Mr. Palmer adjourned the meeting at 7:05 p.m.



David Palmer - Chairperson

ATTEST:



Jill Irsik, Comm. Dev. Admin. Specialist

# MATANUSKA-SUSITNA BOROUGH PARKS, RECREATION, AND TRAILS ADVISORY BOARD

**Chairperson** - David Palmer – At Large 4  
**Vice Chair** —  
Amy O'Connor – District 1  
James Gustafson – At Large 1

George Brown – District 2  
Kenny Barber – At Large 2  
Sonya Walden - District 3  
Lyle Downing – At Large 3

VACANT – District 4  
Cindy Bettine - District 5  
Ed Strabel - District 6  
VACANT – District 7

## MINUTES

### REGULAR MEETING Wasilla Pool

March 21, 2016

5:00 P.M.

RECEIVED

MAY 24 2016

CLERKS OFFICE

- I. CALL TO ORDER  
Meeting called to order by Mr. Palmer at 5:03 P.M.
- II. ROLL CALL – DETERMINATION OF QUORUM
  - A. Members present: David Palmer, Sonya Walden, Kenny Barber, Lyle Downing  
Ed Strabel, Amy O'Connor, Cindy Bettine  
Members Absent:  
Members Absent and Excused: Gus Gustafson, George Brown
  - B. Staff Present: Hugh Leslie, Recreation Services Manager  
Jill Irsik, CD Admin Spec.
  - C. Guests Present: Emerson Krueger, Land Management Specialist
- III. ELECTION OF CHAIR AND VICE-CHAIR  
MOTION: Mr. Barber nominated Mr. Palmer for Chair, Ms. Walden 2<sup>nd</sup>. Mr. Palmer accepted nomination. No other nominations for Chair. Unanimous vote in favor of Mr. Palmer for Chair.  
Mr. Palmer opened the floor for nominations for Vice Chair.  
MOTION: Ms. Walden nominated Mr. Strabel for Vice Chair, Mr. Barber 2<sup>nd</sup>. Unanimous vote in favor of Mr. Strabel for Vice Chair.
- IV. APPROVAL OF AGENDA  
MOTION: Mr. Strabel moved, Mr. Barber 2<sup>nd</sup>. Agenda approved as written.
- V. PLEDGE OF ALLEGIANCE  
Mr. Palmer led the Pledge of Allegiance.
- VI. MINUTES OF PRECEDING MEETING
  - A. November 30, 2015  
MOTION: Mr. Barber moved, Ms. O'Connor 2<sup>nd</sup>. Minutes approved as written.
- VII. BOROUGH STAFF REPORTS  
Mr. Leslie reported:
  - Jim Creek Master Plan
    - Request for bid proposals out for 3 mile loop
    - Work will need to be completed by June 30.
    - This is a grant funded project

- Dëshka River Cabin
  - No bids were received for leasing the cabin
- Palmer Park Shop
  - We are looking at purchasing property to build a new parks maintenance shop
  - Eric Phillips has offered up to one million from the Land Management Fund for the purchase of land and construction of the new building. This would put the total amount around 1.3 million.
  - Looking at going with a design/build concept
- West Butte
  - Legislation was passed accepting the top of the Butte from the Greatland Trust.
  - A conservation easement will be placed on the entire parcel, which will protect top from any development
- We are in the process of hiring seasonal trail crews and parks staff
- Crevasse Moraine Trails
  - The landfill is expanding its operation
  - A request for bid has gone out for removal of gravel from the cells
  - This will impact some trails in the Crevasse Moraine trail system
  - The goal is to relocate some trails further to the east
  - There is a possibility to reclaim the old cells for future green space
  - The land that the landfill is on has always been classified as public facilities/landfill land, not public recreation

#### VIII. TAB REPORT

None

#### IX. PERSONS TO BE HEARD / AUDIENCE PARTICIPATION

Alison Mackreth – spoke in opposition to the Landfill expansion  
 Jim Walker – spoke in opposition to the Landfill expansion

#### X. UNFINISHED BUSINESS

##### A. 2016 Meeting Schedule

Mr. Downing moved, Ms. Bettine 2<sup>nd</sup>. All were in favor of the following changes to the 2016 meeting schedule: the June 27<sup>th</sup> meeting will be held at the Jordan Lake Park instead of the Northern Region Parks Shop. The September 26 meeting will combine the Talkeetna Library and the Northern Region Parks Shop.

##### B. Alaska LNG project - <http://ak-lng.com>

Nothing new to report

##### C. Updates to the MSB Trails Plan

- Mr. Krueger was present to discuss the updates to the trail plan that was presented to the board at their November meeting.
- Mr. Barber moved, Ms. Walden 2<sup>nd</sup> to table discussion regarding individual board member edits to the trails plan to the April meeting. All in favor.
- Mr. Krueger asked that board members email him their proposed edits by April 1. He would then compile the edits and present them to the board at the April meeting.

XI. PUBLIC NOTICES

None

XII. NEW BUSINESS

A. Resolution 16-01 – A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PARKS, RECREATION AND TRAILS ADVISORY BOARD RECOMMENDING THE ASSEMBLY ADOPT THE UPDATE TO THE BOROUGH RECREATIONAL TRAILS PLAN.

MOTION: Mr. Barber moved, Mr. Downing 2<sup>nd</sup>. All in favor of moving this agenda item to the April meeting.

B. Resolution 16-02 – A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PARKS, RECREATION, AND TRAILS ADVISORY BOARD SUPPORTING IMPROVMENTS AT THE BRETT MEMORIAL ICE ARENA.

MOTION: Mr. Strabel moved, Ms. O'Connor 2<sup>nd</sup>. All in favor.

C. TAB joint meeting report – David Palmer

Moved discussion to April meeting.

XIII. VOLUNTEER NOMINATIONS

None

XIV. CORRESPONDENCE

None

XV. MEMBER COMMENTS

None

XVI. NEXT MEETING

A. Next regularly scheduled meeting is April 25<sup>th</sup>, 2016.

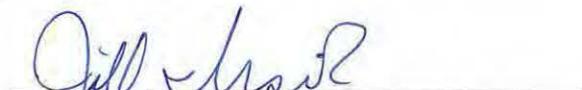
XVII. ADJOURNMENT

Mr. Palmer adjourned the meeting at 7:00 p.m.



David Palmer - Chairperson

ATTEST:

  
Jill Iysik, Comm. Dev. Admin. Specialist

MATANUSKA-SUSITNA BOROUGH  
PARKS, RECREATION, AND TRAILS ADVISORY BOARD  
RESOLUTION NO. 16-01

RECEIVED  
MAY 24 2016  
CLERKS OFFICE

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PARKS, RECREATION, AND TRAILS ADVISORY BOARD RECOMMENDING THE ASSEMBLY ADOPT THE UPDATE TO THE BOROUGH RECREATIONAL TRAILS PLAN.

---

WHEREAS, a comprehensive update of the Borough Recreational Trails Plan has not occurred since it was drafted in 2000; and

WHEREAS, the plan has been updated with all available current information regarding the State of Alaska and the Matanuska-Susitna Borough; and

WHEREAS, nominations for trails to be added to, removed from, or changed in the Borough Recreational Trails Plan have been accepted and reviewed; and

WHEREAS, the Matanuska-Susitna Borough Recreational Trails Plan recommends that trails to be added to the plan should have a regional or local significance, be used primarily for recreation, provide a quality recreational experience for a broad base of the borough's population, and traverse primarily borough or state land; and

WHEREAS, findings indicate that the following trails meet these criteria and should be considered for addition to the plan:

- 16-mile to Peak 4068 - Government Peak Route
- Visnaw to Little Su Trail

- Government Peak Recreation Area Trails
- Matanuska Greenbelt - Crevasse Moraine Trail Single Track: Moose, Bear, and Fox Trails
- Dorothy Jones Borough Trail, Su Valley High Ski Trail;

and

WHEREAS, findings indicate that the following edits to and deletion of trails are supported by communities in which they occur:

- Edits to the Talkeetna River Trail
- Edits to the Ridge Trail
- Removal of the Birch Creek Loop Trail
- Removal of Trail #205, Talkeetna Lakes
- Removal of Trail #210 Barlett

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Parks, Recreation and Trails Advisory Board does hereby recommend the Matanuska-Susitna Borough Assembly adopt the updated Borough Recreational Trails Plan.

ADOPTED by the Matanuska-Susitna Borough Parks, Recreation and Trails Advisory Board this 23<sup>rd</sup> day of May, 2016.



David Palmer, Chair

ATTEST:



Jill Irsik, CD Admin. Spec.

The regular meeting of the Matanuska-Susitna Borough Planning Commission was held on August 17, 2015, at the Matanuska-Susitna Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6:00 p.m. by Chair John Klapperich.

**I. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF QUORUM**

Planning Commission members present and establishing a quorum:

- Mr. Brian Endle, Assembly District #1
- Mr. Thomas Healy, District #2
- Mr. John Klapperich, Assembly District #3 *Chair*
- Mr. Bruce Walden, Assembly District #4
- Mr. William Kendig, Assembly District #5
- Mr. Vern Rauchenstein, District #7

RECEIVED  
MAY 05 2016  
CLERKS OFFICE

Planning Commission members absent and excused:

- Mr. Tomas Adams, Assembly District #6

Staff in attendance:

- Ms. Eileen Probasco, Planning & Land Use Director
- Ms. Shannon Bodolay, Assistant Borough Attorney
- Ms. Mary Brodigan, Planning Commission Clerk

**II. APPROVAL OF AGENDA**

Chair Klapperich inquired if there were any changes to the agenda.

GENERAL CONSENT: The agenda was approved without objection.

**III. PLEDGE OF ALLEGIANCE**

The pledge of allegiance was led by Mr. Christopher Gates, Vice-Chair of the Port Commission.

**IV. CONSENT AGENDA**

A. Minutes

1. August 3, 2015, regular meeting minutes

A. INTRODUCTION FOR PUBLIC HEARING: QUASI-JUDICIAL MATTERS

*(There were no introductions for quasi-judicial matters.)*

B. INTRODUCTION FOR PUBLIC HEARING: LEGISLATIVE MATTERS

1. **Resolution 15-32**, A resolution requesting the addition of a separated trail along the Glenn Highway from Palmer to Sutton to the State Transportation Improvement Program. Public Hearing: September 21, 2015. *(Staff: Emerson Krueger)*

2. **Resolution 15-33**, A resolution requesting the addition of a bike trail along the Parks Highway Alternative Corridor Project. Public Hearing: September 21, 2015. (*Staff: Emerson Krueger*)

Chair Klapperich read the consent agenda into the record.

Chair Klapperich inquired if there were any changes to the consent agenda.

GENERAL CONSENT: The consent agenda was approved without objection.

**V. COMMITTEE REPORTS**

*(There were no committee reports.)*

**VI. AGENCY/STAFF REPORTS**

*(There were no agency/staff reports.)*

**VII. LAND USE CLASSIFICATIONS**

*(There were no land use classifications.)*

**VIII. AUDIENCE PARTICIPATION (Three minutes per person.)**

The following person spoke regarding Port Commission Resolution 15-003 and concerns regarding conflicting mixed uses at the Port: Mr. Christopher Gates, Vice Chair of the MSB Port Commission, but speaking as a private citizen.

The following person spoke regarding concerns with public process and recommending two public hearings for all items that require public hearings: Mr. Eugene Carl Haberman.

**IX. PUBLIC HEARING: QUASI-JUDICIAL MATTERS** (*Public Hearing not to begin before 6:15 P.M.*)

*Commission members may not receive or engage in ex-parte contact with the applicant, other parties interested in the application, or members of the public concerning the application or issues presented in the application.*

*(There were no quasi-judicial public hearings.)*

**X. PUBLIC HEARING LEGISLATIVE MATTERS**

- A. **Resolution 15-29**, a resolution recommending Assembly adoption of the FY2017-2022 Capital Improvement Program.

Chair Klapperich read the resolution title into the record.

Ms. Lauren Driscoll provided a staff report:

- staff recommended approval of the resolution.

Commissioners questioned staff regarding whether the Knik Arm Crossing has been designated as part of the National Highway System.

Chair Klapperich opened the public hearing.

There being no persons to be heard, Chair Klapperich closed the public hearing and discussion moved to the Planning Commission.

**MOTION:** Commissioner Walden moved to approve Resolution 15-29. The motion was seconded.

Commissioner Endle stated that although he does not agree with everything included in the CIP, he will be voting in favor of moving it forward to the Assembly.

**VOTE:** The main motion passed without objection.

- B. **Resolution 15-28**, A resolution recommending Assembly approval of a resolution supporting amendments to MSB Title 43 Subdivisions, to improve the overall MSB and State of Alaska Transportation System.

Chair Klapperich read the resolution title into the record.

Ms. Eileen Probasco provided a staff report:

- stated that DOT wanted to be available for questions, but had scheduling conflicts and was not able to attend this meeting; and
- requested that the commission have some discussion and then postpone a decision until September 21, 2015, when DOT can attend.

Commissioners questioned staff regarding scheduling a work session to discuss transportation issues with MSB Title 43.

Chair Klapperich opened the public hearing.

The following person spoke in favor Resolution 15-28 and amendments to flag lots in Title 43: Mr. John Strassenburgh.

The following person spoke in opposition to amending flag lots in Title 43 through Resolution 15-28: Mr. Christopher Gates.

The following person spoke in opposition to some of the statements made by members of the Road Service Area (RSA) Boards: Mr. Jay Van Diest.

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

Commissioner Kendig stated that he would like to postpone a decision on this item and schedule a work session.

Chair Klapperich asked if there was any objection to suspending the rules to allow for Commissioner discussion at this time.

There was no objection noted.

Discussion ensued regarding:

- whether the commission should postpone a decision until September 21, 2015;
- whether or not there is a need for a work session;
- the purpose of the proposed amendments to Title 43;
- clarification of the historical background of Title 43;
- clarification of the timeline for the proposed amendments;
- what direction the commission would like to provide to staff; and
- requested staff provide additional amendments for commissioners to consider.

**MOTION:** Commissioner Kendig moved to continue the public hearing for Resolution 15-28 and postpone a decision until September 21, 2015, and requested that staff provide additional amendments to Title 43 as discussed. The motion was seconded.

Ms. Probasco:

- stated that she will request that a representative from AKDOT and MSB RSA's attend the work session; and
- will form a group of key individuals to work on proposed amendments.

**VOTE:** The motion to postpone and keep the public hearing open passed with Commissioners Healy and Rauchenstein in opposition.

*(The meeting recessed at 7:45 p.m., and resumed at 7:53 p.m.)*

C. **Resolution 15-31**, A resolution updating the guidelines for the development or update of community based comprehensive plans or special use district (SpUD) regulations. *(Sponsored by Commissioners Endle)*

Chair Klapperich read the resolution title into the record.

Commissioner Endle provided an overview of his resolution:

- Commissioner Endle recommended approval of the resolution with amendments.

Chair Klapperich opened the public hearing.

The following persons spoke in favor of Resolution 15-31: Mr. Steve Brenner; Mr. Dustin Brenner; Mr. Chris Gates; and Mr. Jay Van Diest.

The following person presented a Resolution 15-01 in opposition to Resolution 15-31: Mr. William Merry, Gateway Community Council.

The following persons spoke in opposition to Resolution 15-31: Ms. Sherri Rusher, Meadow Lakes Community Council; Ms. Patricia Fisher, Treasurer, Meadow Lakes Community Council; Mr. Terry Boyle, President Meadow Lakes Community Council; Ms. Kendra Zamzow; Ms. Michelle Church; Ms. Dawn Houston; Mr. Joe Irvine, Fishhook Community Council; Mr. John Strassenburgh; Ms. Ruth Wood; Mr. Warren Keogh; Mr. Mark Masteller; Mr. Paul Houser; Mr. Bernie Cullen; Ms. Cindy Bettine; and Assemblymember Jim Sykes.

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

There being no one else to be heard, Chair Klapperich closed the public hearing and discussion moved to the Planning Commission.

**MOTION:** Commissioner Endle moved to approve Resolution 15-31. The motion was seconded.

Commissioner Endle:

- stated that he will be offering amendments;
- opined that the amendments will eliminate the additional costs that members of the audience are concerned with;
- wants language included that says one vote per person;
- wants all property owners and all residents to be able to vote;
- stated that he went to Meadow Lakes Community Council over Butte and Chickaloon Community Councils since this resolution will directly impact them;
- referred to small numbers of people in the different community council areas that wanted to zone their communities over the objections of many people;
- doesn't see much of an issue with requiring community councils to change their bylaws; and
- opined that zoning effectively takes something away from somebody.

**MOTION:** Commissioner Endle moved a primary amendment to replace "They will be facilitated by" with "Planning Team meetings will be assisted by" to read: "Planning Team meetings will be assisted by borough staff and public input will be received at a designated time during the meeting". The motion was seconded.

Commissioner Endle:

- stated that he offered this amendment at the request of some people from Sutton; and
- they told him that they felt like borough staff was leading the Sutton Community towards something that they didn't want.

Commissioner Healy:

- stated that he opposes the entire resolution and doesn't see a need to amend it;
- opined that this is a solution looking for a problem;
- the approach is flawed and places obstacles in front of community councils;
- it appears to be philosophically biased against zoning;

- noted that there are serious legal issues;
- stated that he has not been able to follow the email trails with all of the different comments; and
- there was strong testimony tonight from communities opposing this resolution.

VOTE: The primary amendment passed with Commissioner Healy in opposition.

Ms. Shannon Bodolay, Assistant Borough Attorney:

- stated that assuming the amendments pass tonight, there will still be work to be done; and
- if there are inconsistencies with borough code, the document will have to go to the Assembly to be approved to the extent that it can fit with borough code.

*(The meeting recessed at 9:28 p.m., and resumed at 9:34 p.m.)*

Commissioner Endle:

- stated that it was his intent to make a motion to substitute Resolution 15-31 with Resolution 15-31(AM), which included the amendment that the commission just voted on as well as additional amendments that he is proposing; and
- suggested that the commission can deal with additional amendments after that.

MOTION: Commissioner Endle moved a primary amendment to substitute Resolution 15-31 with 15-31(AM).

VOTE: The primary amendment died due to lack of a second.

Commissioner Klapperich:

- opined that this resolution does not meet his standards for reaching out to the community councils in a timely fashion; and
- stated that he will be voting against it.

Commissioner Endle:

- stated that it was always his intent to involve the communities;
- is not opposed to postpone a decision and make this available over the next several meetings; and
- would like to move some additional amendments before sending it out to the community councils.

Commissioner Kendig:

- acknowledged that there is a lot of information included;
- opined that if the Planning Commission has not had a chance to review it, then the public certainly hasn't;
- suggested that Commissioners Endle withdraw his motion giving the community councils time to review and comment; and
- would like to have a work session so that the Commission is clear on what they want to present to the public.

Commissioner Rauchenstein suggested that community councils should be asked what if any changes they would like to see.

Commissioner Walden:

- stated that he agrees with Commissioner Rauchenstein;
- something like this needs to be community driven;
- opined that governing is best at its lowest local level; and
- will not be voting in favor of this resolution.

MOTION: Commissioner Endle moved to postpone Resolution 15-31 indefinitely. The motion seconded.

VOTE: The motion to postpone indefinitely passed without objection.

## **XI. CORRESPONDENCE AND INFORMATION**

*(There was no correspondence and information.)*

## **XII. UNFINISHED BUSINESS**

*(There was no unfinished business.)*

## **XIII. NEW BUSINESS**

*(There was no new business.)*

## **XIV. COMMISSION BUSINESS**

### **A. Upcoming Planning Commission Agenda Items**

Ms. Probasco provided a brief update on projects that will be coming before the Planning Commission.

## **XV. DIRECTOR AND COMMISSIONER COMMENTS**

Ms. Probasco:

- reminded Commissioners about the October 27<sup>th</sup> joint Assembly/Planning Commission meeting;
- stated that we have a new transportation planner that started today; and
- stated that some members of the Planning Department have been temporarily relocated due to HVAC work in the DSJ Building.

Ms. Brodigan:

- stated that the Assembly Chambers are not available for the October 5th PC meeting due to the election;
- working with the school district to see if their board room is available; and
- will keep Commissioners apprised.

Chair Klapperich:

- stated that he appreciates the diversity of this commission, and the patience of the public;
- opined that in the end, everyone is respected and that everyone is trying to create a better tomorrow than today even though sometimes it doesn't look that way; and
- believes that communication, truth, sincerity, and outreach is what the Commission is trying to achieve.

**XVI. ADJOURNMENT**

The regular meeting adjourned at 10:00 p.m.



JOHN KLAPPERICH, Planning Commission  
Chair

ATTEST:



MARY BRODIGAN, Planning Commission  
Clerk

*Minutes approved: May 2, 2016*

The regular meeting of the Matanuska-Susitna Borough Planning Commission was held on September 21, 2015, at the Matanuska-Susitna Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6:00 p.m. by Chair John Klapperich.

**I. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF QUORUM**

Planning Commission members present and establishing a quorum:

- Mr. Brian Endle, Assembly District #1
- Mr. Thomas Healy, District #2
- Mr. John Klapperich, Assembly District #3 *Chair*
- Mr. Bruce Walden, Assembly District #4
- Mr. William Kendig, Assembly District #5
- Mr. Tomas Adams, Assembly District #6

RECEIVED  
MAY 18 2016  
CLERKS OFFICE

Planning Commission members absent and excused were:

- Mr. Vern Rauchenstein, District #7

Staff in attendance:

- Ms. Eileen Probasco, Planning & Land Use Director
- Ms. Shannon Bodolay, Assistant Borough Attorney
- Mr. Emerson Krueger, Land Management Specialist
- Ms. Mary Brodigan, Planning Commission Clerk

**II. APPROVAL OF AGENDA**

Chair Klapperich inquired if there were any changes to the agenda.

Mr. Alex Strawn:

- stated that on September 15, 2015, the Assembly rescinded referral of Ordinance No. 15-082;
- Assemblymember Beck, the original sponsor, made the motion to rescind stating that it was no longer necessary; and
- there is no need to hold a public hearing.

MOTION: Commissioner Kendig moved to remove PC Resolution 15-26 from the agenda. The motion was seconded.

VOTE: There was no objection noted.

GENERAL CONSENT: The agenda was approved as amended without objection.

**III. PLEDGE OF ALLEGIANCE**

The pledge of allegiance was led by Mr. Eugene Carl Haberman, a member of the audience.

**IV. CONSENT AGENDA**

A. Minutes

1. August 3, 2015 regular meeting minutes

*(There were no minutes available.)*

A. INTRODUCTION FOR PUBLIC HEARING: QUASI-JUDICIAL MATTERS

1. **Resolution 15-34**, a request for a variance, in accordance with MSB 17.65 Variances, to allow a 32.8-foot setback from the shoreline of West Lake, which allow an expansion of 621.6 square feet to an existing residential cabin on Lot1, of West Lake Subdivision; 3258 S. Horseshoe Lake Road; within Township 17 North, Range 4 East, Section 11, Seward Meridian. Public Hearing: October 19, 2015. *(Staff: Mark Whisenhunt, Applicant: Esther Bumgardner Family Trust)*

B. INTRODUCTION FOR PUBLIC HEARING: LEGISLATIVE MATTERS

1. **Resolution 15-35**, A resolution recommending Assembly approval of an Interim Materials District (IMD) in accordance with MSB 17.28 – Interim Materials District, for the extraction of 540,000 cubic yards of earth material from 38.9-acre site within a 120-acre parcel, located within Township 18 North, Range 2 West, Section 24, Tax Parcel D1 (Tax ID 18N02W24D0001), Seward Meridian. Public Hearing: October 19, 2015. *(Staff: Mark Whisenhunt, Applicant: B&E Construction)*

Chair Klapperich read the consent agenda into the record.

Chair Klapperich inquired if there were any changes to the consent agenda.

GENERAL CONSENT: The consent agenda was approved as amended without objection.

V. COMMITTEE REPORTS

*(There were no committee reports.)*

VI. AGENCY/STAFF REPORTS

*(There were no agency/staff reports.)*

VII. LAND USE CLASSIFICATIONS

*(There were no land use classifications.)*

VIII. AUDIENCE PARTICIPATION (Three minutes per person.)

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

IX. PUBLIC HEARING: QUASI-JUDICIAL MATTERS *(Public Hearing not to begin before 6:15 P.M.)*

*Commission members may not receive or engage in ex-parte contact with the applicant, other parties interested in the application, or members of the public concerning the application or issues presented in the application.*

*(There were no quasi-judicial public hearings.)*

**X. PUBLIC HEARING LEGISLATIVE MATTERS**

- A. **Resolution 15-26**, A resolution recommending Assembly approval of an ordinance amending MSB 17.61, Core Area Conditional Use Permit Requirements, to prohibit private landfills within the Core Area. Referred by the Assembly May 27, 2015. Public Hearing postponed from July 6, July 20, and August 3, 2015. *(Staff: Alex Strawn)*

*(This item was removed from the agenda during the approval of the agenda.)*

- B. **Resolution 15-32**, A resolution requesting the addition of a separated trail along the Glenn Highway from Palmer to Sutton to the State Transportation Improvement Program.

Chair Klapperich read the resolution title into the record.

Mr. Emerson Krueger provided a staff report:

- staff recommended approval of the resolution.

Commissioners questioned staff regarding:

- the estimated cost of the bike path and where the money will come from;
- will the bike path be paved;
- will there be any enforcement to keep four-wheelers off the trail; and
- if there has been any communication with the railroad to maintain the railroad right-of-way as a trail.

Chair Klapperich opened the public hearing.

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

There being no one else to be heard, Chair Klapperich closed the public hearing and discussion moved to the Planning Commission.

**MOTION:** Commissioner Healy moved to approve Resolution 15-32. The motion was seconded.

Discussion ensued regarding:

- staff communicating with the Alaska Railroad and Department of Natural Resources regarding the public's interest in a parallel pathway;
- acknowledgment that this is just a recommendation to add the bike path to the State Transportation Improvement Program (STIP) and they are not approving the project at this time;

- deleting the word "abandoned" in the third whereas statement as the right-a-way is not abandoned;
- whether using money for roads rather than trails would better serve the community; and
- the possible location of the trail.

MOTION: Commissioner Adams moved a primary amendment to delete the word "abandoned" from the second and third whereas statements. The motion was seconded.

VOTE: The primary amendment passed without objection.

VOTE: The main motion passed as amended with Commissioners Endle and Walden in opposition.

C. **Resolution 15-33**, A resolution requesting the addition of a bike trail along the Parks Highway Alternative Corridor Project. (*Staff: Emerson Krueger*)

Chair Klapperich read the resolution title into the record.

Mr. Emerson Krueger provided a staff report:

- staff recommended approval of the resolution.

Commissioners questioned staff regarding:

- will the project take long to initiate; and
- the difference between paved pathways and bike trails.

Chair Klapperich opened the public hearing.

The following person spoke regarding concerns with public process and creating a comprehensive trails plan: Mr. Eugene Carl Haberman.

There being no one else to be heard, Chair Klapperich closed the public hearing and discussion moved to the Planning Commission.

MOTION: Commissioner Adams moved to approve Resolution 15-32. The motion was seconded.

Discussion ensued regarding:

- support for the resolution;
- engineering differences between bike trails and paved pathways; and
- whether this project might be the catalyst to keep the Alternate Wasilla Bypass on the radar.

MOTION: Commissioner Adams moved a primary amendment to replace "bike trail" with "paved pathway" in the fifth and sixth whereas statements. The motion was seconded.

VOTE: The primary amendment passed without objection.

MOTION: Commissioner Adams moved a primary amendment to replace "bike trail" with "paved pathway" in the title of the resolution. The motion was seconded.

VOTE: The primary amendment passed without objection.

MOTION: Commissioner Healy moved a primary amendment to strike "a" and insert "15-04" in the fifth whereas statement to read: "The Matanuska-Susitna Borough Parks, Recreation, and Trails Advisory Board unanimously adopted Resolution 15-04 supporting the addition of a paved pathway and flattened ditch along the Parks Highway Alternate Corridor Project around Wasilla". The motion was seconded.

VOTE: The primary amendment passed without objection.

MOTION: Commissioner Healy moved a primary amendment to strike "a" and insert "15-07" in the sixth whereas statement to read: "The Matanuska-Susitna Borough Transportation Advisory Board unanimously approved Resolution 15-07 supporting the addition of a paved pathway and flattened ditch along the Parks Highway Alternate Corridor Project around Wasilla". The motion was seconded.

VOTE: The primary amendment passed without objection.

VOTE: The main motion passed as amended with Commissioner Endle in opposition.

D. **Resolution 15-28**, A resolution recommending Assembly approval of a resolution supporting amendments to MSB Title 43 Subdivisions, to improve the overall MSB and State of Alaska Transportation System. Public Hearing continued from August 17, 2015. (Staff: Eileen Probasco)

Chair Klapperich read the resolution title into the record.

Ms. Eileen Probasco provided a staff report:

- provided a signed copy of TAB Resolution 15-06;
- stated that an unsigned copy was included in the packet; and
- staff recommended approval of the resolution.

Chair Klapperich continued the public hearing.

The following persons spoke in favor of Resolution 15-28: Ms. Beth Fread and Ms. Crystal Nygaard, Co-founder of Mat-Su Business Alliance.

The following persons spoke in opposition of Resolution 15-28: Ms. Diana Sorensen, Platting Board Chair; and Mr. Marty Van Diest, Platting Board Member.

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

There being no one else to be heard, Chair Klapperich closed the public hearing and discussion moved to the Planning Commission.

MOTION: Commissioner Healy moved to approve Resolution 15-28. The motion was seconded.

Discussion ensued regarding:

- deleting the second and third whereas statements on page 197 of the packet; and
- scheduling a joint work session with the Platting Board.

MOTION: Commissioner Healy moved a primary amendment to strike “outlining problems encountered resulting from Title 43 regulations, examples of the problems, and possible actions that can be taken” from the second whereas statement on page 196 of the packet, and striking the second and third whereas statements from page 197 of the packet. The motion was seconded.

VOTE: The primary amendment passed without objection.

MOTION: Commissioner Healy moved a primary amendment to the now, therefore be resolved statement on page 197 by inserting "through public meetings of the Platting Board, Transportation Advisory Board, and Planning Commission" after MSB Title 43 Amendments. The motion was seconded.

VOTE: The primary amendment passed without objection.

MOTION Commissioner Adams moved a primary amendment to strike everything after “Planning Commission” from the now, therefore be it resolved statement. The motion was seconded.

Discussion ensued as to whether the Planning Commission should address all of Title 43 or just focus on transportation issues at this time.

VOTE: The primary amendment passed with Commissioner Kendig in opposition.

MOTION: Commissioner Adams moved a primary amendment to the title of Resolution 15-28 by striking “to improve the overall Matanuska-Susitna Borough and State of Alaska Transportation System”. The motion was seconded.

VOTE: The primary amendment passed without objection.

MOTION: Commissioner Adams moved a primary amendment to strike the matrix on pages four and five of the resolution. The motion was seconded.

VOTE: The primary amendment passed without objection.

VOTE: The main motion passed as amended without objection.

**XI. CORRESPONDENCE AND INFORMATION**

- A. Limitations on Interim Materials Districts (*Memorandum provided by Laura Newton, Assistant Borough Attorney*)

*(Correspondence and information was presented and no comments were noted.)*

**XII. UNFINISHED BUSINESS**

*(There was no unfinished business.)*

**XIII. NEW BUSINESS**

*(There was no new business.)*

**XIV. COMMISSION BUSINESS**

- A. Upcoming Planning Commission Agenda Items

Ms. Probasco provided a brief update on projects that will be coming before the Planning Commission and stated that the November 16<sup>th</sup> PC Meeting will most likely be cancelled due to the Alaska State APA Conference.

The Planning Commission requested a joint special meeting with the Platting Board prior to the next joint Assembly/ Planning Commission Meeting.

[Clerk's note: a joint Planning Commission/Platting Board Special Meeting was scheduled for October 5, 2015, in the MSB Assembly Chambers.]

**XV. DIRECTOR AND COMMISSIONER COMMENTS**

Commissioner Walden:

- stated that he will be attending his son's graduation from AIT; and
- his son plans to be a paratrooper like his old man.

Commissioner Kendig stated that he will be out of town November 14<sup>th</sup> through December 2<sup>nd</sup> and will miss the November 16<sup>th</sup> meeting.

Commissioner Klapperich stated that he will be out of state on October 19<sup>th</sup> and will ask Commissioner Walden to chair that meeting.

Commissioner Adams:

- congratulated Commissioner Walden's son for his graduation;
- apologized for missing the last two meetings; and
- will be away the last meeting in November which doesn't sound like it will be an issue.

**XVI. ADJOURNMENT**

The regular meeting adjourned at 9:24 p.m.



---

JOHN KLAPPERICH, Planning Commission  
Chair

ATTEST:



---

MARY BRODIGAN, Planning Commission  
Clerk

*Minutes approved: May 16, 2016*

The regular meeting of the Matanuska-Susitna Borough Planning Commission was held on April 18, 2016, at the Matanuska-Susitna Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6:00 p.m. by Chair John Klapperich.

**I. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF QUORUM**

Planning Commission members present and establishing a quorum:

- Ms. Mary Anderson, Assembly District #1
- Mr. Thomas Healy, Assembly District #2
- Mr. John Klapperich, Assembly District #3 *Chair*
- Ms. Colleen Vague, Assembly District #4
- Mr. William Kendig, Assembly District #5
- Mr. Tomas Adams, Assembly District #6
- Mr. Vern Rauchenstein, Assembly District #7

RECEIVED  
MAY 05 2016  
CLERKS OFFICE

Staff in attendance:

- Mr. Alex Strawn, Development Services Manager
- Ms. Laura Newton, Assistant Borough Attorney
- Ms. Susan Lee, Planner II
- Ms. Sara Jansen, Planner II
- Ms. Mary Brodigan, Planning Commission Clerk

**II. APPROVAL OF AGENDA**

Chair Klapperich inquired if there were any changes to the agenda.

GENERAL CONSENT: The agenda was approved without objection.

**III. PLEDGE OF ALLEGIANCE**

The pledge of allegiance was led by Mr. Brian Endle, a member of the audience.

**IV. CONSENT AGENDA**

A. Minutes

1. March 21, 2016, regular meeting minutes
2. April 4, 2016, regular meeting minutes

A. INTRODUCTION FOR PUBLIC HEARING: QUASI-JUDICIAL MATTERS

*(There were no introductions for quasi-judicial matters.)*

B. INTRODUCTION FOR PUBLIC HEARING: LEGISLATIVE MATTERS

*(There were no introductions for legislative matters.)*

Chair Klapperich read the consent agenda into the record.

Chair Klapperich inquired if there were any changes to the consent agenda.

Chair Klapperich:

- referred to page 6 of 11 of the March 21st meeting minutes;
- stated that he had said that “thirty members of the Big Lake Community Council had voted for the IMD and two against”, not “34 to 32” as stated in the minutes; and
- requested that the minutes be changed to reflect this.

*There was no objection noted.*

[Clerk’s note: page 6 of 11 of the March 21<sup>st</sup> meeting minutes were changed to read: “the community council also weighed in in favor of the proposed IMD with 30 for and 2 against”.]

GENERAL CONSENT: The consent agenda was approved as amended without objection.

**V. COMMITTEE REPORTS**

*(There were no committee reports.)*

**VI. AGENCY/STAFF REPORTS**

*(There were no agency/staff reports.)*

**VII. LAND USE CLASSIFICATIONS**

*(There were no land use classifications.)*

**VIII. AUDIENCE PARTICIPATION (Three minutes per person.)**

The following person spoke regarding concerns with public process and Assembly Budget hearing meetings being scheduled at the same time and date as Planning Commission meetings: Mr. Eugene Carl Haberman.

**IX. PUBLIC HEARING: QUASI-JUDICIAL MATTERS** *(Public Hearing not to begin before 6:15 P.M.)*

*Commission members may not receive or engage in ex-parte contact with the applicant, other parties interested in the application, or members of the public concerning the application or issues presented in the application.*

- A. **Resolution 16-15**, A resolution approving a variance to allow handicap access to a ramp/deck at the Trapper Creek Inn to remain set back 15.9 feet from the Parks Highway right-of-way; 23471 S. Parks Highway; within Township 26 North, Range 5 West, Section 29, Seward Meridian. *(Staff: Susan Lee, Applicant: Dooley Enterprises, LLC)*

Chair Klapperich read the resolution title into the record.

Chair Klapperich:

- read the memorandum regarding quasi-judicial actions into the record;
- queried commissioners to determine if any of them have a financial interest in the proposed Conditional Use Permit (CUP);
- have had any ex parte contact with the applicant, members of the public, or interested parties in the proposed CUP; and
- if all commissioners are able to be impartial in a decision.

Ms. Susan Lee provided a staff report:

- staff recommended approval of the resolution.

Chair Klapperich invited the applicant to provide an overview of their application.

Mr. Taylor Moore, land surveyor for the applicant, provided an overview of the application.

Commissioners questioned the applicant regarding clarification of the legal nonconforming status determination.

Chair Klapperich opened the public hearing.

The following person spoke in opposition of Resolution 16-15: Ms. Patricia Rosnel.

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

Chair Klapperich invited Mr. Moore to respond to questions and statements made by members of the public.

Mr. Moore responded to a question from a member of the public as to whether approving this variance will be harmful to the public.

There being no one else to be heard, Chair Klapperich closed the public hearing and discussion moved to the Planning Commission.

**MOTION:** Commissioner Rauchenstein moved to approve Resolution 16-15. The motion was seconded.

Commissioner Healy:

- opined that the information that was provided by the borough and their analysis of the application was thorough and logical ;
- Mr. Moore adequately addressed the question of whether this variance will be harmful to the public;
- opined that this is a legitimate case of where a variance can be issued; and
- stated that he will be supporting this variance request.

**VOTE:** The main motion passed without objection.

**X. PUBLIC HEARING LEGISLATIVE MATTERS**

- A. **Resolution 16-17**, a resolution recommending Assembly adoption of the Louise Susitna Tyone Lakes Comprehensive Plan Update previously known as the Lake Louise Comprehensive Plan. Public Hearing continued from April 4, 2016. (*Staff: Sara Jansen*)

Chair Klapperich read the resolution title into the record.

Chair Klapperich:

- stated that Ms. Sara Jansen was ill during the last meeting and unable to attend;
- she had requested that the public hearing be postponed until April 18, 2016, and notified her planning team of this;
- Mr. Alex Strawn had requested that Chair Klapperich open the public hearing in case anyone was in the audience and wanted to testify;
- there was no one in the audience who wished to testify and Chair Klapperich asked for a motion to continue; and
- Commissioner Kendig then moved to continue the public hearing to April 18, 2016, and the motion was seconded by Commissioner Vague.

Ms. Sara Jansen provided a staff report:

- staff recommended approval of the resolution.

Commissioners questioned staff regarding:

- clarification of the Louise Susitna Tyone Community Association and how it compares to community council;
- does the community association carry the same weight as a community council and have the same rights and responsibilities;
- what are the boundaries of the association; and
- clarification regarding road access to Lake Louise.

Chair Klapperich opened the public hearing.

The following persons spoke in favor of Resolution 16-17: Mr. Jeffrey Urbanus, President of Louise Susitna Tyone Community Association; Mr. Ted Kinney; and Mr. Uve Kalenka.

The following persons spoke in opposition of Resolution 16-17: Ms. Patricia Rosnel.

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

Chair Klapperich invited Ms. Jansen to respond to questions and statements made by members of the public.

Ms. Jansen responded to questions and statements made by members of the public.

Ms. Laura Newton, Assistant Borough Attorney, referred to MSB 2.76.070, Additional Citizen Participation in Municipal Government, which states "Nothing contained in this chapter is intended to deny or limit in any manner the right of persons individually or in groups to petition

the assembly or otherwise participate in borough government under existing procedures and practices”.

There being no one else to be heard, Chair Klapperich closed the public hearing and discussion moved to the Planning Commission.

MOTION: Commissioner Anderson moved to approve Resolution 16-17. The motion was seconded.

Commissioner Vague:

- stated that she supports this resolution;
- appreciated Ms. Newton's clarification that the community association does qualify to initiate and update a comp plan;
- referred to MSB 2.76.030, Definition and Recognition of Community Councils, which indicated to her that the commission is well within the guidelines for moving forward;
- acknowledged that the goals are clearly defined for what the community wants in every section of the comp plan; and
- stated her appreciation for the amount of work that went into the comp plan.

Commissioner Anderson:

- agreed that this is a well thought out plan for what the community wants to see; and
- will be supporting this comp plan.

Commissioner Healy:

- stated that he supports this resolution as well;
- referenced the discussion about community councils and community associations;
- acknowledged that there appears to be circumstantial evidence that community associations have the same standing as community councils;
- opined that this is not the issue that is being addressed by the commission tonight;
- what is important is that there was a balanced and reasonable process that involved the community; and
- this was the case with this comp plan.

Chair Klapperich congratulated Ms. Jansen on her thoroughness, and the participants for achieving a consensus.

VOTE: The main motion passed without objection.

## **XI. CORRESPONDENCE AND INFORMATION**

*(Correspondence and information was presented and no comments were noted.)*

## **XII. UNFINISHED BUSINESS**

*(There was no unfinished business.)*

## **XIII. NEW BUSINESS**

*(There was no new business.)*

#### **XIV. COMMISSION BUSINESS**

##### **A. Upcoming Planning Commission Agenda Items**

Mr. Strawn provided a brief update on projects that will be coming before the Planning Commission.

#### **XV. DIRECTOR AND COMMISSIONER COMMENTS**

Commissioner Anderson:

- kudos to staff and the community for the Louise Susitna Tyone Lakes Comp Plan; and
- acknowledged that comp plans are usually quite contentious, but this one went through rather smoothly.

Commissioner Rauchenstein:

- stated that there are several reasons why few people testify at public hearings;
- opined that people are not educated by the educational system about the benefits and duties of being a citizen; and
- although the borough follows its regulations regarding notifying the community, many people don't care.

Chair Klapperich:

- stated that he carefully considers what he says and how he says it so as not to be construed as not caring, not being accurate, and having already made up his mind;
- only he knows what is in his heart and how much he prepares for meetings;
- life means that at times there are winners and losers;
- we sometimes have to make concessions for the betterment of the entire borough;
- referenced TAB minutes dated January 27, 2016, on page 133 of the packet where a member of the audience voiced concerns that TAB recommendations are not being considered by the Assembly and Planning Commission;
- opined that transportation plays an important role in planning; and
- urged the commission to never give the impression that TAB recommendations are not being considered.

XVI. ADJOURNMENT

The regular meeting adjourned at 7:48 p.m.



---

JOHN KLAPPERICH, Planning Commission  
Chair

ATTEST:



---

MARY BRODIGAN, Planning Commission  
Clerk

*Minutes approved: May 2, 2016*

The regular meeting of the Matanuska-Susitna Borough Planning Commission was held on May 2, 2016, at the Matanuska-Susitna Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6:05 p.m. by Chair John Klapperich.

**I. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF QUORUM**

Planning Commission members present and establishing a quorum:

- Ms. Mary Anderson, Assembly District #1
- Mr. Thomas Healy, Assembly District #2
- Mr. John Klapperich, Assembly District #3 *Chair*
- Ms. Colleen Vague, Assembly District #4
- Mr. William Kendig, Assembly District #5
- Mr. Tomas Adams, Assembly District #6
- Mr. Vern Rauchenstein, Assembly District #7

RECEIVED  
MAY 18 2016  
CLERKS OFFICE

Staff in attendance:

- Mr. Alex Strawn, Development Services Manager
- Ms. Shannon Bodolay, Assistant Borough Attorney
- Ms. Mary Brodigan, Planning Commission Clerk

**II. APPROVAL OF AGENDA**

Chair Klapperich inquired if there were any changes to the agenda.

GENERAL CONSENT: The agenda was approved without objection.

**III. PLEDGE OF ALLEGIANCE**

The pledge of allegiance was led by Mr. Peter Zell, a member of the audience.

**IV. CONSENT AGENDA**

A. Minutes

- 1. August 17, 2015, regular meeting minutes
- 2. April 18, 2016, regular meeting minutes

A. INTRODUCTION FOR PUBLIC HEARING: QUASI-JUDICIAL MATTERS

B. INTRODUCTION FOR PUBLIC HEARING: LEGISLATIVE MATTERS

- 1. **Resolution 16-21**, recommending Assembly approval of an Interim Materials District (IMD) at the MSB Central Landfill in accordance with MSB 17.28 – Interim Materials District, for the extraction of 3,120,000 cubic yards of earth material from 45 acres within a 120-acre area, located within Township 17 North, Range 1 East, Section 1, Tax Parcel D5 (17N01E01D005). Public Hearing: May 16, 2016. (*Applicant: MSB Land Management, Staff: Mark Whisenhunt*)

2. **Resolution 16-19**, recommending Assembly adoption of an Ordinance establishing Riparian Buffer Standards on High Priority Salmon Streams. Referred by the Assembly to the PC on April 20, 2016, for 90 days. Public Hearing: May 16, 2016. (*Staff: Frankie Barker*)
3. **Resolution 16-22**, recommending amendments to Assembly Ordinance 16-003, an Ordinance Amending MSB 17.60 to Include Permit Requirements and Standards for Marijuana Related Facilities. Referred by the Assembly to the PC on April 5, 2016, for 90 days. Public Hearing: May 16, 2016. (*Staff: Alex Strawn*)

Chair Klapperich read the consent agenda into the record.

Chair Klapperich inquired if there were any changes to the consent agenda.

GENERAL CONSENT: The consent agenda was approved without objection.

**V. COMMITTEE REPORTS**

*(There were no committee reports.)*

**VI. AGENCY/STAFF REPORTS**

- A. A Presentation on the Regulation of Marijuana Related Facilities within the Borough. (*Staff: Alex Strawn*)

Mr. Alex Strawn, Development Services Manager, provided a PowerPoint presentation on Marijuana Regulations and some amendments that he is recommending.

**VII. LAND USE CLASSIFICATIONS**

*(There were no land use classifications.)*

*(The meeting recessed at 7:39 p.m., resumed at 7:44 p.m.)*

**VIII. AUDIENCE PARTICIPATION (Three minutes per person.)**

The following person spoke regarding riparian buffer standards: Mr. Jay Van Diest.

The following person spoke regarding marijuana regulations: Mr. Tell White.

The following person spoke regarding concerns with holding an MSB Planning Commission meeting and a Wasilla City meeting at the same time as an Assembly Budget Hearing: Mr. Eugene Carl Haberman.

**IX. PUBLIC HEARING: QUASI-JUDICIAL MATTERS** (*Public Hearing not to begin before 6:15 P.M.*)

*Commission members may not receive or engage in ex-parte contact with the applicant, other parties interested in the application, or members of the public concerning the application or issues presented in the application.*

*(There were no quasi-judicial public hearings.)*

**X. PUBLIC HEARING LEGISLATIVE MATTERS**

*(There were no legislative public hearings.)*

**XI. CORRESPONDENCE AND INFORMATION**

*(There was no correspondence and information.)*

**XII. UNFINISHED BUSINESS**

*(There was no unfinished business.)*

**XIII. NEW BUSINESS**

*(There was no new business.)*

**XIV. COMMISSION BUSINESS**

**A. Upcoming Planning Commission Agenda Items**

Mr. Strawn provided a brief update on projects that will be coming before the Planning Commission.

**XV. DIRECTOR AND COMMISSIONER COMMENTS**

Ms. Mary Brodigan stated that she received the latest Code Book update and asked Commissioners to bring their books to the next meeting.

Commissioner Anderson:

- thanked everyone that testified during audience participation;
- opined that the information brought fourth is always helpful especially for her as a new commissioner;
- it's good to know how the public feels about certain issues; and
- thanked the commission for a good meeting.

Chair Klapperich:

- opined that life is about choices and priorities;
- there is no way to schedule all of the public meetings without conflicts;
- sometimes you have to pick and choose; and
- individuals need to make choices as to what meetings they wish to attend.

Commissioner Vague:

- thanked Mr. Strawn for the presentation;
- commended staff on the work that they do;
- acknowledged that this is a hugely controversial topic;
- opined that when people are so moved, they will show up to meetings; and
- concurred with the Chair that people choose their priorities.

Commissioner Kendig:

- also commended staff for the job they do;
- acknowledged that it would be nice to be able schedule meetings when there are no other conflicts, but opined that nothing would ever get done;
- happy that they will be getting home early tonight; and
- bid everyone a good night.

Commissioner Adams:

- acknowledged the letter from Mayor Halter stating that he will be putting Ms. Vague's name forward for the School Site Selection Committee, and requesting that Mr. Adams remain on the committee;
- asked if they needed to do anything else to be placed on the committee; and
- stated his appreciation of Mr. Kendig's willingness to participate on the committee.

Chair Klapperich:

- stated that Dr. Deena Paramo was selected as the new Superintendent of Anchorage Schools;
- noted that she was selected after a nation-wide search;
- opined that it shows that there is talent in the Mat-Su Borough; and
- encouraged commissioners to rest up before the next meeting as it will probably be a late one.

## **XVI. ADJOURNMENT**

The regular meeting adjourned at 8:10 p.m.

  
\_\_\_\_\_  
JOHN KLAPPERICH, Planning Commission  
Chair

ATTEST:

  
\_\_\_\_\_  
MARY BRODIGAN, Planning Commission  
Clerk

*Minutes approved: May 16, 2016*

**REGULAR MEETING**

**1:00 PM**

**April 7, 2016**

The regular meeting of the Matanuska-Susitna Borough Platting Board was held on April 7, 2016, at the Matanuska-Susitna Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 1:00 P.M. by the Chairman, Mr. Jay Van Diest.

**1. CALL TO ORDER**

**A. ROLL CALL AND DETERMINATION OF QUORUM (by Administrative Specialist)**

Platting Board members present and establishing a quorum:

- Mr. Jay Van Diest, District #1 (Chairman)
- Mr. LaMarr Anderson, District #2
- Mr. Stan Gillespie, District #3
- Mr. Jordan Rausa, District #4
- Mr. Tait Zimmerman, District #5(Vice Chairman)
- Mr. Patrick Johnson, District #6
- Vacant, District #7
- Mr. Marty Van Diest, Alternate 1
- Mr. Gregory Pugh, Alternate 2

Staff in attendance:

- Ms. Sloan Von Gunten, Platting Division Administrative Specialist
- Mr. Fred Wagner, Platting Officer
- Ms. Peggy Horton, Platting Technician
- Ms. Amy Otto-Buchanan, Platting Technician
- Ms. Cheryl Scott, Platting Technician

**B. THE PLEDGE OF ALLEGIANCE**

- The pledge of allegiance was led by Mr. Jordan Rausa.

**C. APPROVAL OF THE AGENDA**

The Chairman, Jay Van Diest inquired if there were any changes to the agenda.

- There is request for a reconsideration.

GENERAL CONSENT: The agenda was approved with changes without objection.

**2. APPROVAL OF MINUTES**

The Chairman, Jay Van Diest inquired if there were any changes to the minutes.

GENERAL CONSENT: The minutes for March 17, 2016, were approved without objection.

**3. UNFINISHED BUSINESS**

**4. PUBLIC HEARINGS**

**A. SUNLIT FIELDS**

Sloan Von Gunten (Administrative Specialist)

- Stated that 173 public hearing notices were mailed out on March 17, 2016, to this date there have been 1 return, no objection, no non-objections, and no concerns.

Amy Otto-Buchanan (Platting Technician)

- Gave an overview of the case.

Jay Van Diest (Chairman)

- Opened the public hearing and asked any members of the public wishing to speak to come forward.

Jim Psenak (Owner of Parcel A26, T18N, R02E, Section 32)

- Concerned about the drainage on the properties concerning the culverts and driveway design.

Jay Van Diest (Chairman)

- Closed the public hearing.

Gary LoRusso (Petitioner's Representative)

- Has put a drainage design on the plat.
- Answered drainage questions from the board.

MOTION:

- Mr. Zimmerman moved to approve the preliminary plat for Sunlit Fields, seconded by Mr. Johnson.

DISCUSSION:

- Discussion on if we need more wordage on recommendation #7.
- Gary LoRusso suggested a condition for the drainage area between lot 3 & 4.

RECOMMENDATIONS:

- Add #10: Construct infiltration areas as shown on the drainage plan and construct infiltration point and the drainage easement between Lots 3 & 4.

FINDINGS:

- Add #11: Jim Psenak, owner of property to the north, stated that property has significant drainage issues. The petitioner's representative stated that engineers working on the project will ensure that drainage is mitigated.

VOTE:

- The motion passed with all in favor. There are 11 findings.

**TIME: 1:39 P.M.**

**CD: 0:35:24**

**B. ABBAS ACRES**

Sloan Von Gunten (Administrative Specialist)

- Stated that 10 public hearing notices were mailed out on March 17, 2016, to this date there have been no returns, no objection, no non-objections, and no concerns.

Peggy Horton (Platting Technician)

- Gave an overview of the case.

Jay Van Diest (Chairman)

- Opened the public hearing and asked any members of the public wishing to speak to come forward.

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

Jay Van Diest (Chairman)

- Closed the public hearing.

Douglas Abbas (Petitioner)

- Agrees with all the recommendations.

**MOTION:**

- Mr. Johnson moved to approve the preliminary plat for Abbas Acres, seconded by Mr. Gillespie.

**FINDINGS**

- Add #9: This platting action will resolve a setback encroachment.

**VOTE:**

- The motion passed with all in favor. There are 9 findings.

**TIME: 1:50 P.M.**

**CD: 0:46:34**

**C. US SURVEY 3504**

Sloan Von Gunten (Administrative Specialist)

- Stated that 9 public hearing notices were mailed out on March 17, 2016, to this date there have been no returns, no objection, no non-objections, and no concerns.

Peggy Horton (Platting Technician)

- Gave an overview of the case.

Jay Van Diest (Chairman)

- Opened the public hearing and asked any members of the public wishing to speak to come forward.

The following person spoke regarding concerns with public process and a public notice error.  
Mr. Eugene Carl Haberman.

Jay Van Diest (Chairman)

- Closed the public hearing.

Mr. Cliff Baker (SOA Petitioner)

- Explained the actions being brought forth to the board.
- Agrees with all the conditions and findings.

MOTION:

- Mr. Rausa moved to approve the vacation the 50' wide Section Line Easement within Lots 6, 11, 12, 13 & 14, US Survey 3504 and replace them with 50 and 100-foot wide Public Access Easements and 15, 20, and 30-foot wide Utility Easements along property lines, seconded by Mr. Gillespie.

FINDINGS:

- Add #14: The lots involved in this project are owned by the State of Alaska.
- Add #15: There was an objection received concerning the public noticing.

VOTE:

- The motion passed with all in favor. There are 15 findings.

**TIME: 2:08 P.M.**

**CD: 01:03:32**

## **5. MISCELLANEOUS**

A. Work Session on proposed amendments and changes to Title 43.

Peggy Horton (Platting Technician)

- Gave an overview on discussion items for the Title 43 work session packet.

**SUBSTANTIAL ITEM #15:**

- Continued the work session on the substantial listing items from the last platting board meeting on substantial #15 staff write up.

**TIME: 3:08 P.M.**

**CD: 02:03:23**

## **6. RECONSIDERATIONS/APPEALS**

**A. VISTA ROSE**

Tony Hoffman (Petitioner for reconsideration)

- Requesting reconsideration for modifying Vista Rose.

DISCUSSION:

- The platting board discussed if Vista Rose reconsideration is applicable.

MOTION:

- Mr. Zimmerman moved to reconsider the preliminary plat for Vista Rose, seconded by Mr. Pugh.

VOTE:

- The motion passed with all in favor.

**7. AUDIENCE PARTICIPATION**

Gary LoRusso

- Gave examples of what can be done during the work sessions on the agreement subject.
- Explain other aspects of the subdivision agreement and ideas for code.

The following person spoke regarding concerns with public process: Mr. Eugene Carl Haberman.

**8. PLATTING OFFICER COMMENTS**

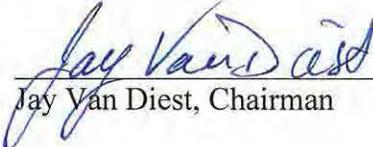
- Mr. Fred Wagner, the new Platting Officer thanked the board for welcoming him as part of the staff.

**9. BOARD COMMENTS**

- The vacant seat for District 7 has been filled by Ms. Amy Hansen.
- Ms. Josi Wilcox will be clerking the next platting board meeting.

**Adjourned 3:38 P.M.**

**CD: 02:29:28**

  
Jay Van Diest, Chairman

  
Sloan Von Gunten, Platting Division  
Administrative Specialist

**I. CALL TO ORDER**

The regular meeting of the Matanuska-Susitna Borough Port Commission was held December 21, 2015 at the DSJ Building, Lower Level Conference Room, Palmer, Alaska. Commissioner Bell called the meeting to order at 3:05.

**II. ROLL CALL**

Port Commissioners present were:

Mr. Greg Bell, Chairman  
Mr. Christopher Gates, Vice Chairman  
Ms. Helga Larson  
Mr. Steven Borell  
Ms. Claudia Roberts

Port Commissioners absent or excused were:

Mr. Noel Woods  
Mr. Paul DuClos

Staff in attendance were:

Mr. Marc Van Dongen, Port Director  
Ms. Therese Dolan, Port Secretary

**III. QUORUM DETERMINATION**

Chairman Bell determined there was a quorum present.

**IV. PLEDGE OF ALLEGIANCE**

The pledge of allegiance was led by Chairman Bell.

**V. AUDIENCE INTRODUCTION**

Assemblymen Dan Mayfield and Randall Kowalke, James Wilson, Borough Internal Auditor, and Mr. Eugene Habermen were introduced.

**VI. APPROVAL OF AGENDA**

The agenda was approved by general consent

**VII. APPROVAL OF MINUTES**

A. November 16, 2015 Regular Meeting

The Chairman inquired if there were any changes to the minutes. There were none and the minutes were approved without objection.

**VIII. GUEST SPEAKER(S) None.****IX. STAFF REPORTS**

A. Borough Manager - Mr. Wilson spoke on behalf of the Borough Manager.

Status of the Ferry:

- Mr. Wilson attended a meeting in Ketchikan regarding repairs to the MV Susitna. A senior surveyor from the insurance company has recommended full dismantling of the engines and shipping them to Kent, Washington where they were

manufactured for a complete rebuild. Instead of the initial cost estimate of \$1.3M the new estimate is between \$3 -\$4 million. We are awaiting word from the insurance company to determine if they will pay for it.

B. Port Director - Mr. Marc Van Dongen

Status of Dock Repairs:

- Work on the project will shut down over the holiday. Depending on ice and weather conditions it may not start back up until April. Pulling the wye under current conditions would be extremely difficult and could result in more damage.
- Assemblymen Kowalke and Mayfield expressed concern that they be kept apprised of any further costs in repair as the assembly must determine how to proceed with covering those costs. Mr. Van Dongen indicated that we have received one invoice to date which was for the initial \$250K. He expects another invoice in the next week which will give him a better idea what costs are remaining to finish pulling and replacing piles. He is optimistic that we will have enough funds to cover it, but it is all subject to weather and further damage.

GANNT Chart: Mr. Van Dongen reviewed updates from last month. Newest project is the Barge Dock repairs which is the priority. In the spring we will finish up the widening of Lu Young Lane. DOT will be adding another lift of asphalt to the last mile and a quarter of the road so there will be 5 inches of pavement instead of the existing 3 inches.

## **X. UNFINISHED BUSINESS**

- A. Port MacKenzie Master Plan Update: Mr. Borell suggested several minor changes and a paragraph be included in the introduction or preface of the document, addressing commodity forecasting. Mr. Gates made a motion to adopt Mr. Borell's suggested changes. Ms. Helga Larson seconded the motion and the motion carried unanimously. The changes will be submitted to the Borough Land and Resource Management Office for inclusion in the Master Plan Update.
- B. Port Commission Election of Officers: Mr. Borell and Mr. Gates were put forward as nominees for the position of Chairperson. They each spoke briefly to their qualifications. A vote was held and Mr. Borell was elected as the Port Commission Chair for 2016. Mr. Gates was elected Vice Chair.

## **XI. NEW BUSINESS**

- A. Mr. Steve Borell made a motion to pass the three resolutions listed below. It was seconded by Mr. Chris Gates and the motion carried.
- Resolution Serial numbers 15-004, A resolution of the Matanuska-Susitna Borough Port Commission in appreciation for the services of Mr. Greg Bell.
  - Resolution Serial numbers 15-005, A resolution of the Matanuska-Susitna Borough Port Commission in appreciation for the services of Mr. Paul DuClos.

- Resolution Serial numbers 15-006, A resolution of the Matanuska-Susitna Borough Port Commission in appreciation for the services of and Mr. Jordan May.
- B. Joint Assembly/Port Commission on Port Development Issues
- Mr. Van Dongen stated that he will seek clarification from Mayor Halter but it is his understanding that the mayor would like an exchange of Port Commission members and Assembly members. This exchange may also include the Port of Anchorage's Port Commission. Not sure if these will be separate committee meetings or attending the current meetings of each organization. It was decided that clarification from the Mayor is required before moving forward.
- C. Helga Larson made a motion to extend the meeting by 15 minutes. The motion carried.
- D. Regular Port Commission Meeting date, time and location.
- The Port Commission's objective was to find a standard meeting location that was accessible to the public. After reviewing possible locations and times Ms. Larson made a motion that we continue to meet the third Monday of the month at 3:00 in the lower level conference room of the Borough DSJ building. Mr. Borell seconded and the motion carried.

**XII. COMMITTEE REPORTS**

None.

**XIII. AUDIENCE PARTICIPATION** *(three minutes per person)*

Mr. Habermen expressed his concerns that the public was given no notice regarding port repairs instead it was attached to legislation for the ferry. Again, Mr Haberman expressed his displeasure at the use of the lower level conference room for Port Commission meetings.

**XIV. CHAIRPERSON'S COMMENTS**

None.

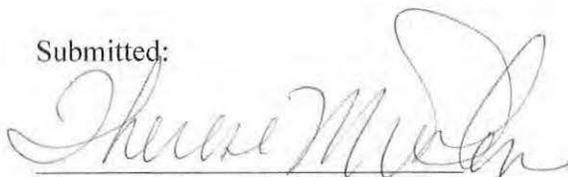
**XV. AJOURNMENT**

The Chairperson adjourned the meeting at 5:15.



Steven Borell, Chairman

Submitted:



Therese Dolan, Administrative Secretary

Minutes approved: 18 Jan 16

Matanuska-Susitna Borough  
Regular Port Commission Meeting Minutes

December 21, 2015

Page 3 of 3

# MAT-SU BOROUGH

*South colony*  
RSA 16 QUARTERLY MEETING MINUTES

RECEIVED

FEB 02 2016

CLERKS OFFICE

O&M BUILDING

6PM SEPTEMBER 16, 2015

1. Call to Order 6:08
2. Present were : Andy Weiland, Dan Monarch, Ed Strabel, and Will Barickman
3. Agenda was Approved
4. Pledge of Allegiance took place
5. Approval of previous meeting minutes
6. Person's to be heard – None
7. Staff Report - Will talked about the advantages of using RAP (Recycled Asphalt) vs Calcium Chloride for dust control with the rising cost of calcium. Will talked about the new maintenance contractor for RSA 16, McKenna Brothers, who also received the contracts RSA's 9 and 25 at a price of \$4969 per mile. The contractor had completed 50% of brushing contact in RSA 16 and was doing some optional maintenance in the RSA, such as pavement repairs. Will explained the new crack seal contract, planning to do the whole RSA every 3 years.
8. Unfinished Business
  - a) Funds used in Optional Maintenance - covered in Staff Report
9. New Business
  - a) CIP List – Reviewed and Approved list and signed resolutions (2) to transfer funds for CIP List (\$250K)
10. Establish / Confirm Meeting Dates
  - Oct 14, 2015 6PM
  - Feb 10, 2016 6PM
  - May 11, 2016 6PM
  - Aug 10, 2016 6PM
11. Member Comments – Andy asked Will about the project status of Bogard Extension and the new Tex Al Rd off of Palmer Fishhook.
12. Adjournment 6:58 PM
13. Next Meeting October 14, 2015 @ 6PM, O&M Building



RECEIVED  
MAY 13 2016  
CLERKS OFFICE

# MAT-SU BOROUGH

RSA 16 QUARTERLY MEETING MINUTES

*South Colony*

O&M BUILDING

6PM OCTOBER 14, 2015

1. Call to Order at 6:05
2. Present were: Mathew Beck, Paula Kaywood, Will Barickman, Ed Strabel, and Andy Weiland
3. Agenda was approved
4. Pledge of Allegiance took place
5. Previous Meeting Minutes were approved
6. Person's to be heard – None
7. Staff Report – Will & Paula reviewed the completion of the Bogard Extension and that it would require level 1 Maintenance by the contractor. The Government Peak Rec Rd was supposed to get an electric gate installed at the entrance but was being held up by MEA. Larose Dr. Upgrade (Farm Loop) was to have the drainage finished for “winter shutdown” by the contractor (Western Construction) and the project was to be completed Summer 2016.
8. Unfinished Business – None
9. New Business
  - a) Winter Maintenance
10. Establish / Confirm Meeting Dates
  - Feb 9, 2016 6PM
  - May 10, 2016 6PM
  - Aug 9, 2016 6PM
  - Oct 9, 2016 6PM
11. Member Comments – None
12. Adjournment 6:32
13. Next Meeting February 9, 2016 6PM at O&M Building

*Andy Weiland*  


*Feb-9 2016*  
*2/9/2016*

RECEIVED

MAY 13 2016

CLERKS OFFICE

# MAT-SU BOROUGH

O&M BUILDING

RSA 16 QUARTERLY MEETING MINUTES

6PM FEBRUARY 9, 2016

*South Colony*

1. Call to Order at 6:06
2. Present were: Dan Monarch, Alex Senta, Will Barickman, and Andy Weiland
3. The Agenda was Approved
4. Pledge of Allegiance took place
5. Previous Meeting Minutes were Approved
6. Person's to Be Heard: None
7. Staff Report: Alex and Will went over Maintenance Activities and Projects being done:  
Lingenberry Dr. had \$2200 of optional maintenance (McKenna), Larose Dr. is almost finished besides a little clean up and hydro seeding (Western), Ryder Dr. has been grubbed and cleared, most utilities moved, waiting for MTA to bore under Palmer Fishhook (Norse AK), Weltin / Lorena Dr. has been bid (Valley General), Crab Rd. Wasilla Creek culvert replacement not bid yet, Snicker Dr. is under re-design and Maverick Dr. is on hold. RSA 16 crack-seal will be completed this summer (D&S Services). Discussed the "New" Bogard and the increasing cost to maintain due to street luminaires, more sand/chips being used etc.
8. Unfinished Business
  - a) Winter Maintenance – Staff Report
9. New Business – None
10. Establish / Confirm Meeting Dates  
  
May 10, 2016 5:30PM  
Aug 9, 2016 5:30 PM ✓  
Oct 11, 2016 5:30 PM  
Feb 7, 2016 5:30 PM
11. Member Comments – None
12. Adjournment 7:15 PM
13. Next Meeting May 10, 2016 5:30 PM at O&M Building

*Andy Weiland* 5-10-16  
5/10/2016

**MATANUSKA-SUSITNA BOROUGH  
TRANSPORTATION ADVISORY BOARD**

**REGULAR MEETING MINUTES  
Wednesday, December 16, 2015**

**I. CALL TO ORDER**

The regular meeting of the Matanuska-Susitna Borough Transportation Advisory Board was held on Wednesday, December 16, 2015, at the Matanuska-Susitna Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 2:02 pm by Mr. Don Carney.

**II. ROLL CALL AND DETERMINATION OF A QUOROM**

Transportation Advisory Board members present and establishing a quorum were:

Mr. LaMarr Anderson  
Vice Chair Rick Besse  
Chair Don Carney  
Mr. Dan Elliott  
Ms. Beth Fread  
Mr. David Lundin  
Mr. Kenneth Walch  
Ms. Sonya Larkey-Walden

Transportation Advisory Board members absent and excused were:

*None*

Staff and Agency Representatives in attendance were:

Ms. Debbie Passmore, Administrative Assistant  
Mr. Brad Sworts, MSB Transportation Manager  
Mr. Mike Weller, MSB Traffic Data Technician  
Ms. Jessica Smith, MSB Planner II  
Mr. Nicholas Spiropoulos, MSB Attorney  
Mr. John Moosey, MSB Borough Manager – joined us at 2:10 pm  
Ms. Eileen Probasco, MSB Planning Director – joined us at 3:05 pm

**III. AUDIENCE INTRODUCTION**

Mr. Jim Amundsen, ADOT&PF Engineer/Architect IV – by telephone  
Ms. Melanie Nichols, ADOT&PF Planner III  
Mr. Bill Klebesadel, City of Wasilla Deputy Public Works Director  
Mr. Eugene Carl Haberman  
Mr. Scott Adams, DOWL

**IV. APPROVAL OF TODAY'S AGENDA**

MOTION: Ms. Sonya Larkey-Walden moved that today's agenda be approved; Mr. Ken Walch seconded.

GENERAL CONSENT: The agenda was approved without objection.

**V. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mr. Bill Klebesadel

**VI. APPROVAL OF MINUTES OF PRECEDING MEETING**

A. November 18, 2015 (Regular Meeting)

MOTION: Ms. Sonya Walden moved that the minutes of the November 18, 2015 meeting be approved; Mr. Ken Walch seconded.

GENERAL CONSENT: The minutes were approved without objection.

#### VII. INFORMATION FROM THE CHAIR

- Spoke about project priorities and the limited funding available to take care of our transportation infrastructure around the State
- Encouraged all of us to discuss our priorities with our legislators
- Last night the Assembly passed a resolution that urged the ADOT&PF to fulfill their responsibilities with winter maintenance on Borough roads

#### VIII. REPORTS FROM OTHER BOARDS AND COMMITTEES

##### A. AAB – Beth Fread

- Encouraged Mr. David Lundin to enjoy serving on the AAB
- Answered a question about the AAB and its involvement with drones, then
  - Reviewed the MSB website and its drone spotlight
  - Discussed the new ruling that drones must be registered with the FAA
  - Shared the current and upcoming examples of drones and technology

##### B. Parks, Rec. & Trails – Sonya Larkey-Walden

- Went over skiers and snowmachiners at Hatcher Pass and right of way access
- Reminded the Board of this afternoon's joint meeting
- They discussed the Brett Memorial Skating Rink and Pool budget with Jason Collins of Wolfe Architecture and the repairs that are needed
- They discussed selling Matanuska-Susitna Borough-owned property for less than market value for recreation purposes

##### C. RSA's – Dan Elliott

- Elected their officers for next year

#### XI. AGENCY AND STAFF REPORTS

##### A. Cities

1. Palmer – *no one today*
  2. Wasilla – Mr. Bill Klebesadel, Deputy Public Works Director
- There will be a ceremonial ribbon cutting on the Clapp/Mack Road project soon
  - Maintaining roads this winter; no new connections planned this winter
  - Brought a drone that is encoded with the no-fly zone programmed into it

##### 3. Houston – *no one today*

##### B. State Agencies

1. Ms. Melanie Nichols, ADOT&PF Planner II
- 2017-2022 STIP has been approved (brought copies)

##### C. MSB Staff

1. Mr. John Moosey, MSB Manager, and Mr. Nicholas Spiropoulos, MSB Attorney
    - a. Winter maintenance of State roads in the Matanuska-Susitna Borough
- Discussed last night's resolution which asked ADOT&PF to revise their priorities
  - Explained the laws and policies regarding not using the MSB's RSA funds for projects outside their RSA boundaries.

- Spoke about the negatives of “helping” with road maintenance that aren’t ours (expected future care, assuming legal liability, littering/contamination, etc.)
- Can we create a “mutual aid agreement” like the Fire Service Areas do? Or some kind of cooperative agreement that will help and still protect the MSB?
- Manager mentioned an editorial piece that one of the legislators did recently
- Manager has been asked by the State if we would be willing to take over the responsibilities of some of the State’s obligations in the Borough
- We have taken on some construction projects such as Big Lake Bypass, and we did it very well
- In light of the State’s tight budget, the Manager wants to make sure that we get remunerated for the work we do; we need consistent agreements with the State so that the funding doesn’t fall off because we need to take care of our citizens
- With the future State shortfall, we will probably get some natural cost shifting to us.
- Question: Is it possible to establish a separate fund to pay for the road maintenance outside the RSA’s?
  - Mr. Nicholas Spiropoulos said no, we can only maintain the roads inside the RSA with their respective RSA funds. As a Borough, we cannot maintain a road outside of an RSA.
  - We would need “Areawide Road Powers”
  - We cannot spend taxpayer dollars on State roads outside an RSA
  - Not fair to the RSA’s when we trade one road to the State but four (or more) other RSA’s get multiple new roads to maintain
  - Technically, there are two issues: 1) financing the maintenance of roads outside of our RSA’s and 2) exercising the power to maintain roads that we don’t own
  - How do we change the law to be able to exercise those powers?
    - Would need to petition the State of Alaska to clarify in Title 29 that Second Class Boroughs have Areawide Road Powers
    - Or we could go to the voters and ask them to approve the power for us to have Areawide Road Powers
    - Then we’d have the general powers to maintain roads anywhere in the Matanuska-Susitna Borough. The RSA’s would spend money inside their areas and the Borough could spend money however it wanted everywhere (2:44)
- Frustrating when the roads crisscross but the trucks can’t do the work that they’re driving over. Are these Borough or State policies?
- State: the road service areas cannot be altered/amended, cannot be abolished and cannot be combined unless all groups of the voters that are involved approve it by a vote of at least 50%.
- The Borough Assembly would be in charge of administering the vote.
- All properties within an RSA have an RSA tax.
- How does our liability exposure compare with our refusal to help take care of a road so the safety of the public is ensured? Maybe this is the time for the Borough to tackle these issues.
- How can we make the road maintenance more efficient? Currently, if we do work on a State road, we are trespassing.
- The problem is serious enough that we better start looking at solutions to these difficult problems.

- We need to start educating the community about the lack of powers of the Matanuska-Susitna Borough because we are a Second Class Borough. It is in the Borough Manager's Draft Strategic Initiative Plan.
  2. Brad Sworts, MSB Transportation Manager
    - a. Spoke on the status of Capital Projects road projects: most are in winter shutdown.
    - b. PMRE: Five of the six embankment segments built. Need \$60M to put ballast and rail on Segments 3, 4 and 5 which will provide rail access as far south as Ayrshire Road; Segment 2 is still in the process of condemning the covenants in the Ag District for the corridor.
    - c. BREE: mostly just punch list items to clean up in the spring
  3. Jessica Smith, MSB Transportation Planner
    - a. New State STIP and the funding codes
    - b. Discussion of the list of road priorities brought forward by the Assembly last night; frustrating that they don't seem to pay attention to the resolutions we send to them, nor do they contact Board members with questions about the resolutions or the projects and priorities on them.
    - c. The FAST ("Fixing Americans Surface Transportation") Act bill was passed this week.
    - d. Where is the 2017-2023 CIP list for this next year? The Board would like to see it ASAP. Eileen Probasco will address this question.
    - e. Asked that the STIP be posted online with the definitions from the State's website.
  4. Eileen Probasco, MSB Planning Director
    - a. The CIP that we saw several months ago is what will go forward this spring.
    - b. HDR has the contract for the LRTP. A portion of the funding was used for an addition to their contract. The draft will be available to us this summer.
    - c. Planning Commission/Assembly Title 43 related to transportation items. The Platting Board was anxious to review all of the changes that were recommended. The inconsistencies were reviewed and the Platting Commission has come up with a draft document. It will be introduced on December 21 at the Planning Commission meeting (starting at 6:00).

D. Tribal Organizations

*No one today*

E. Transit

*No one today*

X. PRESENTATIONS

XI. AUDIENCE PARTICIPATION (*limited to three minutes*)

Mr. Eugene Carl Haberman

- Told us that the Assembly Reso 15-115 didn't contain our Resolution of support in the packet, nor were the TAB priorities on their resolution.
- Is frustrated that the TAB put in a lot of time on these issues, but the Assembly didn't take our work into consideration.

XII. UNFINISHED BUSINESS

XIII. NEW BUSINESS

A. TAB Resolution 15-13, IN APPRECIATION OF THE SERVICES OF MR. LaMARR ANDERSON.

MOTION TO APPROVE: Ms. Beth Fread moved that we combine through unanimous consent for all three Resolutions 15-13, 15-14 and 15-15 as these resolutions express our deep appreciation and respect for the hard work and diligence to all three gentlemen; seconded by Ms. Sonya Walden.

VOTE: no objection and the passage of all three resolutions is approved.

B. TAB Resolution 15-14, IN APPRECIATION OF THE SERVICES OF MR. RICK BESSE

C. TAB Resolution 15-15, IN APPRECIATION OF THE SERVICES OF MR. KEN WALCH

Chair Don Carney personally expressed his appreciation for all three Board members.

XIV. UPCOMING MEETING REMINDER(S)

- A. Our joint meeting with the Parks, Rec. & Trails Advisory Board will be today after the TAB's regular meeting (Dec. 16, 2015, 4:30 – 6:00 pm).
- B. Our next regular TAB meeting will be on Wednesday, January 27, 2016, 1:00 - 3:30 pm in the MSB Assembly Chambers.

XV. MISC. INFORMATIONAL HANDOUTS AND COMMUNICATIONS

- A. Agenda for the Planning Commission Meeting (both Dec. 7 and Dec. 21)
- B. Meeting Deadlines for Next TAB Meeting

XVI. COMMENTS FROM THE BOARD

Ms. Beth Fread

Thanks Ken for his leadership when she first came on the Board, Rick for his technical expertise, and LaMarr for his guidance in transit.

It will be nice to see you in the future.

We do have a new TAB member, Mr. Scott Adams of DOWL.

Mr. David Lundin

Echoes Beth's thoughts

Asked that the Board staff send notices to the Board of when the Assembly agendas and packets are posted:

Ms. Sonya Walden

Really is going to miss the outgoing members

Hopes we have a great holiday season

Hopes the outgoing members stay in touch

Thanked the Board members for their help and information

Feels it was an honor and privilege to serve with them

Mr. Dan Elliott

More of the same of what everybody said  
Merry Christmas!

Asked Brad about the Assembly not having the TAB reso with Assembly reso. The staff assured the Board that the TAB resolutions are all sent to the Clerk. Has no explanation of why it wasn't attached to the Assembly's resolution.

Wondered about the needed roads and how the Borough "steers" their development, for instance, the subdivisions in Settlers Bay are getting very close to Hay Field Road. Is concerned about the lack of evacuation access like during the Miller's Reach Fire.

Brad responded that the LRTP update with our Official Streets and Highway Plan in it will be the correct place to put this suggestion. Asked that Jessica Smith let us know before it is finalized.

Mr. Ken Walch

Expresses his appreciation to all of the Board members.

Has been a pleasure working with and getting to know all of us.

Really appreciates the support from the staff: Mary Brodigan, Debbie Passmore, Brad Sworts  
Believes we have grown closer and developed a better relationship with the Borough Planning staff. This is very important as we should be working closely together.

Discussed the challenges that this Borough faces in the future including funding cuts and a growing population.

We need to update the engineering standards.

We need to update the contract documents.

We need to find more cost effective solutions to our problems. There are lots of areas here we can improve. Would like to see the TAB be more proactive.

Feels his biggest disappointment is failing to gain the TAB's and the RSA Board's endorsement of evaluating methods for improving low volume gravel roads. In terms of local service roads, believes that this is our biggest responsibility. More than any other segment of the road system, this is what's used by our residents every day. Would like to see the Board reconsider the lack of endorsement and hopes it becomes one of our priorities again.

Thanked us for giving him an opportunity to serve.

Mr. LaMarr Anderson

Enjoyed very much serving on the TAB.

Appreciates the Staff and the Borough.

Has been a great opportunity to stay involved in the issues of the Borough.

Will stay involved in transit issues.

Thinks Ken is right that we need to find a collaborative way to address the issues with work that needs to be done on State roads within the Borough. Thinks we should continue the conversation to identify the hurdles, then find a way to defeat them together.

Mr. Rick Besse

Echoes what Ken and LaMarr have said about serving on the Board.

Has been a real learning experience.

Really appreciates Brad Sworts and Debbie Passmore.

Thinks we've really done well on the CIP process with the Planning Department, and developing our relationships with the Planning Department and with ADOT&PF, and looking at the interconnectivity of the roads within the business areas of Wasilla; good to see the projects that have been done.

We need to identify projects and define how to fund them. Was disappointed when the Assembly just dropped our resolution regarding road bond projects this fall.

Thanked everybody.

Mr. Don Carney

Thanked LaMarr for his constant desire to serve and work toward a solution.

Thanked Ken for stepping up with a solution to the low volume road standards.

Thanked Rick for all the times he helped as Vice Chair of the Board.

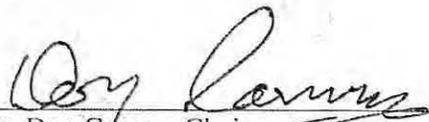
Has enjoyed immensely working with all of them and with how the Board has worked hard together these last few years.

Thanked the staff for all their help and for the Borough Planning Department for creating the new position for Ms. Jessica Smith.

Reminded the Board members to be back here at 4:30.

#### XVII. ADJOURNMENT

With no further business at hand, the meeting was adjourned at 4:02 p.m.

  
Mr. Don Carney, Chair

ATTEST:

  
Ms. Debbie Passmore, Board Admin. Support

## I. CALL TO ORDER

The regular meeting of the Matanuska-Susitna Borough Transportation Advisory Board was held on Wednesday, January 27, 2016, at the Matanuska-Susitna Borough Lower Level Conference Room, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 2:05 pm by Acting Chair Mr. Don Carney.

## II. ROLL CALL AND DETERMINATION OF A QUORUM

Transportation Advisory Board members present and establishing a quorum were:

Ms. Cindy Bettine  
Mr. Don Carney  
Mr. Dan Elliott  
Ms. Beth Fread  
Mr. David Lundin  
Ms. Sonya Larkey-Walden joined us at 2:07

Transportation Advisory Board members absent and excused were:  
None.

Staff and Agency Representatives in attendance were:

Mr. Brad Sworts, MSB Pre-Design & Engineering Mgr.  
Mr. Mike Weller, Traffic Data Technician  
Ms. Debbie Passmore, Administrative Secretary  
Ms. Jessica Smith, MSB Planner II  
Ms. Sara Jansen, MSB Planner II  
Ms. Melanie Nichols, ADOT&PF Planner II  
Mr. Tom Healy, City of Palmer

## III. AUDIENCE INTRODUCTION

Mr. Eugene Carl Haberman  
Mr. Dave Palmer, Parks, Rec. and Trails Board  
Mr. Paul Carpenter, NIT and Transit Coalition

## IV. APPROVAL OF TODAY'S AGENDA

MOTION: Ms. Beth Fread moved to approve today's agenda; Ms. Sonya Larkey-Walden seconded. Discussion to move the Presentation so it will be held before the Agency and Staff reports. The Board decided to let the agenda stand.

MOTION: Mr. David Lundin moved that we postpone the approval of the minutes until our next meeting so the Board members have a chance to read them.

VOTE: No objections and amendment passes.

VOTE: Motion to approve the agenda as amended passes without objection.

V. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mr. Brad Sworts

VI. NOMINATIONS AND ELECTIONS

A. Chair

NOMINATIONS FOR CHAIR:

- Mr. Dan Elliott nominated Mr. David Lundin; seconded by Ms. Sonya Larkey-Walden.
- Ms. Sonya Larkey-Walden nominated Mr. Dan Elliott, he declined.
- Ms. Sonya Larkey-Walden nominated Ms. Beth Fread.

VOTE FOR MR. DAVID LUNDIN: 4 yes's/2 no's; motion fails.

Yay's: Ms. Cindy Bettine, Mr. Dan Elliott, Mr. Don Carney, Mr. David Lundin

Nay's: Ms. Sonya Larkey-Walden, Ms. Beth Fread

Mr. Don Carney will continue as the Acting Chair until our next meeting.

B. Vice Chair

NOMINATION(S) FOR VICE CHAIR:

- Mr. Dan Elliott nominated Ms. Beth Fread; seconded by Ms. Cindy Bettine.

MOTION: Made by Mr. David Lundin; To postpone all elections to the February 24, 2016 meeting.

VOTE: 5 yes/1 no. Motion passes.

VII. APPROVAL OF MINUTES OF PRECEDING MEETINGS

*During the Agenda Approval, it was discuss and agreed that the approval of the minutes of the preceding meetings will be postponed to our next meeting so the Board has time to read them.*

VIII. INFORMATION FROM THE CHAIR

A. Is pleased with the snow removal and road conditions and how the RSAs have taken care of them so well.

B. Is glad that the Mayor and Assembly approved two new TAB members: Cindy Bettine and David Wilson.

XI. REPORTS FROM OTHER BOARDS AND COMMITTEES

A. AAB – David Lundin

- Attended January AAB meeting. DOWL gave an update of the RASP Phase II and the Aviation Economic Impact Study.

B. Parks & Trails – Sonya Walden

- No meeting on Monday.

C. RSA's – Dan Elliott

- Reviewed the checklist for supervisors and will have a meeting soon.

- Reviewed the checklist for supervisors and will have a meeting soon.
- Discussed the decline in State funding.
- Discussed the RSAs and/or the Matanuska-Susitna Borough taking over the maintenance of some State roads. There may be a proposal coming soon with a proposed solution.
- Discussion about the Assembly meeting last night and possible solutions with the RSA's and the FSA's helping.

X. AGENCY AND STAFF REPORTS

A. Cities

1. Palmer, Tom Healy, Public Works Director and Acting City Manager
  - a. Legislative requests for this year with handout

B. State Agencies

*None today.*

C. MSB Staff

1. Jessica Smith, MSB Transportation Planner
  - a. Project updates
    - i. RASP Phase II Economic Impact Study is available on our website. Will send out a link.
    - ii. Transportation Planning Partnership Program – forming partnerships with ADOT&PF, the cities and the Borough so we look at projects together before engineering begins on projects
2. Ms. Sara Jansen, MSB Planner II
  - a. FY 2017-2022 CIP passed 1/12/2016 and will be printed and available next week. (see handout; Sara will outline what we supported versus what the Assembly passed)
  - b. FY 2018-2023 CIP Timeline

D. Tribal Organizations

*None Today.*

E. Transit

1. Mat-Su Transit Coalition Steering Committee: New member Paul Carpenter introduced.

XI. PRESENTATIONS

- A. “Statewide Transportation Improvement Program 101 (STIP 101)” by Ms. Melanie Nichols, ADOT&PF Planner II and Ms. Jessica Smith, MSB Planner II

XII. AUDIENCE PARTICIPATION *(limited to three minutes)*

Mr. Eugene Carl Haberman voiced concern that TAB recommendations are not being considered by Assembly and Planning Commission. Voiced concern of conflict of interest regarding Dan Mayfield's testimony in reference to Big Lake during the Planning Commission. Thanked the TAB Chair for attending other MSB meetings.

XIII. UNFINISHED BUSINESS

XIV. NEW BUSINESS

- A. Ms. Jessica Smith, MSB Planner II
  1. Discuss TAB's goals and priorities for this year with the Board; to be continued in February.

2. Discussed the current code. It is old and may be in need of review and revision. Jessica will work with Law to get some of the terms clarified, then bring that back to us for review and discuss.

3. Urged the Board to think about what we want our 2016 priorities to be for discussion at our next meeting.

XV. UPCOMING MEETING REMINDER(S)

A. Our next regular TAB meeting will be on Wednesday, February 24, 2016, 2:00 - 4:30 pm in the MSB Assembly Chambers.

XVI. MISC. INFORMATIONAL HANDOUTS AND COMMUNICATIONS

A. Planning Commission 2016 Meetings

B. TAB Vacancy Report

C. Meeting Deadlines for Next TAB Meeting

XVII. COMMENTS FROM THE BOARD

Ms. Beth Fread: None.

Ms. Sonya Larkey-Walden: None.

Mr. Dan Elliott: Wants to be sure to hear about lighting on the highways

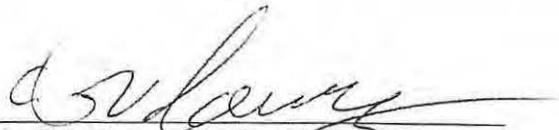
Mr. David Lundin: Had a question about the vacant TAB position.

Mr. Brad Sworts: None.

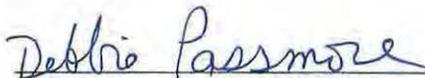
Mr. Don Carney: Just wants to thank everybody for coming. Looks forward to coming back to elections at our next meeting

XVIII. ADJOURNMENT

The meeting was adjourned at 4:29 p.m.

  
Mr. Don Carney, Acting Chair

ATTEST:

  
Debbie Passmore, TAB Clerk

I. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF QUORUM.

The regular meeting of the Matanuska-Susitna Borough Transportation Advisory Board was held on Wednesday, March 23, 2016, at the Matanuska-Susitna Borough's Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 2:09 p.m. by Acting Chair Ms. Beth Fread, Vice Chair.

Transportation Advisory Board members present and establishing a quorum were:

- Ms. Sonya Larkey-Walden
- Mr. Dan Elliott
- Mr. Dave Wilson
- Ms. Beth Fread
- Ms. Cindy Bettine

RECEIVED  
MAY 05 2016  
CLERKS OFFICE

Excused: Mr. Don Carney, Mr. Dave Lundin

MSB Staff Present:

- Ms. Jessica Smith, Planner
- Josi Wilcox, TAB Clerk

II. APPROVAL OF AGENDA

MOTION: To approve the March 23, 2016 Agenda (Wilson, Bettine).

DISCUSSION: Mr. Elliott wanted the agenda to address why the minutes from the December 16, 2015 Joint Workshop on Off-Road Vehicles (ORV) between Parks, Recreation & Trails Advisory Board (PRTAB)/Transportation Advisory Board (TAB) weren't included. Mr. Elliott also wanted to note the cancelation of the advertised PRTAB/TAB scheduled for today was due to lack of quorum from the PRTAB. Staff explained that the December 16, 2015 Joint Workshop of the PRTAB/TAB does not result in meeting minutes, as it is a workshop and not a meeting where decisions are made by the Boards.

VOTE: None opposed. Approved.

III. PLEDGE OF ALLEGIANCE

- The Pledge of Allegiance was led by Melanie Nichols.

IV. APPROVAL OF MINUTES

A. February 24, 2016 Minutes

MOTION: To approve the February 24, 2016 minutes (Larkey-Walden, Wilson).

DISCUSSION: Mr. Dan Elliott noted on Packet Page 5, Item VI C (RSAs), drop the word "here" and replace with, "met at Meadow Lakes."

VOTE: None opposed. Approved.

V. AUDIENCE PARTICIPATION

A. None.

VI. STAFF/AGENCY/BOARD REPORTS & PRESENTATIONS

A. DOT&PF

- Ms. Nichols has no report.

B. Matanuska Susitna Borough (Jessica Smith)

- Ms. Smith clarified cancellation of the March 23, 2016 PRTAB/TAB Joint Meeting. Addressed reminder on emails pertaining to “reply all,” to avoid violating the Open Meetings Act. Noted the Mayor’s newly appointed board member, Mr. Lance Wilson, is out of town but will join next month’s TAB meeting.
- Ms. Bettine requested clarification on the number of persons required to establish a violation of Open Meetings Act (OMA).
- Ms. Fread stated for the purposes of the TAB, if there are more than three of us it would establish a quorum and violate the Open Meetings Act.
- Mr. Elliott used a recent meeting as example and questioned how to handle advertising a meeting between officials and having unexpected officials drop in.
- Ms. Fread thought the advertisement for the example given had stated other members may be in attendance which may have covered it.
- Ms. Smith will clarify OMA with regards to TAB and report at next meeting.

C. City of Houston

- No representative in attendance.

D. City of Palmer

- No representative in attendance.

E. City of Wasilla

- No representative in attendance.

F. Road Service Areas (Dan Elliott)

- Mr. Elliott reported that weight restrictions are currently at 100%. This may go down to 50% if weather permits.
- Ms. Bettine inquired as to whether the TAB is involved in the RSA financial audit.
- Mr. Elliott stated he brought the material from the training he attended by MSB Finance Department. The material explains how RSAs are being charged for non-operational expenses, the charges and allocations.

- Ms. Bettine noted she had researched Fund 265 from 2011 and noticed it has increased by over a million dollars. She believes the audit is important.
- Ms. Fread inquired whether TAB should be included in the RSA audit process.
- Ms. Bettine suggested TAB request to be informed on the audit results.
- Ms. Fread requested staff draft a letter to the Finance Department requesting a report on the findings of the audit being conducted on Fund 265.
- Ms. Bettine noted the audit is for not only fund 265, but on service areas in general.
- Mr. Elliott stated that costs change due to staffing and equipment from year to year.
- Ms. Smith suggested staff could simply request a copy of the RSA Audit Report for TAB's information. A request by memorandum is likely unnecessary. Staff will follow up with Finance once the audit is complete to request a copy of the report.

G. Aviation Advisory Board (AAB)

- No report.

H. Parks, Recreation, and Trails Advisory Board (PRTAB)

- Ms. Larkey-Walden (TAB Representative to PRTAB) noted the following resolutions had been brought to the PRTAB:
  - Resolution 16-02, support for improvement at Brett Ice Arena (Passed).
  - Resolution 16-01, recommending adoption of borough recreational trails plan update (tabled for next PRTAB meeting).

VII. ITEMS OF BUSINESS

- A. Resolution 16-01: Mat-Su Borough Metropolitan Planning Organization (MPO) Self-Assessment (Ms. Lauren Driscoll, MSB Chief of Planning and Ms. Jessica Smith, Transportation Planner).

MOTION: To adopt Resolution 16-01 (Bettine, Elliott).

DISCUSSION:

- Ms. Smith introduced the resolution with a brief overview of the MPO Self-Assessment.
- Ms. Bettine requested a brief history of Resolution 16-01.
- Ms. Fread provided a brief history of TAB's activities pertaining to establishment of an RTPO from 2012 through present.
- Ms. Driscoll provided additional history and background regarding the MPO Self-Assessment. Ms. Driscoll noted that an MPO is federally mandated once an area's population meets a given density and population.
- Ms. Fread noted that a RTPO was to be a tool to help transition to MPO; asked board if they want to switch topics to discuss an MPO.

- Ms. Bettine clarified her request for history, noting a misunderstanding that the MPO designation was a mandate not a choice.
- Ms. Fread asked if anyone would like to address the subject of no choice in the matter of an MPO and stated she was concerned about the MPO Self-Assessment becoming an ordinance.
- Mr. Elliott noted he would like to hear from staff.
- Ms. Driscoll thanked the TAB for doing a good job of advising the Borough on the issue of how to prepare and plan for the actions related to the borough having a greater density. Ms. Driscoll reiterated and clarified the history and roles of TAB, the Planning Department and the Assembly with regards to RTPOs and MPOs in the MSB and in Alaska. Ms. Driscoll noted this is an effort to start preparations for likely MPO designation in 2022.
- Ms. Bettine asked if census defined area in the resolution is an accurate description and how might that census defined area change in the future?
- Ms. Driscoll said the MPO boundary would start with the urban area. The MPO then works with other MPO stakeholders on boundaries to adjust as appropriate to include likely urban areas. These are the type of details that will need to be worked out as the pre-MPO efforts move forward, between now and 2022.
- Ms. Smith confirmed that MPO stakeholders determine boundaries based on a 20-year estimate of what areas will become urbanized. MPO participants work together to update boundaries at regular intervals, with final approval by the Federal Highway Administration (FHWA).
- Ms. Larkey-Walden noted concerns with managing and funding the MPO when we can't fund our roads now.
- Ms. Smith referred to page 15 of the MPO Self-Assessment, Exhibit 3-3, which shows estimated funding to Alaska MPOs from FHWA. Ms. Smith also noted MPO Self-Assessment Page 14 and Exhibit 3-2 for example annual budgets of peer MPOs in areas such as Pocatello, ID and Casper, WY.
- Ms. Driscoll noted dollars for MPO planning are only for within the MPO boundary; planning activities outside of the MPO boundary and within the Borough are still the responsibility of the MSB. With FHWA funds, an MPO is required to produce certain planning documents which are similar to what is currently produced by MSB Planning. Ms. Driscoll also noted that there are no specified funds for RTPOs. Ms. Driscoll said the time it would take to create an RTPO in Alaska would likely be the same amount of time it would take to establish an MPO, as creation of a new statute would be time and cost intensive in addition to establishing an RTPO.
- Ms. Smith clarified that FHWA funding for MPO planning is allocated directly to the MPO.
- Ms. Bettine noted concerns about becoming more political. She asked what was the process for selecting MPO members and can the Assembly override the MPO's decisions?
- Ms. Driscoll answered that an MPO is its own separate entity. Pre-MPO efforts will need to build relationships, which takes time. The idea behind MPO preparation efforts is to start thinking regionally about transportation and learn what is needed for representation on the MPO Board.

- Mr. Wilson said he is familiar with MPO process due to several presentations by MSB staff. He clarified that the resolution is asking for support of the MPO Self-Assessment and stated he is ready to take action on this item.
- Mr. Elliott said he is ready to take action on this item.
- Ms. Fread stated an MPO is a good solution for the core area. Ms. Fread stated she had 4 pages of conflicts and concerns and disagrees with the MPO Self-Assessment's statement that the TAB is a Citizen's Advisory Committee.
- Ms. Bettine asked what Section 15.24.030 refers to.
- Ms. Driscoll clarified that Section 15.24.030 is a section of code where plans are recognized and adopted.
- Ms. Bettine stated she understands now what was meant by changing and having an ordinance and clarified that areas outside of MPO would not receive MPO funds. Ms. Bettine asked if MPO can have seats for citizens, not limited to industry or government?
- Ms. Driscoll answered that MPO Boards can have various stakeholder representatives.

VOTE: YES (Larkey-Walden, Elliott, Wilson, Fread, Bettine). Approved.

B. Proposed Table of Contents for Board Manual (Jessica Smith)

- Ms. Smith asked the Board for items to be included in a draft Table of Contents for a TAB Manual. Staff will draft the TOC for TAB consideration.
- TAB agreed to add the current Capital Improvement Program (CIP) document, the Alaska State Transportation Improvement Program (STIP), and the Assembly's adopted Top 10 Priorities to the TOC.
- Staff will return with a draft Board Manual TOC at the next meeting.

C. MSB Parks, Recreation and Trails (Hugh Leslie, Recreation & Library Manager)

- Mr. Leslie gave a brief presentation on the current activities of MSB Parks, Trails & Recreation facilities and programs. The Board asked general clarifying questions.

VIII. CORRESPONDENCE & INFORMATION (Jessica Smith, Transportation Planner)

- A. FHWA FAST Act Fact Sheet (Metropolitan Planning)
- B. US Census Urban Cluster Map Lakes-Knik-Fairview-Wasilla, AK
- C. Metropolitan Planning Organization Legislation (23 USC 134; 49 USC 5303-5306; AS 19.20.200-220; 17AAC 05 Sections 155, 165, 195, 990)
- D. MSB Projects List from 2016 - 2019 STIP

IX. MEMBER COMMENTS

- Ms. Bettine commented that she was not originally in support of the MPO, but looked at notes taken during a clarifying conversation with Ms. Smith and changed her mind. Ms. Bettine thanked staff for giving her a better understanding and is looking forward to the next step in MPO preparation.

Ms. Bettine wants to make sure that areas outside of the densely populated areas are going to have good representation.

- Mr. Wilson echoed Ms. Bettine's comments. He feels the Borough is doing a better job of reaching out to key partners and the community and wants to make sure everyone is represented.
- Mr. Elliott noted he thinks the census designated area map from the MPO Self Assessment needs to include Fairview Loop, as there is a lot of development there. He noted that he is a private citizen on this Board, in response to Ms. Fread's comment that there are no citizens on the TAB. Mr. Elliott also stated that he wants to postpone the Knik Arm Bridge and Railroad connection until the Borough can afford the projects.
- Ms. Larkey-Walden thanked Ms. Driscoll for her update; thanked Ms. Smith for her help; thanked Mr. Hugh Leslie for the update; welcomed new members; and wished everyone a good Easter.

X. NEXT MEETING

- A. Next Meeting Date: April 27, 2016
- B. April 27, 2016 Agenda Items
  - FAST Act 101
  - Transportation Planning Partnership
  - LRTP April Workshops
  - MSB Public Involvement/Outreach for Transportation
  - PRTAB Joint Meeting or Subcommittee for ORV Discussion. Ms. Larkey-Walden will follow up with PRTAB for possible meeting dates with staff.

XI. ADJOURNMENT

Meeting adjourned at 4:11p.m.

APPROVED:

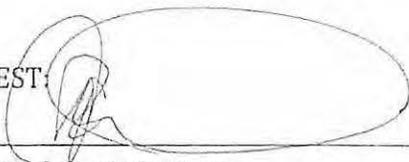


Mr. David Lundin, Chair

5-4-16

Date

ATTEST:



Josi Willcox, TAB Clerk

5/4/16

Date

Minutes Approved: April 27, 2016

**I. CALL TO ORDER**

The regular meeting of the Matanuska-Susitna Borough Wastewater and Septage Advisory Board was held on Thursday, January 14, 2016, at the MSB Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 2:03 p.m. Mr. Tom Healy chaired the meeting.

**II. ROLL CALL AND DETERMINATION OF A QUORUM**

Wastewater and Septage Advisory Board members present and establishing a quorum were:

Mike Campfield, P.E.  
Tom Healy  
Gina Jorgensen - by phone at 2:03  
Helen Munoz  
Ronald Phillips

RECEIVED  
APR 14 2016  
CLERKS OFFICE

Wastewater and Septage Advisory Board members absent and excused were:

Archie Giddings, P.E.  
Thomas Stoelting

Staff and Agency Representatives in attendance were:

Debbie Passmore, Board Administrative Support  
Mr. Terry Dolan, MSB Public Works Director

**III. APPROVAL OF AGENDA**

Today's agenda was reviewed by the Board and approved without objection.

**IV. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mr. Mike Campfield

**V. AUDIENCE INTRODUCTIONS**

Ms. Aimee Rathbun, PE, PDC, Inc. Engineers  
Mr. Cory Hinds, CH2M Hill  
Mr. Cory Adler, AK DEC  
Mr. Mark Corsentino, AWWU  
Mr. Eugene Carl Haberman  
Assembly Member Jim Sykes  
Mr. Chris Bowman, P.E., HDL

**VI. NOMINATION & ELECTION**

**A. CHAIR**

MOTION: Mr. Ron Phillips nominated Mr. Tom Healy for Chair; seconded by Mr. Mike Campfield. No other nominations were offered.

VOTE: No objections and this nomination was unanimously approved.

**B. VICE CHAIR**

MOTION: Mrs. Helen Munoz nominated Mr. Mike Campfield as Vice Chair; seconded by Mr. Ron Phillips. No other nominations were offered.

VOTE: No objections and this nomination was unanimously approved.

**VII. APPROVAL OF MINUTES OF PRECEDING MEETING**

A. Minutes for the November 10, 2015 meeting were reviewed by the Board.

VOTE: The minutes were approved as amended without objection.

**VIII. PRESENTATIONS**

A. Cory Hinds, CH2M Hill: "Financial Analysis for Mat-Su Borough Septage & Leachate Facility"

**IX. AUDIENCE PARTICIPATION (Three minutes per person)**

Mr. Eugene Carl Haberman

- Asked that we correct the name of this section to "Audience Participation"
- Was unhappy with how small the text and PowerPoint presentation handout was
- Wants the public to be able to speak AFTER the Agency and Staff Reports

**X. AGENCY AND STAFF REPORTS**

A. City of Wasilla – none today

B. City of Palmer – Mr. Tom Healy, Public Works Director

- a. Spoke on the work being done in completing the facility plan for the upgrades to the wastewater facility in Palmer.
- b. Doing some geotechnical work and drilling on the site now.
- c. Report should be done next week; facility plan should be done in early February. Will share it with the group when it's available.

C. City of Houston – Ms. Gina Jorgenson, City Council Member

- a. City of Houston is working on the marijuana issue now

D. Anchorage Water & Wastewater Utility, David Persinger, P.E.

- a. Working on the "cost of service study" but no report yet
- b. The Board is welcome to come and tour their facilities
- c. Eagle River system currently discharges to Eagle River
- d. EPA gave Anchorage a waiver for primary in 1986

E. Matanuska-Susitna Borough – Mr. Mike Campfield, P.E., Environmental Engineer

- a. We got the Assembly authorization to apply for some DEC loans for the leachate system at the landfill but that is independent from this project
- b. Will talk later about the work session with the Assembly on January 26

F. State of Alaska - DEC- Mr. Clint Adler – nothing today

**XI. UNFINISHED BUSINESS**

None

**XII. NEW BUSINESS**

A. An Assembly work session for the septage & leachate facility project is scheduled for January 26<sup>th</sup> at 4 p.m. in the Assembly Chambers.

Discussion with Mike Campfield about the purpose of the meeting and the agenda.

Wants to bring the new Assembly members up to speed on the project and discuss the financial options.

**XIII. INFORMATIONAL HANDOUTS AND COMMUNICATIONS**

A. Next meeting's deadlines

**XIV. COMMENTS FROM THE BOARD**

Mr. Ron Phillips

- Thinks it would be good to know how many Wasilla and Palmer systems are not in the community systems. The more numbers we can add to the people who will help pay for this will make a big difference.

Mr. Mike Campfield

- That's a good question and we need to figure that out
- Remember that the information about who's got septic systems in what boundary will only be applicable to the bonding option
- If there's anything else the Board would like to see in this presentation, let him know

Mrs. Helen Munoz

- Is just stubborn enough to see this thing done
- Believes that only 15% of our population are on city sewer
- Has spent years working in the business both here and in New York
- It's something that has to be done: it has to do with health and our future

Ms. Gina Jorgensen

- No comment

Mr. Tom Healy

- Looks forward to the joint meeting
- Does the Borough have a service area for the septage facility?

Mr. Mike Campfield

- No, there're not service areas for sewage outside of Talkeetna
- There are small community systems like Settlers Bay, one small subdivision in Meadow Lakes and little pockets here and there
- They are set up through homeowners' associations, not through the Borough
- There are some LID's for water systems; possibly there could be some for sewer LID's in the future

**XV. NEXT MEETINGS**

- A. Work Session with the Assembly on Tuesday, January 26, 2016 in the MSB Assembly Chambers.
- B. Thursday, March 10, 2016, 2:00 p.m. in the MSB Assembly Chambers

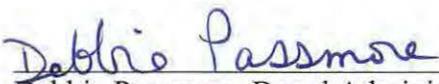
Mr. Mike Campfield, MSB Environmental Engineer asked that we move that meeting to the 8<sup>th</sup>. Debbie will check with the Clerk's office and confirm a new date with the Board.

**XIV. ADJOURNMENT**

With no further business at hand, the meeting was adjourned at 2:58 p.m. by Mr. Tom Healy.

  
\_\_\_\_\_  
Mr. Tom Healy, Chair

ATTEST:

  
\_\_\_\_\_  
Debbie Passmore, Board Administrative Support

# West Lakes Fire Service Area Board of Supervisors

---

**Meeting Minutes**  
West Lakes Station 73  
1250 Spring Drive, Meadow Lakes, Alaska  
**March 14, 2016**

RECEIVED  
APR 29 2016  
GLENNA'S OFFICE

## CALL TO ORDER:

Chair William Browne called to order the regular meeting of the West Lakes Fire Service Area Board of Supervisors at 6:04pm on March 14, 2016 at Station 73 at 1250 Spring Drive in Meadow Lakes

## PLEDGE OF ALLEGIANCE

### ROLL CALL AND DETERMINATION OF QUORUM:

Board members present and establishing a quorum:

Chair William Browne, Cathi Kramer (by phone), Steve Simpson, and Gerard Billinger

Also present:

Assemblyman Dan Mayfield, Assemblyman Randall Kowalke, Chief John Fairchild, DES Director Bill Gamble, WL Secretary LuJean Fetchenhier, Battalion Chief Jim Keel, Captain Larry Fetchenhier

## APPROVAL OF AGENDA

### APPROVAL OF MINUTES – FEBRUARY 8, 2016

The minutes were approved as written.

## CHIEF'S REPORT:

- Our prevention officer reports that they have installed 11 smoke alarms, 5 CO detectors in five separate structures and nine residences. So far this year they have done 25 smoke alarms, 6 CO detectors in nine structures and 30 residences. Lt. Roistacher has also been attending the LEPC meetings. They have started going into the schools as "firefighters as role models" for school activities. They are going to different schools once or twice a week, but not doing fire prevention. They are helping the kids read, doing a science project, or attending a science fair. This will be going on throughout the remainder of the school year.
- The Miller's Reach commemoration has not moved very far. (Ms. Kramer will be updating soon.)
- The mechanic has been starting to do annual inspections on the apparatus. We found quite a bit on Engine 711. It is done now and he is starting on the next one. Each truck will be out for 4 or 5 days at a time. *Director Gamble noted that West Lakes is the first Fire Service in the Borough's history that has been able to do annual inspections instead of just fixing one crisis after another. This was the main goal in hiring a separate mechanic and is a national requirement.*
- With the weather the way it is and has been, we are ramping up for wildland season right now. We are getting everything set up. One of the sanders has been removed and replaced with a pump and is out at Station 82 full of water and foam ready to roll. We've already had four forestry calls just in our area.
- Station 73 meetings have been happening weekly for planning. We have a rough square footage and will be going through the rooms at 51 to see what works for us and what

# West Lakes Fire Service Area Board of Supervisors

---

- doesn't. This draft also includes the DES offices. The Fleet Maintenance facility has been mentioned in discussions about adding on to Station 73. We are designing one bay as a maintenance bay for our mechanic so to add more would just be a duplication.
- We have put in for another Forestry grant. We will repair the pump from the Sockeye fire, buy a portable King radio that gets sent out with a deployed crew, fire shelters and spyder packs that hold gear.
  - The tank design for Tanker 721 has come in. We are about six weeks out from getting this tank ready to go. They will tear out all the plumbing and change everything to stainless. The support members will be fixed all down through the belly. The new bid is at \$97,272 which is still lower than the initial bids from the other companies. We are hoping the second tanker will go faster because some of the problems are known.
  - The workout and gear storage facility has a bad septic system. It may cost about \$8000 to repair the system.
  - The CIP list for the state legislature has five projects for 2018-2023 budgets. Replace two support vehicles – F350 crew cabs, a tanker replacement for the old 1985 Grumman, a replacement for the ladder truck – we would want to get one of the new 90 or 107 single axle trucks to get in and out of driveways and these tight radius' and replace that old '84 surplus we got a while ago. We would still like to get a couple ATVs to give us the ability to respond to off-road situations and Forestry wants us to have ATVs to get crews out to fire areas. The final thing is the jack system for the mechanic for the new station. It is about \$100,000 and would lift a truck just like what is at the maintenance bay now. It would get them up where he could get under them rather than laying on the floor or waiting for time to use the lift at the fleet shop. This list has to be turned in on March 18.
  - We are going to put on our own BFF class because we have six very good candidates and I'll be interviewing two more. It sounds like Houston and Willow may each have one too. Central could only give us two slots in their class, so we are going to schedule our own class to get these very good young people into our department.
  - The live burn through Central is scheduled out at Point Mac for this week-end and next. We'll be sending a tanker with an engineer, officer and 2 firefighters. They are estimating 12 to 18 fire exercises a day.
  - BC Keel is working on hose repair and getting some back into service.
  - From our CIP budget we've ordered \$16, 000 worth of pagers and will be ordering radios too.
  - Burn permits are required starting April 1. Until then, everyone needs to be reminded to be very careful. The burn permits have changed to enable better tracking. There are new burn barrel regulations. This is public information that needs to be disseminated.

## DIRECTOR'S REPORT:

- I am in the budget process and preparing a presentation for the Assembly. It is a learning curve figuring out where the money comes from and where it is supposed to be. There have been some areawide and non-areawide monies that have been co-mingled in the past. We are trying to resolve that. We have started the process of separating them into subdivisions of areawide and non-areawide. For example, fleet maintenance is paid for on a percentage basis from the non-areawide funds of fire service areas and areawide funds for DES Admin, EMS, Rescue and water rescue. The money left over at the end of the fiscal year will go back to the non-areawide accounts in the same percentages that it was paid in so they aren't just giving their money to areawide. Another division that we looked into was Emergency

# West Lakes Fire Service Area Board of Supervisors

---

Management. Our Emergency Manager was under the Admin budget, but all the people who worked for him were 1000 hour or responder positions whose wages came from areawide DES instructor or FSA instructor pay. So we pulled Emergency Management out from under Admin and created its own budget. Now we have funded the full-time position and two 1000 hour employees out of areawide money that they should be, but we need to figure out how to fund the other on-call positions.

- The state is de-funding the Dept. of Forestry which is shifting the financial burden more onto the local government and the local communities. They are asking us to do their job. I'm hoping the Assembly will address this with the state legislature. Likewise with Rescue, the Dept. of Public Safety is de-funding the troopers. The Pittman station is probably going to close down. The off-road rescue falls to the local services when, by state statute it is the troopers responsibility. It costs us hours, it costs us manpower, it costs us wear and tear on our equipment to go out and do their jobs for them. The state needs to understand the ripple effect. They are not just de-funding a department, they are shifting the financial burden.
  - The borough has been working on a job description and pay rate reclassification project. The correction of discrepancies in what full-time and on-call employees' hourly wages may affect the Fire Service Area budgets.
- ❖ Chair Browne asked about the "forensic audit". Mr. Mayfield responded that the audit is going to happen. The assembly members have received the report that is produced at the end of an annual audit. There were some exceptions that were noted in the report. They were about the same issues that the board has been questioning about no real tracking in where some of the money goes. There are some mistakes that have been made. The temporary Finance Director, Ms. Heindel, puts forth a good effort. She has been invited to attend FSA and RSA Board meetings. Ms. Clayton is on leave.
  - ❖ The Assembly did take action on monies that had been redirected from the Central FSA. There is more that needs to be corrected.

The Block Party in June is on track. Would like to get an example of a burn barrel – the clearance around and what it should look like. Also the fire extinguisher prop that teaches people how to use them. Maybe even a fold-a-tank to show them how to use a pump. The food will be at the Library so we will probably need crossing guards.

**Next meeting is a joint meeting scheduled for April 11, 2016 at 7:00pm at Station 73.**

**The meeting adjourned at 7:00 PM**

# West Lakes Fire Service Area Board of Supervisors

---

William A. Browne

WILLIAM BROWNE, Chair, West Lakes FSA B.O.S.

ATTEST:

Lujean Fetchenhier

LUJEAN FETCHENHIER, Secretary, West Lakes FSA F.D.

Minutes approved: 4/11/14 (WL FSA B.O.S.)

# Joint West Lakes and Central Mat-Su Fire Service Area Boards of Supervisors

---

**Meeting Minutes**  
West Lakes Station 73  
1250 Spring Drive, Meadow Lakes, Alaska  
**April 11, 2016**

RECEIVED  
MAY 24 2016  
CLERKS OFFICE

## CALL TO ORDER:

Chair William Browne called to order the regular meeting of the **West Lakes Fire Service Area Board of Supervisors** at 7:05pm on April 11, 2016 at Station 73 at 1250 Spring Drive in Meadow Lakes

## ROLL CALL AND DETERMINATION OF QUORUM:

Board members present and establishing a quorum for West Lakes:

Chair William Browne, Vice Chair Rae Arno, and Steve Simpson.

Board members present and establishing a quorum for Central Mat-Su:

Chair Ken Slauson, Dan Tucker, Carol Christiansen, Jimmy Jameson, and Vice Chair Dave Eller.

Also present:

DES Director Bill Gamble, District 1 Chief James Steele, District 2 Chief John Fairchild, West Lakes Secretary LuJean Fetchenhier, West Lakes Battalion Chief Jim Keel, Assemblyman Randall Kowalke, Karen Kowalke, Brian Davis, Ken Gittlein, and DES Deputy Director of Fire Ken Barkley

## PLEDGE OF ALLIEGIANCE

## APPROVAL OF AGENDA

## APPROVAL OF MINUTES – March 14, 2016

- A. The minutes for Central Matsu noted this joint meeting taking place at Station 61. They were amended to reflect the location change.
- B. The West Lakes minutes were approved as written.

## CHIEF'S REPORT:

### A. Chief Fairchild – West Lakes

- For Prevention/Public Ed we will be setting up for the Gun Show April 23 & 24. We have a burn barrel example set up according to code. With our extinguisher prop we can also teach people how to use fire extinguishers. We also have the 20 year commemoration of the Millers Reach Fire coming up in June.
- The annual preventative maintenance that was our goal with our mechanic is in progress. We have 3 units done; this is really working. We are getting set up for wildland season.
- We have two pieces of property that are asking to be annexed into the Fire Service Area. Mr. Gittlein is working with the borough Clerk's office to get his petition signed for the homeowners on Carney Road. Also John Himmelright out on West Lake wants to annex in. It is just his property and one other homeowner. The rest of that area is empty land belonging to a native corporation.
- Station 73, we have our square footage pretty much settled on. Director Gamble is working on the COP financing.

# Joint West Lakes and Central Mat-Su Fire Service Area Boards of Supervisors

---

- Tanker 721 is having its tank built right now. They have started working on the plumbing. We are hoping to have it back in May and send the other tanker down.

## B. Chief Steele – Central Matsu

- From the tracking report – station 62 has no change in status. There is a public meeting for the Phase II on April 26 from 5:30 to 8:00 pm at Settlers Bay Lodge. They are supposed to be presenting some of the design information for access to Station 62.
- Station 65 signage is being done this week. Then the building will be painted.
- Our new squads were in service, but we started to have brake problems. We contacted EJ Metals, the manufacturer; they installed the wrong brake systems. They are sending the new ones and Kendall Ford will be installing them. Howard Smith, the new manager for Fleet Maintenance, has done a really good job with following up on that.
- The Firefighter Driver/Operator position has received 8 viable applicants and will be doing the written test this week. The interviews and Physical Agility tests will then be scheduled. *Wasn't there a pool of applicants from the last round of hiring?* There was a large difference in the scores between the top and the bottom scorers.
- I did get some figures about our assessed valuation of area properties. It actually went up by \$273,643,924. The total assessed property values in the Central Matsu Service Area is roughly \$4.8 billion. This is not certified, it is a best guess.

## NEW BUSINESS

- A. West Lakes has a few properties off of Carney Road that want to be annexed into the Fire Service Area. Mr. Gittlein is here representing eight property owners of about 130 acres. He is working on getting the petition signatures. The area has been inspected for proper fire access and it is very good. If the signatures needed are done by next month's meeting, the Board can do the resolution at that meeting (May 9). All property owners should be notified, but only 50% of the signatures are required by Borough code. The other area we have is North Himmelright Way out by Horseshoe Lake on West Lake. There are two five acre parcels that would like to be annexed into the service area. That area has been inspected also.
- B. A letter has been prepared thanking the retiring fleet mechanic for his years of service to Emergency Services and the Borough.
- C. The Station 65 project money that was misdirected has been returned through the efforts of the Assembly. There were also some funds that got misdirected to a Road Service Area that have been returned.
- D. Chair Browne asked Mr. Kowalke if he knew whether the \$83,000 that was inappropriately taken from the West Lakes budget would be returned. Mr. Kowalke stated he did not know the answer yet. The forensic audit has not yet started, but Mr. Kowalke sent a reminder to the Borough Manager to get it started and insisted that the auditors be directed to have contact with the Directors from DES to communicate about the concerns the Boards have.
- E. Director Gamble spoke about the tax cap on the Fire Service Area mill rates. Last week we got an email from the Finance director that says Central Matsu's mill rate cannot go up, it stays at 1.99 and the West Lakes mill rate cannot go up to the 2.2 that the Board recommended, it can only go to 1.92. So I asked for clarification from the Finance Director, which I still have not received. I went to the Borough Attorney to try and get a quick idea of how a revenue cap works. He said the Assembly set a revenue cap years ago. It can only go up based on the CPI and another index. The CPI that they use is for Anchorage and this fiscal year it was less than 1%. The other index was less than 3 or 4% which is what the assessed value of our properties went up. If your

# Joint West Lakes and Central Mat-Su Fire Service Area Boards of Supervisors

---

assessed property value is more than what those indexes are, the mill rate cannot go up. West Lakes has not raised the mill rate for several years, but the assessed values have not gone up more than those indexes, so the mill rate cannot go over the 1.92 set by those indexes. It's very confusing. Tomorrow at the Budget Presentations before the Assembly, the Finance Director, Tammy Clayton is supposed to explain this revenue tax cap. The attorney said this is how the Assembly calculates the cap now, but there have been several interpretations of the cap and how it is calculated since it was put in place in 2005. I hope to understand better after tomorrow's meeting what the Assembly can and can't do as far as the Fire Service Areas are concerned. *Chair Slauson expressed some concerns about the timing of this issue. Why is the Finance Director suddenly stressing this obstacle to our budgets? This is not something that has changed in the code in the last couple of months, so why weren't we directed to consider this months ago when we were preparing budgets based on revenue and considering our mill rates? Our mill rates were due in to Administration in January. The Finance Director sat at the table with us in December and never breathed a word of this. Also, I am very confused by the explanation of the tax cap and would like to request a written explanation be presented to all of us by the Finance Director or the Attorney. I am concerned we have a tax cap but no certified value for the assessed valuation. I am also aware that there is wording in the Borough code that says the tax cap does not apply to the Service Areas. What was the intent of the Assembly?*

On another note, I have to present the Fire Service Area budgets to the Assembly tomorrow, but they have not been released by the Finance Department. I will have to go with what everyone has proposed and we will adjust later on, but we don't know what that adjustment is going to be. Is it going to be hundreds of thousands of dollars or millions of dollars? The numbers are not out of Finance. I was told April 19 was the deadline for Finance to have the budgets ready, but I have to present them on April 12.

*Mr. Christiansen asked if the mill rate can be increased with a vote of the people. Mr. Kowalke said yes he thinks it is possible.*

- F. The lease for the Fleet Maintenance facility on Main Street in Wasilla expires next May (2017). There are several options: one is to build a fleet maintenance facility. Several months ago Director Gamble made a persuasive case for adding on to the design of Station 73. Another option is to lease a space for the interim. The Central Board is considering an option of expanding the warehouse space at Station 62 for temporary fleet maintenance use, but this has not been envisioned in the budget. This has to be figured out in the next six months because it will take time for any transition to a different facility and probably include some unavoidable down time. The "do-nothing" option is also out there. The Borough says not to worry, that the City of Wasilla won't just kick us out. We do have the lease for the old Station 5-1, but size is an issue. Any option is going to require money for any interim facility. It could be possible to let the public decide and bond for the money. Right now, fleet does crisis management, not preventative maintenance. The number of vehicles had quadrupled, but only one more mechanic has been hired in the last 10 years.

## PERSONS TO BE HEARD

Mr. Christiansen introduced Brian Davis as a potential Board member.

**Next Meetings: Regular Board of Supervisors meetings to be held at each board's regularly scheduled location, date, and time. The next Joint Board meeting is scheduled for Monday, August 8, 2016 at 7pm at Station 61.**

**The meeting adjourned at 8:30 PM**

**WEST LAKES FIRE SERVICE AREA**  
**Board of Supervisors**

P.O. Box 298389, Meadow Lakes, Alaska 99629-8389



**BOARD OF SUPERVISORS**

Bill Browne, Chair  
Rae Arno, Vice Chair  
Gerard Billinger  
Kathi Cramer  
Steve Simpson

**DISTRICT CHIEF**

John Fairchild

**AGENDA**

**Public Safety Building Station 7-3**  
**1250 South Spring Drive, Meadow Lakes, Alaska**

**JOINT MEETING: WEST LAKES – WASILLA-LAKES**  
**7:00 P.M. — Monday, 11 April 2016**

- I. CALL TO ORDER
- II. ROLL CALL / DETERMINATION OF QUORUMS
  - A. West Lakes
  - B. Wasilla-Lakes
- III. APPROVAL OF AGENDA
- IV. APPROVAL OF MINUTES OF PREVIOUS MEETINGS
  - A. West Lakes
  - B. Wasilla-Lakes
- V. REPORTS
  - A. John Fairchild, District 2 Chief
  - B. James Steele, District 1 Chief
- VI. NEW BUSINESS
  - A. Annexation of new property into West Lakes FSA
  - B. Central: Letter thanking mechanic
  - C. Report on improperly diverted funds from Station 6-5
  - D. Report on improperly diverted funds from West Lakes budget
  - E. Impact of tax cap on our mill rates
  - F. Impact on fleet maintenance when old facility reverts to Wasilla
  - G. \_\_\_\_\_
- VII. UNFINISHED BUSINESS
  - A. \_\_\_\_\_
  - B. \_\_\_\_\_
- VIII. DETERMINATION OF NEXT JOINT MEETING
- IX. PERSONS TO BE HEARD
- X. ADJOURNMENT

Next Meetings: Regular Board of Supervisors meetings to be held at each board's regularly scheduled location, date, and time



MATANUSKA-SUSITNA BOROUGH  
Department of Emergency Services, District 1  
**Central Mat-Su Fire Department**  
101 West Swanson Avenue • Wasilla, Alaska 99654  
Phone (907) 861-8000 • Fax (907) 376-9252



## MEMORANDUM

DATE: April 11, 2016  
TO: Kenny Crump, Mechanic Extraordinaire  
FROM: Central Mat-Su FSA Board of Supervisors  
SUBJECT: Thank you! Thank you! Thank you!

---

Kenny,

We, the Board of Supervisors for the Central Mat Su Fire Service Area, congratulate you on your retirement and thank you for your years of service.

For twenty years, you have been a crucial part of keeping the apparatus, and ultimately this department running! Years of late calls, long hours, and your willingness to go the extra mile have been crucial to the day to day operation and success of this department. You have been a tremendous asset to our community, and we thank you for your commitment.

You will be missed, we are grateful for your service. Kenny, thank you!

Congratulations on reaching this milestone! We wish you all the best in the future!

With Gratitude,

CC: William Gamble, Director, Emergency Services  
John Moosey, Borough Manager

### 3.04.075 TAX LEVY LIMITATION. [SHARE](#)

(A) Except as provided in this section, the total amount of borough tax that can be levied during a fiscal year shall not exceed the total amount approved by the assembly for the preceding year by more than a percentage defined by adding the percentage increase in the Federal Urban Consumer Price Index for Anchorage from the preceding fiscal year plus the average percentage growth or loss in the Matanuska-Susitna Borough population over the preceding five fiscal years as determined by the Alaska State Department of Community and Economic Development.

(B) The limitations set forth in subsection (A) of this section do not apply to the following:

- (1) taxes on new construction or property improvements which occur during the current fiscal year;
- (2) taxes required to fund additional services mandated by voter approved ballot issues;
- (3) special taxes authorized by voter approved ballot issues;
- (4) taxes required to fund the costs of judgments entered against the borough or to pay principal or interest on bonds including revenue bonds; and
- (5) additional taxes collected in service areas under mill rates specifically approved by service area residents.

(C) Any tax increases which result from the exceptions set forth in subsection (B) of this section shall be added to the base amount used in subsection (A) of this section for the calculations of the subsequent year tax increase.

(Ord. 05-130, § 2, 2005)

### 5.15.019 TAXES, CHARGES, AND ASSESSMENTS. [SHARE](#)

The assembly may levy or authorize the levying of taxes, charges, or assessments in service areas to finance the services. If the assembly authorizes the levying of taxes, charges, or assessments, the rate of taxation and issuance of bonds shall remain subject to the approval of the assembly.

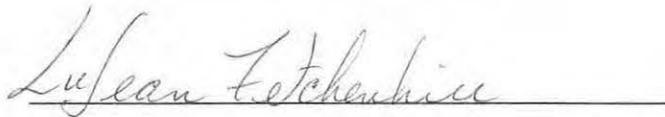
(Ord. 94-001AM, § 6 (part), 1994)

# West Lakes Fire Service Area Board of Supervisors



WILLIAM BROWNE, Chair, West Lakes FSA B.O.S.

ATTEST:



LUJEAN FETCHENHIER, Secretary, West Lakes FSA F.D.

Minutes approved: 5/9/16 (WL FSA B.O.S.)

RECEIVED  
MAY 05 2016  
CLERKS OFFICE

**Willow Fire Service Area  
Board of Supervisors**

**Regular Board Meeting  
Meeting Minutes:**

March 10<sup>th</sup>, 2016

I. **CALL TO ORDER**

Board Chair G. Boeve called the Board of Supervisors Meeting to order on Thursday, March 10<sup>th</sup>, 2016, at 7:04 p.m. at the Nancy Lake Fire Station, Mile 64 Parks Hwy, Willow, AK 99688.

II. **ROLL CALL OF BOARD MEMBERS/ AFFIRMATION OF QUORUM**

Board Members Present: Board Member Gordon Boeve, Phil Rhode, Doyle Holmes

*Board Chair affirms quorum is present.*

Administrative Staff Present: Deputy Director Ken Barkley, Chief Mahlon Greene, Kel Jacobs, Tiffany Davidson, Cicely Boeve, Capt. Leo Lashock, Lt. Jon Grogan, Lt. Nathan Graber, Amber Holod, David Skirvin, Faith Kolean

Assembly Member Present: None

Audience Present: Tamara Boeve, Talon Boeve, Valarie Schachle, Ed McCain, Kathy Watkins

III. **PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA:**

IV. **MINUTES**

A. Discussion & Possible Action – Regular Board Meeting – February 11<sup>th</sup>, 2016

**Board Member D. Holmes motions to approve the minutes of the February 11<sup>th</sup>, 2016, Regular Board Meeting, P. Rhode seconds the motion.**

Vote conducted to Approve, **MOTION CARRIED**

AYES: Boeve, Holmes, Rhode

NAYS: None

ABSTAIN: None

### Old Business:

- A. 12-1 \$100,000 grant status
- ❖ Chief Greene leaving alone at this time, don't want to chance losing it, still have 3 years left on grant.
- B. 4-mile status (station 12-4)
- ❖ Chief Greene reports David Stedman, capital projects, contacted him with moving forward. Meeting on March 11<sup>th</sup>, 2016 with Finance will show balance in reserve fund. Need \$50,000-\$70,000. Discussion about what original grant consisted of and what was left.
  - ❖ Audience member E. McCain would like to see bids with water tanks as an alternate so we could at least get started this construction period.
    - i. Discussion on the importance of building station with the underground water storage tank vs after it was built.
  - ❖ Staff member K. Jacobs requests the board to entertain a motion to name station 12-4 after deceased responder Laurie "Scooter" McCutcheon.
    - i. Deputy K. Barkley will look into the procedures to name a Borough Building.
    - ii. Board Member D. Holmes feels there are other names as well to be considered.
- C. Nancy Lake status (station 12-6)
- ❖ Changes in the plans have been submitted – Start around April 1<sup>st</sup>, 2016.
  - ❖ Introduced to legislation to be on March 15<sup>th</sup>, 2016 meeting, meeting April 5<sup>th</sup>, 2016 for approval.
    - i. Board member G. Boeve wrote a letter on behalf of the board recommending approving construction with the pump.
- D. Willow/Caswell Merger
- ❖ Taking it slow, just brought up for awareness.
- E. Fiscal Year 2017 Budget
- ❖ Submitted. To be Borough Assembly approved by April 12<sup>th</sup>, 2016.

### New Business:

- A. Budget 2015/2016
- ❖ Non-Employee Compensation – Budget \$76,000. Shows in July \$23,255.99 was expensed out due to Sockeye Fire. Average \$4,500 - \$5,000 a month. January showed \$9,000 due to Fire Classes. Mike Newman did spreadsheet. To stay positive Willow needs at least \$16,000 for remainder of fiscal year. Current balance as of end of February is \$14,000. Other line items look good.
    - Money reimbursed from State Of Alaska for Sockeye Fire went into the reserve account.
    - Need Board Approval & two Assembly Meetings to move money from the Reserve to the Line Item.
      - 1. Board Member D. Holmes states Borough Manager can move up to \$25,000 without legislation. We should look at other items we may need and might not need to go thru legislation and will check. Will know by March 11<sup>th</sup>, 2016
    - Duty Shifts and some training have been cut till funds are moved.

1. Audience member Tamara Boeve would like to see legislation so we can restore duty shifts/training as we've already been reimbursed for the wages.

- **Board Member D. Holmes motions to ask for legislation approval to move \$20,000 from fund balance to non-employee compensation, P. Rhode seconds the motion.**

Vote conducted to approve, **MOTION CARRIED**

AYES: Boeve, Holmes, Rhode

NAYS: None

ABSTAIN: None

#### B. Miscellaneous

- ❖ Deputy Director K. Barkley looking into a few different responder systems
  - Uses responder's cell phone to click on link for direction
  - Shows Officer who is responding and allows them to direct the responder as needed.
  - No contract with Borough.
  - Flat fee \$12.75 a year per responder
  - Board members can opt into program
  - More discreet/private pages
- ❖ Looking at different fire programs
  - Firehouse vs Anfirs
  - Imagetrend which is used by EMS and would be easy to sign up
  - Looking at other programs too.
- ❖ Proposes quarterly meetings between Willow and Caswell Boards since both areas work close together. Central (Wasilla) and Westlakes also do this and works well together.

#### C. Chief's Report

- ❖ February Runs: 15 calls: 2 controlled burns, 6 medical assists, 2 canceled enroute, 4 building fires in Westlakes area, 1 good intent call.
  - March 8<sup>th</sup>, 2016 fire on Buckingham ended up being a fire that exploded. Everything burned down.
  - Iditarod had standby crew with Rescue/Fire/EMS/Off-road Rescue. Butte had their Off-road there. EMS got very busy with falls and slips and got overwhelmed. No major injuries.

#### D. Person's to be heard

- ❖ Audience member E. McCain wanted to pass on that he paid his insurance premiums at an 8b rating., \$100 cheaper. In the next month if you are renewing your policy have them check the ISO rating.
- ❖ Audience member Talon Boeve thanks all department personnel for attending the meeting.

#### E. Announcements

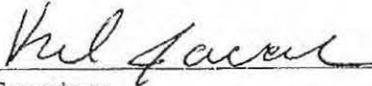
❖ None

F. Board Comments

- ❖ Board member G. Boeve asked Chief M. Greene how many new people do we need to recruit to help lower ISO below 8b. Chief M. Greene stated need to consistently have a certain amount of people responding to calls. Water is #1 with ISO rating.

Next Meeting: April 14<sup>th</sup>, 2016 7pm, at Nancy Lake Fire Station

Adjourned: 7:56pm



Secretary

Approval April 14th, 2016



Chairman

**Willow Fire Service Area  
Board of Supervisors**

**Regular Board Meeting**

Meeting Minutes:

April 14<sup>th</sup>, 2016

RECEIVED  
MAY 17 2016  
CLERKS OFFICE

I. **CALL TO ORDER**

Board Chairman Gordon Boeve called the Board of Supervisors Meeting to order on Thursday, April 14<sup>th</sup>, 2016, at 7:00 p.m. at the Nancy Lake Fire Station, Mile 64 Parks Hwy, Willow, AK 99688.

II. **ROLL CALL OF BOARD MEMBERS/ AFFIRMATION OF QUORUM**

Board Members Present: Board Member Doyle Holmes, Gordon Boeve, Phil Rhode

*Board Chair affirms quorum is present.*

Administrative Staff Present: Deputy Director Ken Barkley, Chief Mahlon Greene (Absent, excused), Kel Jacobs, Faith Kolean, Cicely Boeve, Capt. Leo Lashock, Tiffany Davidson, Amber Holod

Assembly Member Present: Randall Kowalke (arrived 8:24pm)

Audience Present: Tamara Boeve, Talon Boeve, Anne Gonzalez, Karen Kowalke, Caroline Henn, Ed McCain, Valarie Schachle

III. **PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA:**

IV. **MINUTES**

A. Discussion & Possible Action – Regular Board Meeting – March 10<sup>th</sup> 2016

Minutes approved with no objections.

**Old Business:**

A. 12-1 \$100,000 grant status

❖ Discussed at March's meeting, nothing new to report

B. 4-mile status

- ❖ To be presented at Assembly Meeting on April 19<sup>th</sup>, 2016.
  - i. D. Holmes concerned that dollar amount increased from \$60,000 to \$220,000.
  - ii. G. Boeve states \$60,000 is for pump at 12-6, \$220,000 is for additional construction funding & pump and would like to see a letter from the board in support.
    - Ordinance Serial No. 16-043: An ordinance approving an appropriation of \$220,000 from the Willow Fire Service Area Fund Balance, to fund 258, project No. 45274, for the construction of Willow Fire Service Area Warm Storage building at Four Mile Rd. A resolution serial No. 16-037: A resolution approving the amended budget for project No. 45274, to allow for construction of a Willow Fire Service Area Warm Storage building at Four Mile Rd. (1) IM No. 16-069
    - **Board Member P. Rhode motions for the Board to submit the letter of support as read above to the assembly. G. Boeve seconds, D. Holmes objects**

Vote conducted to approve, **MOTION CARRIED**

AYES: Boeve, Rhode

NAYS: Holmes

ABSTAIN: None

- Lengthy discussion on above motion. Holmes objected mainly because of the form of the request. Board requests they be given more notice. Increase due to higher construction costs over the initial grant.

C. Nancy Lake status

- ❖ Ground breaking to start in April 2016. Legislation approved for the cistern pump to be put in.

D. 2016-17 FY Budget

- ❖ Presented budget, went well, open for public comment on Wednesday April 20<sup>th</sup>, 2016. Back to Assembly following week. May 5<sup>th</sup> Assembly in Willow at Community Center.

E. Willow/Caswell Merger

- ❖ Homes requests it be removed from agenda, Boeve agreed.
  - i. Barkley would still like to see quarterly joint board meetings.

F. Wage line item

- ❖ Due to Sockeye fire payroll, we running short on funds to pay responders. Need to move money from the Fund Balance.
  - Ordinance Serial No. 16-039: An ordinance approving a Supplemental appropriation of \$16,000 from the Willow Fire Service Area Fund Balance, Fund 258, to the Fiscal Year 2016

Willow Fire Service Area operating budget to cover wages and benefits for the remainder of fiscal year 2016. A. IM No. 16-065

- **Board Member D, Holmes motions to approve above letter as read. P. Rhode seconds the motion.**

Vote conducted to approve, **MOTION CARRIED**

AYES: Boeve, Holmes, Rhode

NAYS: None

ABSTAIN: None

G. 2015-2016 Budget

- ❖ Line 411.400 shows 74% expensed, still have 3 months of the budget cycle.
  - i. Due to Sockeye fire payroll
    - Future incidents we need to monitor and be more proactive.
  - ii. Emergency Management hired 10 more people (get split between all fire service areas)
    - Stopped until they have their own budget

**New Business:**

A. Building Names & Dedication

- ❖ If done, Holmes mentioned 2 names: Bill Waldron and Mike Ardaw for station 12-6
- ❖ Memorial Garden for all passed deceased responders that contributed to Emergency Services was an idea all liked.

B. Joint Board of Supervisors meeting

- ❖ Proposed changing July 13<sup>th</sup>, 2016 regular BOS meeting to July 14<sup>th</sup>, 2016 Joint meeting. Rhode agreed since both areas share the same Chief. Holmes agreed. K. Barkley recommended a member of the Willow Board of Supervisors goes to Lakes/Central joint meeting to see how it flows. Holmes recommends Boeve go and see how Caswell feels about the joint meeting idea.
  - **Board Member G. Boeve motions to allow the Chairman to work out a Board of Supervisors joint meeting with Caswell Board. P. Rhode seconds the motion.**

Vote conducted to approve, **MOTION CARRIED**

AYES: Boeve, Holmes, Rhode

NAYS: None

ABSTAIN: None

C. Chiefs Report

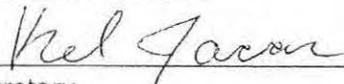
- ❖ 8 calls: 3 building fires, 2 medical assists, 1 motor vehicle accident, 1 canceled enroute, 1 no incident found.
- ❖ 3 new recruits
- ❖ 2 recruits in BFF class

- ❖ 2 firefighters in FF1
- D. Miscellaneous
  - ❖ New position: Truck Operator
    - Drive secondary apparatus
    - Maintenance on apparatus
    - Must complete Engineers course
      1. Boeve asked if there would be a limit if too many applicants. Barkley stated he will hire anyone that is interested as everyone's schedules vary.
  - ❖ 1000 hour employees to be changed to 1554 hour employees if authorized by the Union.
  - ❖ Talkeetna – looking to create a Medic 4 program to allow a full time Paramedic at Station 11-2 across from Tesoro.
  - ❖ Borough Deferment – Currently any commercial business inspections go thru anchorage who don't have enough personnel to keep up with. Currently Borough can check Wasilla area, wanting to expand it to cover the entire Borough.
  - ❖ 29.9 hours changed from weekly to accumulated amount over 30 days.
    - Benefit slope workers
    - Excessive calls in a short period of time
  - ❖ Sockeye Fire incident
    - Barkley has court in regards to the guy who hindered firefighting efforts on Phido on April 26<sup>th</sup>.
  - ❖ Forestry Fines
    - \$300 each violation or 10 days in jail
- E. Announcements/Board Comments
  - ❖ Holmes wants to remind the board that their 1<sup>st</sup> priority is fire health/safety. 2<sup>nd</sup> is financial stability of the Fire Department. When the Original Plan has a significant deviation we should get details. Money will get spent and then we need a new plan.
    - Boeve stated Holmes comments are very valid and we should look at the original plan.

Boeve wanted to congratulate Talon Boeve and Amber Holod on their recent appointments to the WACO board.

Next Meeting: May 12<sup>th</sup>, 7pm, at Nancy Lake Fire Station

Adjourned: 8:40pm

  
 \_\_\_\_\_  
 Secretary

  
 \_\_\_\_\_  
 Chairman

Approval May 12<sup>th</sup>, 2016

RECEIVED  
APR 08 2016  
CLERKS OFFICE

## GVCC Minutes

2/11/16

Call to order and invitation to the Pledge: 6:04 PM

Secretary: minutes from last meeting 1/7/16, motion to approve as written by Helga, 2nded by Gary. Unanimous vote to approve.

Treasurer's Report: see Kelly's report for 2/11/16. Gary made motion to approve, Helga 2nded. Unanimous vote to approve.

### 1. Call for the Book

This is an informal accounting of people and events in our community, to be recorded in The Book. Committee chair Dorothy.

Events - People - Nature - Honorable Mentions: 7.1quake!

### 2. Guest Speakers

**Julie Estey** - MEA news: crews will begin **clearing "distribution easements" (main lines)** this early spring, 10-30 ft. wide. Also **clearing individual lines into residents' homes**. Mowing, cutting trees, anything over 3" diameter will be cut and left for residents to salvage. Let MEA know if there's a favorite tree or something special they need to avoid in the easement; all junk vehicles, etc, need to be moved, unless special arrangements made with MEA. They will be calling before they clear your area, and leaving a door hanger announcement at your home as well. Trees that will be cut will be flagged. MEA welcomes private owners clearing their own portion of power lines, but be aware you are responsible for felling trees, etc, if they hit the power lines! Carlos' Tree Service from Sutton will be main contractor. MEA can work with residents to help with signage if needed after clearing (like 'No Public Access', 'Private Drive', etc.)

**Jim Sykes**- Borough Assembly Rep. He reports that revenue sharing (grants) may be reduced by 1/3 in the new budget. Another borough rep, Peggy Horton, is working on the Monument Crk platting issue. Borough needs FACTS and LAW to make any changes to the plan (RE: Borough code).

Jim also informed council of the proposed bond package by Borough for pools/ice arena improvements, and other recreational/health opportunities.

**Brian Endle**- Candidate running for Borough Assembly District 1 (against Jim Sykes). He's a registered Republican, fiscal conservative, has worked with the Parnell administration and in other gov't positions, but has never run for political office until now. Look him up!

### 3. Old Business

--EMT/ETT training / timetable-- classes sometime in March. Ask Rachel Cote for details.

--Emergency Phone Tree list / status / quake? time for a test of the system . . .: Joseph will resend the phone list/tree. If you have any questions, call Wendy Taylor.

--Final payment on the KGVC funds, \$600. Total, \$2,500.00 - get and use an FM radio; emergency broadcast using a microphone/device to plug in locally may be in the works.

--RUOK project ideas, next steps - March elders brunch / intro-- On **March 8**, GVS students will host an **elders' breakfast**. They will serve the meal AND read to them, since it will be the kick-off to Love of Reading Week!

--Monument Creek Campaign:

Community plan / resolution and new improved cover letter - done!

Tracking public official response and action: **Tuesday, Feb. 23rd**, meeting with DNR at 1:30 PM in Anchorage . . .

Asked for 90 day delay for public comment, received 30, asked for 90 day delay again . . . will address this again during meeting Feb. 23.

Public comments on The Glacier Review radio program if people want to be interviewed, contact Joseph Davis. Joseph shared that Zaz Hollander / Alaska Dispatch (ADN) is going to interview him on MC issue!

--MTA - POP fiber upgrade to homes! Pilot program, \$80 million in the works. Would be supplied at normal, local rates if this goes through.

--Glacier View Business Association progress report, Mark Fleenor (not present)- contact him if interested in promoting business in GV.

--GV Post Office response to three letters (UPS). . . Nil !!! continuing to pursue getting a community mailbox facility indoors.

--Sign Design competition, design and build. \$1,500.00 - why Welcome Signs?

--Meals on Wheels: Joseph met with Mat-Su Senior Center Rachel Greenberg. There are free meals for +60 yr olds, or donation of \$5 per meal. Joseph has forms to fill out and send in if interested. Send suggested recipients to him, he can visit folks and offer this program.

--Community use of school gym and exercise room-- open 8-11 am every school day. Ice rink open as well, if warming house open, skates are available. Some Saturday skating possible.

--Ski Trail Open House Feb 12th, 3:00/4:00/6:00 grand opening

#### 4. New Business

--Newsletter is now MailChimp and some are being caught by spam.

--Schedule winter/spring Community Council meetings (4th Thursday of the month):

**March 31** - at Sheep Mountain Lodge - free coffee! Elections will be held for President and Treasurer.

Nominations for President--**Gary Wolske**, nominated by motion made by Chuck, 2nded by Danny A;  
**Joseph Davis (incumbent)**, nominated by motion made by Helga, 2nded by Kelly

Nominations for Treasurer-- **Rodney Mays**, nominated by motion made by Gary, 2nded by Marty R

**Future meeting dates:**

**April 28, May 26, June 30, July 28, Aug 25**

\*\*Following day is GVS Bread & Jam Night\*\*

--Arduino nights: Feb. 16, May 1st. get your gear together, buy your kits, make demos for the Arduino night to show others, etc.

--Winter agenda for Community Schools Activities (school children, adults, after school and evening and weekend programs)

Schedule Arduino Maker Faire to follow May 1st event

Chef for cooking? Discussion, get more info - JD and other volunteers?

Self Defense Classes / Aikido and/or Tai Chi - Mike has a good lead. Others?

Felting Class - Felting Class trainer in Palmer - set date?

Digital Photography, from cell phone photography to digital cameras to Costco printing - find a lead on this?

PAC Community Bus Trip, some Saturday event at the PAC, get real sign-ups with small fee and pick event - find a lead on this?

Final notes: facebook/myGVCC page, Wed volleyball, who wants to make radio statements on Monument Creek land disposal? Call Joseph Davis.

5. Call for Good of the Order:

Kristi made announcement about Ecuador Team Fundraiser:

The team will be holding a **Chili Feed and "Servant Auction"** at GVBC on **Friday, Feb. 19, at 6 PM.**

**6:00-7:00** Chili and dessert will be served (sign-up sheet on back table at church)

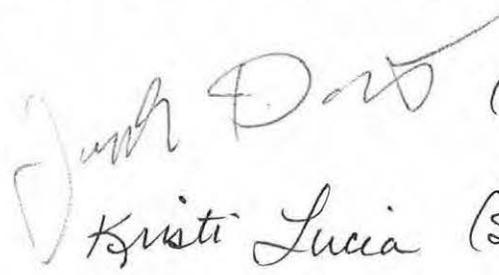
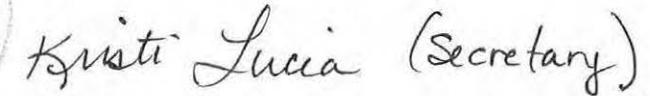
**7:00** Auction begins. Auctioneer Arnie Hrnrcir will preside over the event.

Team members will be raising funds by selling their time (4 hr commitment) to the highest bidder!

Construction, hauling firewood, cleaning, cooking, babysitting...you name the job, we'll do it!! **Freewill donations for dinner** will be gladly accepted, as well as **any items you'd like to donate to the auction**. So come eat some good chili, and bid on auction items to support our Ecuador Team!

Contact Kristi Lucia (745-8990) or Aaron Meeuwsen (745-0194)

6. Move to Adjourn --Helga moved to adjourn @ 7:35 PM. Next meeting will be held at Sheep Mt Lodge, March 31, 6 PM.

 (President)  
 (Secretary)

RECEIVED  
MAY 10 2016  
CLERKS OFFICE

## GVCC Minutes

3/31/16

(Meeting held @ Sheep Mt. Lodge...*Thanks, Mark Fleenor and Cote family, for hosting us!*)

Call to order and invitation to the Pledge: 6:00 PM

Secretary: minutes from last meeting 2/11/16, motion to approve as written by Helga, 2nded by Mark F. Unanimous vote to approve.

Treasurer's Report: Last month's report stands as approved. No new form this month. Kelly not present.

1. **Election:** write-in's welcome, candidates for President: Joseph Davis and Garry Wolske, candidate for Treasurer: Rodney Mays. Helga made motion to approve any mail-in ballots, Gayla 2nded. Council approved unanimously.

Results:

President: **Joseph Davis**-- 13 votes, Garry Wolske-- 10 votes (Joseph remains President for 2 yr term)

Treasurer: **Rodney Mays**-- 22 votes, write-in candidate Suzanne Dodson Martin-- 1 vote (Rodney serves for 2 yr term)

### 2. Call for the Book

This is an informal accounting of people and events in our community, to be recorded in The Book. Committee chair Dorothy.

Events - People - Nature - Honorable Mentions: **Monument Creek victory!!** More details discussed later in meeting.

### 3. Guest Speakers

**Brian Endle**- Candidate running for Borough Assembly District 1 (against Jim Sykes). Concerned about marijuana measures, Ballot 2 not accepted. Proposing option to shut down marijuana businesses in Borough through amendment authored by himself. Come to Borough meeting on Apr. 5, Tuesday.

**Jim Sykes**- Borough Assembly Rep. Reported that Borough platting board rejected DNR's proposed land sale for Monument Creek and DNR is archiving Monument Creek paperwork. Jim gave state reg's for cemeteries to cemetery committee, Joseph will share with Teall. He also informed council about DOT's plan to commence spring construction on Chickaloon bridge in early Apr, going through Aug. He is working on a plan to protect Mi. 62-65 property by digging

channel in river and placing rip rap in river, rather than proposed plan of protecting only road, not residents. Shared that new emergency vehicle lights are being tested around Borough.

**Lexi Althens**- Licensed massage therapist, local businesswoman! She shared that now that she is licensed by state of AK, her therapy can go through insurance sometimes (check your plan). Massages can be booked by phone or online and she has new rates, check out her website! [handsabovetherest.massagetherapy.com](http://handsabovetherest.massagetherapy.com)

#### 4. Old Business

--EMT/ETT training / timetable-- \$500 EMT estimated cost, \$300 ETT. News from Rachel coming through separate email concerning dates. Tim Escher shared that Matsu College will offer classes in fall semester. Registration begins Apr. 4. Council will discuss voting on reimbursement for class or training at next meeting. Lorraine C and Tim will work on proposal to address this need next month.

--Emergency Phone Tree list: update every 4 months for new info/changes. Please call neighbors on your list if your own info changes! Always call 911 FIRST!!

--Monument Creek Campaign: DONE! Should we still pursue re-classification for no settlement? Apr. 9 is deadline for DNR to appeal. Joseph will pursue this direction. We have 5 names of people who lost their lives in the river. Council discussed placing their names in the Community Book, as a way to provide documented, legal evidence to DNR/ State of AK re: dangers of river, and also pay tribute to those lives lost. Dan L. suggested obtaining permission from all families involved before proceeding.

--Updated Comprehensive Plan: Our GVCC plan is not strong re: land usage. Making a few changes in language or adding a few items can make it stronger. We need a Borough planner to help with this process, then Borough assembly has to approve any changes. Joseph will call a meeting for this process.

--Updated bylaws: Need some minor revisions concerning voting, dues, typos, etc. Will be discussed next month.

--Cemetery Report: Teall Eng (not present) is waiting for spring for walking potential property from Kathleen Johnson @ Mi. 100. Continuing to dig through legal info, borough info, etc. Good job, Teall!!

--Meals on Wheels: Stay independent, stay healthy. Sign up with Joseph or MatSu Senior Services. For ages 60+, serves 6 frozen meals and 1 hot meal/ week.

5. Student Representative Sheridan Pegg-- Has sign design for Glacier View Community, will work on it with Joseph over course of summer, after graduation. Gayla volunteered to help as well. They will check out liability insurance, DOT regs, etc. There will be 2 4x8' wooden signs, near Mi. 90 and stretch after Sheep Mt. heading east. Kristi made motion to approve up to \$1000 to fund signs, Helga 2nded, vote passed.

Sheridan also reported that Garry W. is assisting students to build solar panels; they produce 15.6 watts, enough to

charge cell phones! The students are also continuing the Arduino projects with Mr. P.

6. **New Business**

--Naming Caribou Creek bridge: Suggested that we call it "Hitchcock Family" bridge to include all members. Jim Colver needs confirmation email to get the bridge sign funds from GVCC. Helga made motion to approve the cost of the sign, Marty 2nded. Vote passed.

--Starting Glacier View Business Assoc. This is not related to the GVCC. Informal gathering of local business people. Mark F reported having a good mtg. with 10-12 members. They will meet again in mid Apr. Call Mark Fleenor if interested.

--**Brolene Gerwig**: asked for funds to update the school emergency supplies, which are shared with Victory Bible Camp, and for training. Helga made motion to fund \$500, Marty 2nded. Vote passed.

-- Glacier View School scholarships: accepting personal or business donations towards our 2 seniors graduating in May.

--SWAMC (Southwest AK Municipal Conf): \$130 for annual dues- July thru next June. Organization is for small communities to have voice in Legislature, learn news about small gov't events, annual conf. in Anch. Joseph has more info. The fee would come from Admin. costs in our grant monies. Lorraine C made motion to join SWAMC, Helga 2nded, 1 member opposed, vote passed.

-- Proposal to fund up to \$250 for each office in Council to obtain training or take workshops relating to their office (President, Vice Pres, Treasurer, Secretary). Money would come from Admin. costs in our grant monies. Randi H made motion to fund \$250 per office, Lexi 2nded.

Final notes: Consider this question "What does it mean to be Glacier View Community?"

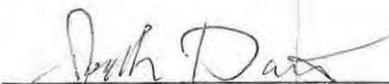
**Next Council meetings: Apr. 28 (changed from school calendar date Apr 21), May 26, June 30, July 30, Aug 25.**

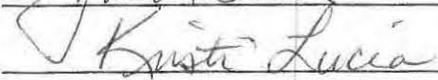
7. **Call for Good of the Order:**

Gayla suggested reshowing the GVS kids' movies about our community next fall at the beginning of school year.

Helga asked if there was any kind of "Welcome Wagon" in GV. GV Business Assoc. will discuss this at next mtg.

8. **Move to Adjourn** --Lorraine moved to adjourn @ 7:43 PM. Next meeting will be held at GVS, Apr. 28, 6 PM.

  
\_\_\_\_\_  
(Joseph Davis, GVCC President)

  
\_\_\_\_\_  
(Kristi Lucia, GVCC Secretary)

Lazy Mountain Community Council Meeting - August 13, 2015

Minutes

Thursday, August 13, 2015

RECEIVED

AUG 19 2015

CLERKS OFFICE

The Lazy Mountain Community Council quarterly meeting at Lazy Mountain Bible Church was called to order at 6:45 PM by LMCC President, Lorri Van Diest. Board members present were Christi Cordes, Chris Gates, Neil Gotschall, Gerald DeVilbiss, David Hale, & Sarah Gotschall.

The meeting began with the Pledge of Allegiance.

Motion and second to approve agenda. Passed

Motion and second to approve minutes from 4/19/15 meeting. Passed

Motion and second to approve 10/9/14 annual meeting minutes. Passed

Report on Wolverine Canyon, Guest Speakers:

Rep. Shelley Hughes - Update on Wolverine Canyon: Representative Shelley Hughes gave an update on her visit with the transportation commissioner. The condition of the west canyon road is a life and safety issue. There is no state funding for upgrades. Some federal money was used in the past for concrete barriers. There is \$2.5 million from AkDOT to move the road back. The state is willing if the money is there or a transportation road bond package by the assembly. There is no 50/50 funds match from the state. She will work with our federal delegation to try to find federal funds for road upgrades. Wolverine road is not ranked as a priority in the borough Transportation Advisory meeting on September 23<sup>rd</sup>.

Assemblyman Jim Sykes: Reported that the borough Road Bond package certifies Clark Wolverine road as a Critical Area. There is no interest in bringing a road bond package this year, but probably next year. He clarified that the borough does do state road projects.

Treasurer's Report: \$354.60 David Hale

RSA Report: No report given, Ray Cordes not in attendance. Jim Sykes reported waiting on RSA approval at meeting next Thursday.

New Business:

Dwight Homstad explained the speed limit on Huntley Road is not standard with similar roads on Lazy Mountain. Requested that a letter be sent by LMCC to DOT requesting that the speed limit be increased to at least 40 mph on Huntley to be consistent with similar roads on Lazy Mountain.

Motion and second to send a letter from LMCC to DOT requesting a change of speed limit on Huntley road to at least 40 miles per hour. Passed.

Nomination Committee (4 board seats up- Christi, Chris, Gerald, David)

Nomination Committee is Mark Van Diest, Sarah Gotschall, Ray Cordes. They will report to the community at the annual meeting regarding prospective board members.

Letter to MSB Manager, John Moosey - RSA 19 monies

Letter was presented and reviewed by community members. Motion to approve and send the letter to Mr. Moosey. Passed

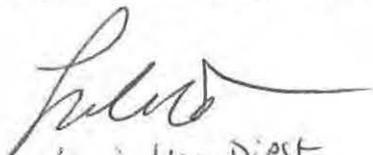
New CIP Items?

No new CIP items identified.

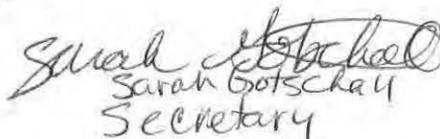
Agenda for Annual Meeting- Thursday October 8, 2015

- Election of LMCC Board Members
- CIP List Approval

Motion and second to adjourn meeting. Passed.



Lorri Van Diest  
President



Sarah Gotschall  
Secretary

## Meadow Lakes Community Council, Inc.

CLERKS OFFICE

Minutes –January 13, 2016 - Meeting – Birch Creek Villas

Board Members Required for Quorum:  3 Board Members &  3 Committee Chairs - YES❖  Pres: Terry Boyle ❖  Vice Pres: Rae Arno ❖  Treasurer:  Patti Fisher ❖  Sec: Janet Henkel Education: Sherri Rusher ❖  Com. Coordinator: Tim Swezey ❖  CIP: Maria Victoria Kalmbach❖  Bylaw: Don Stevens ❖  Mem: Holly Gerlach-Grant ❖  Trail: Robert Koruna Safety: Larry Michaelson ❖  Gaming: Ariel Cannon10 Members of the Meadow Lakes Community:  Yes/14

1. **Call to Order:** The meeting was called to order at 7:03 pm by President Terry Boyle.
- 1a. **Determination of Quorum:** A quorum was determined to be present.
2. **Pledge of Allegiance:** Recited.
3. **Approval of Agenda:** Julie Starr motioned to approve the agenda, with a second by Rae Arno. There was no discussion or objections and the motion passed unanimously.
4. **Approval of Meeting Minutes from November 11, 2015:** Jayne Koskovich motioned to approve the meeting minutes, with a second by Julie Starr. There was no discussion or objections and the motion passed unanimously.
5. **Treasurers Report:** Sherri Rusher presented the treasurers report, as Patti Fischer is still out of town. Patti will give a detailed report, including grant information, when she returns. Expenses include renewal of both our business license and gaming permit, septic tank pumping, and funds donated for Christmas baskets. A check was written in December for land surveying to confirm Visnaw property boundaries.
6. **Trails Report:** Robert Koruna reported that in order to close out Visnaw trails; an as-built was needed to verify that the trail was built within the legal right of way. Surveyors found that the trail was out of boundary by approximately 30'. This has been corrected and a certification letter was sent to the borough. At this time we are waiting to hear back from the borough.

Robert attended the December Mat-Su Trails meeting and reported that most of the meeting was spent discussing a grant submitted by the Meadow Lakes Community Council for the Visnaw to Bench Lake trail. The Bench Lake trail project will intersect a trail from Edgerton to Willow, and it may be wise to piggy back on that funding to help with the Bench Lake trail efforts. During the trails committee meeting it was mentioned that more detail was needed regarding the intended use of the grant funding. The Mat-Su Trails board will either grant us an extension to correct the missing and/or incorrect items on our grant application or kick us back into the next grant submission period.

The Willow Trails committee has received support from the borough for survey work that ties into the east/west trail system on Baldy. Again we are going to try and piggy back on this effort as the trails will tie into one another. Robert will be continuing to work on this, and will be contracting several borough officials over the next week to discuss these items. Phil Bindon asked what amount of money was being requested, and Robert replied about \$10,000. The funds will be used to establish a legal right of way through state property, as well as crossing the Little Su and other various wet areas, which is why work is occurring through the winter during freeze up. It is hoped that this trail system can eventually be turned into a true year round multi-use system, complete with bridges and other improvements.

Phil Bindon expressed his concerns about the amount of use the current trails are receiving, not to mention the damage to not only the trail system, but private property as well. He stated that in October, nine vehicles crossed his property from the Sunshine trail, causing extensive damage. He has contacted Wildlife Troopers to voice his concerns over vehicles crossing salmon streams as well as gunfire on the trailhead; however there has been no follow up. Tim Swezey asked Phil to put together an email regarding these matters so that he could forward it on. Terry Boyle asked Phil to consider becoming involved with the trails committee.

Robert closed by saying that he realized that right now only the outlaws have access to the trails, and he realizes that this is a problem. His hope is by cleaning up the trail system and making it more accessible that more policing will take place. He used Jim Creek as an example – it has been cleaned up considerably and is

MLCC

now a much nicer place than it was in the past.

7. **Guest Speaker:** Julie Estey, from MEA's public relations department, attended our meeting to speak about MEA's new high voltage transmission line, as well as listen to comments and answer questions. Julie began her presentation by explaining that power must be sent over high voltage lines and then stepped down to lower usable voltage in order to serve us. Power currently travels past the hospital, over to KGB, and then out to Meadow Lakes. Most of the Meadow Lakes area is currently served by the McRae substation. If there are any issues, i.e.: a tree down, we lose power. Growth in the valley has increased to the point where the grid is very redundant. MEA's new power grid has been designed to allow for future growth and the ability to alleviate much of this redundancy. MEA has been able to purchase power from Chugach Electric to meet its needs; however, this does come at a premium. Currently, MEA is trying to map out, as well as purchase, property for the power corridor for both current and future use. Julie stressed that even though there may not be power in that corridor right now, people need to be made aware that it will be there in the future. Cindy Michaelson asked if a location had been selected for the new substation, and Julie replied that it would most likely be located a little bit northwest of Church and Seldon.

Julie wanted to make sure that everyone was aware that MEA board elections are coming up and this year two seats will be opening up. One seat is existing and one is brand new, as the MEA board realized that population density called for the creation of a new district. Our area – Meadow Lakes – has no representative and the MEA board is looking for a representative to run for this position.

When Julie called for questions, Mike Koskovich asked why the new power plant was built in Eklutna rather than in the valley, where it would be closer to its users. Julie's response was that there were some issues with borough regulations, namely the use of coal fired plants, which has since been resolved. The Eklutna plant location is convenient as it has road access, gas line access and transmission line access, as well as being fairly centrally located. When Julie was questioned as to how far the plants construction costs came in over budget, her answer was 10%, with an all-in cost of \$334 million compare to the initial estimate of \$303 million.

Larry Michaelson asked for more information about the \$30 – 50 million dollar tree clearing project which took place this year, which prompted Rae Arno to state that she had not seen a capital credits payment in quite a while. Julie replied that tree clearing is one of the most visible things that MEA can do to keep the lights on. In December 55 outages were reported, with over half of them caused by trees outside of the easement. Tree clearing is now on a 7-8 year cycle, and trees will be cleared to the very outside edges of the easement, rather than just the center. As to capital credits, in 2009 the new general manager implemented some changes in order to start catching up on power generation. At that time capital credit payments were suspended, although the capital credits are still accruing.

Larry Michaelson expressed concern over public safety for ATV riders within the newly cleared MEA easement corridors, and asked what we could do to reduce access to the easements so they are not turned into mud bogs, and also how to slow down the speed of the riders. Several other community members also voiced concerns about the clearing creating access to their private property. Julie acknowledged all of these concerns, and stated that MEA wants to be proactive within the community in addressing these issues. In the case of concerns with private right of ways, Julie suggested that we contact Keith Quintarell with MEA who can provide signage and/or other solutions. Joel Stefansky is able to provide and place boulders to limit access to these easements, and Dewey Bittner suggested using double lock gates. If dangerous trees are located on private property, Julie advised calling MEA and reporting them as a "danger tree" at which point MEA would come out and remove them. They are not allowed to enter private property unless the trees are identified as "danger trees". Holly Gerlach-Grant stated that she has a written agreement with MEA which allows her to take care of her own tree clearing, and prevents MEA from entering her property. Julie agreed that those written agreements are out there. Otto Feather suggested providing more detailed information on the easement clearing on the MEA website. Although there were a couple of comments about the clearing crew acting too aggressively, overall most community members commended MEA for their work.

Cindy Michaelson asked how many miles of line could have been buried for the same amount of money budgeted for tree clearing. Julie stated that the life of buried lines is much shorter than overhead lines, and that all muni customers pay a surcharge for the buried line. Last year approximately 2 million dollars was collected, which would cover the costs of burying the lines for one block. Phil Bindon stated that he had paid \$32 per foot to have power buried across his property.

MZCC Jan 13, 2014

2

Sherri Rusher inquired as to locations available to Senior Citizens who are on oxygen. She expressed concern that seniors would know where to go in the event of a major power outage. Julie recommended backup generation for customers with special needs, such as oxygen. Although MEA inspects the installation of private power generation, they do not currently offer consultation or installation.

8. **Correspondence:** Correspondence links were listed on the agenda.

8.1 Planning Commission

- 8.1.1. The planning commission will meet on January 18, 2016, to discuss regulations for marijuana related facilities. Written comments must be received prior to January 15, 2016. It was suggested that you read this information closely if you have any interest in becoming involved in the marijuana business.
- 8.1.2. B & E Construction Cleanup Update – DEC has inspected the B & E site for cleanup. They will inspect the site again on January 15, 2016, and at that time, B & E's construction efforts will be pretty much completed.

9. **New Business:** None

10. **Old Business:** None

11. **Agency Reports:** John Fairchild was introduced as the new Fire Chief for the West Lakes area. For the past five years he has acted as the assistant chief for the West Lakes area, and prior to that was a firefighter, both as a volunteer and on the slope. Chief Fairchild has years of experience in both industrial and residential firefighting. Although he lives in Big Lake, he will attend as many community council meetings as possible, and encouraged the community members to contact him with any questions or concerns that they may have, either by phone, or at his office, which is on the second floor of the Big Lake fire station. Chief Fairchild stated that he is one of two paid employees, with the remainder of the fire crew being made up entirely of volunteers, whom he praised for their competency and willingness to volunteer. He advised us that there will be one manned duty shift every day at one station, which he believes will consist of three shifts per week at Station 71 and three at Big Lake. He advised us that he welcomes comments and suggestions from the community and hopes to do an excellent job.

12. **Persons to be heard:** Randall Kowalke, our new District 7 assemblyman, spoke about the issues he is dealing with in his new position. One major obstacle that the borough is dealing with is the ferry. Mr. Kowalke believes that it will sell to the Philippine Red Cross. The ferry must pass sea trials in order for the sale to close, and at this time repairs to the ferry must be made before the sea trials can take place. Hopefully insurance will cover the cost of repairs, and if not, Mr. Kowalke plans to motion to scrap the ferry. Dock fees will continue to accrue at \$18,000 per month until the ferry is disposed of either by sale or scrap. The grant money that was used to build the ferry must be repaid no matter what happens to the ferry, although the borough is negotiating on this.

The split in the steel dock at Port McKenzie must also be addressed. It was thought that it had been fixed with repairs that took place earlier in the year; however, it has recently continued to grow and is now approximately 4 foot long. Damage is estimated to be 15 million dollars, and insurance adjustors have as of yet to determine if they will pay for repairs.

A letter was received from DEC regarding the water and sewer issues in Talkeetna. Current rates are too low to support the use of the system at this time. Due to a lack of use there is grease on top of the sewage pond. Talkeetna does not have any grease traps, and businesses and home owners are unwilling to provide them at their own expense. The state does appear to be more interested in solutions to this problem, rather than punitive damages at this point.

Transfer sites are losing approximately 1.5 million dollars per year, and we will soon need to address building a transfer/treatment site here in the valley, as Anchorage will not continue to accept waste transfer from us forever.

A potential recreational bond may be in the works for repairs at the Brett Ice Arena, as well as both the Palmer and Wasilla pools,

District 7 has an opening for a platting person, and this is a position that has been open for years. Mr. Kowalke invited any interested persons to join him on his wild ride by going to the borough website and filling

MLCC JAN 13, 2016

3

out an application for this position.

Kim Kalmbach asked if Mr. Kowalske was concerned about losing revenue sharing, and he replied that he was extremely concerned. The borough will be forced to set a budget before they know what that state is going to do. He has heard from state legislators that they feel they will not be able to settle all issues and set a budget until June or July.

David Wilson from the Wasilla City Council introduced himself to us, and advised us that he would be running for Charlie Huggins senate seat during the next election. He would also like to serve on the transportation advisory board. He is attending tonight's meeting in order to familiarize himself with our area. He will be available for questions after the meeting.

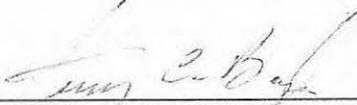
12.1 Next month's speaker will be David Eques from the Twin Cities of Minnesota. Mr. Eques is a representative of Holiday gas stations, and will be speaking to us about the location, as well as the design, of their new gas station during the next phase of the Parks Highway project.

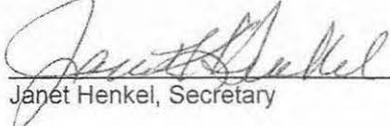
**13. Approve Meeting Location:**

Birch Creek Villas – Commons Room  
1210 N. Kim Drive

February 10, 2016  
Sign In: 6PM to 7PM  
Meeting: 7PM to 9PM

14. **Approve Meeting Location:** Sherri Rusher moved to adjourn the meeting, seconded by Otto Feather. There was no discussion or objection and the motion was approved unanimously. The meeting was adjourned at 8:54 pm.

  
\_\_\_\_\_  
Terry Boyle, President      2-11-2016  
Date

  
\_\_\_\_\_  
Janet Henkel, Secretary      2/10/16  
Date

MLCC Jan 13, 2016

4

# Meadow Lakes Community Council, Inc.

Minutes –March 9, 2016 - Meeting – Birch Creek Villas (Senior Housing) 1210 N. Kim Drive  
Board Members Required for Quorum:  3 Board Members (4) +  3 Committee Chairs (6) ~ 10=YES

\_\_\_ Pres: Terry Boyle ❖ X Vice Pres: Rae Arno❖ X Treasurer: Patti Fisher ❖ \_\_\_ Sec: Janet Henkel

Education: Sherri Rusher ❖  Cou. Coordinator: Tim Swezey ❖ \_\_\_ CIP: Maria Victoria Kalmbach

Bylaw: Don Stevens ❖  Mem: Holly Gerlach-Grant ❖  Trail: Robert Koruna

Safety: Larry Michaelson ❖  Gaming: Ariel Cannon

10 Members of the Meadow Lakes Community

RECEIVED

APR 15 2016

CLERKS OFFICE

Due to lack of quorum the meeting was delayed until a quorum was present and the group started with presentations that would not require action.

**Presentation:** Bill Kendig introduced himself as a candidate for the MEA Board of Directors. He gave a summary of his background and accomplishments.

1. **Call to Order:** President Terry Boyle was absent. When Vice-President Rae Arno arrived at 7:10, the meeting was called to order.
- 1a. **Determination of Quorum:** A quorum was determined to be present by President Rae Arno.
2. **Pledge of Allegiance:** Recited.
3. **Approval of Agenda:** There were no objections to the agenda.
4. **Approval of Meeting Minutes from February 10, 2016:** A motion to approve the minutes was presented by Patti Fisher and was seconded by Don Stevens. There were no objections or discussion and the motion passed unanimously.
5. **Treasurers Report:** Patti Fisher presented the treasurer's report. The grants were explained. There are no outstanding bills, however, funds are committed to completion of grant projects and designations.
6. **Gaming Report:** Ariel Cannon presented the gaming report. The Tuesday Night Fights have allowed us to host the Split-the-Pot there. This month the pot was \$532.00 with \$266.00 going to the winner. The Carpenter's Union donated money to build portable road signs to be used by the Council.
7. **Trails Report** – Robert Koruna reported on the activities of the Trails Group. They are focused on the Little Su Trail, improvements between Gunflint and Toad Lake. Also the project on Three Bees road which is beside the trail the Council is working on. The trail committee is working on funding for a trail through state land.
8. **Presentations:**
  - 8.1 **Don Stevens, Bylaws-** Don presented a document with housekeeping and bylaw organization revisions. These include typos and improved consistency of details throughout the document. This includes changes to the electronic voting procedures by adding the use of an electronic voting system. Tim Swezey will post the current Bylaws with the marked up version or tract changes, and a clean version of the Bylaws
9. **Correspondence:** Correspondence links were listed on the agenda.
  - 9.1 **Bill Kendig** - .Gave his presentation prior to this meeting being called to order.
  - 9.2 **Platting – Free Anthony RSB B1 L1 & Partial Vac of Trevett Ave** No Comments
  - 9.3 **Marijuana Advisory Committee Report** - See Agency Reports
  - 9.4 **Seldon Road Extension & Church Road Intersection.** It was brought to the Council's attention that a Stop Warning sign is needed prior to the intersection of Beverly Lake Extension and Church Road. This would be a DOT expense. Will check into adding it to the CIP requests, although the cost and subject will be better suited to the RSA CIP list.

**9.5 B&E Construction's ADEC Notice of Violation Close Letter** – Tim Swezey reported that DEC closed their investigation. The Mat-Su Borough is working on the junk. They cannot mine gravel. The Borough is following them closely.

**10. New Business:**

**10.1 - Nomination Committee** – The positions up for election in 2016 are; Vice President, Treasurer, Parks & Trails, Bylaws, Membership. No one volunteered to serve as chair of the Nomination Committee.

**11. Old Business** – No Old Business

**12. Agency Reports**

**12.1– Jan Bass** Serves as an alternate on the Mat-Su Marijuana Board and has attended all Board meetings. Jan explained the process the Board is presently going through. Some of the points brought forth and discussed were; 1) Cities can opt out. 2) There will be a vote on the Mat Su Borough legalizing commercial marijuana activity on October 4, 2016. 3) Preparing policy prior to that vote marijuana is an awkward process. 4) Committee is delaying any decisions on excise tax until after the Oct 4 vote. 5) No operation will be grandfathered in prior to that vote. 6) Discussions were held by the committee on the 100' set back. 7) At this time 3 or 4 applications have been completed by the state but none in the Mat Su Borough. 8) It was explained that the premises must be licenses not the activity on a premises. This would mean a plant sale in a parking lot could not sell marijuana plants. 9) A review of the licensing process was presented. 10) There were several other questions and answers.

**12.2 - Assemblyman Randall Kowalke** – Assemblyman Kowalke complemented Jan Bass on her service with the Marijuana Board Committee. It is a seventeen member Board and is very dedicated to serving the people of Mat-Su. Mr. Kowalke comments brought in information from the Borough level on this topic and others. He is going to meet with the Troopers tomorrow, along with Assemblyman Hayfield and Mayor Halter to discuss the re-location of the Pittman Trooper station. He cautioned that B&E is not to be taken lightly. Those neighbors who are affected by B&E activities may want to consult an attorney. DEC has not done their job in handling this situation. Without some type of zoning, the Borough hands are tied. A suggestion was given to be taken back to the Borough, to change the Borough Ordinance to only allow Borough landfills and hazardous waste dumping sites thus eliminating the dangers of corrupt operations.

**13. Persons to be heard:**

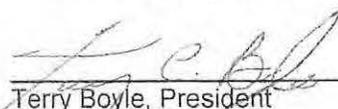
**13.1 - Patti Fisher, Mid Valley Recycling** – Meadow Lake is a part of the Mid Valley Recycling group along with Big Lake and Houston. The group is holding a recycling fair at the Big Lake Mall on April 23. They are looking for participants to show their recycling efforts. These efforts can be commercial, hobby, or crafts adventures. A few of those already signed up represent companies making counter tops out of recycled glass and insulation out of recycled paper. Please visit the fair and if you know anyone who might be interested in participating, please pass along this information.

**14. Approve Meeting Location:**

Birch Creek Villas  
1210 Kim Drive

Wednesday, April 13, 2016  
Sign In: 6PM to 7PM  
Meeting: 7PM to 9PM

**15. Adjournment:** Holly Gerlach-Grant moved to adjourn the meeting, seconded by Tresa Stevens. There was no discussion or objection and the motion was approved unanimously. The meeting was adjourned at 8:50 pm.

  
Terry Boyle, President  
Date 4/13/16

  
Janet Henkel, Secretary  
Date 4/13/16

Meadow Lakes Community Council Inc.

March 9, 2016

Page 2 of 43

North Lakes Community Council  
MatSu Boys & Girls Club  
Meeting Minutes

Regular Meeting

7 P.M.

Thursday, February 26, 2015

**I. CALL TO ORDER:**

A. Meeting called to order at 7:03pm.

**II. ROLL CALL:**

A. NLCC officers present: Ron Farnsworth, President, Loren Crawford, Vice President, Ed Kovitch, Treasurer, John Vachal, MAL.

B. Quorum was present, and due notice had been published.

C. Attendance: Twenty two, thirteen eligible to vote.

**III. APPROVAL OF AGENDA**

A. Agenda was approved.

**IV. PLEDGE OF ALLEGIANCE**

Pledge of Allegiance led by Mr. Crawford.

**V. REPORTS/CORRESPONDENCE**

A. Minutes of regular meeting held January 29, 2015 were read, motion to approve made, seconded and accepted as read by vote of 12 "aye", 0 "nay" and 1 abstaining.

B. Treasures report read by Mr. Kovitch. Current balance: \$7,332.79. Treasurers' report approval was motioned, seconded and accepted as read by vote of 12 "aye", 0 "nay" and 1 abstaining.

C. Road service area report given by Gary Hessemer. Asked for support for the road service area board asking for someone from the NLCC area. Gave instructions for application.

D. Fire service area report given by Carol Christiansen. Close call on a recent fire and asked for all to give a pat on the back to the firefighters.

**VI. Old Business:**

A. Original discussion was for a lake management plan for Cottonwood Lake. Issue was miss-stated and the issue is actually hours of access for Cottonwood Lake. President Farnsworth stated he actually has a personal interest in this topic and relinquished the chair to the vice president, Loren Crawford to conduct this portion of the meeting. Floor opened for discussion. Comments concerning vandalism, drug dealing, increased injury or death risks, increased traffic and congestion, and other issues if hours extended were discussed. The issue of enforcement was also raised. After extended comment and an extension of the meeting beyond the normal hour, the issue was tabled for further discussion in the regular March meeting.

B. Transportation committee report given by Mr. Kovitch concerning the cul-de-sac issue. The cul-de-sac itself will be 80 feet and another 40 feet will support culverts. Issue tabled for now until plans for the road extension through the area are more advanced. Further research resulted in concerns mitigated and motion to address the issue by the council was withdrawn.

C. Revenue sharing committee report given by Mr. Farnsworth. He reported that Mayor DeVilbiss attended. Suggestion given to consult Sutton and Talkeetna Community Councils on how they solicit, organize, weight, and disperse revenue sharing funds. Acquisition of forms, etc. are in process. MOA due to Borough to be able acquire the 2012 funds.

APPROVED 

## VII. NEW BUSINESS

- A. Community clean-up terminated? ~~Yes~~. No community clean-up this year.
- B. Website question brought forward concerning a "ghost" website. Are there two? Plea made for a new webmaster. E-mail request to be sent out.

## VIII. Audience Participation

- A. Discussion about history of lake management. Regulations were voted in concerning three lakes in the borough in the 80's. Whole borough voted on them.
- B. Meeting on 5 March at 6:30 P.M. concerning maintenance contracts and the wording of the contracts.

### Adjournment:

A. Motion to adjourn made, seconded and approved by vote of 13 "aye", 0 "nay". Meeting adjourned at 8:19 P.M.



Ron Farnsworth  
President, North Lakes Community Council



Attest: Jimmy C. Matlock  
Acting Secretary, North Lakes Community Council

NORTH LAKES COMMUNITY COUNCIL MINUTES

Boy' and Girls' Club  
3700 E. Bogard Road, Wasilla  
Regular Meeting held 7pm, April 30, 2015

RECEIVED  
JUN 05 2015  
CLERKS OFFICE

Meeting called to order 7:10pm (late due to membership registrations)

Welcome to Mayor DeVilbiss and Hugh Leslie

Introduction of Board Members

Pledge of Allegiance – Loren Crawford

Reading and Approval of March 2015 minutes were approved

Presentation of April agenda:

APPROVED  
APPROVED  
*Ray [Signature]*  
President NLCC  
5/28/15

Pat Purcell: Move to amend the agenda to bring from the table the debate of the locked gate issue on Cottonwood Lake and place it after the approval of the minutes and vote on it tonight. (making it #5 on Agenda) --Approved

Penny Nixon: Move to amend the agenda to include adopting the existing bylaws received by the Borough that were not signed previously and get them signed today. (making it #7 on the agenda) –Approved

Ron Phillips: Move to vote on the question for changing the agenda, amend the agenda to include the first motion of the evening. --Approved

Michelle Latham: Motion to move Audience Participation to follow gate issue debate (making it #6 on the agenda) –Approved

Minutes for April 2015 meeting were approved

Michelle Latham: Move that the NLCC recommend no change at this time to the Cottonwood Lake gate management.

DEBATE:

Hugh Leslie: Answered questions asked by Michelle Latham based on the letter Hugh Leslie sent to Ron Farnsworth

Penny Nixon: Asked Hugh if the NLCC can pay the \$770/month to have a private contractor open and close the gate – could be discussed

8:00: Motion to extend the meeting for another 30 minutes: Approved

DEBATE:

Name ?: Do they cover other lakes as well? Hugh answered that all lakes are treated differently.

Louie Calandri: Would a lake management plan be better for our lake? Hugh answered there is

no funding for it.

Chuck Geary: His opinion is to leave it the way it is.

Penny Nixon: How was this parcel acquired? Hugh said it was given to the Borough in 1973.

Hugh Leslie: Stated there has been no disturbances recorded and it's been a very quiet lake as far as problems go.

Dean Messmer: Says he spotlights drug users all the time and welcomed anyone to ride along with him for proof. He says the access is full of delinquent trouble makers and he is all the time cleaning up broken glass and trash.

Name?: Can more people be issued keys? Can we post a number for emergencies to get people out that have been locked in? Hugh: No because some people might abuse the hours or the gate might get damaged.

Mike Boyter: Is the NLCC President still willing to keep a key? Hugh: Will not allow because he feels it would burn him out.

Michael Backus: Can a combo lock for the subdivision be used? Hugh: No  
Michael is in favor of opening lake access. Has fond childhood memories and would like to access it more.

Louie Calandri: Again, can NLCC pay the \$770/month for gate management? Answer ????

Chuck Geary: Why can't I have a key? Hugh: it burns people out. Chuck says he feels we should leave gate access the way it is.

Dean Messmer: Again, stay like it is. He says he has personally cleaned up debris and drug paraphernalia and says this lake access is really bad.

Candy Miller: Requested a copy of Leslie's letter.

Leonard Yuknis: Says he has lived on the lake for 35 years and he was robbed last year. In favor for access to stay the way it is.

Casey Williams: Lived here a long time. Has seen this access area before and after gate access. Disservice to remove the gate.

Kevin Greenwich: Thanked people living near the lake for allowing people to park at the access and for those who personally take care of it. Keep the gate.

Jimmy Matlock: The gate may reduce drug activity, but it doesn't stop it. People can still walk in around the gates and party.

8:32: Motion to extend meeting another 30 minutes. Approved

DEBATE:

Kay Saxon: Before the gate it was not just drugs but loud obnoxious behavior as well,

Trevor Farnsworth: In favor of longer hours at lake access. Agrees with Matlock in that having the gate does not stop rowdy crowd from being there after hours, it just stops good people with a boat from being there.

Some of crowd was very unruly at this point, not allowing opposing side to be heard. The President threatened to shut the meeting down if order wasn't restored. One member walked out saying he would only come back if members got themselves under control and allowed all to be heard fairly.

Motion made that the NLCC recommend no change at this time to the Cottonwood Lake access:  
53 in favor, 4 Nay

Pat Purcell: Move to reconsider the vote. (Doing so means this issue cannot be brought up again without majority vote.) --Approved with 50 Aye, and 11 Nay

Audience Participation:

Name?: Keep it the way it is

Dean Messmer: Keep riffraff out of there. Too many drug users now. He hauls sand in there for the kids, has personally paid for a porta-potty the last 3 years before NLCC started paying. Keep the hours the same.

Martha: Lived on the lake since 1980. Keep access as is, nothing good happens after hours.

Chuck Geary: Welcomed any NLCC members to dock their boats at his dock anytime.  
4860 E. Birch Drive

-  
Janet Kincaid: Recognized volunteers who helped keep the lake a beautiful place.  
Also recognized the NLCC Board Members for their service.

9:00: Motion to extend meeting another 30 minutes: 18 Yes, 22 No

Meeting was adjourned at approximately 9:05

## Debra Wetherhorn

---

**From:** North Lakes Community Council <northlakescommunitycouncil@gmail.com>  
**Sent:** Thursday, April 02, 2015 11:57 PM  
**Subject:** Locked public access to Cottonwood lake

Thank you to all who came to the meeting last Thursday night. And thank you for all of the dialogue shared during the audience participation portion of the meeting. A special thank you goes to all those who took the time to email me on this subject. By motion we tabled the debate on this topic until next month, which motion passed 10 to 6, my vote included with the majority.

I perceive there are some misconceptions out there that I should probably address before they get out of hand.

First, just to clarify, as the chair of an open meeting and as the president of this community council, I am entitled to a personal opinion on the topics this council entertains, and there is no conflict of interest in having one - even if I am passionate about that opinion.

Second, a community council is an advisory unit to the borough and, as such, the topics that we bring before the borough must be fully investigated with reasonable public comment before a vote is taken. That is why we tabled the discussion on the locked gate issue on Cottonwood Lake for another month. We don't have enough information. There are facts to look into before we take a vote. Also, the general public is only recently being made aware of this problem.

All bodies of water in Alaska are owned by the state. We need to find out if the borough is within its legal right to deny access through a public entrance to a state owned waterway.

If they do have the right to deny access, then why do the public access hours currently posted deviate from the lawful code that governs Cottonwood Lake?

Also of interest is what body, council or office sets these hours of public access? Are they set by the gate keepers arbitrarily?

Who decides who can and can't have a key to the public access? Was this also decided arbitrarily?

Why is it that some people are allowed to have a combination lock set on there to override the public access closure while others do not have that privilege?.

Who decided to deviate from the quiet hours governed by Borough code to a more restrictive public access time?

Did the taxpayers agree to putting a gate on the public access in the first place?.

Also of concern, of the three main lakes in the vicinity, why is it only Cottonwood Lake that has closed access?

These are the questions for which we need answers in order to make an informed decision if we are to advise the borough. And for the many of you who have supported my request to the borough to be given a key, I have suspended that request until the outcome of this research. But I thank you for your overwhelming support.

However, the more I delve into this, the more I find that this is a bigger issue than just concerning the North Lakes Community Council. But I believe that bigger issues originate at the council level, so we will stay on course with this.

Lastly, I would like to know your thoughts on this issue: The taxpayers pay for the stocking of fish in the local lakes. The borough locks the gate during the best time of the day to fish, which is the wee early morning hours. We are talking about fishing on an Alaskan state lake, paid by and held for the taxpayers. The borough unlocks the gate just after the fishing dies out in the morning. What a huge disservice to the taxpayer to not allow him or her to put their boat on the lake and fish at 5 am. Remember that, according to borough code, boats can be operated during quiet hours if they make no wake and travel less than 5 mph.

The locking of the gate on Cottonwood Lake is not fair, it is not ethical, nor do I believe that it is legal.

A few property owners here have banded together tightly and have become as a special interest group to the borough, with fear mongering being their greatest and most effective tool. I do not believe for one minute that all of the supposed crime scenes, drug parties and home invasions that they portend would ever materialize if the gates remain unlocked. I see good people wanting to utilize the public resources that is supposed to be made available to them. If I am not correct in this, then tell me: Is crime rampant on Finger Lake and Wasilla Lake?

Please reply and let me know your thoughts on this issue. And please indicate if your response can be made public or not.

--  
Ron Farnsworth  
President, NLCC

**Pt. MacKenzie Community Council  
18297 W Pt. MacKenzie Rd  
Wasilla, Alaska 99623**

**Minutes  
February 11, 2016**

Meeting was called to order at 7 PM. The Pledge of Allegiance was led by Vice President Gary Foster. Quorum was met with eight general members and two guests in attendance.

Approval of the minutes from December 10, 2015 was motioned by Wilma Gonzales. Gary Foster seconded the motion. No objections were made. The minutes from December 10, 2015 were accepted and approved, as written. Correspondence received was a public notice from Land Management regarding the parcel reclassification for the Community Park. We received a letter regarding our tax exempt status from the IRS. There was a notice of a Planning Commission meeting, in which they will be looking at amending MSB 17.60 to include permit requirements and standards for marijuana related facilities and repealing inapplicable definitions. From the State of Alaska a public notice was received from Dept of Natural Resources requesting comments on the preliminary determination of state land in the Southcentral Region that may be subject to oil and gas exploration and an application from the Dept of Education and Early Development for the summer food service program. We sent a letter to MTA ROW Dept regarding the locates they will need to perform before we install the mailboxes. We submitted our semi-annual reports for our Revenue Sharing grants for FY 2010-2012. We sent Resolution 15-004 to the Borough regarding the nature park at Carpenter Lake. We received an email from Emerson Kreuger explaining the steps we will need to take to begin the Community Park Project, along with the paperwork we will need to complete and submit.

Wilma Gonzales gave the Treasurer's Report. We have \$458.99 in our General account, \$57973.96 in our Project account and \$61.47 in our petty cash account. Assemblyman Dan Mayfield gave our Mat-Su Borough Assembly Report. Dan began by thanking our members who showed up for the discussion regarding reclassification of the parcel for our park. The ordinance came before the Assembly to reserve the land and it was unanimously approved. At the Assembly meeting held the night before, the main topic was the MV Susitna.

PMCC Feb11,16 Pg1

It costs \$18,000 a month to dock in Ketchikan. All four engines need to be rebuilt at a price of 3.2 million. The Phillipines Red Cross is a potential buyer. The Assembly decided to ship it to Seattle and go from there with the repairs. There was an open discussion regarding the Alsop gravel pit. There were concerns regarding the condition of Pt. MacKenzie Road and the impact that gravel trucks would have on it. Assemblyman Mayfield said there have been discussions about funding for upkeep and repairs of Pt. MacKenzie Road and other troubled roads. The Railroad Project is halted for lack of revenue. \$125 million is needed to finish it, with \$185 million spent from the state, so far. The port pier repairs were put on hold until possibly in April when the sea ice goes out.

Gary Foster made a few statements for the Goose Creek Correctional Facility. He stated that there has been some major changes in the DOC. They are fighting heavy for reeducating the inmates for reentry to society. There are about 1200 inmates currently at GCCF. There is a shift change from 6am-6pm and another smaller group of staff that change at 7. The main staff changes out at 8. There was no Fire Station 64 report. Just a comment that we still need volunteers. There were no announcements.

There were no Persons to be Heard.

Revenue Sharing Grants Report. Tammy Hoerauf made comments about the amount of money we have left for our two projects and asked if we should apply for the remaining monies. Tammy also spoke about the grant from MatSu Trails and Parks Foundation, we will be applying for. Assemblyman Mayfield has asked the Community Development Director to put in for \$40,000 in the budget for our park, If it is successful, we could possibly get between \$25,000 and \$40,000. Gary Foster made a motion to move forward with securing the Revenue Sharing Grants for FY 2013-2015. Jim Swanson seconded the motion. No objections. Motion passed. Gary explained that the bids we received for the Mailbox Beautification Project were way too costly and by the time we got them, winter had hit. We made a decision to do as much labor as we can ourselves, as volunteers. Gary Foster made a motion to contact the local masons, we have previously talked to, about volunteering. Jim Swanson seconded the motion. No objections. Motion passed.

Gary Foster spoke about attending the Assembly meeting when they discussed the reclassification of the parcel for our Community Center/Park. Our members that attended received a very welcome reception by the Assembly.

PMCC Feb11,16 Pg2

The Mayor from the city of Wasilla offered assistance with constructing the park, with possibly some equipment and labor. Assemblywoman Barbara Doty asked us to contact her about non-profit companies that may be able to assist us.

New Business started with the IRS. We applied for tax exempt status years ago. No taxes have ever been filed, thus our status was revoked. We are working with an IRS representative to reinstate our tax exempt status. Once we are reinstated we will start filing taxes for 2015.

Tammy Hoerauf asked about whether or not we would be having a picnic this year. No decision was made. We will need to set a date for Community Cleanup. There was a discussion about the frequency of our meetings during this summer, due to our projects and updates and decisions that will need to be made. Gary Foster made a motion to hold our general meetings once a month starting in April. Tammy Hoerauf seconded the motion. No objections were made. Motion passed. No bylaw changes are necessary to increase the frequency of the meetings, there is just a minimum amount of meetings that we must hold. Our Annual meeting's date was changed from April 14 to April 13, due to Board Members being out of state or unavailable, pending permission from the Fire Dept. It was also decided that our Mailbox and Park subcommittee will be meeting on every Saturday at 5 PM, starting March 5, 2016, depending on approval to use the fire station. Debbie Foster was nominated as our subcommittee chairwoman. Tammy Hoerauf will act as secretary  
Tammy Hoerauf motioned for the meeting to be adjourned at 8:39 PM. Gary Foster seconded it, no objections were made.

The next meeting will be held on April 13, 2016.

PMCC Feb11,16 Pg3

Pt. MacKenzie Community Council

Board Members

Donald Thomson, President   Gary Foster, Vice President   Wilma Gonzales, Treasurer  
Tammy Hoerauf, Secretary   Jim Swanson, Alternate

February 11, 2016 Meeting Minutes Approved

Attested by President Donald Thomson

Donald Thomson

Date 4/11/16

Attested by Secretary Tammy Hoerauf

Tammy Hoerauf

Date 4/11/16

---

Pt. MacKenzie Community Council

Board Members

Donald Thomson, President   Gary Foster, Vice President   Wilma Gonzales, Treasurer  
Tammy Hoerauf, Secretary   Jim Swanson, Alternate

# South Knik River Community Council

## Regular Meeting Minutes, Thursday, 18 Feb 2016

Matanuska-Susitna Borough

Location: George E. Steffes Public Safety Building  
8271 S Ben Hur Dr  
Palmer, AK 99645

RECEIVED

MAR 30 2016

CLERKS OFFICE

MAR 25 2016

RECEIVED

1. Quorum established at 7:02 pm with 5 officers plus 15 others present, of whom at least 7 were residents. Special guests included Assemblyman Jim Sykes and Brian Engle who is running for District 1 Assembly Seat.

2. Meeting called to order by SKRCC President, Paul Houser. All present recited the Pledge of Allegiance. Amended agenda approved.

### 3. REPORTS:

#### a. President Report:

- Spoke with MSB Engineer, Bob Walden who stated remaining funds from end of road paving will be used for a guard rail at the scenic turn out at mile 6.8, approach signs from each direction for the scenic turn out, reduced speed ahead sign approaching Hunter Creek from the west traveling east, culvert work near Tempra and no parking signs at Emergency Turn out areas before Mile 8 of Knik River Rd.

- Spoke with Steve Vacalis, AKDOT regarding people parking on the Old Glenn Hwy and Knik River Rd. Parking is not allowed on the road. For example, people who fish or get out to take pictures may not park along the road with any part of their vehicle in the road. This also includes the turn around area at the end of Knik River Rd. Busses and helicopters are prohibited from parking in the road.

b. Assembly Report: Jim Sykes provided updates on current events in the MSB and fielded questions. Of particular note was the \$17M bond package for recreation, including the two local pools and ice rink.

#### c. Secretary/Treasurer Report:

- 19 Nov 2015 meeting minutes read and approved as written
- Petty Cash Balance as of 31 Jan 2016: \$439.29
- Money Market Acct as of 31 Jan 2016: \$90,045.87
- Savings Acct: Not verified at time of meeting
- FY15 Revenue Sharing funds are still available to request
- Filed Bi-ennial reports for Revenue Sharing Funds for FY 09, 10, 11, 12, 13 and 14. FY 09 and 10 have closed out with all funds expended.
- Interest income from Mat Valley Federal Credit Union for CY15 was \$83.09 and placed into savings through automatic transfers

- Wishing to seek Tax Advice regarding Forms 1099-INTs since no help provided from MSB nor other attempts to seek assistance. Motion made, seconded and unanimously approved: "SKRCC Secretary/Treasurer to seek and pay for, if necessary, appropriate assistance from a reputable tax advisor for the South Knik River Community Council regarding reporting requirements."

#### 4. UNFINISHED BUSINESS:

a. Revenue Sharing funds: Discussed current info on CIP for Station 2-2. Current CIP includes no plans. Motion made seconded and approved unanimously to submit detailed updates to current CIP including design drawings and written justification. Additionally, motion made and approved unanimously directing SKRCC Secretary to request FY 15 Revenue Sharing funds to add to FY 12, 13 and 14 for the purposes of building or securing a training/meeting room.

b. Bylaws revision: Could not locate electronic copy of work completed. Solicited assistance from previous SKRCC secretary. Update at next meeting.

c. Emergency Response Plan: No update. Paul Houser requested volunteers/ appointed Dennis Sayer to lead the effort for our community and report back at the next meeting. Any other volunteers are welcome.

d. Resolution passed, in a vote of 10 for, 2 opposed, and 2 abstained: "Send letter to RSA 26 Supervisor stating the SKRCC does not support the RSA 26 proposed mil rate increase."

#### 5. NEW BUSINESS:

a. Soliciting input for CIPs for submission. After discussion, motion made, seconded and unanimously approved for two new CIP submissions: 1) Submit CIP to upgrade Manmade Lake area, to include drive entry, dumpster, and portable bathroom facilities. 2) Submit CIP to increase the size of the Pioneer Peak trail head parking lot.

b. Resolution also made to submit same upgrades to Manmade Lake through letter to DNR Parks and Recreation, KRPUA Manager.

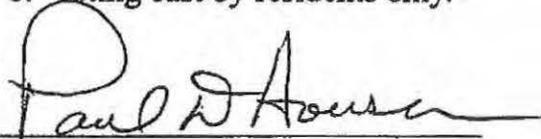
c. Survey Crew on Knik River Rd performing work for AKDOT for resurfacing project. MEA is clearing trees and brush away from power lines.

6. Announcements:

- a. Jim Engle introduced himself and notified those present that he will be running for Assembly Seat District 1.
- b. Spring clean up is just around the corner. Janet Read is Point of Contact and will provide details at the March and April meetings.
- c. Robert Hicks shared a Fire Service Area (FSA) presentation and offered to submit his application for the FSA for the greater Butte area.

7. Adjournment: Meeting adjourned at 9:02 p.m.

8. Voting cast by residents only.



Paul Houser  
SKRCC, President

17 Mar 2016

Date

Attest.



~~Dennis Sayer, acting for~~  
~~Lori Hebb's~~  
Anne Houseal  
SKRCC Secretary/Treasurer

**Sutton Community Council Regular Monthly Meeting**  
*Wednesday, January 27, 2016, 7:00 pm @ Sutton Public Library*  
**Minutes**

8. Jim is asking the legal department if residents could sign a waiver to have the river trenched
9. Budget priorities will be set and
- b. *Joshua Rockey, Principal, Sutton Elementary School*
  1. Did not attend the meeting

**9. Public Comment/Participation:**

**10. Officer Reports:**

- a. **Chair** – Mark Bertels
  1. Jonesville area was the focus of this month
  2. Mark will contact Ivy Spencer regarding the recycle program
  3. Mark reviewed the mail and correspondence
    - o All Correspondence will be posted to the SCC website
- b. **Secretary** – Claudia Dolfi
  1. December and at this time
- c. **Treasurer** – Jim Tapley  
On hand 1/27/2016
  1. Checking -
  2. Savings -
  3. Money Market -
  4. 2010 Revenue Sharing -
  5. 2012 Revenue Sharing -
  6. 2013 Revenue Sharing -
  7. 2014 Revenue Sharing –

**11. Committee Reports:**

- a. **Comp Plan Review** - Mark Bertels
  1. This is at a standstill until we
- b. **Jonesville/Slipper Lake Action Committee**– George Rauscher
  1. 20 + community residents attended the meeting
  2. 150 citizens signed the petition that will be share with all agencies
  3. The MSB gave George a format to follow for the committee
  4. There is no plan at this time
  5. We will need by in from DNR before we put up signs
  6. The next meeting will be Monday, February 8<sup>th</sup> at 5:30 at the Sutton Public Library
    - Jim Sykes shared maps of the area which is State Land
    - With a plan it could be added to our Sutton Comp Plan pretty easy
    - MSB could get an agreement to manage the land
    - A Rifle Range could be added as it was in the Butte
    - The MSB refuses to do anything for the Coyote Lake
    - The MSB would be interested in working with the State to help
    -
- c. **501c (3) Committee** – George Rauscher
  1. *Application update*
- d. **Bylaws Committee** – Roberta Mason

**12. Public Comment/Participation**

**13. Old Business:**

- a. Update on Letter from the SCC to Mat-Su Borough regarding the Mat Su River flood funding

**Sutton Community Council Regular Monthly Meeting**  
*Wednesday, January 27, 2016, 7:00 pm @ Sutton Public Library*  
**Minutes**

- b. Update on Letter from the SCC to all involved agencies and representatives regarding Jonesville Mine area
- c. Advisory Committee for the Jonesville Mine Area

**14. General Orders:**

- a. No general orders at this time

**15. New Business:**

- a. No new business

**16. Public Comment/Participation**

- a. Group conversation on the Jonesville/Slipper Lake Area

**17. Restate motions and voting results**

**18. Meeting Adjourned**

*Frank Bents*

2-24-16

*Claudia Helzi 2/24/16*

**Sutton Community Council Regular Monthly Meeting**  
*Wednesday, February 24, 2016, 7:00 pm @ Sutton Public Library*  
**Minutes**

**RECEIVED**  
**APR 11 2016**  
**CLERKS OFFICE**

**Council Members Present:** Mark Bertels, Bobbie Mason, George Rauscher, Sandra Myers, Frank Buzby, Jim Tapley

**Council Members Absent:** Claudia Dolfi, Sierra Alcantra-Hansen

**Community Members Present:** Jim Sykes, Brian Endle, Gary Hay, Nancy Bertels, Juli Buzby, Christina (Jim Colver's Legislative Aide).

1. **Establish Quorum:** Yes
2. **Call to Order:** 7:04 pm
3. **Pledge:** Led by Brian Endle
4. **Additions or Changes to the Agenda:**
  - a. Brian Endle asked to be added under guests
5. **Guests:**
  - a. **Brian Endle** – Candidate for MSB Assembly District 1
    - a. Mr. Endle announced his candidacy for Assembly, District 1
    - b. Information about Mr. Endle can be found at [www.endleforassembly.com](http://www.endleforassembly.com) and or on Facebook at Brian Endle for Assembly. E-mail contact: [endleforassembly@gmail.com](mailto:endleforassembly@gmail.com)
  - b. **Joshua Rockey** – Principal at Sutton Elementary
    - a. Current enrollment at 54.
    - b. Projected enrollment for next year could include up to 10 incoming kindergartners
    - c. Requesting ½ time special ed. teacher for next year
    - d. Hoping to maintain current staff levels
    - e. Spring Musical tentatively scheduled for April 29
    - f. Dr. Seuss Birthday – Week of March 7<sup>th</sup> -10<sup>th</sup> – requesting volunteer readers for the classroom during that week
  - c. **Christina ?** – Jim Colver's Legislative Aide
    - a. Project Update attached
    - b. Rep. Colver will be at the Palmer Senior Center, Saturday February 27 at 10 a.m. for town hall meeting
    - c. Requested that Rep. Colver's office provide a copy of the Kasilof Special Use Area Legislation to the Jonesville/Slipper Lake Committee
6. **Presentations:**
  - a. None at this time
7. **Announcements:**
  - a. None at this time
8. **Correspondence:**
  - a. Public Notice of Subdivision of acreage on Callison's Farm. Notice attached

**Sutton Community Council Regular Monthly Meeting**  
**Wednesday, February 24, 2016, 7:00 pm @ Sutton Public Library**  
**Minutes**

**9. Borough & State Reports:**

- a. *Jim Sykes* – Assembly District #1
1. Tuesday, March 2<sup>nd</sup> First set of marijuana regulations will be introduced to the assembly
  2. Sutton Elementary School roof will be replaced this spring
  3. Firehall tank project has begun
  4. Mat River Update: FEMA buyout grants will be resubmitted to State of Alaska
  5. No progress on flooding/dike/trenching of Mat-River

**10. Officers Reports**

**A. Chair – Mark Bertels**

1. No report at this time

**B. Secretary – Claudia Dolfi**

1. Claudia was not present at this meeting. Minutes for December and January were emailed to council
2. Bobbie Mason makes a motion to accept the December and January minutes as presented. Seconded by George Rauscher. Motion passes.

**C. Treasurer – Jim Tapley**

1. Treasure's Report attached
2. Bobbie Mason makes a motion to approve the Treasurer's Report as submitted. Seconded by George Rauscher. Motion passes

**11. Committee Reports:**

**A. Jonesville/Slipper Lake Citizens Action Committee - George Rauscher**

1. The committee has hosted 5 meetings which have all been well attended
2. Maps have been acquired from the State of Alaska and Mat-Su Borough and printed for use by the group
3. Next meeting is March 2 at 6:00 p.m.
4. Discussion will include developing a template for legislation for a special land use area

**12. Old Business**

- a. None at this time

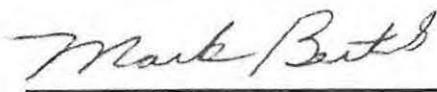
**13. General Orders**

- a. None at this time

**14. Restate motions and voting results**

- a. Motions and voting restated

**15. Meeting Adjourned - 8:30 p.m.**

	3/30/16		3/30/16
President's Signature	Date	Secretary's Signature	Date

Sutton Community Council  
Treasurer's Report  
February 24, 2016

Beginning & Ending Balances	1/27/2016	02/24/2016	Ending Balance
77 Checking	424.83	506.99	506.99
99 Savings	25.29	25.29	25.29
20 Money Market	29,681.59	29,681.59	29,681.59
Deposits Checking			
Deposits Money Market			
Transfers Money Market to Checking			.00
<b>EXPENSES:</b>			
<b>INTEREST:</b>			
Checking		.00	
Savings		.00	
Money Markets		.00	

Sutton Community Council  
 Revenue Sharing Project 2010 Update  
 February 24, 2016

Project	Funds Allotted	Funds Dispersed	Funds Remaining
Wayside sign at Callison's pullout.	1,500.00	1,500.00 Transferred to playground project	.00
Alpine Historical Park. Renovations	3,500.00	3,500.00	.00
17 mile public access signs	500.00	84.62 524.88 Transferred to Playground	.00
Ski groomer	750.00	750.00	.00
Garbage collection at area rec. sites. Administered by CVTC at SCC request	3,069.00	3,000.00	.00
Sutton resource signs	1,500.00	1,500.00	.00
Transfer site coupons	1,500.00	1,500.00	.00
Welcome to Sutton Sign's	3,000.00	1,816.73 960.70 Transferred to Playground	.00 222.57 Transferred to Sutton Community Council
Alpine Civic Club Board	2,440.50	2,400.00	.00
Sutton Community Council			222.57
SAC	2,440.00	2,440.50	.00
Totals	20,200.00	19,977.43	222.57
Funds Transferred to Playground	2,985.58		









*Talkeetna Community  
Council, Inc.*

A non-profit, community service organization

**Talkeetna Community Council, Inc  
Regular Meeting February, 1 2016  
New Talkeetna Public Library  
Draft Minutes**

RECEIVED  
MAR 11 2016  
CLERKS OFFICE

1. **Call to order:** The meeting was called to order at 7:00 PM by Board Chair Whitney Wolff. Board members present: Mary Farina, Rich Crain, Mark Moren, Rob Shelby. A quorum was established
2. **Minutes:** Rich will take the minutes.
3. **Approval of the agenda:** Mark made a motion to approve the agenda. Rob seconded. Motion approved.
4. **Approval of January 4, 2016 minutes:** Rob made a motion to approve the January 4, 2016 Minutes. Rich seconded. Motion approved.
5. **Treasurer's Report:** Rob discussed current account status.
6. **Out-of-town guest:** None noted.
7. **Correspondence: (see attached sheet)** Mark read the Non-Agenda Items with an additional item not listed: an email from Bronn Salmon concerning support for the construction of a pedestrian underpass beneath the Parks Highway at mile 99. Whitney read the Agenda Items including items not listed: Liquor license renewals for the Fairview Inn and the Roadhouse.
8. **Announcements:** Whitney read the letter from Patty Sullivan – MSB concerning the Talkeetna Water System PWSID #225032
9. **Persons to be heard:**
  - a. Joe McAneney, the new business owner of the former chocolate shop located at the end of Main Street discussed his plans to convert the business over to a cannabis dispensary. He stated that he meets all current requirements for this type of business and plans to conduct a responsible

*Talkeetna Community Council, Inc.  
P.O. Box 608, Talkeetna AK 99676*

operation within the Talkeetna Village. A letter of support by Deb Wessler was read during this presentation.

b. Holly Sheldon discussed the increasing tourist bus traffic in Talkeetna and that she had been in contact with the MSB Traffic Specialist to begin a process to prepare a Traffic Plan for managing the impact on downtown Talkeetna . This item was moved to New Business on the Agenda

c. John Bender answered questions from the floor concerning the inclusion of TKA Hockey Rink Improvements within the upcoming MSB Capital Bond Proposal. The improvements were for upgrades to the rink surface, cooling of the playing area and a new protective roof structure.

d. Becky Long discussed the public notice of a proposed MSB sealed bid sale 15-015 of land NW of Larson Lake and its impact on the TCC District (boundary) Review. This item was moved to New Business

e. Sassan Mossanen discussed the roof line remodeling project at the downtown Twister Creek Brewery building. He stated that the remodel meets the Talkeetna SPUD plan and will increase the historical appearance of the building. The business hopes to stay open during most of the project with completion by the 2016 summer season.

f. Eric Denkwalter gave a review of the current status of Fire Service Area #24 noting that it is now fully staffed. The FSA#24 Board of Supervisors has three members currently and will next be meeting at the Senior Center on Feb 5, 2016.

**10. Assembly Update :** Randall Kowalke stated:

- the \$214,000 loan to the Talkeetna Water and Sewer system for DEC upgrades has been changed to a 10year loan to meet internal MSB requirements. There is a continuing effort to fill the Water and Sewer Board and he is making efforts to change residency requirements for board membership to include eligibility of individuals living within the TCC area but outside the TWS service area.

-Federal Drug Free Zones must be met for legal cannabis operations.

-The MSB Recreational Bond will include money for the Talkeetna Hockey Rink as well as Fish Lake parking access improvements and the Talkeetna Ridge Trail Plan.

**13. New Business:**

**a. Jim Pound – CAPSiS.** Mary made a motion to update the previous Letter of Support for the CAPSiS grant. Rob seconded. Motion passed.

**b. Talkeetna Lakes Park – Mark Goetsch** discussed his plan to construct a non-motorized, four foot wide trail, approx 1.9 k in length on the peninsula in the X-Y Lakes area. He would use Palmer youth for initial construction with completion by the Talkeetna area YCC. A motion was made by Mark to refer Mark Goetsch to TPAC regarding the proposed construction of a non-motorized, 4 foot single track trail in Talkeetna Lakes Park. Rich seconded. Motion passed.

**c. Financial:** General Liability Insurance for TCCI Board Members and Volunteers has been obtained. Mary made motions to: (a) Pay for D & O Insurance for board members and volunteers and (b) Reimburse Whitney for Prepayment of Insurance premiums. Mark seconded. Motion passed.

**d. Traffic Plan/MSB Request.** Mark made a motion: TCC supports Holly Sheldon's request for asking Loren Driscoll of MSB to help form a traffic plan after meeting with TKA Chamber of Commerce with consensus of community. Rob seconded. Motion passed.

**e. MSB Bid Parcel 15-015.** Mark made a motion: TCCI will write a letter to MSB L&R Division asking that Bid Parcel Number 15-015 be removed from the upcoming competitive sealed bid land sale. Mary seconded. Motion passed.

**14. Adjournment:**

The meeting was adjourned at 10:03 PM.

Approved By:

*Whitney L. Wolff* 3/7/16

Attested to:

*Mary E. B. Farina*

**Talkeetna Community Council, Inc.**  
The Regular Monthly Meeting of the Talkeetna Community Council, Inc  
Monday, March 7, 2016 at 7:00 pm at the Talkeetna Public Library  
**Draft Minutes**

The order of business will be as follows:

1. Call to Order: 7:00 PM

2. Establish a quorum. (4/7)

Whitney Wolff, Paul Button, Mary Farina, Rob Shelby

3. Rob will take the minutes.

4. Approval of Agenda

Rob makes a motion to approve the agenda as amended.

Mary 2<sup>nd</sup> – passed (3/3)

5. Approval of minutes – Feb. 1, 2016 (Rich)

Mary makes motion to approve Nov. minutes

Rob 2<sup>nd</sup> – passed (3/3)

6. Treasurer's Report- Rob

Playground: \$8,002.54

General: \$22,995.42

Recycling: \$9,066.53

Skate Park: \$3,700.48

7. Out-of-town guest(s).

Casey Cook- MSB Emergency Manager spoke on history and timeline of FEMA requests for Dike and Yoder repairs. He voiced frustration with Talkeetna community individuals calling his integrity into question in emails to Senators and law enforcement.

Macy Shapiro- MSB Solid Waste manager gave update on recycling, transfer station, and asked for letter of support to MSB for Solid Waste refurbished containers for cardboard.

8. Correspondence- Mary

9. Announcements

10. Persons to be heard

Debra Wessler- Spoke about desire to reduce speed on Spur Rd. to 45 starting at Fish Lake.

Cary Birdsall- KTNA/Alaska public radio funding cuts

10. Assembly Update

13. Committee & Board Reports.

a. Revenue sharing- Whitney/Rob

b. RSA- John S.

c. Recycling- Rob

d. Susitna Dam- Whitney

e. TPAC- Iris V.

f. District Review- Chris G.

g. By-Laws- Ruth W.

h. Board Report- Whitney

14. Unfinished Business

a. Scott Thomas- DOT Traffic Study

Mary makes a motion to resend letter to DOT requesting change in striping, reduction of speed to 45, and crosswalk from bike path.

Rob 2<sup>nd</sup>

Passed (3/3)

b. Ken Emmers- Fish Lake Landings re-platting

Paul makes a motion to write a letter to land owner, MEA, MSB Planning, and MSB Platting departments stating that buffer exists and should be respected with regard to utility buffer.

Mary 2<sup>nd</sup>

Passed (3/3)

15. New Business

a. CIP project nominations

Rob makes a motion to inform MSB that TCCI wants them to keep all three CIP recommendations.

Paul 2<sup>nd</sup>

Passed (3/3)

b. Public Notices- Application for Marijuana Establishment License/s

c. Talkeetna Historic Society / DBC remodel

Mary makes a motion to research avenues to review all changes to structures in historic district.

Paul 2<sup>nd</sup>

Passed (3/3)

Rob makes a motion to extend meeting past 10:30pm

Paul 2<sup>nd</sup>

Passed (3/3)

d. So. Central AK Region Oil and Gas Exploration

Mary makes a motion to comment to State of Alaska to request removal of area covered in Talkeetna comprehensive plan from gas and oil exploration.

Paul 2<sup>nd</sup>

Passed (3/3)

e. By Laws changes vote

a. Downtown SPUD / historic provisions

Laura Wright made a motion to form a committee to review the SPUD and create a process for the SPUD for Main Street Talkeetna.

Rich Crain seconded. Motion passes 4 to 1.

Committee Members

Joellen Bye

Rich Crain

Haley Rannals

Jennie Kreppel

Ruth Wood

Geri McCann

Paul Button

b. Spur Rd South SPUD - vegetative buffer on property abutting Dragonfly Hollow Road and it compromising the buffer for an MEA utility easement. Clearing versus trimming language is not clear in the SPUD. Language is referring to parallel and not perpendicular. DOT is the only exclusion; which is for driveways. TCC wrote a letter and sent to MSB last month.

15. New Business

a. TPAC recommendations – John Strassenburgh reported. Document attached for community process for facility development of Talkeetna parks.

Paul Button made a motion to approve the TPAC recommendations process. Rob Shelby seconded. All in favor, none opposed.

b. DNR Snow Cat permit – Cross country travel permit to go from Gold Creek to Stephan Lake Lodge starting 4/16 for the next five years.

Motion to comment on permit made by Paul Button. Rob Shelby seconded. All in favor, none opposed.

Laura Wright will write the letter.

c. MatSu Health Foundation grant for Sewer and Water

Rob made a motion to pursue the Mat Su Health grant. Laura seconded. Motion passed unanimously.

Meeting adjourned: 10:18PM

approved by: *Laura Wright* 4/4/16  
attested to: *Whitney & Woff* 4/4/16

Talkeetna Community Council, Inc.  
The Regular Monthly Meeting of the Talkeetna Community Council, Inc  
Monday, April 4, 2016 at 7:00 pm at the Talkeetna Public Library  
**Draft Minutes**

RECEIVED  
MAY 10 2016  
CLERKS OFFICE

1. Call to Order: 7:00 PM
2. Quorum established with Rich Crain, Laura Wright, Whitney Wolff, Rob Shelby, Paul Button
3. Laura Wright will take minutes
4. Nominations/vote – Board of Directors vacancy

Nominations:  
Chris Grabowski  
Geri McCann

Vote Taken: McCann: 3 Geri, Grabowski: 2  
Geri McCann took her seat.

5. Approval of Agenda  
Additions made to agenda:  
TPAC recommendations  
MTA tall structure tower  
DNR Snow Cat permit  
MatSu Health Foundation grant for Sewer and Water

Laura Wright made a motion to approve the amended agenda, Rob Shelby seconded the motion.  
All in favor, none opposed

6. Approval of Minutes  
Rich Crain made a motion to approve the March 7, 2016 minutes, Paul Button seconded the motion. All in favor, none opposed.

7. Treasurer's Report –  
Playground: \$8,003.20  
General: \$13,496.15  
Recycling: \$8,766.92  
Skate Park: \$3,700.64

7. Out of Town Guests - none

8. Correspondence – attached plus the following that came in over the weekend:  
Notice of Utility Tariff Filing,  
Permit for the leasing land for tall structure tower  
Revenue Sharing FY 2016-7  
Letter from Laura Wright regarding Talkeetna Historic District Design Guidelines  
Cook Inlet Keeper- potential grant opportunity

9. Announcements

Flood Control Service area (east and west) needs board members. Laura Wright will get info and put an announcement on KTNA.

Screening of Super Salmon in Willow tomorrow night.

#### 10. Persons To Be Heard:

*Rick Shear:* voicing opposition to cannabis shop on Main Street. Doesn't fit into the character of this community. Opposed to it being on Main Street specifically.

*Geri McCann:* Disturbed at the ramifications of what would happen with a cannabis shop; the message it would give.

*Jane Steer:* There have been decades of marijuana use in Talkeetna. Does not think it is going to stop. With a retail shop you would know what is going on; it is legal and above board.

#### 11. Assembly Update – Randall Kowalke

Water and Sewer board will be complete soon with addition of Paul Button.

Flood Control Service Area: Israel Mahay wanted to be on the board but according to the Borough there is no formal board. It will be legally established at the 4/5 Assembly meeting. It is a three-person board.

Marijuana: 4/5, work discussion session. No zoning in most places but those against are unhappy about potential grow operations. Residential marijuana grow operations have not been worked out.

Looking for reasonable solutions for places that don't have zoning.

Putting forth an ordinance on any marijuana activity until October 4th. No licenses coming out of the borough... it will affect grow operations. Personally Kowalke doesn't want grow operations in subdivisions.

#### 12. Committee & Board Reports. To date, these are the committees with reports:

##### a. Recycling

Katie Writer: Cardboard management facility at Moore's. They are not collecting cardboard at this time; this will take some time. It is a work in progress. Next meeting is 4/26 at 7:00 pm at Talkeetna Roadhouse. Grants: Did not get the Mat Su Health Foundation Grant. Earth Day, 4/23 at NSI. Need help with glass and cardboard recycling.

b. Su Dam Coalition: Whitney Wolff reported that AEA was able to finish their initial studies. Coalition looked at the studies. A lot of changes with unknown of the economy... AEA switched the economic model. Transportation and recreation study was different with using the rail to get things to the project site. The confluence area was discussed regarding this area and the effects of a dam... flow, revetments, bridges, etc. Comments due in June.

c. TPAC – Moved to new business

d. RSA – No Meeting

e. Revenue Sharing – Robert Gerlach reported: Last year \$20,200 distributed to the community. \$1000 held back for Talkeetna Community Council Expenses. When the MOAs are signed by the recipients then the organization gets the check. One check left to send out: Community Schools. Report due July 10th.

Letter from MSB \$19,300 for FY 2016

f. Boundary Review – Billy Fitzgerald reported: They are relinquishing the review committee. MSB is going to take over an area-wide review. Billy offered his help with the process. If the MSB is not going forward then they may reconvene.

g. MSBCVB Alternative Funding Committee Meeting –

Met March 14th and is not going to pursue the additional bed tax for funding the lower valley visitor center. There was a lot of opposition from the northern valley because we bear the burden but don't see the results. They asked what are Talkeetna's infrastructure priorities? Rick Peterson (Holland American) was interested in working with us to help.

Mary makes a motion to accept By Laws change  
Paul 2<sup>nd</sup>  
Passed (3/3)  
Whitney requests a vote of the TCCI membership present to accept the TCCI by law changes.

Unanimous - 2/3 majority achieved and changes pass.

**f.** Letters of support for recycling

Mary makes a motion to write a letter of support to MSB for Solid Waste to refurbish container for cardboard recycling and support for development of cardboard management recycling facility at Moore's Hardware.

Paul 2<sup>nd</sup>  
Passed (3/3)

**g.** TPAC

Mary makes a motion to accept TPAC changes to By Laws

Rob 2<sup>nd</sup>  
Passed (3/3)

Mary makes a motion to appoint Iris Vandenharn as TCCI delegate to TPAC

Paul 2<sup>nd</sup>  
Passed (3/3)

**h.** KTNA

Paul makes a motion to write a letter to Sen. Dunleavy protesting proposed zero out of Alaska Public Radio funding

Mary 2<sup>nd</sup>  
Passed (3/3)

16. Adjourn

Mary makes a motion to adjourn

Rob 2<sup>nd</sup>

Approved by:  
Attested to:

*Whitney K Wolff*

*5/2/16*

*3/2/16*

COUNCIL MEETING MINUTES

Regular Meeting                      6:30 PM                      Thursday, January 21, 2016

RECEIVED  
FEB 29 2016  
CLERKS OFFICE

- I. Meeting called to order 6:47 pm.
- II. Board Members in Attendance: Grelson, Glenka, Kolbeck and Miller. Members Present: Lon McCullough, Christina Kirksey, Doug Cole, Kristie Parsons. Assemblyman Randall Kowalke and Karen Kowalke.
- III. Reading and approval of minutes from December 2015
- IV. Assembly Report: Trapper Creek Gravel interim materials district to be reviewed at February 2nd meeting.
- V. TCCSA CIP Report: CIP#4 – \$20,000 requested by mail to be used for parking lot upgrades and other miscellaneous upgrades.
- VI. RSA 30 Report: None
- VII. Treasurer's Report: Checking \$733.97 & Savings: \$25.27
- VIII. Revenue Sharing Project Updates:
  - A. FY2012
    - 1. Oral History – \$264.71 remaining
  - B. FY2013
    - 1. TCCSA Conex – \$1,406.54 remaining
  - C. FY2014
    - 1. TCCSA Operating Costs - \$7,957.47 remaining
    - 2. TCCC Operating Costs - \$498.45 remaining
    - 3. Nordic Ski Club - \$260.45 remaining
    - 4. Winter Trail Grooming - \$1,770 remaining
    - 5. Learning Garden - \$71.00 remaining
- IX. Current Mail: Read
- X. Public Forum: Parsons wants to know if the rules set forth by the TCCC Constitution for the recently held election were followed.
- XI. Unfinished Business: None
- XII. New Business:
  - A. Review of the ballots and seating of the new Board of Directors – Motion by Miller to redo the vote in question to satisfy the questions brought up about the procedures. Seconded by Kolbeck. Motion passes unanimously. Vote January 28 to February 13. McCullough and Grelson to tally.
  - B. Draft letter for Revenue Share FY2015 was reviewed and accepted. Project proposal deadline is April 21, 2016.
  - C. Discussion of MSB 17.60 Conditional Use Regulations
- XIII. Date of next meeting scheduled for February 18, 2016 at 6:30 pm.
- XIV. Meeting adjourned at 7:50 pm

(Minutes taken by Council Secretary, Levi Miller)

Approved: Paula M. Glenka 2/18/16      Levi Miller 2/18/16  
 Chairperson                      Date                      Secretary                      Date

Trapper Creek Community Council  
PO Box 13021, Trapper Creek, AK 99683-0321 (907) 733-7370 Teleconference

COUNCIL MEETING MINUTES

Regular Meeting 6:30 PM Thursday, February 18, 2016

RECEIVED

MAY 13 2016

CLERKS OFFICE

- I. Meeting called to order 6:37 pm.
- II. Board Members in Attendance: Grelson, Glenka, Kolbeck and Miller. Members Present: Lon McCullough, Christina Kirksey, Ken Marsh, Diane and Martin Bee, and JP Glenka. Assemblyman Randall Kowalke and his wife Karen.
- III. Reading and approval of minutes from January 21, 2016
- IV. Assembly Report: Susitna Council meetings to be set on the same day as TCCC. IMD Trapper Creek Gravel was rejected. Marijuana regulations to come before assembly.
- V. TCCSA CIP Report: CIP#3 expended. CIP#4 Funding of \$10,000 expected shortly.
- VI. RSA 30 Report: None
- VII. Treasurer's Report: Checking \$727.52 & Savings: \$25.27
- VIII. Revenue Sharing Project Updates:
  - A. FY2012
    - 1. Oral History – \$264.71 remaining
  - B. FY2013
    - 1. TCCSA Conex – \$1,406.54 remaining
  - C. FY2014
    - 1. TCCSA Operating Costs - \$6510.03 remaining
    - 2. TCCC Operating Costs - \$501.55 remaining
    - 3. Nordic Ski Club - \$260.45 remaining
    - 4. Winter Trail Grooming - \$1,610 remaining
    - 5. Learning Garden - \$71.00 remaining
- IX. Current Mail: Read
- X. Public Forum: None
- XI. Unfinished Business:
  - A. Review of the election results and seating of the new board are as follows: Kirksey & Miller to receive two year terms, Glenka & Kolbeck to receive one year term. Chair-Paula Glenka, Vice chair-Ralph Kolbeck, Secretary- Levi Miller, Treasurer- Christina Kirksey. Motion to accept the slate as proposed by Miller seconded Kolbeck passed unanimously. Janet Grelson to be removed as a signer on all TCCC banking accounts. Christina Kirksey to be added as a signer on all TCCC banking accounts.
  - B. Results of the February 2, 2016 Assembly meeting on IMD Trapper Creek Gravel.
- XII. New Business: None
- XIII. Date of next meeting scheduled for March 17, 2016
- XIV. Meeting adjourned at 7:31 pm

(Minutes taken by Council Secretary, Levi Miller)

Approved: Paula Glenka <sup>3/17/2016</sup> Levi Miller <sup>3/17/16</sup>  
 Chairperson Date Secretary Date

Trapper Creek Community Council  
PO Box 13021, Trapper Creek, AK 99683-0321 (907) 733-7370 Teleconference

RECEIVED

MAY 06 2016

CLERKS OFFICE

COUNCIL MEETING MINUTES

Regular Meeting      6:30 PM      Thursday, March 17, 2016

- I. Meeting called to order 6:34 pm.
- II. Board Members in Attendance: Glenka, Kolbeck and Miller. Members Present: Lon McCullough, Tom & Connie Dooley
- III. Reading and approval of minutes from ~~March 17, 2016~~ Feb 18, 2016
- IV. Assembly Report: None
- V. TCCSA CIP Report: CIP#4 \$8,982.75 remaining of \$10,000.
- VI. RSA 30 Report: None
- VII. Treasurer's Report: Checking \$727.52 & Savings: \$25.27
- VIII. Revenue Sharing Project Updates:
  - A. FY2012
    - 1. Oral History – \$264.71 remaining
  - B. FY2013
    - 1. TCCSA Conex – \$1,406.54 remaining
  - C. FY2014
    - 1. TCCSA Operating Costs - \$5,731.30 remaining
    - 2. TCCC Operating Costs - \$508.55 remaining #492<sup>00</sup> - PG LM
    - 3. Nordic Ski Club - \$210.64 remaining
    - 4. Winter Trail Grooming - \$1,610 remaining
    - 5. Learning Garden - \$71.00 remaining
- IX. Current Mail: Read
- X. Public Forum: The Dooley's spoke regarding the variance at the Trapper Creek Inn.
- XI. Unfinished Business: None
- XII. New Business: None
- XIII. Date of next meeting scheduled for April 21, 2016
- XIV. Meeting adjourned at 6:56 pm

(Minutes taken by Council Secretary, Levi Miller)

Approved: Paula Glenka      4/21/16      Levi Miller      4/21/16  
 Chairperson      Date      Secretary      Date

Trapper Creek Community Council  
PO Box 13021, Trapper Creek, AK 99683-0321 (907) 733-7370 Teleconference

RECEIVED  
MAR 23 2016  
CLERKS OFFICE



P.O. Box 1027 - Willow - AK 99688  
907-495-6633  
www.waco-ak.org

*Meeting Minutes*

---

**Date:** January 4th, 2016  
**Occasion:** Board/General Meeting  
**Called to Order:** 7:01pm  
**Quorum:** Board and Community present  
**Agenda:** Accepted  
**Pledge of Allegiance**  
**Minutes:** December 7th approved

**Assembly Report:** None

**Officers Reports**

**Secretary:** Waiting to hear from Denali Refuse on dumpster for Carnival and gave Vince order form for AED for community center.

**Treasurer:** Gaming money has been dispersed.

**Chair:** Boilers have only run for 6 hours during cold snap due to geothermal system working well. The Chair was asked about security cameras for the parking lot.

**Vice Chair:** Hopefully the doors will be in for Carnival

**Past Chair:** None

**Committee Reports**

**1. Carnival:** Tee-shirt designs for design are up for vote for which one will be chosen for this year. The carnival ride people have offered to bring rides for the Winter Carnival the fees they will pay WACO is still being negotiated. We still need someone to handle the gate. Next Monday will be the last meeting before the Carnival. Tammy Webb shared her posters for Talent or Not show.

**2. Trails:** None

**3. CERT:** Thanked WACO for the gaming funds. 17 members have signed up for CPR training from the Red Cross. They are now planning for the May 14th Su-Valley Emergency Preparedness Fair.

**4. Youth Forum:** None

**5. Willow Recycling:** None

**Unfinished Business:** None

**New Business:** Election Committee volunteers needed for upcoming April Elections contact Shane if you are willing to help take nominations and handle the actual election. The upcoming positions to be voted on are Chairman, Secretary and two area reps.

**Persons to be heard:**

**At-Large Representative Reports**

Jamie High - None

Val Schachle - Mat-Valley Federal Credit Union will be bringing in JA for a Day to the Willow Elementary School on the morning of the 21st of January.

Bill Arterburn - None

Carrie Smolden - None

**Chamber of Commerce** - None

**Community Enrichment** - Friday night is free Movie Night starting at 7pm.

**Dog Musers** - None

**Emergency Services** - None

**Garden Club** - None

**Library** - Preschool story time is resuming at 11am on Friday. On the 9th at 7pm the Alaska Home Companion Show, Willow Edition at the Community Center. They also thanked WACO for the gaming funds. The Library met with some state legislative representatives to show them the floor plans for the Library improvement project.

**PTA** - None

**Lions Club**- On Wednesday they will be returning the Peace posters to the students, then on Thursday they will be judging the Geography Bee at the school and Friday will be the first Skate Night in two months.

**Willow Health Org** - None

**Ad Hoc Pipeline Committee** - None

**Willow Long Term Recovery Team** - None

**Announcements:** The Blood Mobile will be at the Carnival on the 30th, call Tom Phillips to schedule an appointment.

**Adjourned:** 7:35 pm

**Next Meeting:** at 7:00 pm

SUBMITTED:

APPROVED

  
\_\_\_\_\_  
Shane Starrett, Chair

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Debie Bloom, Secretary

\_\_\_\_\_  
Date



RECEIVED  
MAY 24 2016  
CLERKS OFFICE

Willow Area Community Organization  
P.O. Box 1027 - Willow - AK 99688  
907-495-6633  
[www.waco-ak.org](http://www.waco-ak.org)

*Meeting Minutes*

---

**Date:** April 2, 2016

**Occasion:** Annual Meeting

**Called to Order:** 7:00 pm

**Quorum:** Community and Board Quorum present

**Agenda:** Approved as written

**Minutes:** March 7, 2016 minutes approved as written

**Borough Assembly Report:** None

**Officer Reports:** None

**Committee Reports:**

1. **Carnival:** Theme for 2017 Carnival is Fireweed.
2. **Trails:** Applied for grant for winter grooming.
3. **Youth Forum:** Fire still burning.
4. **CERT:** Seven members participated in Alaska Shield Drill, May 14<sup>th</sup> Su Valley Emergency Preparedness Fair in WCC.
5. **Willow Recycling:** Need volunteers.

June 18<sup>th</sup> Sockeye Fire 1 year anniversary gathering

**Unfinished Business** – Election Results:

Chair: Harry Banks 74  
Vern Halter write-in 1  
**Harry Banks is new Chair**

Secretary: Debbie Bloom 14  
Sue Morgan 64  
**Sue Morgan is new Secretary**

Area Representatives: Talon Boeve 58  
Amber Holod 52  
Donna Lestenkof 30  
**Talon Boeve and Amber Holod are new Area Representatives**

**New Business**

1. Carnival Theme is Fireweed
2. Three applications so far for Academic Scholarships

**Persons to be heard:**

Kierre Childers - MEA annual meeting April 26, 5-6 pm.  
Tom Phillips- RSA meetings 6/8, 9/14 and 11/9 at WCC 6:30 pm. New members are Tom Phillips, Todd Smoldon and Greg Onger. Mile 73 north is Caswell district with Gord Boeve member.

**At-Large Representative Reports:** None

**Community Groups/Clubs**

1. Chamber of Commerce: Gold Tournament brought in \$3,000.00
2. Community Enrichment: 4<sup>th</sup> quarter dvd/blueray purchase.
3. Willow Dog Musher Association: New board, plan to encourage beginner and junior mushers. Symposium will be October 1 & 2.
4. Emergency Services: 3 building fires, 1 medical assist. Permit was received to start Nancy Lake warm storage. Fire permits are required & that includes burn barrels. Barrels need screens over all holes.
5. Garden Club: Has seed starts for all burn victims. Up to 50 trees available for each burn family.
6. Library: Concert on 4/9. Chili cook off and game night 4/29. Nina's last day 4/30.
7. Lion's Club: Skate night 3<sup>rd</sup> Friday in April.
8. PTA: Need Science Fair judges, Request \$1400.00 for field trip.
9. Willow Health Organization: Health Fair 4/16. Fast for blood work.
10. Ad Hoc Pipeline: Nothing.
11. Willow Long Term Recovery Team: Funds and resources still available. Contact Methodist Church with needs.
12. Willow Historical Wildlife Foundation: Jim Huston talked about the foundation.

**Announcements:** April 5<sup>th</sup> at 7 pm in WCC – salmon movie.

Adjourn

Next Meeting June 6 at 7 pm

SUBMITTED:

Sue Morgan  
Secretary

Date 5/2/2016

APPROVED:

Harry Banks  
Harry Banks, Chair

5-2-2016  
Date

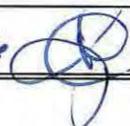
**SUBJECT:** Reporting of conclusion of contract for Bid No. 14-148B to QAP for Seldon Road and Lucille Street Upgrades, for the final contract amount of \$4,978,467.35.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** For information only.

**APPROVED BY**  **JOHN MOOSEY, BOROUGH MANAGER:**

Route To:	Department/Individual	Initials	Remarks
	Originator	B.W.	5/23/16
	Capital Projects Director	APB	5/24/16
	Purchasing Officer	JW	05/26/16
	Finance Director		
	Borough Attorney	NS	
	Borough Clerk	JMM	5/27/16 

**ATTACHMENT (S) :** Fiscal Note: Yes  No

**SUMMARY STATEMENT:** Pursuant to MSB Code, 3.08-170(F), the following is a summary of Bid Solicitation No. 14-148B to QAP for Seldon Road and Lucille Street Upgrades.

The MSB engaged in a contract with QAP on May 30, 2014 for Bid Solicitation No. 14-148B, Seldon Road and Lucille Street Upgrades. The original contract amount of \$4,753,502.03 was approved through Assembly Action on AM No. 14-058 presented on May 20, 2014. The project required four (4) change orders totaling \$289,130.98 for a revised total final contract amount of \$5,042,633.01.

Change orders included adjustments in quantities resulting in a \$64,165.66 reduction in the final payment.

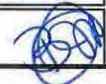
**SUBJECT:** Issuance of Matanuska-Susitna Borough, State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project), in one or more series in an amount not to exceed \$65,000,000.

**AGENDA OF: May 17, 2016**

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator-Finance Dir.	JCC	
	Finance Director	JCC	5/10/16
	Borough Attorney	NS	Reviewed by Bond Counsel
	Borough Clerk	JMM	5/9/16 

**ATTACHMENT (S) :** Fiscal Note: YES X NO \_\_\_\_\_  
 Ordinance Serial No. 16- (11pp)  
 Draft Continuing Disclosure Agreement (3pp)  
 Draft Preliminary Official Statement (11pp)  
 Draft Bond Purchase Agreement (23pp)  
 Draft Refunding Trust Agreement (15pp)  
 Draft Third Amendment to Lease Purchase Agreement (10pp)  
 Draft Second Amendment to Trust Indenture (13pp)

**SUMMARY STATEMENT:**  
 Before you is an ordinance authorizing the issuance of Matanuska-Susitna Borough, State of Alaska Lease Revenue Refunding Bonds in the principal amount not to exceed \$65,000,000. This will be utilized for the refunding of bonds that were issued in 2008 to finance the design and construction of the Goose Creek Correctional Center.

As a reminder, Senate Bill 65 provided for construction of a prison facility with a minimum of 1,200 beds up to 2,251 beds at a cost of \$135,000 per bed. The bill stipulated the Borough

would issue the Lease Revenue Bonds to finance the costs of constructing the facility. The Borough will initially own the facility and currently leases it back to the State of Alaska, who operates the facility under a lease purchase agreement.

On May 16, 2006, Resolution 06-067 was approved by the Assembly which stipulated the official intent to issue the Lease Revenue Bonds for the prison project. On January 15, 2008, the Assembly approved Resolution 08-007 which authorized the Manager to enter into a Memorandum of Understanding with the Department of Corrections for planning for the design, construction and financing of the Mat-Su Prison. The facility contains 1,536 beds. It is located on Point MacKenzie Road at the intersection with Alsop Road. Goose Creek Correctional Center became fully operational September 2013. It created 345 new jobs.

As stated above, the facility is leased to the State. The State pays a semi-annual lease payment to the Borough's trustee who in turn pays the debt service payment. The lease payment is equal to the debt service payment. This debt is considered a credit of the State.

Assembly approval is being requested to authorize up to \$65,000,000 for the possible refunding of the 2008 Matanuska-Susitna Borough, State of Alaska Lease Revenue Bonds (Goose Creek Correctional Center Project). AS 29.47.300 states that if a municipality has outstanding general obligation bonds and the governing body determines that it would be financially advantageous, the municipality may provide by ordinance or resolution for the issuance of negotiable or nonnegotiable Lease Revenue Refunding Bonds. In simple terms, the borough, in conjunction with the State of Alaska, would attempt to sell new lower interest bonds which would pay off the older higher interest bonds.

The refunding of these bonds is subject to market conditions. If market conditions remain the same throughout May and June, the issuance of the bonds is anticipated to be early June 2016.

Currently, the projected savings is just over \$5,630,000 on a net present value basis. This is net of issuance costs which will be paid from the premium. The issuance costs include amounts estimated to be paid for the preparation of the official statements, trustee fees, underwriter's discount, bond counsel and financial advisor fees and other miscellaneous costs.

In order to proceed, approval of the Assembly is necessary to authorize the issuance of the Matanuska-Susitna Borough, State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) in one or more series in an

amount not to exceed \$65,000,000.

**RECOMMENDATION OF ADMINISTRATION:** Authorize issuance of Matanuska-Susitna Borough, State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) in one or more series in an amount not to exceed \$65,000,000.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: May 17, 2016

SUBJECT: Issuance of Matanuska-Susitna Borough, State of Alaska Lease Revenue Refunding Bonds, Series 2016 in the amount not to exceed \$65,000,000.

**ORIGINATOR:**

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES <input type="radio"/> NO <input checked="" type="radio"/> **
AMOUNT REQUESTED *	FUNDING SOURCE
FROM ACCOUNT #	PROJECT #
TO ACCOUNT :	PROJECT #
VERIFIED BY:	CERTIFIED BY:
DATE:	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

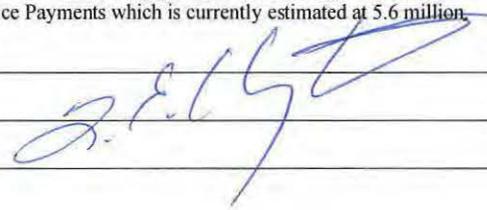
FUNDING: (Thousands of Dollars)

General Fund	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
State/Federal Funds						
Other						
<b>TOTAL</b>						

POSITIONS:

Full-Time	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Part-Time						
Temporary						

ANALYSIS: \*The State pays a semi-annual lease payment to the Borough's Trustee who in turn pays the debt service payment. \*\* No fiscal impact to the Borough. The State will pay less in Debt Service Payments which is currently estimated at 5.6 million.

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY:  DATE: 5/10/16

IM No. 16-101  
Ordinance Serial No. 16-005

**CONTINUING DISCLOSURE CERTIFICATE  
MATANUSKA-SUSITNA BOROUGH, ALASKA**

**§[ ]  
State of Alaska Lease Revenue Refunding Bonds, Series 2016  
(Goose Creek Correctional Center Project)**

Section 1. Undertaking to Provide Annual Financial Information and Notice of Certain Events. Solely for purposes of complying with paragraph (b)(5)(i) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240 § 240.15c2-12) (“Rule 15c2-12”), for the benefit of the holders of the above-referenced bonds (the “Series 2016 Bonds”), the Matanuska-Susitna Borough (the “Borough”) hereby undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(a) Annual financial information and operating data of the type included in the final official statement for the Series 2016 Bonds and described in Section 2 (the “Annual Financial Information”);

(b) Timely notice of the occurrence of any of the following events with respect to the Series 2016 Bonds, not in excess of ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds;

OR 16-065  
JM 16-101

- material;
  - (vii) modifications to rights of holders of the Series 2016 Bonds, if
  - (viii) Series 2016 Bond calls, if material, and tender offers;
  - (ix) defeasances;
  - (x) release, substitution, or sale of property securing repayment of the Series 2016 Bonds, if material;
  - (xi) rating changes;
  - (xii) bankruptcy, insolvency, receivership, or similar event of the Borough;
  - (xiii) the consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(c) Timely notice of a failure by the Borough to provide required Annual Financial Information on or before the date specified in Section 2.

Section 2. Description of Annual Financial Information. The Annual Financial Information that the Borough undertakes to provide in Section 1:

- (a) Shall consist of:
  - (i) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to Alaska municipalities, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the Borough they will be provided; and
  - (ii) the comprehensive annual financial report of the Borough;
- (b) Shall be provided not later than the last day of the seventh month after the end of each fiscal year of the Borough (currently, not later than January 31 for a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the Borough's fiscal year ending June 30, 2016 and
- (c) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the United States Securities and Exchange Commission.

OR 16-025  
JM 16-101

Section 3. Amendment of Undertaking. This undertaking is subject to amendment after the primary offering of the Series 2016 Bonds without the consent of any holder of any Series 2016 Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The Borough will give notice to the MSRB of the substance (or provide a copy) of any amendment to this undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of Annual Financial Information to be provided, the Annual Financial Information containing the amended Annual Financial Information will include a narrative explanation of the effect of that change on the type of information to be provided.

Section 4. Beneficiaries. This undertaking shall inure to the benefit of the Borough, each participating underwriter of the Series 2016 Bonds and each holder of the Series 2016 Bonds, and shall not inure to the benefit of or create any rights in any other person.

Section 5. Termination of Undertaking. The Borough's obligations under this undertaking shall terminate upon the legal defeasance of all of the Series 2016 Bonds. In addition, the Borough's obligations under this undertaking shall terminate if the provisions of Rule 15c2-12 that require the Borough to comply with this undertaking become legally inapplicable in respect of the Series 2016 Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the Borough, and the Borough provides timely notice of such termination to the MSRB.

Section 6. Remedy for Failure to Comply with Undertaking. As soon as practicable after the Borough learns of any failure to comply with the undertaking, the Borough will proceed with due diligence to cause such noncompliance to be corrected. No failure by the Borough to comply with this undertaking shall constitute a default in respect of the Series 2016 Bonds. The sole remedy of any holder of a Series 2016 Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Borough to comply with this undertaking.

Section 7. Definitions. Terms used and not defined in this undertaking shall have the meaning ascribed to such terms in Rule 15c2-12.

Dated: [\_\_\_\_].

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

OR 16-065  
Jm 16-101

NEW ISSUE  
BOOK-ENTRY ONLY

DRAFT

FITCH: [ ]  
MOODY'S: [ ]  
S&P: [ ]  
(See "RATINGS" herein)

In the opinion of Foster Pepper PLLC, Bond Counsel, under existing federal law and assuming compliance with certain covenants and with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Series 2016 Bonds, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. However, while interest on the Series 2016 Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Series 2016 Bonds received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Series 2016 Bonds received by certain S corporations may be subject to tax, and interest on the Series 2016 Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of interest on the Series 2016 Bonds may have other federal tax consequences for certain taxpayers. Interest on the Series 2016 Bonds is free from taxation by the State of Alaska, except for transfer, estate and inheritance taxes. See "TAX EXEMPTION" and "CERTAIN OTHER FEDERAL TAX CONSEQUENCES."



§ \_\_\_\_\_ \*  
**MATANUSKA-SUSITNA BOROUGH**  
State of Alaska Lease Revenue Refunding Bonds, Series 2016  
(Goose Creek Correctional Center Project)

**Dated: Date of Delivery**

**Due: [September 1], shown on the inside cover**

The State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) (the "Series 2016 Bonds") will be issued by the Matanuska-Susitna Borough, Alaska (the "Borough") as fully registered bonds under a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Series 2016 Bonds. Individual purchases of interests in the Series 2016 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interest in the Series 2016 Bonds. Principal and interest are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee, paying agent and registrar for the Series 2016 Bonds (the "Trustee"). Principal is payable on the dates set forth in the inside cover. Interest is payable on [September 1, 2016] and on each [March 1 and September 1] thereafter. Upon receipt of payments of principal and interest, DTC is obligated to remit such principal and interest to DTC Participants (as such term is defined herein) for subsequent disbursement to the purchasers of beneficial interests in the Series 2016 Bonds, as described herein.

The Series 2016 Bonds are being issued to (i) advance refund \$59,340,000 aggregate principal amount of the Borough's State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) (the "Prior Bonds") and (ii) pay certain costs of issuance of the Series 2016 Bonds and the refunding of the Prior Bonds. The Prior Bonds were issued for the purpose of financing the Goose Creek Correctional Center Project (the "Facility").

The Series 2016 Bonds are subject to optional redemption prior to scheduled maturity as more fully described herein.

The Series 2016 Bonds, the outstanding Series 2008 Bonds that are not Prior Bonds, the Series 2015 Bonds (as defined herein) and any other Additional Bonds (collectively, the "Bonds") are limited obligations of the Borough issued pursuant to the Trust Indenture dated December 1, 2008 (the "Original Indenture") as previously supplemented by the First Supplement to Trust Indenture dated as of April 1, 2015 (the "First Supplement to Indenture") and as supplemented by the Second Supplement to Trust Indenture dated as of June 1, 2016 (the "Second Supplement to Indenture" and together with the Original Indenture and the First Supplement to Indenture, the "Indenture"), each between the Borough and the Trustee, and secured by a pledge of the Trust Estate held under the Indenture including the Lease Payments to be derived by the Borough pursuant to the terms of the Lease Purchase Agreement dated as of December 1, 2008 (the "Original Lease Purchase Agreement") as previously amended by the First Amendment to Lease Purchase Agreement dated October 26, 2010 (the "First Amendment to Lease Purchase Agreement") and the Second Amendment to Lease Purchase Agreement dated as of April 1, 2015 (the "Second Amendment to Lease Purchase Agreement") each among the Borough, as lessor, the State of Alaska Department of Administration (the "DOA"), as lessee and the State of Alaska Department of Corrections (the "DOC"), as tenant agency, and as further amended by the Third Amendment to Lease Purchase Agreement dated as of June 1, 2016 (the "Third Amendment to Lease Purchase Agreement" and collectively with the Original Lease Purchase Agreement, the First Amendment to Lease Purchase Agreement and the Second Amendment to Lease Purchase Agreement, the "Lease Purchase Agreement"), among the Borough, the DOA, the DOC and the Trustee. The Lease Purchase Agreement requires the DOA to make payments sufficient to pay the principal of and interest on the Bonds in exchange for the right to use the Facility. The DOA has pledged in the Lease Purchase Agreement to take such action as may be necessary to include all Lease Payments in its annual budget and to seek the necessary annual appropriations by the Alaska State Legislature for all such Lease Payments. THE OBLIGATION OF THE DOA TO MAKE LEASE PAYMENTS IS SUBJECT TO ANNUAL APPROPRIATION BY THE ALASKA STATE LEGISLATURE.

THE SERIES 2016 BONDS DO NOT REPRESENT A GENERAL OBLIGATION OF THE BOROUGH OR THE STATE OF ALASKA OR ANY DEPARTMENT, AGENCY OR INSTRUMENTALITY THEREOF. THE SERIES 2016 BONDS ARE PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE, INCLUDING LEASE PAYMENTS TO BE MADE BY THE DOA. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE BOROUGH, THE STATE OF ALASKA OR ANY DEPARTMENT, AGENCY OR INSTRUMENTALITY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2016 BONDS.

The Lease Purchase Agreement provides that the DOA's obligation to make Lease Payments is absolute and unconditional, subject to an Event of Nonappropriation (as defined herein), and that Lease Payments are payable without any right to set-off or counterclaim regardless of any contingencies and whether or not the DOA possesses or uses the Facility.

See the Inside Cover for Maturity Schedule.

The Series 2016 Bonds are offered when, as and if issued and received by the Underwriter and subject to the approving legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the State of Alaska by the Attorney General of Alaska and for the Underwriter by its counsel, Katten Muchin Rosenman LLP of Chicago, Illinois. It is expected that the Series 2016 Bonds will be available for delivery through the facilities of DTC on or about June \_\_, 2016.

RBC Capital Markets

Dated: June \_\_, 2016

\* Preliminary, subject to change.

OR 16-065  
DU 16-101

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY SCHEDULE**

<u>Maturity</u> <u>([September] 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Reoffering Yield</u>	<u>Reoffering Price</u>
	\$	%	%	

OR 16-065  
IM 16-101

# MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue  
Palmer, Alaska 99645  
(907-745-4801)

## MAYOR

Vern Halter

## BOROUGH ASSEMBLY

Matthew Beck (Deputy Mayor)  
Steve Colligan

Jim Sykes  
Dan Mayfield  
Randall Kowalke

George McKee  
Barbara Doty

## APPOINTED OFFICIALS

Borough Manager  
Director of Finance  
Clerk  
Assessor  
Attorney  
Assistant Manager  
Director of Public Works  
Director of Emergency Services  
Director of Information Technology  
Director of Community Development  
Director of Planning  
Director of Capital Projects

John Moosey  
Tammy E. Clayton  
Lonnie R. McKechnie  
Brad Pickett  
Nicholas Spiropoulos  
George Hays  
Terry Dolan  
Bill Gamble  
Eric Wyatt  
Eric Phillips  
Eileen Probasco  
Jude Bilafer

## BOND COUNSEL

Foster Pepper PLLC  
Seattle, Washington

## FINANCIAL ADVISOR

[To Come]

## TRUSTEE, PAYING AGENT AND BOND REGISTRAR

The Bank of New York Mellon Trust Company, N.A.  
San Francisco, California

OR 16-065  
Im 16-101

NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE BOROUGH, THE STATE OF ALASKA OR THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE SERIES 2016 BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE BOROUGH, THE STATE OR THE UNDERWRITER.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SERIES 2016 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN CONCERNING THE DEPOSITORY TRUST COMPANY ("DTC") HAS BEEN FURNISHED BY DTC AND NO REPRESENTATION IS MADE BY THE MATANUSKA-SUSITNA BOROUGH, THE STATE OF ALASKA OR THE UNDERWRITER AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOROUGH, THE STATE OR DTC SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE BOROUGH OR THE STATE AND ANY ONE OR MORE OF THE PURCHASERS OR REGISTERED OWNERS OF THE SERIES 2016 BONDS. ALL SUMMARIES OF BOND ORDINANCES, RESOLUTIONS, INDENTURES, AGREEMENTS OR OTHER DOCUMENTS ARE MADE SUBJECT TO THE PROVISIONS OF SUCH DOCUMENTS, RESPECTIVELY, AND DO NOT PURPORT TO BE COMPLETE OR DEFINITIVE STATEMENTS OF ANY OR ALL OF SUCH PROVISIONS.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY AND COMPLETENESS OF SUCH INFORMATION.

UPON ISSUANCE, THE SERIES 2016 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED ON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE SERIES 2016 BONDS FOR SALE. THE BOND ORDINANCE AND TRUST INDENTURE WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED, AND IF DISCONTINUED THEN RECOMMENCED, AT ANY TIME.**

(i)

BR 16-065  
JM 16-101

This Official Statement is submitted by the Borough in connection with the sale of the Series 2016 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

(ii)

0216-065  
Jan 16-101

TABLE OF CONTENTS

INTRODUCTORY STATEMENT..... 1

REFUNDING PLAN..... 2

THE FACILITY ..... 3

SOURCES AND USES OF FUNDS..... 4

SECURITY FOR THE BONDS ..... 4

    General..... 4

    Trust Estate ..... 4

    No Mortgage..... 5

    Bond Fund..... 5

    State Obligations Under Lease Purchase Agreement..... 5

    Payment History..... 5

    Event of Nonappropriation ..... 5

    Operating Covenants..... 6

    Eminent Domain Proceedings..... 7

    Continuation of the Lease Purchase Agreement Following Less than Substantial Condemnation  
    of the Facility ..... 8

    Insufficiency of Condemnation Award..... 8

    Destruction of Facility ..... 8

    Lease Default Event..... 8

    Remedies..... 9

    Options to Prepay and Purchase Property..... 10

    Additional Bonds ..... 10

BOND TERMS ..... 10

    General Description of the Series 2016 Bonds ..... 10

    Optional Redemption of the Series 2016 Bonds..... 11

    Selection of Bonds to be Redeemed ..... 11

    Notice of Redemption..... 11

DEBT SERVICE REQUIREMENTS ..... 12

INFORMATION CONCERNING THE MATANUSKA-SUSITNA BOROUGH..... 12

    Description of Borough..... 12

    Population ..... 13

    Government..... 13

    Powers..... 13

    School District ..... 13

    Borough Administration ..... 14

INFORMATION CONCERNING THE STATE OF ALASKA..... 14

    General..... 14

    State Revenues..... 14

    Government Budgets and Appropriations..... 21

    Government Funds..... 23

    Restricted Revenue Forecast..... 26

    General Fund Forecasts..... 27

    General Fund Expenditure Trends ..... 28

    Fiscal Year 2017 10-Year Plan ..... 29

    Other Funds Maintained by the State..... 32

    State Ownership of Land and Natural Resources ..... 32

*DR 16-065  
DM 16-101*

Public Debt and Other Obligations of the State.....	39
STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES.....	46
General.....	46
The ARM Board .....	47
Administration of the Systems.....	47
Valuation Reports .....	47
The Public Employees Retirement System.....	48
Teachers' Retirement System .....	55
Recent Pension Reforms.....	61
The Other Retirement Systems .....	62
State's Supplemental Benefits System.....	63
State's Deferred Compensation Plan .....	63
State's Annual/Personal Leave and Sick Leave.....	63
INVESTMENT POLICIES .....	63
General Fund, Constitutional Budget Reserve Fund and Other Subfunds.....	63
The Permanent Fund.....	64
LITIGATION AND REGULATORY PROCEEDINGS .....	64
Borough .....	64
State .....	65
CERTAIN LEGAL MATTERS.....	68
TAX EXEMPTION.....	68
CERTAIN OTHER FEDERAL TAX CONSEQUENCES .....	70
FORWARD-LOOKING STATEMENTS DISCLAIMER .....	71
RATINGS.....	72
FINANCIAL ADVISOR.....	72
CERTAIN VERIFICATIONS.....	72
CONTINUING DISCLOSURE .....	72
UNDERWRITING .....	73
EXECUTION OF OFFICIAL STATEMENT .....	74

- Appendix A – State of Alaska “General Purpose Financial Statements” from the Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2015
- Appendix B – Form of Bond Counsel Opinion
- Appendix C-1 – Summary Information Regarding the Economy of the State
- Appendix C-2 – General and Economic Information Relating to the Borough
- Appendix D – Form of Continuing Disclosure Certificates (Borough and State)
- Appendix E – Information Regarding The Depository Trust Company
- Appendix F – Definitions
- Appendix G – Original Indenture and Form of Second Supplement to Indenture

OR 16-065  
 JM 16-101

OFFICIAL STATEMENT

Relating to

\$ \_\_\_\_\_ \*

MATANUSKA-SUSITNA BOROUGH

State of Alaska Lease Revenue Refunding Bonds, Series 2016  
(Goose Creek Correctional Center Project)

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page, inside cover page, and Appendices attached hereto, is to provide certain information concerning the Matanuska-Susitna Borough, a municipal corporation of the State of Alaska (the "Borough"), the State of Alaska (the "State" or "Alaska") and the issuance of \$ \_\_\_\_\_\* aggregate principal amount of the Borough's State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) (the "Series 2016 Bonds" and together with the Series 2008 Bonds (as defined herein) that are not Prior Bonds (as defined herein), the Series 2015 Bonds (as defined herein) and any other Additional Bonds, the "Bonds"). The Series 2016 Bonds are authorized to be issued pursuant to Ordinance Serial No. 16-\_\_\_\_ (the "Bond Ordinance"), adopted by the Borough Assembly (the "Assembly") on \_\_\_\_\_, 2016, and are issued pursuant to and secured under the provisions of the Trust Indenture dated as of December 1, 2008 (the "Original Indenture") as previously supplemented by the First Supplement to Trust Indenture dated as of April 1, 2015 (the "First Supplement to Indenture") and as further supplemented by the Second Supplement to Trust Indenture dated as of June 1, 2016 (the "Second Supplement to Indenture" and together with the Original Indenture and the First Supplement to Indenture, the "Indenture"), each between the Borough and The Bank of New York Mellon Trust Company, N.A., as trustee, paying agent and registrar (the "Trustee").

The Series 2016 Bonds are being issued to (i) advance refund \$59,340,000 aggregate principal amount of the Borough's outstanding State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) (the "Series 2008 Bonds," and the portion of which to be refunded being referred to herein as the "Prior Bonds") and (ii) pay certain costs of issuance of the Series 2016 Bonds and the refunding of the Prior Bonds. The Series 2008 Bonds were issued for the purpose of financing the Goose Creek Correctional Center Project (the "Facility").

The Facility is owned by the Borough and leased for use by the Alaska State Department of Corrections (the "DOC") acting by and through the Alaska State Department of Administration (the "DOA") pursuant to the Lease Purchase Agreement dated as of December 1, 2008 (the "Original Lease Purchase Agreement") as previously amended by the First Amendment to Lease Purchase Agreement dated October 26, 2010 (the "First Amendment to Lease Purchase Agreement") and the Second Amendment to Lease Purchase Agreement dated as of April 1, 2015 (the "Second Amendment to Lease Purchase Agreement"), each by and between the Borough, as lessor, DOA, as lessee and DOC, as tenant agency. Concurrently with the issuance of the Series 2016 Bonds, the Borough, the DOA, the DOC and the Trustee will enter into a Third Amendment to Lease Purchase Agreement dated as of June \_\_, 2016 (the "Third Amendment to Lease Purchase Agreement" and collectively with the Original Lease Purchase Agreement, the First Amendment to Lease Purchase Agreement and the Second Amendment to Lease Purchase Agreement, the "Lease Purchase Agreement") pursuant to which the DOA and the DOC will agree to make payments sufficient to pay the principal of and interest on the Series 2016 Bonds.

\* Preliminary, subject to change.

OR 16-065  
JM 16-101

The issuance of the Series 2016 Bonds has been approved by Resolution No. 2016-\_\_\_\_, adopted by the Alaska State Bond Committee (the “Committee”) on \_\_\_\_\_, 2016.

The Series 2016 Bonds are not general obligations of the Borough or the State or any departments, agencies, or instruments thereof and neither the faith and credit nor the taxing power of the Borough, the State or any political subdivision thereof is pledged to the payment of the principal of and interest on the Series 2016 Bonds. The Series 2016 Bonds are payable solely from the Trust Estate pledged under the Indenture, including Lease Payments to be made by the DOA. THE OBLIGATION OF THE DOA TO MAKE LEASE PAYMENTS IS SUBJECT TO ANNUAL APPROPRIATION BY THE ALASKA STATE LEGISLATURE AS FURTHER DESCRIBED IN THE LEASE PURCHASE AGREEMENT.

The Lease Purchase Agreement provides that the DOA’s obligation to make Lease Payments is absolute and unconditional, subject to an Event of Nonappropriation (as defined herein), and that Lease Payments are payable without any right to set-off or counterclaim regardless of any contingencies and whether or not the DOC or the DOA possesses or uses the Facility.

The information within this Official Statement has been compiled from official and other sources considered reliable and, while not guaranteed as to accuracy, is believed to be correct. Any statements herein involving estimates, projections or forecasts are to be construed as such rather than as statements of fact or representations that such estimates, projections or forecasts will be realized.

All of the summaries of, or references to, provisions of statutes of the State, the Bond Ordinance, the Indenture, the Lease Purchase Agreement, or other ordinances, resolutions and agreements of the Borough and other documents contained herein are made subject to the complete provisions thereof and do not purport to be complete statements of such provisions, copies of which are available for inspection at the offices of the Borough upon request. The most recent general purpose financial statements for the State are included in this Official Statement as APPENDIX A. The form of opinion of Bond Counsel is included as APPENDIX B hereto. Certain general and economic information relating to the State is included as APPENDIX C-1 hereto. Certain general and economic information relating to the Borough is included as APPENDIX C-2 hereto. The Original Indenture and the form of Second Supplement to Indenture are included as APPENDIX G hereto.

In this Official Statement, the terms “Facility” or “Facilities” refers to the buildings and structures constituting the Goose Creek Correctional Center. All capitalized terms which are not otherwise defined herein shall have the meaning set forth in APPENDIX F in this Official Statement.

Summaries of, or references to, provisions of the Internal Revenue Code of 1986 (the “Code”), contained herein are made subject to the complete provisions thereof and do not purport to be complete statements thereof.

### REFUNDING PLAN

The Prior Bonds to be refunded consist of a portion of the Borough’s State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project), in the aggregate principal amount of \$59,340,000\*, which portion consists of all of the 2032 Term Bond and the 2024 and 2025 sinking fund installments of the 2028 Term Bond, as shown below:

---

\* Preliminary, subject to change.

OR 16-065  
JM 16-101

**Prior Bonds to be Refunded**

<u>Term Bond Maturing</u>	<u>Sinking Fund Installments to be Refunded</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2023	2020 to 2023	\$37,275,000	September 1, 2019	100%
2028	2024 to 2025	22,065,000	September 1, 2019	100

The Borough will redeem the Prior Bonds on September 1, 2019 (the “*Redemption Date*”) at par. On the date of issuance of the Series 2016 Bonds, a portion of the proceeds of sale of the Series 2016 Bonds will be deposited in an irrevocable escrow fund established to refund the Prior Bonds. The escrow fund will be held by The Bank of New York Mellon Trust Company, N.A., as refunding trustee (the “*Refunding Trustee*”) under the Refunding Trust Agreement by and between the Borough and the Refunding Trustee. The moneys held in the escrow fund will be invested in noncallable direct obligations of the United States of America (the “*Government Obligations*”) that will mature at such times and in such amounts, and will bear interest payable at such times and in such amounts so that sufficient moneys will be available, together with an initial cash deposit, to make full and timely payment of the redemption price of the Prior Bonds on the Redemption Date, and the interest due on the Prior Bonds on each interest payment date to and including the Redemption Date. The sufficiency of the deposit made to the escrow fund will be verified by [Causey Demgen & Moore P.C.], as verification agent. See “CERTAIN VERIFICATIONS.”

**THE FACILITY**

The Series 2008 Bonds financed the Goose Creek Correctional Center, which is a 1,536 bed medium security prison for male felony offenders constructed on a 330 acre tract located at the intersection of Pt. MacKenzie Road and Alsop Road. The location is approximately 25 miles from the City of Wasilla. The Facility more than doubled the available beds in the DOC in-state system and facilitates in-state housing of Alaska prisoners. The Facility includes approximately 435,000 square feet of buildings on a cleared perimeter of 90 acres within a 330 acre site. Due to the remote location of the Facility, a newly-created investor-owned utility developed new infrastructure for the delivery of water and wastewater services, and other improvements were made to extend natural gas, electricity and telecommunications services to the Facility.

OR 16-065  
JM 16-101

## SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of funds in connection with the issuance of the Series 2016 Bonds:

### Sources of Funds

Principal Amount of Series 2016 Bonds.....	\$
[Net] Original Issue [Premium] .....	
Total Sources of Funds.....	\$

### Uses of Funds

Refund Prior Bonds .....	\$
Cost of Issuance (1) .....	
Total Uses of Funds .....	\$

(1) Includes Underwriter's discount, legal, financial advisory, rating agency, Refunding Trustee and verification agent fees, printing and other expenses associated with the issuance of the Series 2016 Bonds and the refunding of the Prior Bonds.

## SECURITY FOR THE BONDS

### General

The Bonds are limited obligations of the Borough payable solely from Lease Payments to be received from the State under the Lease Purchase Agreement. Lease Payments are to be made from appropriated and legally available funds of the DOA. The principal of and interest on the Bonds will be paid from funds appropriated by the State and paid to the Trustee (pursuant to an assignment from the Borough) as Lease Payments under the Lease Purchase Agreement. The Land on which the Facility is constructed is owned by the Borough.

### Trust Estate

Pursuant to the Indenture, the Borough has assigned and pledged the Trust Estate as security for the payment of the principal of and interest on the Bonds. Upon issuance of the Series 2016 Bonds and the refunding of the Prior Bonds, the Bonds outstanding under the Indenture will consist of (i) the Series 2016 Bonds, (ii) the outstanding Series 2008 Bonds that are not Prior Bonds, which will remain outstanding in the aggregate principal amount of \$30,095,000 and (iii) the Borough's State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project) (the "Series 2015 Bonds"), outstanding in the principal amount of \$104,390,000, which were previously issued to refund a portion then outstanding of the Series 2008 Bonds. The Trust Estate includes (1) all right, title and interest of the Borough in the Lease Purchase Agreement (including the Lease Payments and Incidental Payments but not including the Borough's rights to indemnification and reimbursement of expenses); (2) a first lien on and pledge of the Lease Payments and Incidental Payments to be received by the Borough under the Lease Purchase Agreement; and (3) a first lien on and pledge of (a) the moneys and investments in the Bond Fund and (b) the moneys and investments in the Construction Fund, if any, not paid out to meet Project Costs.

DR 16-065  
IM 16-101

## **No Mortgage**

The Bonds are not secured by the Land or any interest in real or personal property including the Facility.

## **Bond Fund**

The Bond Fund is maintained by the Trustee as a special fund to be drawn upon for the sole purpose of paying the principal of and interest and premium, if any, on the Bonds. Under the Lease Purchase Agreement, the DOA is obligated to make Lease Payments directly to the Trustee (for deposit into the Bond Fund) five Business Days prior to each principal or interest payment date with respect to the Bonds (each a "*Lease Payment Due Date*").

## **State Obligations Under Lease Purchase Agreement**

THE BONDS ARE NOT PAYABLE FROM ANY FUNDS OF THE BOROUGH, OTHER THAN THE PAYMENTS TO BE RECEIVED AS LEASE PAYMENTS FROM THE DOA UNDER THE LEASE PURCHASE AGREEMENT. THE OBLIGATION OF THE DOA TO MAKE LEASE PAYMENTS IS SUBJECT TO ANNUAL APPROPRIATION BY THE ALASKA STATE LEGISLATURE.

THE BONDS DO NOT REPRESENT A GENERAL OBLIGATION OF THE BOROUGH, THE STATE OR ANY DEPARTMENT, AGENCY OR INSTRUMENTALITY THEREOF, NOR IS THE FULL FAITH AND CREDIT OF THE BOROUGH OR THE STATE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE, INCLUDING LEASE PAYMENTS TO BE MADE BY THE DOA. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE BOROUGH, THE STATE OR ANY DEPARTMENT, AGENCY OR INSTRUMENTALITY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

The Lease Purchase Agreement provides that the DOA's obligation to make Lease Payments is absolute and unconditional, subject to an Event of Nonappropriation (as defined herein), and that Lease Payments are payable without any right to set-off or counterclaim regardless of any contingencies and whether or not the DOA possesses or uses the Facility.

Pursuant to the Lease Purchase Agreement, the DOA has pledged to include in its budget all Lease Payments and to use its best efforts to obtain appropriations in amounts sufficient to pay all Lease Payments required by the Lease Purchase Agreement.

## **Payment History**

The State has never failed to appropriate funds for any outstanding lease obligation.

## **Event of Nonappropriation**

The obligation of the DOA to make Lease Payments is subject to legislative appropriation by the State in its regular fiscal budgets and does not constitute a debt of the Borough, the State or the DOA within the meaning of any constitutional or statutory debt limit or restriction and does not constitute an obligation for which the Borough, the State or the DOA has levied or pledged any form of taxation. See "INFORMATION CONCERNING THE STATE OF ALASKA" herein. As defined in the Lease Purchase Agreement, the term "Event of Nonappropriation" means the failure of the Legislature to appropriate for any fiscal period of the State sufficient funds that are lawfully available to pay all Lease Payments and Incidental Payments that are to come due (or estimated to come due) during such fiscal period. An Event

of Nonappropriation shall be determined to have occurred on the earlier to occur of (a) the date on which a Lease Payment is not made on a Lease Payment Due Date as a result of the failure of appropriation or (b) last day of such fiscal period.

In the event the State Legislature fails to appropriate funds to make Lease Payments, the Lease Purchase Agreement will automatically terminate as of the date of the Event of Nonappropriation and the DOA must vacate the Facility and will thereupon be released of its obligations to make all further payments to the Trustee or the Borough due thereafter with respect to the Lease Purchase Agreement; *provided* (a) the DOA delivers the vacated Facility to the Trustee free and clear of all encumbrances created or suffered by the DOA and (b) written notice is provided to the Borough and the Trustee as provided in the Lease Purchase Agreement. If the DOA returns the Facility pursuant to the terms of this provision, the Registered Owners of the Bonds are to retain all sums paid by the State. THE FAILURE TO MAKE LEASE PAYMENTS UNDER SUCH CIRCUMSTANCES WOULD NOT CONSTITUTE A DEFAULT UNDER THE LEASE PURCHASE AGREEMENT OR THE BONDS.

### Operating Covenants

*Triple Net Lease.* The Lease Purchase Agreement is a “triple net lease” pursuant to which the Borough is not, under any circumstances or conditions, whether presently existing or arising hereafter, expected or required to make any payment of any kind whatsoever or under any obligation or liability under the Lease Purchase Agreement. The DOA is required to make all payments under the Lease Purchase Agreement. The DOA’s obligations to make Lease Payments and to perform and observe all other covenants and agreements of the DOA is absolute and unconditional except as expressly provided in the Lease Purchase Agreement.

*Lease Purchase Agreement Nonterminable.* Except as otherwise expressly provided in the Lease Purchase Agreement, the Lease Purchase Agreement will not terminate, nor will the DOA have any right to terminate the Lease Purchase Agreement or to be released or discharged from any obligations or liabilities thereunder for any reason, including, without limitation, damage or destruction of the Facility.

*Compliance With Laws.* The DOC, at the DOC’s own cost and expense, is required to perform and comply with all laws, rules, orders, ordinances, regulations and requirements now or hereafter enacted or promulgated (including, without limitation, all zoning, pollution and environmental requirements) of every government and municipality having jurisdiction over the Facility and of any agency thereof, relating to the Facility, or the facilities or equipment thereon, or the streets, sidewalks, curbs and gutters adjoining the Facility, or the use or operation of the Facility, whether or not such laws, rules, orders, ordinances, regulations or requirements so involved necessitate structural changes, improvements, interference with use and enjoyment of the Facility, replacements or repairs, and the DOC is required so to perform and comply, whether or not such laws, rules, orders, ordinances, regulations or requirements now exist or are hereafter enacted or promulgated, and whether or not such laws, rules, orders, ordinances, regulations or requirements can be said to be with the present contemplation of the parties to the Lease Purchase Agreement.

*Liability Insurance.* The DOA is required to maintain, comprehensive general liability insurance on an occurrence basis insuring the DOA against claims for personal injury covering the Facility in such amounts as may be established by the DOA from time to time but in no event having a coverage less than \$10 million per occurrence. The DOA may provide all or a portion of any insurance by self insurance. Such insurance may be carried under a blanket policy with umbrella coverage. The insurance covers any and all liability of the DOA and DOC and its officials, officers, employees and agents, but such coverage does not constitute a waiver of the defense of governmental immunity. Such insurance (a) is required to include coverage for any accident resulting in personal injury to or death of any person and consequential damages arising therefrom; (b) is required to include comprehensive property damage insurance; (c) if

OK 16-065  
JW 16-101

purchased, is required to be issued by a financially responsible insurance company authorized to do business in the State and approved by the DOA; (d) is required to 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 Borough; and (e) is required to include contractual liability coverage. Each such policy is required to name the Trustee and the Borough as additional insureds. The DOA must furnish to the Borough, annually, certificates of insurance or letters confirming self insurance evidencing that the same is in full force and effect and that the premiums therefor have been paid.

*Property Insurance.* DOA is required to carry or cause to be carried all risk property insurance coverage covering the Facility in such amounts and covering such risks as DOA and the Borough may determine from time to time. Such insurance is required to be carried with financially responsible insurance companies authorized to do business in the State of Alaska and approved by DOA, and may be carried under a policy or policies covering other property owned or controlled by DOA or may be accomplished through a program of self-insurance as provided for similarly situated facilities of the State. DOA is required to furnish to the Trustee, on or before the effective date of any such policy, certificates of insurance or self insurance evidencing that the insurance is in force and effect on the specified date and that the premiums therefor have been paid. Such policies are required to contain a provision that the same may not be cancelled or given notice of non-renewal nor may 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 Borough. The Trustee is not responsible for the sufficiency of any required insurance, including any self insurance.

### **Eminent Domain Proceedings**

The following provisions apply with respect to eminent domain proceedings or loss of title relating to the Facility:

A. *Total Taking.* If all of the Facility is taken by eminent domain or there is a total loss of title to the Facility, the Lease Purchase Agreement will terminate as of the date the DOC or the DOA, as applicable, is required to vacate the Facility.

B. *Partial Taking.* If a taking of any part of the Facility by eminent domain or loss of title to any part of the Facility renders the Facility unsuitable, in the judgment of the DOA, for the construction of the Facility or for the use and occupancy of same, the Lease Purchase Agreement may, at the option of the DOA, be terminated as of the date when the DOA is required to vacate the portion of the Facility so taken or lost, by written notice given to the Borough not more than 180 days after the DOA receives notice of the taking.

C. *Awards.* In any proceeding whereby all or part of the Facility is taken by eminent domain or there is a loss of title to all or part of the Facility, whether or not the DOA elects to terminate the Lease Purchase Agreement, all of the condemnation award or insurance payment is required to be paid to the DOA who, after deducting all costs and expenses incurred by the DOA and/or the Borough in connection with the negotiation, adjustment and collection of the award or payment, is required to apply the award or payment as follows:

(1) In the event there is a complete failure of title to the Facility or all of the Facility is taken by eminent domain, or in the event of a partial loss of title or taking wherein DOA has elected to terminate the Lease Purchase Agreement, DOA is required to pay the Trustee such portion of the condemnation award or awards as is necessary to defease the Bonds then outstanding in accordance with the defeasance provisions set forth in the Indenture. The balance of the award or awards, if any, is to be retained by DOA.

OR 16-065  
JM 16-101

(2) In the event of a partial loss of title or taking wherein DOA has not elected to terminate the Lease Purchase Agreement, the award or awards are to be retained by DOA.

### **Continuation of the Lease Purchase Agreement Following Less than Substantial Condemnation of the Facility**

If there is a partial taking of the Facility by eminent domain and the DOA elects not to terminate the Lease Purchase Agreement as to the Facility, the Lease Purchase Agreement will not terminate as to the Facility and there will be no abatement of Lease Payments and the DOA is required to proceed immediately to repair, rebuild or restore all or any portion of the Facility that may have been taken as nearly as practicable in full compliance with all legal requirements and to the same condition, character and at least equal value and utility to that existing prior to such condemnation.

### **Insufficiency of Condemnation Award**

If the condemnation award is insufficient to pay in full the cost of any repair, restoration, modification or improvement of any component of the Facility, the DOA may, subject to appropriation of sufficient funds, complete the work and pay any cost in excess of the amount of the condemnation award. The DOA will not be entitled to any reimbursement therefor nor will the DOA be entitled to any diminution of any Lease Payments.

### **Destruction of Facility**

In the event the Facility is damaged or destroyed by fire or other casualty, the Lease Purchase Agreement will not terminate and there will be no abatement of the Lease Payments otherwise payable by DOA under the Lease Purchase Agreement. Within 180 days following such damage or destruction, DOA is required to notify the Borough and Trustee of its election to either prepay the Lease Payments or to rebuild the Facility. In the event DOA elects to prepay the Lease Payments, DOA, after deducting all costs and expenses incurred by DOA and/or the Borough in connection with the negotiation, adjustment and collection of the insurance proceeds, is required to pay the Trustee such portion of the insurance proceeds as is necessary to defease the Bonds then outstanding under the Indenture in accordance with the defeasance provisions set forth in the Indenture. The balance of the insurance proceeds is to be retained by DOA. In the event DOA elects to rebuild the Facility, there will be no abatement of Lease Payments otherwise payable by DOA under the Lease Purchase Agreement and DOA is required to use such portion of the insurance proceeds as may be necessary to repair, rebuild or restore all or any portion of the Facility that may have been damaged or destroyed as nearly as practicable in full compliance with all legal requirements and to the same condition, character and at least equal value and utility to that existing prior to such damage or destruction. If the insurance proceeds are insufficient to pay in full the cost of any repair, restoration, modification, or improvements of any component of the Facility, DOA may, subject to appropriation of sufficient funds, complete the work and pay any costs in excess of the amount of the insurance proceeds. DOA will not be entitled to any reimbursement therefor from the Borough nor will DOA be entitled to any diminution of any Lease Payments otherwise payable under the Lease Purchase Agreement.

### **Lease Default Event**

An Event of Nonappropriation is not a Lease Default Event.

The occurrence and continuation of any of the following constitutes a Lease Default Event under the Lease Purchase Agreement:

(a) Lease Payments or any other sum of money that DOA is obligated to pay under the Lease Purchase Agreement is not paid on the date when due; or

OR 16-005  
JM 16-101

(b) Default by the DOA or DOC in the performance or observance of any of the other terms, covenants, conditions or agreements of the Lease Purchase Agreement for 30 days after written notice and demand by the Borough or the Trustee, or if such default is of such a nature that the same cannot practicably be cured within said 30-day period and the DOA or DOC within said 30-day period does not commence with due diligence and dispatch the curing and performance of such defaulted term, covenant, condition or agreement or if the DOA or DOC with said 30-day period commences with due diligence and dispatch to cure and perform such defaulted term, covenant, condition or agreement and thereafter fails or neglects to prosecute and complete with due diligence and dispatch the curing and performance of such defaulted term covenant, condition or agreement.

If by reason of *force majeure* the DOA or DOC is unable in whole or in part to carry out its obligations under the Lease Purchase Agreement with respect to the Facility, *other than its obligation to pay Lease Payments and Incidental Payments*, the DOA or DOC will not be deemed in default during the continuance of such inability provided notice thereof is given to the Borough. The term "*force majeure*" means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies, or officials, or any civil or military authority; insurrections; riots; landslides; volcanoes; earthquakes; fires; storms; droughts; flood; explosions; breakage or accident to machinery, transmission pipes or canals or any other cause or event not reasonably within the control of the DOA or DOC and not resulting from its negligence. The DOA or DOC has agreed, however, to remedy with all reasonable dispatch the cause or causes preventing the DOA or DOC from carrying out its agreements thereunder; provided that the settlement of strikes, lockouts and other industrial disturbances is entirely within the discretion of the DOA or DOC and the DOA or DOC are not required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the DOA or DOC unfavorable to the DOA or DOC.

### Remedies

If a Lease Default Event occurs, the Trustee pursuant to its assignment from the Borough may elect, in addition to any rights or remedies it may have:

(a) To continue the Lease Purchase Agreement in effect until the Borough elects to terminate the DOA's and DOC's right to possession and the DOA and DOC will remain liable to perform all of their obligations under the Lease Purchase Agreement and the Borough may enforce all of the Borough's rights and remedies, including the right to recover Lease Payments, and any other sum payable under the Lease Purchase Agreement as and when the same become due;

(b) To terminate the DOA's and DOC's possession of the Facility, whereupon the Lease Purchase Agreement and all of the DOA's and DOC's obligations under the Lease Purchase Agreement, including the obligation to make Lease Payments, will terminate; or

(c) In the event the Borough elects to continue the Lease Purchase Agreement in effect, the Borough is required to use its best efforts to relet the Facility.

Upon the occurrence of an Event of Nonappropriation, the DOA and DOC, at the DOA's and DOC's expense, are required to promptly vacate the Facility and return possession to the Borough free of all liens and encumbrances.

In the event there has been a Lease Default Event under the Lease Purchase Agreement or if an Event of Nonappropriation has occurred, the Borough (and the Trustee by assignment) will have the right to sublease all or any portion of the Facility. If a Lease Default Event occurs and the Lease Purchase Agreement has not been cancelled, then the Trustee also may take such other actions and pursue such

other remedies as are permitted by law to recover from the DOA the difference between Lease Payments and rental amounts, if any, received from other lessees/users. However, if an Event of Nonappropriation occurs under the Lease Purchase Agreement or if the Lease Purchase Agreement has been terminated by the Trustee, the DOA will have no liability for any Lease Payments after the termination date.

**IF A LEASE DEFAULT EVENT OR AN EVENT OF NONAPPROPRIATION OCCURS UNDER THE LEASE PURCHASE AGREEMENT, THERE CAN BE NO ASSURANCE THAT THE FACILITY CAN BE RE-LET OR, IF RE-LET, THAT THERE WILL BE SUFFICIENT FUNDS TO PAY THE OUTSTANDING PRINCIPAL OF AND ACCRUED INTEREST ON THE BONDS AND NO ASSURANCE THAT ANY AMOUNTS RECEIVED FROM OTHER SUBLEASES ALLOCABLE TO INTEREST ON THE BONDS WILL BE EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.**

### **Options to Prepay and Purchase Property**

*Option to Purchase and Prepay Lease Payments.* Provided DOA and DOC are not in default under the Lease Purchase Agreement and no Event of Nonappropriation has occurred, DOA will have the option to prepay the Lease Payments in full plus accrued interest and premium to the date of prepayment and thereby be relieved of any obligation to make any further payment of Lease Payments and Incidental Payments on any Lease Payment Date pursuant to and subject to the limitations set forth in the Lease Purchase Agreement. The amount of any prepayment will be an amount sufficient to prepay the Bonds on the next date on which Bonds may be called for redemption in whole or in part or to defease the Bonds to maturity in accordance with the terms of the Indenture and to discharge the Indenture in accordance with its terms, and any prepayment of Lease Payments will discharge obligations under the Lease Purchase Agreement only to the extent that a corresponding principal amount of Bonds may be paid, redeemed or defeased.

### **Additional Bonds**

The Borough may issue Additional Bonds to (i) provide funds to complete the Facility, (ii) provide funds for additions to or further improvements of the Facility and (iii) to refund outstanding Bonds (including outstanding Additional Bonds). Any Additional Bonds, when issued, will be secured by the Indenture and the Trust Estate on a parity with the Bonds then outstanding. The Borough has previously issued as Additional Bonds the Series 2015 Bonds to refund a portion then outstanding of the Series 2008 Bonds. The issuance of Additional Bonds is subject to satisfaction of certain conditions precedent described in Section 2.11 of the Indenture. See, APPENDIX G – ORIGINAL INDENTURE AND FORM OF SECOND SUPPLEMENT TO INDENTURE.” Under existing State law the annual amount of Lease Payments may not exceed \$11,600 per bed. It is likely that any issuance of Additional Bonds for additions to or further improvements of the Facility would require the enactment of new legislation to increase or remove this limitation.

## **BOND TERMS**

### **General Description of the Series 2016 Bonds**

The Series 2016 Bonds will be dated June \_\_, 2016, the date of their delivery, and will bear interest from the dated date of the Series 2016 Bonds payable on [September 1, 2016] and semiannually thereafter on [March 1 and September 1] of each year. The Series 2016 Bonds will mature on the maturity dates and in the principal amounts, and will bear interest at the rates, as set forth on the inside cover of this Official Statement. Interest shall be calculated on the basis of a year consisting of 360 days and twelve 30-day months.

OR 16-065  
IM 16-101

The Series 2016 Bonds initially will be issued as fully registered bonds under a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), acting as depository for the Series 2016 Bonds. Individual purchases of the Series 2016 Bonds will be made in the principal amount of \$5,000, or integral multiples thereof within a single maturity, and will be in book-entry form only. So long as DTC, or its nominee, Cede & Co., is the registered owner of all Series 2016 Bonds, all payments on the Series 2016 Bonds will be made directly to DTC, and disbursement of such payments to the hereafter described DTC Participants will be the responsibility of DTC, and disbursement of such payments to the hereafter described Beneficial Owners of the Series 2016 Bonds will be the responsibility of the DTC Participants as more fully described hereafter. See “APPENDIX E – INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY – Book-Entry System.”

### **Optional Redemption of the Series 2016 Bonds**

The Series 2016 Bonds maturing on or after \_\_\_\_\_ 1, 20\_\_\* are subject to redemption at the option of the Borough, in whole or in part in integral multiples of \$5,000, and if in part, in such order of maturity dates as the Borough may determine and by lot or other manner deemed fair as to Series 2016 Bonds maturing on the same date, on any date on or after \_\_\_\_\_ 1, 20\_\_\*, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

### **Selection of Bonds to be Redeemed**

If less than all of the Series 2016 Bonds of a particular maturity at the time outstanding are to be called for prior redemption, the particular Series 2016 Bonds or portions thereof of such maturity to be redeemed are to be selected by lot, except as otherwise provided in the Indenture, by the Trustee in such manner as the Trustee, in its discretion, may determine. The Trustee is required to call for redemption in accordance with the foregoing provisions as many Series 2016 Bonds or portions thereof as will, as nearly as practicable, exhaust the money available therefor. Particular Series 2016 Bonds or portions thereof may be redeemed only in integral multiples of principal amount of \$5,000.

### **Notice of Redemption**

The Trustee is required to prepare a notice describing the outstanding Series 2016 Bonds to be redeemed, the date of redemption, and the redemption price. The notice may state (i) that it is conditioned upon the deposit of money, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the DOA retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a “*Conditional Redemption*”), and such notice and optional redemption will be of no effect if such money is not so deposited or if the notice is rescinded. The Trustee is required to send notice of any redemption by first class mail to each Holder of a Series 2016 Bond called for redemption to the Holder’s address listed on the Bond Register. Such notice is required to be sent by the Trustee by first class mail between 30 and 60 days prior to the scheduled redemption date. With respect to book-entry only Series 2016 Bonds, if the Trustee sends notice of redemption to DTC pursuant to the Letter of Representation, the Trustee is not required to give the notice set forth in the immediately preceding sentence. If notice is so given, failure of any Bondholder to receive such notice, or any defect in the notice, will not affect the redemption or the validity of the proceedings for the redemption of the Series 2016 Bonds.

Any Conditional Redemption may be rescinded in whole or in part at any time on or prior to the redemption date. The Trustee is required to give prompt notice of such rescission to DTC or the affected Bondholders. Any Series 2016 Bonds subject to Conditional Redemption where redemption has been

\* Preliminary, subject to change.

OR 16-065  
Im 16-101

rescinded will remain outstanding, and the rescission will not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the DOA to make funds available in part or in whole on or before the redemption date will not constitute an Event of Default. The Trustee is required to give notice by email, facsimile, or other electronic means to DTC or the affected Bondholders that the redemption did not occur and that the Series 2016 Bonds called for redemption and not so paid remain outstanding.

Subject to the foregoing provisions, on or before the date fixed for redemption, money is to be deposited with the Trustee to pay the principal of and interest accrued to the redemption date on the Series 2016 Bonds called for redemption. Upon the deposit of such money, unless the Borough has given written notice of rescission, the Series 2016 Bonds will cease to bear interest on the redemption date and will no longer be entitled to the benefits of the Indenture (other than for payment and transfer and exchange) and will no longer be considered outstanding.

### DEBT SERVICE REQUIREMENTS

Fiscal Year Ending June 30	Series 2008 Bonds	Series 2016 Bonds		Total Debt Service
		Principal	Interest	
	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

### INFORMATION CONCERNING THE MATANUSKA-SUSITNA BOROUGH

#### Description of Borough

The Borough lies in the heart of southcentral Alaska, encompassing more than 25,000 square miles of rolling low land, mountains, lakes, rivers and streams. The Borough includes portions of the Alaska Range to the northwest; portions of the Chugach Mountains to the southeast; and essentially the

*OR 16-065  
JM 16-101*

entire Talkeetna and Clearwater Ranges in its interior. The Municipality of Anchorage, Upper Cook Inlet, and Knik Arm delineate the Borough's southern boundary.

There are three incorporated cities within the Borough: Palmer, Wasilla, and Houston. Additionally, there are several unincorporated communities, and 21 Borough recognized community councils. One unincorporated community, Big Lake, is currently exploring incorporation, though the timing and ultimate approval of such incorporation is presently unknown.

The majority of the Borough's population resides in the "core area," surrounding the cities of Palmer and Wasilla and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites. Two major highways, the Glenn Highway and George Parks Highway, traverse the Borough. Virtually all out-of-state highway traffic travels through the Borough via one of these two highways. The Alaska Railroad's mainline also traverses the Borough connecting southcentral Alaska and Anchorage with interior Alaska.

### **Population**

**[To be updated]**

The estimated population for 2014 for the Borough is 98,063, with an estimated population of 1,965 in the City of Houston, 6,053 in the City of Palmer and 8,275 in the City of Wasilla. The Borough has been Alaska's fastest growing region for the last two decades and is the third most populous municipality in the State, after Anchorage and Fairbanks. The 2014 estimated population represents an increase of 10% over the 2010 U.S. Census population of 88,995.

### **Government**

The Borough was incorporated as a second class borough on January 1, 1964. The Borough is governed by a seven-member Borough Assembly, elected from single-member districts, and a Mayor, elected at large. The Borough Assembly appoints the Borough Manager, who serves as chief administrator, and an Attorney and Clerk. There is an appointed Planning Commission, Platting Board, Transportation Advisory Board, and several other advisory committees.

### **Powers**

There are three categories of Borough powers: areawide powers (exercised throughout the Borough), non-areawide powers (not exercised within cities), and powers exercised through a service area (a district in which a tax is levied to finance special services provided within the district). The Borough's areawide powers include: assessment and collection of taxes; education; planning and zoning; parks and recreation; ports, harbors and wharves; ambulance service; transportation; air pollution control; day care facilities; historic preservation; and transient accommodations taxation.

### **School District**

The Matanuska-Susitna Borough School District is a dependent unit of the Borough, governed by an elected school board. The Borough issues bonds and levies taxes on behalf of the School District. The school system consists of seven high schools; five middle schools; two combined junior/senior high schools; four primary/secondary schools (K-12) and 20 elementary schools and six charter schools and is the second largest school district in the State, after Anchorage.

OR 16-065  
IM 16-101

## **Borough Administration**

The administration of the Borough government is directed by the Borough Manager. The Director of Finance is responsible for financial matters. Biographical information with respect to the Borough Manager and the Director of Finance is set forth below:

*John Moosey* was appointed the Borough Manager in May 2011. He began his career in local government management within the Borough of Clarion, Pennsylvania in 1985. Including Clarion, Mr. Moosey has served 29 years as Chief Executive/Administrative Officer in the communities of Middlefield, Ohio, Defiance, Ohio, Brewster, Ohio, North Branch, Minnesota and Chisago County, Minnesota. Mr. Moosey holds a Master's Degree of Public Administration from Kent State University. He also holds a membership in the International City County Management Association.

*Tammy E. Clayton* was appointed as the Director of Finance of the Borough in September 1998. From February 1991 until September 1998, she was the Borough Comptroller. Ms. Clayton is a former member of the Executive Board of the Government Finance Officers Association of the United States and Canada. She has also served as the President of the Alaska Government Finance Officers Association. She is on the Board of Directors of the Alaska Municipal League Investment Pool. Ms. Clayton is a Certified Public Accountant in the State of Alaska and previously worked with Coopers & Lybrand for a period of six years. Prior employment experience included several years with a financial institution as comptroller. Ms. Clayton has a bachelor's degree in business administration from the University of Alaska.

## **INFORMATION CONCERNING THE STATE OF ALASKA**

### **General**

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state of the United States (roughly equivalent in size to one-fifth of all of the other 49 states combined). Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners. As described below, most of the State's revenue is derived from resources owned by the State itself, including petroleum and minerals extracted from State-owned lands and securities in funds owned by the State.

For more information regarding the economy of the State, see "APPENDIX C-1 – SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE."

### **State Revenues**

The State does not currently impose personal income taxes and has never imposed general sales taxes. The State does, however, impose a number of business-related taxes that, together with rents and royalties and fines and fees, represented nearly 100 percent of unrestricted non-investment General Fund revenue in FY 2015. See "Government Funds — The General Fund." Grants, contributions and other revenue from the federal government and interest and investment income represent the remaining portions of State revenue.

The State has forecasted in the Fall 2015 Revenue Sources Book that general purpose unrestricted revenues in FY 2016 will be \$1,593 million, compared to \$2,257.3 million of actual general purpose unrestricted revenue in FY 2015, primarily driven by a projected \$49.58 price of oil per barrel for FY 2016 (a \$23 decrease in the price per barrel from FY 2015). See "General Fund Forecasts."

OR 16-065  
DU 16-101

**Oil and Gas Revenues.** The State's unrestricted General Fund revenues are generated primarily from petroleum production activities. The State receives petroleum revenues (some of which are restricted) from five sources: oil and gas property taxes, corporate income taxes, oil and gas production taxes, bonuses and rents, and oil and gas royalties.

Oil and Gas Property Tax. The State levies an oil and gas property tax on the value of taxable oil and gas exploration, production and pipeline transportation property in the State at a rate of 20 mills (two percent) of the assessed value of the property. This is the only centrally assessed statewide property tax program in Alaska. Oil and gas reserves, oil or gas leases, the rights to explore or produce oil or gas, and intangible drilling expenses are not considered taxable property under the statute. The most notable properties that are subject to this tax are the Trans-Alaska Pipeline System ("TAPS") (including the terminal at Valdez) and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax as was \$28.6 billion as of January 1, 2015, \$27.4 billion as of January 1, 2014, \$28.6 billion as of January 1, 2013, \$24.5 billion as of January 1, 2012, \$23.8 billion as of January 1, 2011 and \$24.0 billion as of January 1, 2010. See "LITIGATION — Oil and Gas Tax Litigation."

Property taxes on exploration property are based upon estimated market value of the property. For property taxes on production property, values are based upon replacement cost, less depreciation based on the economic life of the proven reserves (or the economic limit in the case of taxes on offshore platforms or onshore facilities). The amount collected from property taxes on existing production property is expected to decrease in the future. For property taxes on pipeline transportation property (about 95 percent of which is TAPS property), values are determined based upon the economic value, taking into account the estimated life of the proven reserves of gas or unrefined oil expected to be transported by the pipeline and replacement cost, less depreciation based on the economic life of the reserves.

Local governments also may levy a property tax on oil and gas properties at the same rate it taxes all other property within their jurisdiction up to 20 mills using the assessed values determined by the State. Taxpayers receive a credit against the State oil and gas property tax for property taxes paid to municipalities on such property up to the amount of State tax that would otherwise be due. Of the \$572.4 million of property taxes collected in FY 2015 on oil and gas property in the State, the State's share was approximately \$125.2 million.

Revenue from oil and gas property taxes is deposited into the General Fund; settlement payments received by the State after a property tax assessment dispute, however, are deposited into the Constitutional Budget Reserve Fund. For additional information see "Government Funds—The Constitutional Budget Reserve Fund."

Corporate Income Tax. Alaska levies a corporate income tax on Alaska taxable net income of companies doing business in Alaska (other than insurance companies that pay premium tax and other than S corporations and limited liability companies). Effective for tax years on or after August 26, 2013, corporate income tax rates are graduated and range from zero percent to 9.4 percent of income earned in Alaska. Taxable income is generally calculated using the provisions of the federal Internal Revenue Code, and the calculation of Alaska taxable income varies, depending on whether the corporation does business solely in Alaska, does business both inside and outside Alaska or is part of a group of corporations that operate as a unit in the conduct of a single business (a "unitary" or "combined" group). Oil and gas companies are combined on a world-wide basis, although for other industries only the companies doing business in the United States are combined. Taxpayers may claim all federal incentive credits, but federal credits that refund other federal taxes are not allowed. In addition to the federal incentive credits, the State provides additional incentives, including an education credit for contributions

OR 16-065  
IM 16-101

made to accredited State universities or colleges for education purposes, a minerals exploration incentive, an oil and gas exploration incentive and a gas exploration and development tax credit.

Most corporate net income tax collections are deposited into the General Fund, although collections from corporate income tax audit assessments of oil and gas corporations are deposited into the Constitutional Budget Reserve Fund.

Oil and Gas Production Taxes. The State levies a tax on oil and gas production income generated from production activities in the State. The tax on production is levied on all onshore oil and gas production, except for the federal and State royalty shares and on offshore developments within three miles of shore.

The oil and gas production tax, the State's single largest source of revenue, was substantially changed by the Legislature in 2006, with the Petroleum Profits Tax ("PPT"). This tax fundamentally changed Alaska's petroleum tax system from a tax on gross value to a tax on net profit. The gross value tax system was in place since the early 1970s and was in place during the development of Prudhoe Bay, the largest oil-field in North America. PPT introduced the concept of "Production Tax Value" ("PTV") which was gross value at the point of production minus lease expenditures (capital and operating costs). The key difference from the gross tax was subtraction of lease expenditures in calculating the tax base. PTV is similar in concept to net profit, but different in that all lease expenditures can be deducted in the year incurred; that is, capital expenditures are not subject to depreciation. The tax under PPT was 22.5% tax of taxable value minus lease expenditures. There was a progressive surcharge of 0.25% added for every dollar of PTV per barrel that exceeded \$40. The maximum tax rate was set at 47.5%. In 2007, the tax was altered under a bill known as the "Alaska's Clear and Equitable Share" ("ACES"). The resulting ACES legislation maintained the general structure of PPT, but increased the production tax rate from 22.5% to 25% of PTV. The progressive surcharge changed to 0.4% added for every dollar of net income per barrel that exceeded \$30 and was less than \$92.50. Above \$92.50, the progressive surcharge decreased to 0.1% for every additional dollar in net value. The maximum tax rate was set at 75% of PTV, but that rate applied only at production tax value over \$342.50 per barrel, a level not seen while ACES was in place. ACES retained the 20% credit for all qualified capital expenditures and the small producer credit of up to \$12 million per year for qualified companies.

This legislation was reformed during the 2013 legislative session under Senate Bill 21 ("SB 21") that was signed into law on May 21, 2013. SB 21 retains the basic framework of PPT and ACES, with the primary change being the removal of a progressive surcharge tied to the value of oil. The base tax rate was increased from 25% to 35% of the net value of oil and gas production. Other major factors include the replacement of credits (the 20% credit for all qualified capital expenditures was eliminated for the North Slope) tied to capital spending with one tied to production on the North Slope, and the creation of an incentive for the development of areas north of 68 degrees North latitude that are not currently in production. SB 21 went into effect on January 1, 2014.

During the creation of SB 21, the Legislature stated its intent to provide a direct incentive for companies to produce additional oil. As a result, a mechanism was created in the form of a per-taxable-barrel credit. The per-taxable-barrel credit is reduced from \$8 per barrel to \$0 at wellhead values between \$80 per barrel and \$150 per barrel, thus retaining a progressive element in the tax system. As this new production credit was introduced, the credit on qualified capital expenditures was eliminated for the North Slope. The new credit is targeted directly to oil production rather than indirectly by providing an incentive for spending. The new credit also protects State revenue at lower prices, as it cannot be applied against the statutory minimum tax, which is generally 4% of gross value. This protection results in a flattening of the production tax revenue decline at prices lower than \$80 per barrel.

OR 16-065  
JM 16-101

The final major component of SB 21 was the introduction of an incentive to bring new production areas on the North Slope into development. This incentive reduces the tax liability in new production areas by excluding 20% of the gross value for that production from the tax calculation. Qualifying production includes areas surrounding a currently producing area that may not be commercial to develop, as well as new oil pools that have not been discovered or developed. Oil that qualifies for this Gross Value Reduction (“GVR”) receives a flat \$5 per taxable barrel credit rather than the sliding-scale credit available for most other North Slope production. As a further incentive, this \$5 per taxable barrel credit can be applied against the minimum tax.

Taxpayers are required to make monthly estimated payments, based upon activities of the preceding month. These payments are due on the last day of the following month and to file an annual tax return to “true up” any tax liabilities or overpayments made during the year. As an incentive for new exploration, companies without tax liability against which to apply credits available under the SB 21 tax may apply for a refund of the value of most of the credits. In FY 2015, the State paid \$628 million to companies claiming such credits. SB 21 reduced the State’s exposure for such credits for the North Slope versus the prior ACES tax, as the new per-taxable-barrel credits are not eligible for refund.

A State-wide referendum to repeal SB 21 failed in August 2014.

All unrestricted revenue generated by the oil and gas production taxes (\$2.9 billion in FY 2010, \$4.6 billion in FY 2011, \$6.1 billion in FY 2012, \$4.1 billion in FY 2013, \$2.6 billion in FY 2014, and \$0.4 billion in FY 2015) is deposited into the General Fund, except that any payments received as a result of an audit assessment under the oil and gas production tax or as a result of litigation with respect to the tax are deposited into the Constitutional Budget Reserve Fund. See “Oil and Gas Royalties, Rents and Bonuses” - Table 1.

Oil and Gas Royalties, Rents and Bonuses. In FY 2015, approximately 99 percent of all oil production in the State, including the reserves at Prudhoe Bay, was from State land leased for exploration and development. As the land owner, through the Department of Natural Resources (“DNR”), the State earns revenue from leasing as (i) upfront bonuses, (ii) annual rent charges and (iii) retained royalty interests in the oil and gas production. State land has historically been leased largely based on a competitive bonus bid system. Under this system the State retains a statutorily prescribed minimum royalty interest of at least 12.5 percent on oil and gas production from land leased from the State, although some leases contain royalty rates of up to 20 percent and some also include a net profit-share production agreement. While other leasing alternatives are available under statute, they have not been used in the past. Under all lease contracts the State has ever written, it reserves the right to switch between taking its royalty in-kind or in cash (in cash royalty is valued according to a formula based upon the higher-of contract prices received by the producers, net of transportation charges). If the State takes its royalty share in-kind it becomes responsible for selling and transporting that royalty share. This means establishing complex contracts to accomplish these tasks.

In addition to royalties from production on State land, the State receives 50 percent of royalties and lease bonuses and rents received by the federal government from leases of federal lands in the NPR-A. The State also receives revenues from federal royalties and bonuses on all other federal lands located within State borders and federal royalties and lease bonuses and rents from certain federal waters at rates negotiated on a field by field basis.

As shown in Tables 1 and 2 below, a portion of the State’s oil-related revenue, including oil and other royalty and bonus payments, is restricted revenue and is not available for general appropriations. See “Government Funds.” The State Constitution requires that a minimum of 25 percent (and State statutes currently require 50 percent for certain leases) of all mineral and oil and gas lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the

DR 16-065  
DM 16-101

State be deposited to the Permanent Fund. See "Government Funds - The Alaska Permanent Fund." Alaska statutes also require that at least 0.5 percent of all royalties and bonuses be contributed to the Public School Fund Trust and that most settlements with or judgments involving tax and royalty disputes be deposited to the Constitutional Budget Reserve Fund. See "Government Funds." In addition, the State is required to deposit its entire share of lease bonuses, and rents and royalties from oil activity in the NPR-A to the NPR-A Special Revenue Fund, from which a portion is used to make grants to municipalities that demonstrate present or future impact from oil development in the NPR-A. Of the revenue in the NPR-A Special Revenue Fund that is not appropriated to municipalities, 50 percent is to be deposited to the Permanent Fund, with up to 0.5 percent to the Public School Trust Fund and then to the Power Cost Equalization Fund. Any remaining amount is then available for General Fund appropriations.

Table 1 summarizes the sources and uses of oil and other petroleum-related revenue for FYs 2006 through 2015.

**Table 1**  
**Sources and Initial Applications of Oil and Other Petroleum-Related Revenue**  
**FYs Ended June 30, -2006 - 2015**  
(\$ millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Oil Revenue to the General Fund</b>										
Property Tax.....	\$54.5	\$65.6	\$81.5	\$111.2	\$118.8	\$110.6	\$111.2	\$99.3	\$128.1	\$125.2
Corporate Income Tax.....	661.1	594.4	605.8	492.2	446.1	542.1	568.8	434.6	316.6	94.8
Production Tax (1).....	1,199.5	2,208.4	6,822.6	3,112.0	2,871.0	4,552.9	6,146.1	4,050.3	2,598.2	389.7
Royalties (including bonuses, rents and interest) (2).	1,784.1	1,613.0	2,446.1	1,465.6	1,477.0	1,843.3	2,031.7	1,767.8	1,712.4	1,078.2
Subtotal .....	\$3,699.2	\$4,481.4	\$9,956.0	\$5,181.0	\$4,912.9	\$7,048.9	\$8,857.8	\$6,352.0	\$4,755.3	\$1,687.9
<b>Oil Revenue to Other Funds</b>										
Royalties to the Permanent Fund and School Fund (3).....	\$611.5	\$545.6	850.5	\$670.8	\$707.2	\$870.9	\$919.6	\$855.9	\$786.2	\$518.3
Tax settlements to CBRF.....	43.7	101.9	476.4	202.6	552.7	167.3	102.1	176.6	141.4	149.0
NPR-A royalties, rents and bonuses (4)	4.5	12.8	5.2	14.8	21.3	3.0	4.8	3.6	6.8	3.2
Subtotal .....	659.7	660.3	1,332.1	888.2	1,281.2	1,041.2	1,026.5	1,036.1	934.4	670.5
<b>Total Oil Revenue</b>	<b>\$4,358.9</b>	<b>\$5,141.7</b>	<b>\$11,288.1</b>	<b>\$6,069.2</b>	<b>\$6,194.1</b>	<b>\$8,090.1</b>	<b>\$9,884.3</b>	<b>\$7,388.1</b>	<b>\$5,689.7</b>	<b>\$2,358.4</b>

- (1) The standard deduction provided under ACES for production in the Prudhoe Bay and Kuparuk fields expired on December 31, 2009.  
(2) Net of deposits to the Permanent Fund and the Constitutional Budget Reserve Fund. The State Constitution requires the State to deposit at least 25 percent to the Permanent Fund, and between 1980 and 2003 Alaska statutes required the State to deposit at least 50 percent to the Permanent Fund. The statutory minimum was changed to 25 percent beginning July 1, 2003, and changed back to 50 percent as of October 1, 2008. See "Government Funds - The Alaska Permanent Fund."  
(3) Includes proceeds of royalties taken-in-kind.  
(4) By federal statute, the State receives 50 percent of federal revenues from oil and gas lease sales located in the NPR-A.  
Source: State of Alaska Department of Revenue.

**Non-Oil Revenues.** The State also receives unrestricted and restricted General Fund revenues from activities unrelated to petroleum. The State receives revenues from corporate income taxes paid by

OR 16-065  
JM 16-101

corporations other than petroleum producers, cigarette/tobacco excise taxes, motor fuel taxes, alcoholic beverage taxes, fishery business taxes, electric and telephone cooperative taxes, insurance premium taxes, commercial passenger vessel excise taxes and service charges, permit fees, fines and forfeitures, and miscellaneous revenues. In FY 2015, unrestricted revenue unrelated to petroleum production was \$521.5 million. Contained in the non-oil figures is the minerals industry, which contributes State revenue in the form of corporate income tax, mining license tax, and mining rents and royalties.

Mining License Tax. The State's severance tax on mining, the mining license tax, is based on the net income of individual mines for all mining property in the State, whether or not mining occurs on State-owned land. New mining operations are exempt from the tax for the three and a half years after production begins. Tax rates are scaled from 0 percent to 7 percent depending upon net income, with the 7 percent rate applying to all net income over \$100,000. Revenue from this tax was \$41 million in FY 2012, \$46.7 million in FY 2013, \$23.6 million in FY 2014, and \$38.6 million in FY 2015. Revenue from the mining license tax is deposited into the General Fund; settlement payments received by the State after a tax assessment dispute, however, are deposited into the Constitutional Budget Reserve Fund. See "Government Funds—The Constitutional Budget Reserve Fund." Beginning in calendar year 2012, sand and gravel, quarry rock and marketable earth mining operations are exempt from the mining license tax. See "State Ownership of Land and Natural Resources - Mineral Resources."

Production Royalties and Annual Rentals. The State charges a production royalty on mining operations conducted on State-owned lands in the amount of three percent of net income. The State is required by statute to deposit 50 percent of total minerals royalties to the Permanent Fund, with a base constitutionally-mandated minimum of 25 percent, and 0.5 percent to the Public School Trust Fund. The Pogo mine and proposed Pebble mine are on State land but most of the existing mines are not. In FY 2015, the State received \$17.0 million in mining royalty and rental income for the General Fund. The State also collected \$19.3 million in other non-petroleum rents and royalties. See "Government Funds—The Alaska Permanent Fund."

Corporate Income Tax and Insurance Premium Tax. In addition to corporate income taxes paid by mining companies and by oil and gas producers, the State collected approximately \$136.2 million of other corporate income taxes in FY 2015. Insurance companies doing business in Alaska pay a premium tax instead of paying corporate income tax. Unrestricted revenues from insurance premium taxes totaled approximately \$59.1 million in FY 2015.

Cigarette/Tobacco Excise Tax. The State levies a tax on cigarettes imported into the State for sale or personal consumption. The cigarette tax is paid through the purchase of cigarette tax stamps, which must be affixed to every pack of cigarettes imported into the State for sale or personal consumption. The tax rate is \$2.00 per pack, which equates to 10 cents per cigarette. Of the cigarette tax, \$0.76/pack is deposited to the Public School Trust Fund, together with cigarette and other tobacco products license fees. The remaining \$1.24 per pack is deposited into the General Fund, with 8.9 percent of that amount going to the Tobacco Use Education and Cessation Fund, a subfund of the General Fund.

In addition, the State levies a tax on other tobacco products imported into the State for sale, at a rate of 75 percent of the wholesale price, which is the established price at which a manufacturer sells other tobacco products to a distributor. All proceeds from the other tobacco products tax go to the General Fund.

Approximately \$21.6 million of revenue from cigarette taxes was deposited into the Public School Trust Fund in FY 2015 to be used for the rehabilitation, construction, repair and associated insurance costs of State school facilities. Cigarette tax revenue deposited in the Tobacco Education and Cessation Fund in FY 2015 was \$3.1 million, and remaining General Fund cigarette tax revenue was

OR 16-065  
AM 16-101

\$27.7 million. In addition, the General Fund received \$12.8 million in other tobacco products tax revenue in FY 2015.

**Motor Fuel Taxes.** The State generally levies a motor fuel tax at rates that vary from 3.2 cents per gallon for jet fuel to 8 cents per gallon for highway use, on some motor fuel sold, transferred or used within Alaska. Aviation-related fuel is restricted to airport-related uses, and 60 percent of aviation fuel taxes attributed to aviation gasoline sales at municipal airports is shared with the municipalities (approximately \$140,000 in FY 2015) and is considered restricted revenue. The motor fuel tax generated approximately \$41.8 million in unrestricted revenue in FY 2015.

**Fishery Business Taxes.** The State imposes a number of fishery-related taxes and fees, including a fisheries business tax charged to fish processors (one percent to five percent of the value of raw fish) and a fishery resource landing tax of from one percent to three percent on the value of fish landed in Alaska but processed outside State boundaries. Proceeds from these fishery taxes are shared with qualified municipalities. The State's share of these fishery taxes was \$32.7 million, in FY 2012, \$24.7 million in FY 2013, \$32.2 million in FY 2014, and \$26.4 million in FY 2015. These numbers do not include smaller fish taxes that are designed for specific purposes and therefore considered restricted revenue.

**Federal Revenue.** The federal government is a significant employer in Alaska, directly and indirectly, as a result of procurement contracts, grants and other spending. In addition to expenditures in connection with federal military bases and other activities in Alaska, the State receives funding from the federal government, approximately \$2.4 billion in FY 2013, \$2.5 billion in FY 2014 and \$2.5 billion in FY 2015. The funds are primarily used for road and airport improvements, aid to schools and Medicaid payments, all of which are restricted by legislative appropriation to specific use. Federal funds most often are transferred to the State on a reimbursement basis, and all transfers are subject to audit.

**Investment Income.** The State earns unrestricted and restricted investment earnings from a number of internal funds. The primary sources of investment income for the State are two Constitutionally-mandated funds, the Permanent Fund and the Constitutional Budget Reserve Fund. The Permanent Fund had a fund balance (principal and the earnings reserve) of approximately \$52.8 billion as of June 30, 2015, \$51.2 billion as of June 30, 2014, \$44.8 billion as of June 30, 2013, \$40.3 billion as of June 30, 2012, and \$40.1 billion as of June 30, 2011. The Constitutional Budget Reserve Fund had a fund balance of approximately \$10.1 billion as of June 30, 2015, \$12.8 billion as of June 30, 2014, \$11.6 billion as of June 30, 2013, \$10.6 billion as of June 30, 2012, and \$10.3 billion as of June 30, 2011. The Earnings Reserve Account balance in the Permanent Fund is available for appropriation with a majority vote of the Legislature, while appropriation of the Fund's principal balance requires amendment of the State Constitution. The balance of the Constitutional Budget Reserve Fund is available for appropriation with a three-fourths vote of each house of the Legislature, and as described below, the State borrows from the Constitutional Budget Reserve Fund when needed to address mismatches between revenue receipts and expenditures in the General Fund and/or to balance the budget at the end of the FY. See "Government Funds - The Constitutional Budget Reserve Fund" and "—The Alaska Permanent Fund."

Although not as significant, the State also has in the past received the earnings on the Statutory Budget Reserve Fund ("SBRF"). This fund had a balance of \$288 million as of June 30, 2015, \$2.8 billion as of June 30, 2014, and \$4.7 billion as of June 30, 2013. These earnings are considered General Fund unrestricted revenue and in October 2015 the remaining balance in the SBRF was transferred to the General Fund. See "Government Funds - The Statutory Budget Reserve Fund."

In addition to investment income from the above-described funds, the State receives investment income (including interest paid) from investment of other, unrestricted funds (\$47.9 million in FY 2015,

OK 16-065  
Jm 16-101

\$130.2 million in FY 2014, \$28.1 million in FY 2013, \$107.8 million in FY 2012, and \$96.3 million in FY 2011). See "Government Funds."

**Major Components of State Revenues.** Table 2 summarizes the sources of unrestricted and restricted revenues available to the State in FYs 2006 through 2015.

**Table 2**  
**Total State Government Revenue by Major Component**  
**FYs Ended June 30, 2006 – 2015**  
(\$ millions)

Revenue Source	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Unrestricted</b>										
Oil Revenue.....	\$3,699.2	\$4,481.4	\$9,956.0	\$5,181.0	\$4,912.9	\$7,048.9	\$8,857.8	\$6,352.0	\$4,755.3	\$1,687.9
Non-Oil Revenue.....	447.9	537.1	544.4	402.6	414.0	527.7	519.6	548.4	508.5	521.5
Investment Earnings.....	53.3	140.1	248.8	247.6	184.0	96.3	107.8	28.1	130.2	47.9
Subtotal .....	\$4,200.4	\$5,158.6	\$10,749.1	\$5,831.2	\$5,513.3	\$7,672.9	\$9,485.2	\$6,928.5	\$5,394.0	\$2,257.3
<b>Restricted</b>										
Oil Revenue.....	\$659.7	\$660.3	\$1,332.1	\$888.2	\$1,281.2	\$1,041.2	\$1,062.5	\$1,036.1	\$934.4	\$670.5
Non-Oil Revenue.....	536.5	684.9	604.4	545.8	467.1	473.6	452.7	485.0	473.5	497.2
Investment Earnings.....	3,173.3	3,737.8	(1,483.5)	(6,894.5)	4,291.9	7,928.5	144.3	4,977.8	7,927.7	2,603.4
Federal Revenue.....	1,966.2	1,971.9	1,902.5	2,088.4	2,387.9	2,407.9	2,455.5	2,383.2	2,511.9	2,512.7
Subtotal .....	\$6,335.7	\$7,054.9	\$2,355.5	(\$3,372.1)	\$8,428.2	\$11,851.2	\$4,079.0	\$8,882.1	\$11,847.5	\$6,283.8
Total .....	\$10,536.1	\$12,213.5	\$13,083.7	\$2,459.1	\$13,940.9	\$19,524.2	\$13,564.2	\$15,810.6	\$17,241.5	\$8,541.1

*Note:* "Restricted Oil Revenue" includes oil revenue for NPR-A Rents, Royalties, and Bonuses shared by the Federal government. In FY 2015 this constituted \$3.2 million.

*Source:* State of Alaska Department of Revenue.

### Government Budgets and Appropriations

The Legislature is responsible for enacting the laws of the State, including laws that impose State taxes, and for appropriating money to operate the government. The State is limited by its Constitution and statutes and also by policy in how it manages its funds and, as in other states, no funds, regardless of source, may be spent without a valid appropriation from the Legislature.

**Budgets.** The State's FY begins on July 1 and ends on the following June 30 and the Legislature meets in regular session beginning on the fourth Monday of January in each year. The Governor is required by AS 37.07.020(a) to prepare a statutorily confirming budget for the succeeding fiscal year, including capital, operating and mental health budgets setting forth all proposed expenditures (including expenditures of federal and other funds not generated by the State) and anticipated income of all departments, offices and agencies of the State; a general appropriation bill to authorize proposed expenditures; and in the case of proposed new or additional revenues, one or more bills containing recommendations for such new or additional revenues. The Governor's budget must be made public and submitted to the Legislature by December 15. In accordance with AS 37.07.020(b), the Governor also is required to prepare a six-year capital budget covering the succeeding six FYs and a 10-year fiscal plan.

OK 16-065  
Jm 16-101

To assist the Governor in preparing budgets, proposed appropriation bills and fiscal plans, the Department of Revenue's Tax Division prepares forecasts of annual revenues in December and April of each year. See "Government Funds" and "General Fund Forecasts."

The State Constitution prohibits the withdrawal from the treasury of any funds, regardless of source, without an appropriation, and so the Governor's proposed budget and the Legislature's appropriation bills include federal and other funds as well as funds from the State. The Constitution also prohibits the dedication to a special purpose of the proceeds of "any State tax or license," with the exception of dedications required by federal law, mandated by the State's Constitution or in existence prior to statehood.

**General Appropriations.** The Governor is required by State law to submit the three budgets — an operating budget, a mental health budget and a capital budget — by December 15 and to introduce the budgets and appropriation bills formally to the Legislature in January by the fourth day of the regular Legislative session. The appropriation bills, with any changes made by the House Finance Committee, are voted upon first by the House of Representatives, which can amend the bills. Appropriation bills approved by the House of Representatives are then considered and voted upon, and may be amended by, the Senate Finance Committee and then by the full Senate. In the event of difference in the House-approved bills and the Senate-approved bills, a conference committee of three members from each house is required to work out the differences. The new versions are then submitted to both bodies for final votes. Once enacted by both bodies, the appropriations bills are delivered to the Governor for signature. The Governor may veto one or more of the appropriations made by the Legislature in an appropriations bill (a "*line-item veto*"), may sign the bill or may permit the bill to become law without a signature or a veto 15 days after delivery to the Governor. The Legislature may override a veto by the Governor (by a vote of three-fourths of the members of each body of the Legislature in the case of appropriation bills and by a vote of two-thirds of the members of each body in the case of other bills), and either the Governor or the Legislature may initiate supplemental appropriations during the FY to deal with new or changed revenue receipts, to correct errors or for any other reason.

The Governor is permitted to prioritize or restrict expenditures, to redirect funds within an operating appropriation to fund core services and to expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized operating and capital expenditures during years in which actual revenues were less than forecast and budgeted. Such expenditure restrictions have included deferring capital expenditures, State employment hiring freezes, lay-offs and furloughs and restrictions on non-core operating expenses. As described below, a number of General Fund operating and capital expenditures were limited or suspended in the fiscal year ending: June 30, 2016, and others are proposed for fiscal year 2017.

Governor Walker was elected in November 2014 and took office in December 2014. In response to diminished State revenue forecasts he proposed a reduction in unrestricted General Fund State spending of 9 percent for FY 2016. He has additionally issued an Administrative Order to limit or stop State spending on State "Mega Projects" including the Juneau Access road, the Knik Arm Crossing, the Susitna Hydroelectric project, a small diameter in-State gas pipeline project, and a proposed State road to the Ambler Mining District. These projects continue to be reviewed to determine if they warrant implementation.

The Legislature must appropriate to create the authority to expend General Fund revenue. If an expenditure of General Fund revenue is required mid-budget cycle, a special session of the Legislature would be required to provide the authority to make such expenditure.

**Debt-Related Appropriations and Subject-to-Appropriation Obligation Appropriations.** The Governor's proposed appropriations bills include separate subsections for appropriations for State

OR 16-065  
Im 16-101

debt and other subject-to-appropriation obligations and specify the sources of funds to pay such obligations. For the State's outstanding, voter-approved general obligation bonds (including the Bonds) and bond anticipation notes and for revenue anticipation notes to which the State's full faith and credit are pledged, moneys are appropriated from the General Fund and if necessary, from other funds, including the Permanent Fund to the Committee to make all required payments of principal, interest and redemption premium. For these full faith and credit obligations, the State legally is required to raise taxes if State revenues are not sufficient to make the required payments.

The Governor's proposed appropriation bills also include separate subsections for appropriations for subject-to-appropriation obligations, including various outstanding capital leases, lease-purchase financings, State-supported local-government debt for school construction and certain other limited projects and some State "moral obligation" debt. Such appropriations are made from the General Fund or from appropriations transferring to the General Fund moneys available in other funds such as the Constitutional Budget Reserve Fund, the Power Cost Equalization Fund, unencumbered funds of the State's public corporations and the Permanent Fund earnings reserves.

**Appropriation Limits.** The State Constitution does not limit expenditures but does provide for an appropriation limit and reserves one-third of the amount within the limit for capital projects and loan appropriations. Because State appropriations have never approached the limit, the reservation for capital projects and loan appropriations has not been a constraint. The appropriation limit does not include appropriations for Permanent Fund dividends described below, appropriations of revenue bond proceeds, appropriations to pay general obligation bonds or appropriations of funds received in trust from a non-State source for a specific purpose. In general, under the State Constitution, appropriations that do not qualify for an exception may not exceed \$2.5 billion by more than the cumulative change, derived from federal indices, in population and inflation since July 1, 1981. For FY 2016, the appropriations limit was approximately \$10.3 billion.

### **Government Funds**

Because the State is dependent upon taxes, royalties, fees and other revenues that can be volatile, the State has developed a framework of constitutionally and statutorily restricted revenue that is held in a variety of reserve funds to provide long-term and short-term options to address cash flow mismatches and budgetary deficits. For FY 2015, revenue classified as restricted by custom for deposit in reserves exceeded unrestricted revenue by more than \$3.2 billion, and an additional \$347 million of revenue was deposited into the Constitutional Budget Reserve Fund, and an additional \$518 million was deposited primarily into the Alaska Permanent Fund. The State Constitution provides that with three exceptions, the proceeds of State taxes or licenses "shall not be dedicated to any special purpose." The three exceptions are when required by the federal government for State participation in federal programs, any dedication existing before statehood and when restricted for savings in the Permanent Fund or Constitutional Budget Reserve Fund as required by constitutional amendment. State revenue restricted for deposit into the Permanent Fund and Constitutional Budget Reserve Fund is then only available for appropriation as prescribed by the constitutional provisions described below.

Current State funding options available on a statutory basis include unrestricted revenue of the General Fund, use of the earnings or the principal balance of the Statutory Budget Reserve Fund, borrowing restricted earnings revenue or principal balance from the Constitutional Budget Reserve Fund, use of the statutorily restricted royalty oil revenue currently flowing to the Permanent Fund, and use of the unrestricted earnings revenue of the Permanent Fund. To balance revenues and expenditures in a time of financial stress, each of these funds can be drawn upon, either immediately, in the case of the Constitutional Budget Reserve Fund following a year-over-year revenue decline, or by a vote of the Legislature and with the approval of the Governor (by a three-fourths vote of each house in the case of

OK 16-065  
Im 16-101

appropriations from the Constitutional Budget Reserve Fund and by a simple majority vote in the case of appropriations from the Statutory Budget Reserve Fund and from the Permanent Fund Earnings Reserve).

Additional options for the State to manage budget funding include reducing State expenditures, transferring spending authority among line items, providing additional incentives to develop petroleum or mining resources, reinstating a State personal income tax or imposing other broad based statewide taxes. Most of these options, including the imposition of personal income taxes or other taxes, would require action by the Legislature.

**The General Fund.** Unrestricted State revenue is annually deposited to the General Fund, which serves as the State's primary operating fund and accounts for most of the State's unrestricted financial resources. The State has, however, created more than 55 subfunds and "cash pools" within the General Fund to account for funds allocated to particular purposes or reserves, including the Constitutional Budget Reserve Fund; the Statutory Budget Reserve Fund, an Alaska Capital Income Fund, and a debt retirement fund. In terms of long-term and short-term financial flexibility, the Constitutional Budget Reserve Fund and the Statutory Budget Reserve Fund (subfunds within the General Fund) are of particular importance to the State.

**The Constitutional Budget Reserve Fund.** The State Constitution requires that oil and gas dispute-related revenue be deposited to the Constitutional Budget Reserve Fund. The State Constitution provides that other than money required to be deposited to the Permanent Fund, all money received by the State after July 1, 1990 as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses or involving taxes imposed on mineral income, production or property, are required to be deposited in the Constitutional Budget Reserve Fund. Money in the Constitutional Budget Reserve Fund may be appropriated (i) for any public purpose, upon the affirmative vote of three-fourths of the members of each house of the Legislature; or (ii) if the amount available to the State for appropriation for a FY is less than the amount appropriated for the previous FY; however, the amount appropriated may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous FY. The State Constitution also provides that until the amount appropriated from the Constitutional Budget Reserve Fund is repaid, excess money in the General Fund at the end of each FY must be deposited in the Constitutional Budget Reserve Fund.

The FY 2015 capital budget included a \$3 billion transfer from the Constitutional Budget Reserve Fund to the Public Employees Retirement System ("PERS") and Teachers Retirement System ("TRS"). The PERS received \$1 billion and the TRS received \$2 billion. The impact of these deposits will be reflected in the actuarial analysis to be released in FY 2016. See "STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES."

The State historically has borrowed from the Constitutional Budget Reserve Fund as part of its cash management plan to address timing mismatches between revenues and disbursements within a FY and also to balance the budget when necessary at the end of the FY. Prior to draws in current FY 2016, the Legislature had last appropriated funds from the Constitutional Budget Reserve Fund in FY 2005. As of June 30, 2009, the balance owed by the General Fund to the Constitutional Budget Reserve Fund for draws prior to 2005 was completely repaid.

The balance in the Constitutional Budget Reserve Fund as of June 30, 2013 was \$11.6 billion. The balance in the Constitutional Budget Reserve Fund as of June 30, 2014 was \$12.8 billion, with earnings of \$1.0 billion. The balance in the Constitutional Budget Reserve Fund as of June 30, 2015 was \$10.1 billion, with earnings of \$197.7 million.

OR 16-005  
JM 16-101

**The Statutory Budget Reserve Fund.** The Statutory Budget Reserve Fund has existed in the State's accounting structure since 1986. The Statutory Budget Reserve Fund is available for use for legal purposes with a simple majority vote of the Legislature and with approval by the Governor. In FY 2008, the Legislature authorized an initial transfer to the Statutory Budget Reserve Fund of \$1.0 billion. Additional deposits were made to the fund in FYs 2010, 2011, 2012, and 2013. If the unrestricted amount available for appropriation in the FY is insufficient to cover General Fund appropriations, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund was appropriated from the Statutory Budget Reserve Fund to the General Fund. For FY 2015, this resulted in a year-end transfer from the Statutory Budget Reserve Fund to the General Fund of \$2.5 billion. As of June 30, 2015, the Statutory Budget Reserve Fund held \$288 million. The market value of the Statutory Budget Reserve Fund as of December 31, 2015 was near zero. Any earnings on the Statutory Budget Reserve Fund are considered unrestricted investment revenue and flow to the General Fund. Current FY market values and stated returns are unaudited, preliminary, and include some estimates.

**The Alaska Permanent Fund.** The Permanent Fund was established by a voter-approved Constitutional amendment that took effect February 21, 1977. The amendment provides that "at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments" and that "all income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law."

In 1980, legislation was enacted that provided for the management of the Alaska Permanent Fund by the Alaska Permanent Fund Corporation, a public corporation and government instrumentality within the DOR, managed by a board of trustees. The same legislation modified the contribution rate to the Permanent Fund from 25 percent (the minimum constitutionally mandated contribution) to 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares, federal mineral revenue sharing payments and bonuses received by the State from mineral leases issued after December 1, 1979 or, in the case of bonuses, after May 1, 1980. The statutory contribution rate was changed back to 25 percent by legislation as of July 1, 2003 but then returned to 50 percent as of October 1, 2008. For FY 2015, State oil and mineral revenues deposited into the Permanent Fund were \$600 million compared to \$779 million in FY 2014. In addition to these constitutionally and statutorily mandated transfers to the Permanent Fund prior to FY 2006, the Legislature has made special appropriations from the State's General Fund to the Permanent Fund several times, totaling approximately \$2.7 billion as of June 30, 2015.

The Permanent Fund tracks earnings on a GASB compliant basis in the compilation of the financial statements of the Fund. However, earnings available for appropriation from the fund are established by statute and include only realized earnings less various adjustments, but no unrealized earnings. This statutory framework results in both an understatement of income on a mark to market basis for the fund, as well as a lower balance in the Permanent Fund Earnings Reserve as currently calculated relative to a GASB compliant calculation of earnings.

Pursuant to legislation enacted in 1982, annual appropriations are made from the earnings reserve of the Permanent Fund, first for dividends and then for inflation-proofing. Between 1982 and 2015, \$23 billion of dividends (\$2,072 per person in FY 2015) were paid to Alaska residents and \$16.2 billion of Permanent Fund income has been added to principal for inflation proofing purposes (for FY 2015 the inflation proofing transfer was \$624 million, up from the FY 2014 amount of \$546 million). In addition to the statutorily directed inflation proofing transfers, the Legislature has made special appropriations from the earnings reserve account of the Permanent Fund to the principal balance of the Permanent Fund, totaling approximately \$4.2 billion as of June 30, 2015.

OR 16-065  
IM 16-101

If any income remains after these transfers (except the portion transferred to the Alaska Capital Income Fund as described below), it remains in the Permanent Fund's earnings reserve as undistributed income. The Legislature may appropriate funds from the earnings reserve at any time for any other lawful purpose. The principal portion of the Permanent Fund (\$45.6 billion as of June 30, 2015, up from \$45.0 billion as of June 30, 2014) may not be spent without amending the State Constitution. The earnings reserve portion of the Permanent Fund (\$7.2 billion as of June 30, 2015, up from \$6.2 billion as of June 30, 2014) may be spent with a simple majority vote of the Legislature. The Permanent Fund was valued at approximately \$52.8 billion as of June 30, 2015.

During FYs 1990 through 1999, the Permanent Fund received dedicated State revenues from settlements of a number of North Slope royalty cases (known collectively as State v. Amerada Hess, et al.). The total of the settlements and retained income thereon, as of June 30, 2015, is approximately \$424 million. Earnings on the settlements are excluded from the dividend calculation in accordance with State law and beginning in 2005, the settlement earnings have been appropriated to the Alaska Capital Income Fund, a subfund within the General Fund. Funds in the Alaska Capital Income Fund and interest thereon (approximately \$24.0 million in FY 2015) are unrestricted and have been appropriated for capital expenditures.

**Table 3**  
**State of Alaska**  
**Available Funds and Recurring and Discretionary General Fund Expenditures**  
**FYs Ended June 30, 2004-2015**  
(\$ millions)

FY	General Purpose Unrestricted Revenue (1)	Recurring & Discretionary General Fund Expenditures (2)	Surplus/ (Deficit)	Net Draw on CBRF (3)	CBRF Available Balance (4)	Perm. Fund Earnings Reserve
2004	\$ 2,346	\$ 2,319	\$ 26	\$ 0	\$ 2,064.2	\$ 859.3
2005	3,189	2,646	543	0	2,235.7	1,439.9
2006	4,200	3,247	953	0	2,267.1	2,584.8
2007	5,159	4,272	886	0	2,549.0	4,132.0
2008	10,749	5,473	5,256	0	5,601.0	4,969.0
2009	5,831	6,000	(169)	0	7,114.4	440.6
2010	5,515	4,995	520	0	8,664.0	1,209.8
2011	7,673	6,355	1,318	0	10,330.0	2,307.8
2012	9,485	7,252	2,233	0	10,642.4	2,080.6
2013	6,929	7,455	(526)	0	11,564.4	4,053.8
2014	5,394	7,314	(1,920)	0	12,779.7	6,211.3
2015	2,257	4,760	(2,503)	(2,876)	10,101.4	7,162.4

(1) State of Alaska Department of Revenue, Tax Division.

(2) Excludes amounts set-aside to fund programs and reserve deposits. State of Alaska Office of Management & Budget.

(3) Net draws differ from borrowing reported in the State's financial statements due to restricted revenue and cash accounting impact.

(4) CBRF available balance represents the market value of the Constitutional Budget Reserve Fund.

Source: State of Alaska Department of Revenue.

### Restricted Revenue Forecast

The State regularly prepares forecasts of restricted revenue generation. Table 4 provides a summary of the State's most recent restricted revenue forecasts from FY 2016 through 2025. Of necessity, the forecasts include assumptions about events that are not within the State's control.

*OR 16-205  
DM 16-101*

Table 4

**State of Alaska Restricted Revenue For Savings  
Actuals through 2015 and Forecast Summary  
FYs 2016 through 2025<sup>(1)</sup>  
(millions)**

FY	CBRF Investment Earnings	Tax & Royalty Settlements to CBRF	Alaska Permanent Fund Investment Revenue <sup>(2)</sup>	Alaska Permanent Fund Dedicated Oil Revenue <sup>(3)</sup>	Total State Revenue Currently Restricted for Reserves
2011	\$ 1,026.9	\$ 167.3	\$ 6,812.0	\$ 887.0	\$ 8,893.2
2012	191.1	102.1	(100.0)	915.0	1,108.2
2013	618.2	176.6	4,314.0	840.0	5,948.8
2014	1,006.1	141.4	6,848.0	779.0	8,774.5
2015	197.7	149.0	2,383.9	600.0	3,330.6
Projected					
2016	65.5	20.0	416.0	290.0	791.5
2017	95.8	20.0	3,488.0	333.0	3,936.8
2018	53.6	20.0	3,646.0	369.0	4,088.6
2019	7.1	20.0	3,819.0	401.0	4,247.1
2020	0.0	20.0	4,011.0	388.0	4,419.0
2021	0.0	20.0	4,217.0	385.0	4,622.0
2022	0.0	20.0	4,432.0	361.0	4,813.0
2023	0.0	20.0	4,656.0	336.0	5,012.0
2024	0.0	20.0	4,888.0	316.0	5,224.0
2025	0.0	20.0	5,129.0	297.0	5,446.0

- (1) This table displays actual results for FYs 2011 through 2015, and forecasted amounts for FYs 2016 through 2025. Forecasts are derived from the Fall 2015 Revenue Sources Book for the CBRF and APFC dedicated oil revenue. APFC investment revenue is derived from Alaska Permanent Fund Corporation's December 31, 2015 Fund Financial History and Projections. The table reflects the State's statutory requirement to restrict a significant portion of FY revenues and investment earnings.
- (2) Both realized and unrealized gains and losses are included per GASB 34 as interpreted by the Finance Division of the Department of Administration in its *Comprehensive Annual Financial Report*. The value for Alaska Permanent Fund Corporation's (APFC) Investment Revenue (GASB) for FY 2015 uses the accounting (GAAP) net income as of June 30, 2015. APFC mid case projections, as of December 31, 2015, are used for FY 2016 through 2025.
- (3) Comprised of 50% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State. 50% of this amount is restricted by the Constitution and 50% is restricted by Statute.

Sources: *State of Alaska Department of Revenue, Tax Division and State of Alaska Office of Management and Budget Forecasts from the Fall 2015 Revenue Sources Book for this CBRF. Alaska Permanent Fund Corporation forecasts are based on the Monthly Financial Report for December 31, 2015.*

**General Fund Forecasts**

The State regularly prepares General Fund financial forecasts for planning and budgetary purposes. Table 5 provides a summary of the State's most recent General Fund revenue and expenditure forecasts, including forecast beginning and ending balances of available funds in the Constitutional Budget Reserve Fund and Permanent Fund Earnings Reserve through 2025 and forecast oil prices and production levels during the same time period.

Of necessity, such forecasts include assumptions about events that are not within the State's control. The forecast oil production volumes include only production on State land and only current production and production expected from projects currently under development or evaluation on State land. The forecast does not include any revenues that could be received if a natural gas pipeline is constructed. In making its forecasts, the State makes assumptions about, among other things, the demand for oil and national and international economic factors and assumes that the Legislature will not amend current laws to change materially the sources and uses of State revenue and that no major calamities such as earthquakes or catastrophic damage to TAPS will occur. Portions of TAPS are located in areas that

*OK 16-065  
DM 16-101*

have experienced and may in the future again experience major earthquakes. Actual revenues and expenditures will vary, perhaps materially, from year to year, particularly if any one or more of the assumptions upon which the State's forecasts are based proves to be incorrect or if other unexpected events occur. See "Government Funds" for a description of some of the actions the State can take when revenues prove to be lower than expected.

**Table 5**

**State of Alaska Unrestricted General Fund and Budget Reserve Scenario  
FYs 2015 through 2019<sup>(1)</sup>**

FY	General Purpose Unrestricted Revenues (\$mil)	Recurring & Discretionary General Fund Expenditures (\$mil) <sup>(1)</sup>	Unrestricted Revenue Surplus/ (Deficit) (\$mil)	Ending CBRF Reserves Available Balance (\$mil)	Permanent Fund Earnings Reserve Balance (\$mil) <sup>(2)</sup>	Oil Price Forecasts (\$/barrel)	ANS Oil Production Forecasts (thousand barrels per day)
2016	\$1,593.0	\$4,970.5	\$ (3,377.5)	\$7,104.8	\$7,976.0	\$49.58	500.2
2017	1,796.4	4,816.4	(3,020.0)	4,202.6	8,137.0	56.24	504.9
2018	2,021.0	4,717.5	(2,696.5)	1,583.0	8,438.0	62.73	497.7
2019	2,130.0	4,722.9	(2,592.9)	0.0	7,944.1 <sup>(3)</sup>	68.95	487.6

- (1) This table represents one possible scenario taken from the revenue and expenditure projections as of the Fall 2015 Revenue Sources Book release. Projections in the plan do not represent a commitment by the Administration to propose spending or generate revenue at a particular level in FY 2016, FY 2017 or any future year. The forecasts show that unanticipated budget shortfalls during the period presented could be filled primarily through use of reserve funds; however, other fiscal tools including spending reductions and the State's fund structure would likely be used in addition to, or in lieu of, reserve funds. General fund expense projections use budget summary in FY 2017 10-year plan.
- (2) FY 2016 through 2019 Permanent Fund Earnings Reserve Balance uses mid-case projections as of Alaska Permanent Fund Corporation's December 31, 2015 Monthly Financial Report, and forecasts available at that time. The anticipated deficit for FY 2019 reflects a projected appropriation from the Permanent Fund Earnings Reserve to balance the State budget.
- (3) Includes estimated draw from the Permanent Fund Earnings Reserve Balance in the amount of \$1,009.9 million

Sources: State of Alaska Department of Revenue, Tax Division and State of Alaska Office of Management and Budget. Forecasts from the Fall 2015 Revenue Sources Book for the CBRF, oil price, production and unrestricted revenue. Alaska Permanent Fund Corporation forecasts are based on the Monthly Financial Report for December 31, 2015.

As reflected in Table 5 projecting the State's historical definition of general purpose unrestricted revenue, maintaining an Alaska Permanent Fund Dividend distribution to residents, maintaining a relatively flat recurring and discretionary general fund expenditure level, and not relying on the Permanent Fund's Earning Reserve becomes unsustainable in FY 2019. The Governor has proposed, as described in "Fiscal Year 2017 10-Year Plan", and the Legislature is currently considering a fiscal plan to redefine general purpose unrestricted revenue to include other sources and diminish recurring and discretionary general fund expenditures. While it is uncertain if the fiscal plan will be adopted in whole or part, it provides for a sustainable budget as reflected in Table 6.

**General Fund Expenditure Trends**

From FY 2005 through FY 2015, recurring Unrestricted General Fund expenditures have grown by an average of 5.1% annually. A significant portion of the expenditures during this time frame was for savings, to forward-fund future FY obligations as well as making targeted capital investments. More recently expenditure trends have reversed with FY 2013 through FY 2015 Unrestricted General Fund expenditures diminishing by an annualized rate of over 3.6%. The enacted FY 2016 budget included approximately \$4.954 billion in Unrestricted General Fund appropriations.

The Governor's proposed FY 2017 Unrestricted General Fund expenditure authorizations presented to the Legislature authorizes \$5.556 billion of spending comprised of \$5.406 billion of

*OR 16-065  
Jm 16-101*

operating costs and \$150.3 million of capital items. The Alaska Legislature will approve the FY 2016 budget by April 19, 2015. The Governor will then have the ability to exercise his line item veto on that budget. The Legislature can choose to challenge those vetoes or accept the post veto budget as final.

### **Fiscal Year 2017 10-Year Plan**

The Executive branch is obligated by statute to provide a 10-year plan on an annual basis. This plan is provided in complete form on the Office of Management and Budget's website.

The FY 2017 10-Year Plan includes an explanation of Governor Walker's fiscal plan, "The New Sustainable Alaska Plan". The Governor introduced the plan in response to the decline in the price of oil and correlated decrease in oil and gas revenue that the State has historically used to provide for the vast majority of unrestricted general fund spending. The plan includes the five strategies of reducing government spending, supporting key investments for Alaska's future, transition to a sovereign wealth approach for funding government, adjust existing and implement new taxes, and maximize additional revenue sources.

The first strategy emphasizes a lean spending plan scrutinizing all operations and programs to create a more cost-effective delivery of public services. State general fund spending has decreased 37 percent since FY 2013, from \$8 billion to \$5 billion. The FY 2016 budget implements agency operating reductions of \$400 million (10 percent) and resulted in approximately 600 fewer state employees, and the FY 2017 budget proposes another \$140 million reduction in agency operating cuts. Action items include reducing executive agency and legislative operating costs, privatize some government services, target cross agency efficiencies to improve services and reduce costs, and reform the oil and gas tax credit system to reduce state expenditures, reward Alaskan hire, and build a new system of direct loans. In addition to efforts of the Executive Branch, the Legislature is likewise considering a variety of budgetary reductions including elimination or diminishing roles of state agencies, state public corporations, state grant programs, or other items historically funded by the State budget.

The second strategy maintains a strategic commitment to key investments in Alaska's future, spending to protect existing infrastructure, effective public education, ensure earliest possible new revenue streams through a natural gas pipeline project, and create economic stimulus with pipeline pre-construction and construction jobs. The strategy vigorously pursues an Alaska liquefied natural gas project, establishes a capital budget using general obligation bonds in 2016 and 2018 to support only those funding requirements that would otherwise require cash payments, like transportation matches and disciplined deferred maintenance investments, and only re-introduce a sustainable general fund capital budget after stabilizing the operating budget.

The third strategy transitions the State to a sovereign wealth approach, using financial assets in a calculated, formulaic, sustainable way, to provide a stable source of revenue. The transition re-works the flow of funding in the state's fiscal structure by diverting volatile resource revenue away from being the primary sources of funding for the State's annual budget and putting it directly into the Permanent Fund. A transfer of approximately \$3 billion from the Constitutional Budget Reserve Fund into the Earnings Reserve on a one-time basis to provide the initial starting balance is required to permit a sustainable draw. The approach provides a stable and consistent withdrawal from the earnings of the Permanent Fund, while still allowing the Permanent Fund to grow over time. The current dividend program in Alaska is largely tied to performance of the global equity market, not resource development. The New Sustainable Alaska Plan would tie dividends directly to the State resource revenue by distributing a 50 percent share of annual natural resource royalty revenue as dividends to Alaskans. The proposal sets a 2016 transitional dividend at \$1,000; but dividends are expected to remain in the \$1,000 range going forward based on current estimates of future royalty revenues. The remaining 50 percent of annual natural resource

royalties and 100 percent of production tax revenues will go into the Permanent Fund. Investment earnings from the fund will continue to flow to the Earnings Reserve as they do today.

The fourth strategy adjusts and implements new taxes to close the remaining gap using a balanced suite of targeted and broad-based taxes; as well as cross-industry tax adjustments, to include the tightening of current tax loopholes. Participation is expected from oil and gas, mining, fishing, tourism, Alaskans, and non-resident workers. Despite anticipated changes, the tax burden on individual Alaskans will still remain among the lowest in the nation. The New Sustainable Alaska Plan calls for an increase to alcohol, tobacco, and motor fuel taxes, and implementation of an income tax based on a percentage of federal tax liability. The plan also calls for the modification of the state's oil and gas tax credit system to reduce those expenditures, while honoring existing claims and continuing to provide meaningful development assistance.

The fifth strategy calls for maximization of other revenue sources. Action items include leveraging Federal matching funds for transportation and Medicaid to serve Alaskans and to strengthen the state's private economy, assure revenue plans are developed when programs are introduced, and maximize dividends from state corporations.

At this time it is uncertain to what extent, if any, the Fiscal Year 2017 10-Year Plan will be adopted by the Legislature. In addition to the Governor's plan, members of the Legislature have also introduced legislation to both change how the State utilizes revenue historically restricted by custom and generate new revenue through taxation. The legislative leadership has also publicly declared their intent to further diminish the level of State spending. The Fiscal Year 2017 budget isn't expected to be finally adopted and reviewed by the Governor until after April 17, 2016.

The following Table 6 summarizes forecasted revenue detail and budget outlays from fiscal year 2016 through 2026 as contained in the Fiscal Year 2017 10-Year Plan:

OR 16-065  
IM 16-101

Table 6

State of Alaska  
Forecast Summary of the State Budget & Proposed Revenue Detail

FY 2017 10-year Plan, Office of Management & Budget

FYs Ended June 30, 2016-2026  
(\$ millions)

	FY 2016 Management Plan	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Existing Revenue</b>											
Oil & Gas Royalty	\$ 650.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oil & Gas Production Tax	172.1	-	-	-	-	-	-	-	-	-	-
All Other Unrestricted Revenue	770.4	839.5	904.3	932.6	946.5	1,000.0	1,040.0	1,081.6	1,124.9	1,169.9	1,216.7
<b>Total Existing Revenue</b>	<b>1,593.0</b>	<b>839.5</b>	<b>904.3</b>	<b>932.6</b>	<b>946.5</b>	<b>1,000.0</b>	<b>1,040.0</b>	<b>1,081.6</b>	<b>1,124.9</b>	<b>1,169.9</b>	<b>1,216.7</b>
<b>New Revenues</b>											
Mining	-	10.0	12.0	12.3	12.8	13.3	13.8	14.4	14.9	15.5	16.1
Fishing	-	19.0	20.0	20.5	21.3	22.1	23.0	23.9	24.9	25.9	26.9
Tourism	-	14.0	15.0	15.3	16.0	16.6	17.3	17.9	18.7	19.4	20.2
Motor Fuel	-	44.0	44.0	45.0	46.8	48.7	50.6	52.6	54.7	56.9	59.2
Alcohol	-	38.0	39.0	39.9	41.5	43.1	44.9	46.7	48.5	50.5	52.5
Tobacco	-	25.0	25.0	25.6	26.6	27.6	28.8	29.9	31.1	32.3	33.6
Oil & Gas	-	100.0	100.0	102.3	106.3	110.6	115.0	119.6	124.4	129.4	134.6
Individual Income Tax	-	100.0	195.0	199.4	207.4	215.7	224.3	233.3	242.6	252.3	262.4
<b>Total New Revenues</b>	<b>-</b>	<b>350.0</b>	<b>450.0</b>	<b>460.3</b>	<b>478.7</b>	<b>497.7</b>	<b>517.7</b>	<b>538.3</b>	<b>559.8</b>	<b>582.2</b>	<b>605.5</b>
<b>Earnings Reserve Draw</b>	<b>-</b>	<b>3,300.0</b>	<b>3,300.0</b>	<b>3,300.0</b>	<b>3,372.0</b>	<b>3,445.6</b>	<b>3,520.9</b>	<b>3,597.9</b>	<b>3,676.6</b>	<b>3,757.0</b>	<b>3,839.3</b>
<b>Annual Earnings Draw<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>135.0</b>	<b>130.2</b>	<b>123.1</b>	<b>141.6</b>	<b>159.0</b>	<b>193.8</b>	<b>198.9</b>	<b>200.3</b>	<b>175.0</b>
<b>Gasline Revenue<sup>2</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500.0</b>
<b>Draw on Savings</b>	<b>3,377.5</b>	<b>426.9</b>	<b>28.2</b>	<b>-</b>							
<b>Total Revenue</b>	<b>\$4,970.5</b>	<b>\$4,916.4</b>	<b>\$4,817.5</b>	<b>\$4,823.1</b>	<b>\$4,920.3</b>	<b>\$5,084.9</b>	<b>\$5,237.6</b>	<b>\$5,411.6</b>	<b>\$5,560.2</b>	<b>\$5,709.4</b>	<b>\$7,336.5</b>
<b>Total Budget<sup>3</sup></b>	<b>\$4,970.5</b>	<b>\$4,816.4</b>	<b>\$4,717.5</b>	<b>\$4,722.9</b>	<b>\$4,820.1</b>	<b>\$4,984.9</b>	<b>\$5,137.5</b>	<b>\$5,311.5</b>	<b>\$5,460.1</b>	<b>\$5,609.4</b>	<b>\$6,022.2</b>

- (1) On savings and other cash balances - may require attention to corporate dividends such as Alaska Housing Finance Corporation and Alaska Industrial Development and Export Authority beginning in FY2021
- (2) Gasline revenues after cost for financings expected to start in 2026 will be redirected to the Permanent Fund
- (3) For simplicity only management plan expenditures are shown. Supplemental budgets occur regularly but are unpredictable. Revenue in excess of spending would be the source for supplementals.
- (4) Projections in the plan do not represent a commitment by the Administration to propose spending or generate revenue at a particular level in FY2016 or any future year.

Source: Fiscal Year 2017 10-Year Plan.

OR 16-065  
DM 16-101

## Other Funds Maintained by the State

The State maintains other types of funds, such as Enterprise Funds, Trust and Agency Funds, Capital Projects Funds and Special Revenue Funds.

Enterprise Funds are operated by the State for “self-supported” activities that provide goods and/or services to the public on a charged payment basis. The International Airports Revenue Fund and a number of State loan program funds are Enterprise Funds.

Trust and Agency Funds are maintained to account for assets held by the State acting in the capacity of custodian or fiduciary agent. In addition to the Permanent Fund and the retirement systems funds, major funds in this category include the Public School Trust Fund, the Mental Health Trust Fund, the Alaska Children’s Trust Fund, the Power Cost Equalization Endowment and the University of Alaska Endowment.

Capital Projects Funds account for the use of the proceeds of general obligation bond issues and matching federal funds for capital outlays. In general, all capital outlay projects are accounted for through Capital Projects Funds except capital projects being financed by the General Fund through direct appropriations and capital projects financed with moneys in the International Airports Revenue Fund.

Special Revenue Funds are maintained in connection with the State’s issuance of revenue bonds, such as revenue bonds issued by the Alaska International Airports System and the Sport Fishing Revenue Bonds.

## State Ownership of Land and Natural Resources

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state in the United States, roughly equivalent in size to one-fifth of all of the other 49 states combined. Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners.

In 1959, when Alaska became a state, 99.8 percent of the land was owned by the federal government. The Statehood Act, as modified by the Alaska Land Transfer Acceleration Act of 2004, gave the State the right to select and acquire approximately 105.5 million of the nearly 365 million acres of federal lands in Alaska. As of December 31, 2015, close to 95 percent, or approximately 100 million acres, of this grant has been conveyed to the State. In addition, the State owns approximately 65 million acres of submerged and tide lands, some of which overlie areas with the potential for natural resource production.

Land ownership in Alaska is also shaped by the Alaska Native Claims Settlement Act (“ANCSA”) enacted by Congress in 1971. Under ANCSA, 13 regional corporations and more than 200 village corporations were established with Alaska Natives as their shareholders and beneficiaries. These corporations were authorized to select approximately 44 million acres of federal lands and the associated subsurface and surface rights for transfer into their ownership.

In summary, Alaska Natives and ANCSA corporations own approximately 13 percent of Alaska lands, the State owns approximately 26 percent, and the federal government owns approximately 60 percent, with less than one percent of Alaska lands owned by private, non-Native owners. As described below, the State obtains significant revenues from companies that lease State-owned lands for extraction of oil, natural gas, coal, gold, silver, zinc, copper and other minerals and shares with the federal government revenues from oil, natural gas and other assets extracted from federal lands leased by private

companies. Additionally, the State receives indirect benefits and tax revenues from development and activity on ANCSA corporation-owned lands.

For State land, Article 8, Section 1 of the State Constitution provides that, "it is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." The DNR is the State entity entrusted with executing this objective on the approximately 165 million acre upland and tideland portfolio. Consequently DNR has a stewardship and public trust responsibility for all State-owned land, water and resources in addition to regulatory responsibilities on private lands.

As part of this work, DNR manages the State's mineral, coal, oil and gas, geothermal, timber, material and water resources, provides land use authorizations for surface activities on State land, receives title from the federal government in accordance with the Statehood Act and the Alaska Land Transfer Acceleration Act and conveys land to private purchasers. DNR manages and distributes a large volume of technical data, public records, land records and geospatial information.

**Oil and Gas Reserves.** The majority of the State's annual revenues have been generated from oil exploration and production since 1968, when the first large oil and gas reservoir on the Arctic Coast was discovered. To enable the production of this resource, the TAPS, an 800-mile, 48-inch crude oil pipeline from the State's Arctic Coast to Valdez in south-central Alaska was constructed in the 1970s and came online in 1977. This nationally important piece of infrastructure has transmitted approximately 17.7 billion barrels of crude oil from the North Slope of Alaska to market through calendar year 2015.

At peak production levels in 1988, over 2 million barrels per day were flowing through TAPS from the Prudhoe Bay field, the Kuparuk field (the State's second largest oil-producing area), as well as from the Endicott and Lisburne satellite fields.

The Alaska North Slope continues to see new oil being produced from reworking existing fields, as well as new developments that will bring future production. This new production on the North Slope has helped to offset some of the volume decline since the 1988 peak. The DOR Fall 2015 forecast for North Slope crude oil production is 500,200 barrels per day in FY 2016 and 504,900 in FY 2017. FY 2017 is forecasted to be the first fiscal year-to-year production increases in over a decade.

In the DOR Fall 2015 Revenue Sources Book, the State forecasted that crude oil production on the North Slope would return to a decline after FY 2017 and continue to decline over the 10 year forecast period to 302,100 barrels per day by FY 2025.

In 2012, the DOR began reporting future production as a risk-weighted value in order to account for the risk involved in bringing new projects online as an appropriate measure to prepare the State's budget. In 2013, the DOR further reduced forecast production due to the increase in natural gas liquids re-injection, more extensive maintenance projections, and reduced oil well performance and recovery response expectation. While this ensures conservative financial planning further into the future, the DOR projected high production case indicates that production could be as high as 377,000 barrels of oil per day in 2035 under the right economic conditions. Production could also be higher with technological breakthroughs or major changes in current conditions. The State does not include any potential production from the Arctic National Wildlife Refuge ("ANWR") or other fields yet to be discovered in its forecasts. In January 2015, the Obama Administration proposed designating 12 million acres of the ANWR as a protected wilderness area, thereby permanently precluding oil extraction. Only Congress can authorize such designation. No statement is made as to the outcome of this proposal.

FY 2015 capital expenditures on the North Slope of about \$4 billion were the highest in at least a decade. Capital expenditure on the North Slope is forecast to decrease by 8-9% per year in FY 2016 and

OR 16-065  
JM 16-101

FY 2017. For most companies, at least some development drilling, exploration or other projects are being deferred until oil prices improve. However, at the same time, companies are proceeding with major projects that are currently in progress, such as development of the Point Thomson field, CD-5 (Alpine West), Mustang, and Moose's Tooth. Development drilling also continues in most major currently producing area.

Oil production from the smaller fields within the Cook Inlet Basin, in south-central Alaska, has increased for the last five years as new participants enter the Alaska market. Some of these fields have now been in production for over 60 years, but new discoveries in the basin continue to be made. Cook Inlet production has grown from 8,900 barrels per day in 2010 to 18,000 barrels in 2015. The State does not attempt to forecast projects under development or under evaluation for Cook Inlet at this time. Currently producing areas are forecasted to decline down to 9,000 in 2025 although it is highly likely that new projects will continue to trend upward and that 2025 production will be much higher.

Alaska also features immense potential for future production from known (discovered but undeveloped) and unknown (undiscovered) hydrocarbon resources on the North Slope. To highlight the potential of Alaska's North Slope it is often compared to the State of Wyoming. The North Slope is approximately the same size as the State of Wyoming, but while Wyoming has had approximately 19,000 exploratory wells drilled, the North Slope has had fewer than 600. In August 2007, the U.S. Department of Energy ("DOE") released "Alaska North Slope Oil and Gas: A Promising Future or an Area in Decline?" - a report that assessed the potential for Alaska to remain a major producer of oil and gas under various development scenarios. The report examined near-term potential (2007-2015) and long-term potential (2015-2050). According to the report, the North Slope is a relatively underexplored petroleum province that may provide oil and increasingly, natural gas, for years to come.

The 2007 U.S. DOE report evaluated geologic and commercial viability of future oil and gas production from five areas or provinces: 1) the State-owned area between the Colville and Canning Rivers (and adjacent State waters), 2) the "1002" area of the Arctic National Wildlife Refuge, 3) the National Petroleum Reserve in Alaska ("NPR-A"), 4) the Beaufort Sea Outer Continental Shelf ("OCS"), and 5) the Chukchi Sea OCS.

Under the most optimistic scenario, DOE reported mean technically recoverable oil resources of 38.2 billion barrels and mean technically recoverable gas resources of 186.5 trillion cubic feet ("TCF") from these five areas. The State benefits from the production of federal oil within the State (especially in the NPR-A, where the State is entitled to 50 percent of all royalties, bonuses and rents) and benefits to some extent from the production of federal oil from non-State lands shipped through TAPS. These estimates are not included in the DOR's projections of oil production from the North Slope.

In the next ten years, the State anticipates new developments on State and federal lands, both of which benefit the State. Many of the opportunities to add production from State lands are from expanded heavy and viscous oil development, shale oil, continued satellite development at Alpine, and continued developments at Oooguruk and Nikaitchuq.

The Point Thomson field, 20 miles east of the existing Badami development, together with three known satellite fields, is estimated to hold more than eight TCF of gas reserves and more than 500 million barrels of liquid hydrocarbons. Production at Point Thomson began in FY 2016 with daily production of approximately 10,000 barrels per day. Another new field that may begin production is Umiat, first discovered in 1946 by the U.S. Navy. It is estimated to have one billion barrels of oil in place with approximately 200 million recoverable barrels. It has not been developed due to its remoteness, but production at the Umiat field could provide significant production volumes going forward.

OR 16-065  
DM 16-101

The State continues to see strong interest in bidding on leases of State land for oil and gas exploration and production on the North Slope and Cook Inlet. On November 18, 2015, the State received 134 valid bids for North Slope leases from 3 different bidding groups, resulting in 131 tracts sold encompassing 186,400 acres. Bidders included major international producers and established independent companies. Winning bids totaled more than \$9.5 million.

In 2015, no bids were placed in the Alaska Peninsular, Beaufort Sea, and North Slope Foothills areas. In May 2015, the State received 8 bids and sold 7 tracts comprising 20,839 acres in Cook Inlet for \$671 thousand.

**Natural Gas Pipeline Developments.** Natural gas development on the Alaska North Slope has been limited because a pipeline to transport recovered natural gas to market outside Alaska has never been constructed. As a result, natural gas produced in conjunction with oil production on the North Slope is not yet sold commercially in significant volumes. Most of the produced gas is re-injected into the North Slope oil fields for use in enhanced oil recovery projects at the Prudhoe Bay field or at the Kuparuk field while some is used on site or is sold to the TAPS and used to heat field camps, run electrical generators or power the TAPS pump stations. Although there are currently an estimated 35 TCF of known contingent gas resources on the North Slope, mostly in the Prudhoe Bay and Point Thomson fields, geologic estimates for the greater Alaska region by the U.S. Geological Survey (onshore and state waters) and the Bureau of Ocean Energy Management (Outer Continental Shelf waters) place the amount of undiscovered technically recoverable resources at more than 200 TCF.

The State's production tax and royalty provisions apply to natural gas products as well as to oil, and the State's long-term financial planning is based in part on efforts to develop natural gas resources as oil production declines. See "State Revenues—Oil and Gas Revenues" herein.

To spur commercialization of Alaska natural gas, the Legislature enacted the Alaska Gasline Inducement Act ("AGIA") in 2007. In August 2008, following an extensive application and evaluation process, the Legislature authorized the State to award an AGIA license to TransCanada Alaska, a wholly-owned subsidiary of the TransCanada Corporation ("TransCanada"). TransCanada partnered with ExxonMobil, one of the three major North Slope producers.

Pursuant to the AGIA license, TransCanada committed to initiate pre-development activities and to obtain necessary permits to build a 1,715-mile natural gas pipeline from a natural gas treatment plant at Prudhoe Bay to the Alberta Hub in Canada. Under AGIA, the State had agreed to provide matching funds of up to \$500 million to reimburse TransCanada for a portion of the development costs of the proposed pipeline. The AGIA license obligated TransCanada to complete certain predevelopment and regulator steps but did not require them to proceed with construction. The project conducted its initial open season in 2010, receiving multiple bids from potential shippers. In 2012, TransCanada, ExxonMobil, ConocoPhillips and BP formally agreed on a work plan under the AGIA framework and pertinent milestones to explore and develop a concept for a liquefied natural gas project and associated pipeline to Southcentral Alaska.

In January of 2014, a Heads of Agreement ("HOA") was signed by the Commissioners of the DNR and DOR with ExxonMobil, BP, and ConocoPhillips, expressing an agreement to advance a proposed Alaska LNG ("AKLNG") project, which would transport natural gas from the North Slope to provide gas to Alaskans and then to tidewater in Cook Inlet where it would be liquefied and be one of the largest export projects of its kind in the world. Under the HOA, the State would assume a 20%-25% equity share in the Alaska LNG Project commensurate with its royalty and production tax interest in North Slope natural gas production from the Prudhoe Bay and Point Thomson fields. The HOA served as a guidance document to the Legislature during its review of legislation proposed during the 2014 Legislative session. The HOA provided that if acceptable enabling legislation was passed, the

OR 16-065  
IN 16-101

Alaska LNG Project would ramp up the Pre-Front End Engineering Design (Pre-FEED) stage and establish a framework for negotiating multiple project-enabling agreements. Those agreements include, but are not limited to contracts for the disposition of the State gas share, individually developed joint marketing agreements for the State's share of LNG, a proposed tailored regulatory framework for the project, and expansion terms that will allow third-party access to all of the project components, including possible construction of a new LNG train at the liquefaction plant.

In 2014, the Legislature approved Senate Bill ("SB") 138, which provides the authorization for DNR to modify leases, allows the State to enter into certain commercial agreements, revises the production tax for natural gas from leases that are contributing to a North Slope gas commercialization project to allow the State to have an approximate 25% equity share in the project, authorizes a subsidiary of the Alaska Gasline Development Corporation (AGDC) to participate in the project on behalf of the State, and makes other changes to enable progress on a large-scale, integrated LNG project. Considered enabling legislation by the HOA parties, SB 138 allowed the parties to align commercially in a Joint Venture Agreement ("JVA") signed in July 2014 and ramp up the Pre-FEED stage for the Alaska LNG project. Activities to date have included the formal filing of an application with the U.S. Department of Energy to export LNG to both free trade and non-free trade countries, key summer field season activities, additional engineering and design work, and filing of initial resource reports to the Federal Energy Regulatory Commission ("FERC"). Concurrently with the development of the AKLNG project, AGDC has progressed an alternative, smaller scale project designed to meet domestic gas demand should the larger project falter. AGDC has aligned its schedule to match the AKLNG project and new spending on the AKLNG project has been curtailed until a front end engineering and design ("FEED") decision is made on AKLNG.

In June 2014, the Department of Natural Resources and TransCanada Alaska Midstream LP signed the Precedent Agreement, which authorized TransCanada to pay upfront capital costs and hold the State's 25 percent share of ownership in AKLNG's midstream components including the gas treatment plant and pipeline.

On September 24, 2015, Governor Walker issued an executive proclamation calling the Legislature into special session. The subjects of the special session were to consider an act to monetize certain natural gas reserves through the levy of a gas reserves tax and an act making supplemental appropriations to fund the state's activities related to the development of the state's natural gas including appropriation to exercise the states option to acquire TransCanada's interest in the Alaska Liquefied Natural Gas Project. On October 23, 2015 the Governor withdrew the act to monetize certain natural gas reserves through the levy of a gas reserves tax from the call to special session. On November 4, 2015 the Legislature approved SB 3001 an act making supplemental appropriations to fund the state's activities related to the development of the state's natural gas including appropriation to exercise the states option to acquire TransCanada's interest in the Alaska Liquefied Natural Gas Project, and on November 20, 2015 Governor Walker signed the bill into law. On November 24, 2015 the state paid approximately \$68.5 million to terminate the Precedent Agreement removing the direct participation of TransCanada Alaska Midstream LP from the AKLNG project.

The State is currently responsible for 25% (twenty-five percent) of the Pre-FEED costs of the AKLNG Project. If a decision to move into the FEED phase is made by the parties, the State will be responsible for 25% (twenty-five percent) of the FEED costs. If a decision to move to the construction phase is made by the parties, the State will be responsible for its royalty and gas share of the construction costs, currently anticipated at approximately 25% (twenty-five percent). The State may elect to finance all or a portion of its share of the costs of the AKLNG Project through existing State reserve funds or the issuance of debt. The current estimate of the total FEED and construction costs for the AKLNG project is \$55-60 billion, and the State's share of that estimated cost would be \$13.75-15 billion.

As of January 2016, the AKLNG Project team updated the legislature on the progress of the Pre-FEED stage activities. The legislature was informed that the initial design scope was 85% complete and that the team was finalizing project design/execution bases for cost and schedule estimating. The 2016 priorities included targeting a final pipeline size decision by April 2016, continuing additional field work to support FERC resource reports finalization, preparing contract strategy development and market engagement to ensure the project is globally competitive and maximizes opportunities for Alaskans. Finally, the team anticipated completing the Pre-FEED work and providing the project participants information necessary to make a FEED decision anticipated during FY 2017. During the Pre-FEED stage, the project participants are also continuing to negotiate the commercial agreements necessary to move forward with a project.

On February 17, 2016 Governor Walker and AKLNG partners ExxonMobil, BP and ConocoPhillips announced a commitment to continue to work together to explore options to advance the AKLNG project. The technical work associated with the work plan is on track to have the pre-FEED work completed in the fall of 2016. The partners acknowledged the difficult business environment that is currently being experienced and that additional details on the AKLNG project are expected to be determined in March 2016.

**Mineral Resources.** According to USGS the State of Alaska contains large amounts of the world's mineral resources including 17% of the coal, 8% of the gold, 5% of the Zinc, 4% of the copper, 3% of the lead, & 2% of the silver. Six large mines that produce zinc, gold, lead, silver, and coal are currently in operation and several other large mines are under development or exploration. There are also more than 400 smaller scale placer gold, and sand and gravel mining operations.

The six major Alaska mines are:

- Red Dog Mine, a surface mine and mill that produces zinc, lead and silver in concentrates in the Northwest Arctic Borough. It is a joint venture between Teck and an Alaska Native Corporation ("*NANA Regional Corporation*"). Red Dog is one of the largest zinc mines in the world, both in terms of production and reserves.
- Fort Knox Mine, owned by Kinross, has been the largest gold producer in Alaska since production began in 1996 and is located 25 miles northeast of Fairbanks.
- Pogo Mine is an underground gold mining operation that began producing gold in 2006, operated by Sumitomo Metal Mining.
- Usibelli Coal Mine, located outside Healy, in the interior of the State, is the only operating coal mine in Alaska and was established in 1943.
- Greens Creek Mine, located on Admiralty Island, in southeast Alaska near Juneau, is an underground polymetallic mine producing silver, gold, zinc and lead since 1989. It is owned by Hecla and is one of the world's top 10 silver producers.
- Kensington Gold Mine, located on the east side of Lynn Canal about 45 miles north-northwest of Juneau, is owned by Coeur Alaska. It began production in 2010.

Mining claims and prospecting sites covered approximately 3.6 million acres of Alaska in 2014, with 6,003 active Federal and 40,729 active state mining claims. State 40- and 160-acre claim staking decreased by almost 50 percent in 2014, while staking of state prospecting sites decreased by 32 percent. More than 75 percent fewer Federal claims were staked in 2014.

The total reported value of Alaska's mineral industry decreased in 2014 to \$3.66 billion, more than 7% lower than its \$3.95 billion value in 2013. The total value is a composite of the year's expenditures on exploration and development plus the estimated first market value of the commodities produced. Alaska's mineral production sector remained strong despite slowdowns in exploration and development spending. Zinc was the top metal produced in 2014, according to its production value of

almost 44 percent of total Alaska metal production. Gold followed at 37.5 percent, along with silver at 9.5 percent, and lead at 9.2 percent. The decreased mineral production value in 2014 compared with 2013 resulted primarily from lower metal prices. The average 2014 price for gold dropped 10.3 percent from the previous year's average, while the price of zinc rose 12.6 percent.

In calendar year 2014, the value of Alaska's large mine gross mineral production was \$3.28 billion, down 4 percent compared to \$3.42 billion in 2013, and \$3.44 billion in 2012. Exploration expenditures in 2014 totaled \$96.2 million, compared with \$176 million in 2013, and \$335 million in 2012. Total value spent on exploration since 1981 is estimated at \$3.3 billion. The industry spent an estimated \$282 million on mine construction and other capital investment in 2014, down 21.5% compared to \$359 million in 2013, and \$342 million in 2012. Alaska's mining industry also provided an estimated 4,400 direct mining industry jobs in Alaska in 2014, with 8,700 total direct and indirect jobs, and \$620 million in total direct and indirect payroll.<sup>1</sup>

Mining companies are among the largest taxpayers in the City and Borough of Juneau, the Fairbanks North Star Borough, the Denali Borough and the Northwest Arctic Borough. In 2012, the estimated value of gold production in Alaska for both domestic and international markets (more than \$1.5 billion) overtook the zinc production value for the first time since 1989 (when Red Dog Mine began commercial production of zinc). Even so, zinc and lead produced by Red Dog Mine accounted for approximately 41 percent of the entire value of Alaska's mineral production in 2013. Minerals are the State's second largest non-oil export commodity, behind seafood, and accounted for export value of \$1.75 billion, or 34 percent of the State's non-oil export total in 2014.

Advanced exploration or development stage mineral projects in Alaska include:

- The Donlin Gold Project in southwest Alaska, a large open-pit gold deposit.
- The Chuitna Coal Project, located in the Beluga Coal Field of south-central Alaska.
- Bornite, Ambler and Lik projects in northwest Alaska, all base-metal sulfide deposits.
- The Pebble Project, an initiative to develop a copper, gold and molybdenum deposit in the Bristol Bay region of southwest Alaska.
- The Livengood gold project north of Fairbanks, which completed a feasibility study in 2013.
- The Niblack and Palmer projects in southeast Alaska, for the production of gold, silver, copper, lead and zinc.
- The Bokan Mountain project, a rare earth minerals deposit in southeast Alaska, on Price of Wales Island.
- The Graphite Creek graphite project on the Seward Peninsula north of Nome.
- The high-grade gold veins at the Terra project in the western Alaska Range.

As described below, the State's revenues from mining are derived primarily from mining license taxes, corporate income taxes, annual rentals and production royalties. Production may end over the next decade at several of the mines that currently contribute most of the State's mining-related revenue. In most cases, as is common in the industry, new resource areas are being explored for expansions and extensions of the mine life. In addition, several projects are in advanced exploration or the permitting phase. Overall, in calendar 2014, over \$102.2 million of reported and estimated revenues were paid to the State of Alaska and municipalities by Alaska's mineral industry, with a state total of \$83.7 million, and an estimated municipality total of \$18.5 million. Additional revenues went to the Mental Health Trust, and

<sup>1</sup> McDowell Group, Inc. January 2015 - The Economic Benefits of Alaska's Mining Industry, 2014 Estimated

OR 16-065  
DM 16-101

native corporations. There was an estimated \$144 million in payments to Alaska Native corporations in 2014.<sup>1</sup> See “State Revenues - Non-Oil Revenues.”

Alaska has a number of deposits of rare earth elements, which are used in magnets, batteries, refining and other metallurgical applications. Finished products in which they are critical include smart phones, hybrid cars, military hardware, advanced consumer electronics, fiber optics and windmills. Bokan Mountain, which is located in Southeast Alaska, on Prince of Wales Island near Ketchikan, has inferred resources of between 1.0 and 6.7 million metric tons. There are three other known deposits of rare earth elements located on Prince of Wales Island, as well as near Nome and Fairbanks that are currently under evaluation. The Alaska Division of Geological & Geophysical Surveys is currently engaged in a major project to detail Alaska’s potential to develop rare earth elements and other strategic and critical minerals.

In 2014, SB 99 was approved providing authorization for the Alaska Industrial Development and Export Authority (AIDEA) to issue bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge rare earth element project, and the Niblack project. The principal amount of the bonds provided by AIDEA for the Bokan-Dotson Ridge rare earth element project may not exceed \$145 million. The principal amount of the bonds provided by AIDEA for the Niblack project may not exceed \$125 million.

**Other Major Resources.** Fish and game have long been important resources in Alaska, and taxes on fish landings and processing represent a share of the State’s non-petroleum revenues. With increased air and cruise services to Alaska in the last 10 years, tourism is now another important source of revenue for the State. Although passenger fee revenues are restricted revenue and not available for general appropriations, the large commercial passenger cruise vessels are subject to the State corporate income tax, the proceeds of which are unrestricted. See “State Revenues—Other Non-Oil and Non-Mineral Revenues” below.

### **Public Debt and Other Obligations of the State**

State debt includes general obligation bonds and revenue anticipation notes, and State-supported debt includes lease-purchase financings and revenue bonds. The State also provides guarantees and other support for certain debt and operates a school debt and capital project debt reimbursement program. These programs do not constitute indebtedness of the State but do provide, annually on a subject-to-appropriation basis, financial support for general obligation bonds of State agencies and political subdivisions.

Outstanding State Debt. State debt includes general obligation bonds and revenue anticipation notes. The State Constitution provides that general obligation bonds must be authorized by law and be ratified by the voters and permits authorization of general obligation bonds only for capital improvements. The amount and timing of a bond sale must be approved by the State Bond Committee. For both general obligation bonds and revenue anticipation notes, the full faith, credit and resources of the State are pledged to the payment of principal and interest. If future State revenues are insufficient to make the required principal and interest payments, the State is legally required to raise taxes to provide sufficient funds for this purpose. \$744.2 million of general obligation bonds were outstanding as of June 30, 2015. See “— Summary of Outstanding Debt” and Tables 7 - 9 below.

On November 6, 2012, voters approved \$453,499,200 in general obligation bonds for the purpose of design and construction of State transportation projects. The State used \$149,645,000 of this authority

<sup>1</sup> McDowell Group, Inc. January 2015 - The Economic Benefits of Alaska’s Mining Industry, 2014 Estimated

OVE 16-065  
Jan 16-101

in FY 2013 to issue bond anticipation notes. The State has issued bond anticipation notes in 2013, 2014, and 2015 that have provided cumulative funding of \$181.9 million. The 2015 Notes will be paid with an FY appropriation of \$10 million and proceeds of the Bonds. The State plans to issue up to an additional \$150 million of bond anticipation notes in the coming six months to provide additional funding under the 2012 State Transportation Bond Act.

House Bill 23 was approved in the 2014 Legislative Session authorizing the issuance of up to \$300 million of State-supported toll revenue bonds for the purpose of partially funding a bridge from Anchorage to the Matanuska-Susitna Borough across Knik Arm. Additional funding was provided by the State entering into a TIFIA loan and use of Federal Highway Administration funds. Toll collections are to be pledged to the TIFIA Loan first and the State toll revenue bonds second. Based on projected cash flows the State would expect to pay debt service on the State toll revenue bonds using annual State appropriations. The project was on hold pursuant to Administrative Order 271, but was subsequently cleared for additional work to determine the feasibility of obtaining a TIFIA loan for the proposed structure

The following other debt and debt programs of the State were outstanding as of June 30, 2015, except as otherwise noted.

State Guaranteed Debt. The only purpose for which State guaranteed debt may be issued is for payment of principal and interest on revenue bonds issued for the Veterans Mortgage Program by the Alaska Housing Finance Corporation for the purpose of purchasing mortgage loans made for residences of qualifying veterans. These bonds are general obligation bonds of the State, and they must be authorized by law, ratified by the voters and approved by the State Bond Committee. These bonds are known as “double-barrel bonds” because there are two distinct forms of security behind the bonds. The principal source of payment is the revenue stream generated by payments on the mortgage loans made from bond proceeds. Additional security to bondholders is provided by the general obligation pledge of the State to make the required debt service payments in the event that pledged revenues from mortgage repayments are insufficient. Approximately \$56.9 million of State guaranteed debt was outstanding as of June 30, 2015. On November 7, 2010 the voters approved an additional \$600 million of State guaranteed veteran’s mortgage bonds, and the total current unissued authorization is \$694.6 million.

State Supported Debt. State supported debt is debt for which the ultimate source of payment is, or may include, appropriations from the General Fund. The State does not pledge its full faith and credit to State-supported debt, but another public issuer may have pledged its full faith and credit to it. State supported debt is not considered “debt” under the State Constitution, because the State’s payments on this debt are subject to annual appropriation by the Legislature. Voter approval of such debt is not required. State supported debt includes lease-purchase financing obligations (including lease revenue capital lease bonds and certificates of participation issued by lessors of facilities used by the State) and the share of municipal general obligation bonds issued for school construction and other capital projects that is reimbursable by the State on a subject to appropriation basis. Approximately \$1,206.0 million of State supported debt was outstanding as of June 30, 2015. As of June 30, 2015, the State was obligated on \$30.8 million of lease purchase financing obligations, \$244.0 million of capital lease bonds and \$35.84 million of capital project reimbursements. As of June 30, 2015, the State was reimbursing local municipalities on the debt service of \$895.4 million of bonds under the School Reimbursement Program.

State Moral Obligation Debt. State moral obligation debt consists of bonds issued by certain State agencies or authorities that are secured, in part, by a debt service reserve fund benefited by a discretionary replenishment provision that permits, but does not legally obligate, the Legislature to appropriate to the particular State agency or authority the amount necessary to replenish the debt service reserve fund up to its funding requirement (generally the maximum amount of debt service required in any year). State moral obligation debt is payable in the first instance by revenues generated from loan

01216-065  
JM 16-101

repayments or by the respective projects financed from bond proceeds. Among those State agencies that have the ability to issue State moral obligation debt are: Alaska Aerospace Development Corporation (“AADC”) which has not issued any debt; Alaska Energy Authority (“AEA”); Alaska Housing Finance Corporation (“AHFC”); Alaska Industrial Development and Export Authority (“AIDEA”); Alaska Municipal Bond Bank (“AMBB”); and Alaska Student Loan Corporation (“ASLC”). Approximately \$1,200.4 million of State moral obligation debt was outstanding as of June 30, 2015.

State and University Revenue Debt. This type of debt is issued by the State or by the University of Alaska but is secured only by revenues derived from projects financed from bond proceeds. Revenue debt is not a general obligation of the State or of the University and does not require voter approval. Such debt is authorized by law and issued by the State Bond Committee or the University of Alaska for projects approved by the Commissioner of Transportation and Public Facilities or the University of Alaska. This type of debt includes Sportfish Revenue Bonds, International Airports Revenue Bonds, various University Revenue Bonds and Notes and Toll Facilities Revenue Bonds. A total of \$693.0 million of revenue bonds, including \$174.4 million of University of Alaska Revenue Bonds, Notes and Contracts, \$31.3 million of Sportfish Revenue Bonds and \$487.3 million of Airport Revenue Bonds were outstanding as of June 30, 2015.

State Agency Debt. State agency debt is secured by revenues generated from the use of bond proceeds or the assets of the agency issuing the bonds. This debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges. As of June 30, 2015, there was \$493.8 million principal amount of State agency debt outstanding comprised of \$16.9 million AHFC obligations; \$10.4 million AMBB Coastal Energy Bonds payable to the National Oceanic and Atmospheric Administration; \$119.9 million Alaska Railroad Notes; and \$346.6 million of obligations of the Northern Tobacco Securitization Corporation.

State Agency Collateralized or Insured Debt. As security for State agency collateralized or insured debt, the particular State agency pledges mortgage loans or other securities as primary security which, in turn, may be 100 percent insured or guaranteed by another party with a superior credit standing. This upgrades the credit rating on the debt and lowers the interest cost and makes it less likely that the State will assume responsibility for the debt. At June 30, 2015, the total principal amount outstanding of State agency collateralized or insured debt was approximately \$2,218.1 million comprised of approximately \$2,083.4 million issued by AHFC and \$134.7 million issued by AIDEA.

Through the Alaska Pension Obligation Bond Corporation, the State is authorized to issue up to \$5,000 million of bonds and/or enter into contracts to finance the payment by governmental employers of their share of the unfunded accrued actuarial liabilities (“UAALs”) of the retirement systems. The Governor included a proposal to issue up to \$2.5 billion of this authorization in calendar year 2016 if the Legislature supports the issuance. It is uncertain if this issuance will proceed as this time. See also “STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES” below.

Summary of Outstanding Debt. Table 7 lists, by type, the outstanding State-related debt as of June 30, 2015. There have been no general obligation bonds issued by the State since June 30, 2015. Other categories of debt have not been compiled beyond June 30, 2015.

OR 16-065  
In 16-101

**Table 7**  
**State of Alaska Debt and State-Related Debt by Type**  
**as of June 30, 2015**  
(\$ in millions)

	Principal Outstanding	Interest to Maturity	Total Debt Service to Maturity
<b>State Debt</b>			
State of Alaska General Obligation Bonds	\$ 753.8	\$ 274.0	\$ 1,027.8
<b>State Supported Debt</b>			
Lease-Purchase Financings	30.8	11.5	42.3
State Reimbursement of Municipal School Debt Service	859.4	300.6	1,196.0
State Reimbursement of Capital Projects	35.8	14.7	50.5
Capital Leases	244.0	121.1	365.1
<b>Total State Supported Debt</b>	<u>1,206.0</u>	<u>447.0</u>	<u>1,653.9</u>
<b>State Guaranteed Debt</b>			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans' Mortgage Program)	56.9	37.7	94.6
<b>State Moral Obligation Debt</b>			
Alaska Municipal Bond Bank:			
1976, 2005 & 2010 General Resolution General Obligation Bonds	940.9	471.2	1,412.1
Alaska Energy Authority:			
Power Revenue Bonds #1 through #5	71.2	14.1	85.3
Alaska Student Loan Corporation			
Student Loan Revenue Bonds	68.2	4.6	72.8
Education Loan Backed Notes	120.1	1.7	121.8
Student Capital Project Revenue Bonds	0.0	0.0	0.0
<b>Total State Moral Obligation Debt</b>	<u>1,200.4</u>	<u>491.6</u>	<u>1,692.0</u>
<b>State Revenue Debt</b>			
Sportfish Revenue Bonds	31.3	7.6	38.9
International Airports Revenue Bonds	487.3	215.5	702.8
<b>University of Alaska Debt</b>			
University of Alaska Revenue Bonds	132.2	41.2	173.4
University Lease Liability and Notes Payable	41.0	18.4	59.4
Installment Contracts	1.2	0.1	1.3
<b>Total University of Alaska Debt</b>	<u>174.4</u>	<u>59.7</u>	<u>234.1</u>
<b>Total State Revenue and University Debt</b>	<u>693.0</u>	<u>275.2</u>	<u>968.2</u>
<b>State Agency Debt</b>			
Alaska Housing Finance Corporation			
Commercial Paper	16.9	N/A	16.9
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	10.6	2.4	12.8
Alaska Railroad	119.9	19.9	139.8
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds	346.6	394.9	741.5
<b>Total State Agency Debt</b>	<u>493.8</u>	<u>417.2</u>	<u>911.0</u>
<b>State Agency Collateralized or Insured Debt</b>			
Alaska Housing Finance Corporation			
Collateralized Home Mortgage Bonds & Mortgage Revenue Bonds:			
2002 Through 2011 (First Time Homebuyer Program)	852.5	477.6	1,330.1
General Mortgage Revenue Bonds 2012	129.1	67.4	196.5
Government Purpose Bonds 1997 & 2001	128.2	33.9	162.1
State Capital Project Bonds, 2002-2011	202.2	76.3	278.5
State Capital Project Bonds, II 2012-2014	771.4	300.9	1,072.3
Alaska Industrial Development and Export Authority			
Revolving Fund and Refunding Revolving Fund Bonds	64.7	21.8	86.5
Power Revenue Bonds, First Series (Snettisham Hydro Project)	70.0	42.5	112.5
<b>Total State Agency Collateralized or Insured Debt</b>	<u>2,218.1</u>	<u>1,020.4</u>	<u>3,238.5</u>
<b>Total State and State Agency Debt</b>	<u>6,622.0</u>		
<b>Municipal Debt</b>			
School G.O. Debt	1,299.4	\$ N/A	\$ N/A
Other G.O. Debt	1,095.5	N/A	N/A
Revenue Debt	954.3	N/A	N/A
<b>Total Municipal Debt</b>	<u>3,349.2</u>		
Less: State Reimbursable School Debt Reported by Municipalities	-1,175.2		
Less: Alaska Municipal Bond Bank Debt included in Municipal Debt	-927.7		
	<u>1,246.3</u>		
<b>Total Alaska Public Debt (2)</b>	<u>\$ 7,868.3</u>		

(1) University debt owed to AHFC is double counted in detail, but eliminated from Total Alaska Public Debt.

(2) Reimbursable school G.O. debt is included in "State Supported Debt"; Capital Leases are included in "State Agency Collateralized or Insured Debt and Municipal Debt"; State Reimbursement of Capital Projects is included in "University and Municipal Debt."

Sources: Annual reports and financial statements of AHFC, AMBB, AIDEA, AEA, University of Alaska, Alaska Railroad, and directly from agencies.

*OR 16-065  
IM 16-101*

**General Fund Supported Obligations.** General Fund support is pledged and required for only a portion of the total outstanding Alaska Public Debt. General Obligation Bonds are unconditionally supported, and Certificates of Participation and Capital Leases are subject-to-appropriation commitments with associated obligations. The School Debt and Capital Project Reimbursement Programs provide discretionary annual payments to municipal issuers for qualified general obligation bonds that are eligible by statute to participate in the programs. Over the last 20 years, the State has fully funded these programs. Tables 8 and 9 show the historical level of support the State has provided from the General Fund for these outstanding obligations and the forecast support required to retire the outstanding obligations.

**Table 8**  
**State of Alaska**  
**Debt Service on State Supported Debt**  
**FYs Ended June 30, 1986 – 2015**  
(\$ millions)

FY	State G.O.	University Revenue Debt	Lease / Purchase	Capital Leases (1)	School Debt Reimbursement	Capital Project Reimbursements	Total Debt Service (2)
1986	\$163.2	\$ 1.8	\$ 10.4	—	\$ 106.3	—	\$281.7
1987	154.9	1.8	11.2	—	115.8	—	283.7
1988	147.9	1.5	11.2	—	109.5	—	270.1
1989	135.5	2.2	11.7	—	110.2	—	259.6
1990	120.3	2.2	12.0	—	107.4	—	241.9
1991	95.5	2.7	12.0	—	116.3	—	226.5
1992	68.2	2.7	11.8	—	127.3	—	210.0
1993	59.7	3.7	11.2	—	124.9	—	199.5
1994	33.8	0.2	8.5	—	98.6	—	141.1
1995	22.9	0.2	10.2	—	98.7	—	127.0
1996	21.3	0.2	9.6	—	79.2	—	110.3
1997	16.5	0.2	9.5	—	62.5	—	88.7
1998	14.2	0.2	10.3	—	61.6	—	86.3
1999	8.8	0.2	15.5	—	62.0	—	86.5
2000	2.4	—	15.0	3.5	64.4	—	85.3
2001	—	—	12.8	3.5	52.1	—	68.4
2002	—	—	12.4	8.8	54.1	—	75.3
2003	—	—	11.9	8.8	52.0	—	72.7
2004	19.4	—	12.1	8.8	60.6	0.3	101.2
2005	46.4	—	13.8	8.8	71.4	0.2	140.6
2006	45.7	—	13.2	8.6	81.1	2.2	150.8
2007	45.0	—	13.2	9.1	86.9	3.6	157.8
2008	44.4	—	11.1	11.8	91.1	4.2	162.7
2009	43.9	—	8.0	20.4	93.3	3.9	169.5
2010	48.9	—	8.0	29.6	95.8	5.2	187.5
2011	53.8	—	8.0	29.7	99.6	5.3	196.4
2012	78.8	—	7.5	29.1	100.9	5.8	222.1
2013	76.3	—	7.0	28.6	112.3	5.4	229.6
2014	76.2	—	1.8	28.7	109.8	5.5	222.0
2015	73.5	—	1.8	28.7	118.0	5.5	227.5

(1) Three facilities are financed with capital leases.

(2) Totals may not add due to rounding.

Source: State of Alaska.

OR 16-065  
 JW 16-101

**Table 9**  
**State of Alaska**  
**Existing Debt Service on Outstanding State Supported Debt**  
**for FYs Ended June 30, 2016 - 2040**  
 \$ (millions)

FY	State G.O. (1)	University Revenue Debt	Lease / Purchase (2)	Capital Leases (3)	School Debt Reimbursement (4)	Capital Project Reimbursements	Total Debt Service (5)
2016	\$61.3	-	\$4.7	\$26.2	\$111.4	\$4.6	\$208.2
2017	63.0	-	2.9	23.7	105.5	4.6	199.7
2018	62.9	-	2.9	23.7	101.1	4.6	195.2
2019	62.7	-	2.9	20.2	94.3	4.5	184.6
2020	51.6	-	2.9	20.2	90.0	4.5	169.2
2021	51.0	-	2.9	20.2	88.2	3.6	165.9
2022	40.8	-	2.9	20.2	76.3	3.6	143.8
2023	40.8	-	2.9	20.2	72.3	3.6	139.8
2024	40.9	-	2.9	20.2	61.2	3.6	128.8
2025	36.1	-	2.9	20.2	51.7	3.6	114.5
2026	36.1	-	2.9	20.2	40.4	2.8	102.4
2027	35.6	-	2.9	20.9	36.3	2.6	98.3
2028	35.1	-	2.9	17.6	33.6	2.2	94.7
2029	35.0	-	2.9	17.6	28.3	0.9	84.7
2030	35.1	-	-	17.6	25.2	0.9	78.8
2031	23.4	-	-	17.6	22.7	0.4	64.1
2032	23.3	-	-	17.6	19.4	-	60.3
2033	23.2	-	-	17.6	12.4	-	53.2
2034	23.1	-	-	-	9.9	-	33.0
2035	0.1	-	-	-	-	-	0.1
2036	0.1	-	-	-	-	-	0.1
2037	0.1	-	-	-	-	-	0.1
2038	12.0	-	-	-	-	-	12.0
2039	-	-	-	-	-	-	0.0
2040	-	-	-	-	-	-	0.0

- (1) State G.O. debt service is net of federal subsidies for interest expenses from 2016 through 2040.  
 (2) A prison, a building and a parking garage have been financed with capital leases.  
 (3) Information as of January 23, 2015, provided by the Department of Education & Early Development.  
 (4) FY 2016 – 2040 payments are estimated. Totals may not add due to rounding.  
 (5) Does not include issuance of the State's 2016A General Obligation Bonds or any other planned bond anticipation notes.  
 Source: *State of Alaska.*

**Payment History.** The State has never defaulted on its bond obligations nor has it ever failed to appropriate funds for any outstanding securitized lease obligations.

**State Debt Capacity.** The State has historically used the ratio of debt service to revenue as a guideline for determining debt capacity of the State. This policy was established due to the State's relatively small population and high per capita revenue due to oil resource-generated revenue. Historically the State's policy has been that debt service should not exceed five percent of unrestricted revenue when considering only general obligation bonds and certificates of participation that are State supported. More recently, the State has included more discretionary General Fund supported obligations and programs, including the School Debt Reimbursement Program, the Capital Project Reimbursement Program and certain capital leases. With the more inclusive funding, the State's policy allows the annual payments on these items to range up to eight percent of unrestricted revenue. The historical and projected ratio of debt service on outstanding obligations to unrestricted revenue using the official Fall 2015 State revenue forecast is shown in Table 10.

OK 116-065  
 JM 116-101

**Table 10**  
**State of Alaska**  
**Debt Service on Outstanding Obligations to Unrestricted Revenues\***  
**FYs Ended June 30, 1986 – 2025**

FY	Unrestricted Revenues	State G.O. Debt Service	State Supported Debt Service	Total State Debt Service	School Debt Reimbursement	Total Debt Service to Revenues
	(\$Millions)	%	%	%	%	%
1986	\$ 3,075.5	5.3	0.4	5.7	3.5	9.2
1987	1,799.4	8.6	0.7	9.3	6.4	15.8
1988	2,305.8	6.4	0.6	7.0	4.7	11.7
1989	2,186.2	6.2	0.6	6.8	5.0	11.9
1990	2,507.2	4.8	0.6	5.4	4.3	9.6
1991	2,986.6	3.2	0.5	3.7	3.9	7.6
1992	2,462.6	2.8	0.6	3.4	5.2	8.5
1993	2,352.0	2.5	0.6	3.2	5.3	8.5
1994	1,652.5	2.0	0.5	2.6	6.0	8.5
1995	2,082.9	1.1	0.5	1.6	4.5	6.1
1996	2,133.3	1.0	0.5	1.5	3.7	5.2
1997	2,494.9	0.7	0.4	1.1	2.5	3.6
1998	1,825.5	0.8	0.6	1.4	3.4	4.7
1999	1,348.4	0.7	1.2	1.8	4.6	6.3
2000	2,081.7	0.1	0.9	1.0	3.1	4.1
2001	2,281.9	0.0	0.7	0.7	2.3	3.0
2002	1,660.3	0.0	1.3	1.3	3.3	4.5
2003	1,947.6	0.0	1.1	1.1	2.7	3.7
2004	2,345.6	0.8	0.9	1.7	2.6	4.3
2005	3,188.8	1.5	0.7	2.2	2.2	4.4
2006	4,200.4	1.1	0.6	1.7	1.9	3.6
2007	5,158.6	0.9	0.5	1.4	1.7	3.1
2008	10,728.2	0.4	0.3	0.6	0.8	1.4
2009	5,831.2	0.8	0.6	1.3	1.6	2.9
2010	5,513.3	0.9	0.8	1.7	1.7	3.4
2011	7,673.0	0.7	0.6	1.3	1.3	2.6
2012	9,485.2	0.8	0.4	1.3	1.1	2.3
2013	6,928.5	1.1	0.6	1.7	1.6	3.3
2014	5,390.1	1.4	0.7	2.1	2.0	4.1
2015	2,257.3	3.3	1.6	4.8	5.2	10.1
<b>Projected</b>						
2016	1,593.0	3.8	2.2	6.1	7.0	13.1
2017	1,796.4	3.5	1.7	5.2	5.9	11.1
2018	2,021.0	3.1	1.5	4.7	5.0	9.1
2019	2,130.0	2.9	1.3	4.2	4.4	8.7
2020	2,111.3	2.4	1.3	3.8	4.3	8.0
2021	2,173.3	2.3	1.2	3.6	4.1	7.6
2022	2,131.8	1.9	1.3	3.2	3.6	6.7
2023	2,076.5	2.0	1.3	3.3	3.5	6.7
2024	2,060.6	2.0	1.3	3.3	2.5	5.6
2025	2,046.1	1.8	1.3	3.1	2.5	5.6

\* Unrestricted revenue projection for FY 2016-2025 is based on Fall 2015 Revenue Source Book. Debt Service is based on June 30, 2015 balances, not adjusted for cash defeasances.  
Source: State of Alaska.

OR 16-065  
JM 16-101

## STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES

### General

The State, through the Department of Administration (“DOA”), administers five retirement systems, a healthcare trust, a deferred compensation plan and a supplemental annuity plan. The two largest retirement systems are the Public Employees’ Retirement System (“PERS”) and the Teachers’ Retirement System (“TRS”). Smaller systems are the Alaska National Guard and Naval Militia Retirement System (“NGNMRS”) and the Judicial Retirement System (“JRS”). The fifth system, the smallest, is the Elected Public Officers Retirement System (“EPORS”), which provides benefits to elected officials who served in 1976.

PERS and TRS each had funding ratios in excess of 100 percent (i.e., were “overfunded”) as recently as 2001. Since that time, as a result of investment losses, recalibration of other post-employment benefit (“OPEB”) liabilities and changes in actuarial assumptions and valuation methodologies, PERS and TRS each has had an unfunded accrued actuarial liability (a “UAAL”) and increasing actuarially determined employer contribution rates. The NGNMRS and JRS, although much smaller systems, also had UAALs until May 2008, when the Legislature made additional contributions in amounts calculated to eliminate the entire UAAL of both the NGNMRS and JRS as of June 30, 2006. The NGNMRS has been fully funded since June 30, 2010. Despite the additional funding in 2008 the JRS system has continued to have a UAAL through June 30, 2014. The State maintains EPORS as a cash-funded, pay-as-you go arrangement and pays benefits each year as they arise. No assets are set aside to pay EPORS benefit costs.

In January 2016, the State’s actuary provided a draft June 30, 2015 valuation for PERS and TRS. The valuation has not been adopted by the ARM Board. Accordingly the valuation may be adjusted. However, the draft valuation demonstrates the benefit of the \$3 billion transfer into the retirement systems in FY 2015 as well as some favorable actuarial adjustments. The draft June 30, 2015 valuation was reviewed at the February 18, 2016 Alaska Retirement Management Board meeting. The draft valuation produces a PERS pension funding level of 67% and Other Post-Employment Benefits funding level of 98.5%, and a total funding level of 78.2%, and a TRS pension funding level of 76.9% and Other Post-Employment Benefits funding level of 100.3%, and a total funding level of 83.3% as reflected in Table 11.

OR 16-065  
IM 16-101

Table 11

Draft Actuarial Valuation Report<sup>(1)</sup>  
As of June 30, 2015

Funded Status as of June 30 (\$'s in 000's)	PERS		TRS	
	2014	2015	2014	2015
<b>Defined Benefit ("DB") — Pension</b>				
a. Actuarial Accrued Liability	\$12,947,759	\$13,337,929	\$6,921,362	\$7,051,984
b. Valuation Assets	7,731,438	8,931,160	3,771,139	5,422,651
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	59.7%	67.0%	54.5%	76.9%
<b>DB — Healthcare</b>				
a. Actuarial Accrued Liability	\$7,949,613	\$7,350,183	\$2,919,670	\$2,677,381
b. Valuation Assets	6,913,160	7,242,299	2,248,135	2,686,272
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	87.0%	98.5%	77.0%	100.3%
<b>DB — Total</b>				
a. Actuarial Accrued Liability	\$20,897,372	\$20,688,112	\$9,841,032	\$9,729,365
b. Valuation Assets	14,644,598	16,173,459	6,019,274	8,108,923
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	70.1%	78.2%	61.2%	83.3%
<b>Defined Contribution Retirement ("DCR") — Pension</b>				
a. Actuarial Accrued Liability	\$3,627	\$5,309	\$23	\$29
b. Valuation Assets	14,995	19,014	2,820	3,114
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	413.4%	358.1%	12260.9%	10737.9%
<b>DCR — Healthcare</b>				
a. Actuarial Accrued Liability	\$50,217	\$58,683	\$16,273	\$19,768
b. Valuation Assets	26,466	44,188	10,791	17,733
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	52.7%	75.3%	66.3%	89.7%
<b>DCR — Total</b>				
a. Actuarial Accrued Liability	\$53,844	\$63,992	\$16,296	\$19,797
b. Valuation Assets	41,461	63,202	13,611	20,847
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	77.0%	98.8%	83.5%	105.3%

(1) The FY 2015 actuarial valuation has not been adopted by the ARM Board.  
Source: Draft Actuarial Valuation Report as of June 30, 2015

**The ARM Board**

The Alaska Retirement Management ("ARM") Board is the fiduciary for funds of three of the retirement systems: PERS, TRS and the NGNMRS and has investment oversight of all of the systems. The ARM Board's mission is to serve as the trustee of the assets of the State's retirement systems, the supplemental annuity plan, the deferred compensation program for State employees and the Retiree Healthcare Trusts (for the PERS, TRS, JRS, and the Retiree Health Fund).

**Administration of the Systems**

The Commissioner of the DOA or the Commissioner's designee is the administrator, and the Attorney General is the legal counsel, for each of the State's retirement systems. The Treasury Division of the DOR provides investment and cash management services, together with 55 external money managers and consultants, for the ARM Board and for each of the retirement systems and healthcare trusts.

**Valuation Reports**

PERS and TRS are funded by a combination of mandatory employee contributions at rates that are determined by statute, investment income and employer contributions at rates adopted by the ARM Board based upon recommendations of the consulting actuary in its valuation reports. State law limits PERS and TRS contribution rates and statutes provide that the State contribute additional amounts up to the actuarial determined contribution rate. State law requires that actuarial valuation reports be prepared

OR 16-065  
Jm 16-101

annually for PERS and TRS and that the work of the actuary be reviewed by a second, independent actuary. State law requires in addition that every four years a different independent actuary be retained to conduct a separate, complete valuation for comparison purposes.

**Employer Contribution Rates.** Employer contribution rates are adopted by the ARM Board and are based upon State law, administrative regulations and the actuary's recommended employer contribution rates based upon results of the actuary's valuations. Employer rates represent a percentage of payroll based upon (i) the normal cost (a uniform rate for all employers within a specific pension program (e.g., PERS and TRS) calculated to reflect the cost of benefits accruing in the applicable FY, less the value of the employees' contributions during that year, plus (ii) the past service cost (amortization of the UAAL over the remaining amortization period). The PERS employer rate is set by law at 22 percent; the TRS employer rate is set by law at 12.56 percent. If the actually determined employer contribution rate adopted by the ARM Board to fund the plans exceeds these established rates, the State shall annually consider appropriating an amount, when combined with the total employer contributions, sufficient to pay the plans' past service liability for that FY.

**Employee Contributions.** Employee contributions are established by statute and vary for each program and for tiers within a program. If statutorily available, employees may also make additional, voluntary contributions, which are accounted for separately.

### **The Public Employees Retirement System**

**General.** PERS, formed in 1961, is the largest of the State's retirement systems with 160 employers comprising three State entities, 78 municipalities, 53 school districts and 27 other public entities. The three State entities represent approximately 50 percent of active PERS members. PERS is a cost-sharing, multiple employer plan composed of both a defined benefit ("DB") plan and a defined contribution ("DC") plan. Membership in either plan is dependent upon the participant date of hire. The PERS DB plan was closed to all new members effective July 1, 2006.

At June 30, 2015, the PERS DB membership consisted of 17,988 active members and 32,045 retirees and beneficiaries and the PERS DC membership consisted of 17,456 active members. PERS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1, 2 and 3) and defined contribution (Tier 4) plans. PERS also provides a voluntary savings plan for the DB tiers and beginning in FY 2007 is funding costs of healthcare benefits through the separate Retiree Healthcare Trust within PERS. Membership in PERS is mandatory for all full- and part-time (15-30 hours per week) employees of the State and of the other participating governmental employers (other than employees exempted by statute or employer participation agreements or who belong to another of the State's retirement systems).

Participants first hired before July 1, 1986 are Tier 1 participants of PERS and are eligible for retirement and for health insurance premiums paid by PERS earlier than members hired after June 30, 1986 (Tier 2). Members first hired after June 30, 1996 (Tier 3) have a 10-year requirement for system-paid premiums, and members who are not peace officer/firefighter members have a different final average earnings calculation than members from Tiers 1 and 2.

**Shift to Defined Contribution Plan.** In 2005, the Legislature closed the PERS DB plan to members first hired on or after July 1, 2006 and created for Tier 4 employees a DC retirement plan, which is composed of a participant-directed investment account, retiree major medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The PERS DC participant account is funded with employee contributions of 8 percent and an employer match of 5 percent. Each participant designates how both employee and employer

OR 16-065  
JM 16-101

contributions (regardless of vesting status) are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 12:

**TABLE 12**

**PERS DC Vesting Schedule**

<u>Years of Service</u>	<u>Vested Percentage of Employer Contributions</u>
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

*Source is State of Alaska, Division of Retirement & Benefits*

**Employee Contributions.** The PERS DB member contribution rates are 7.5 percent for peace officers and firefighters, 9.6 percent for certain school district employees, and 6.75 percent for general members, as required by statute. The DB member contributions earn interest at the rate of 4.5 percent per annum, compounded semiannually.

The PERS DC Plan member contribution rate is 8.0 percent, as required by statute.

**Employer Contributions.** The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 39.35.255(a) sets the employer contribution rate at 22.0 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Major Medical Plan, Occupational Death and Disability Plan, and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations, and the actuary's recommended employer contribution rates based upon results of the actuary's valuations. Table 13 provides a seven year history of the employer contribution rates.

OR 16-065  
In 16-101

**Table 13**  
**PERS Employer Contribution Rates**

FY	ARM Board Adopted Rate	DB Employer Effective Rate	DC Employer Match	DC Retiree Medical Plan	DC		DC Health Reimbursement Arrangement <sup>(1)</sup>
					Occupational Death and Disability - Police/Fire	DC Occupational Death and Disability - All Others	
2009	35.22%	22.00%	5.00%	0.99%	1.33%	0.58%	\$ 1,616.81
2010	27.65	22.00	5.00	0.83	1.33	0.30	1,699.71
2011	27.96	22.00	5.00	0.55	1.18	0.31	1,720.70
2012	33.49	22.00	5.00	0.51	0.97	0.20	1,778.09
2013	35.84	22.00	5.00	0.48	0.99	0.14	1,848.43
2014	35.68	22.00	5.00	0.48	1.14	0.22	1,896.60
2015 <sup>(2)</sup>	44.03	22.00	5.00	1.66	1.06	0.22	1,960.53

- (1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.
- (2) Table 13 shows the ARMB adopted rate for FY2015 based on a level dollar amortization. The actual contribution for FY2015 was the one-time transfer of \$3 billion from the Constitutional Budget Reserve Fund (\$1 billion to PERS and \$2 billion to TRS) discussed in "Recent Pension Reforms."

Source: State of Alaska Division of Retirement and Benefits.

**Contributions from the State of Alaska.** AS 39.35.280 provides that the State is obligated to annually consider appropriating to contribute each July 1 or, as soon after July 1 as funds become available, an amount for the ensuing FY that, when combined with the total employer contribution rate of 22 percent, is sufficient to pay the PERS DB past service liability at the consolidated actuarially determined contribution ("ADC") adopted by the ARM Board for the FY. Table 14 provides a seven year history of the PERS contributions from the State under AS 39.35.280. For FY 2015 the State total contribution to PERS was a one-time payment of \$1 billion. For FY 2016 the Alaska Retirement Management Board has adopted a PERS contribution rate attributable to participating employers at 27.19%. This results in employer contributions of \$535,998,000 and an additional State contribution under AS 39.35.280 of \$126,521,000.

**Table 14**  
**PERS Contribution from the State (under AS 39.35.280)**

FY	Legislative Bill	Amount Provided by State under AS 39.35.280 (\$000s)	Total Employer Contributions to PERS DB (\$000s)	% of Contributions made by State (1)
2008	Senate Bill 53	\$185,000	\$549,078	33.69%
2009	House Bill 310	241,600	649,052	37.22
2010	House Bill 81	107,953	500,300	21.58
2011	House Bill 300	165,841	566,450	29.28
2012	House Bill 108	242,609	648,548	37.41
2013	House Bill 284	307,302	717,268	42.84
2014	House Bill 65	312,473	723,456	43.19

- (1) Percent of Contributions made by State under AS 39.35.280.

Source: State of Alaska Division of Retirement and Benefits.

**Pension Benefits.** PERS DB members are eligible for normal retirement at age 55 or early retirement at age 50 (Tier 1) or normal retirement at age 60 and early retirement at age 55 (for Tiers 2 and 3), in each case with at least five years of paid-up PERS service or other qualifying service. Members may retire at any age when they have at least 30 years of paid-up service.

*OR 16-065  
JM 16-101*

PERS DC members are immediately and fully vested in member contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service.

**Other Post-Employment Benefits.** PERS pays the premium for healthcare benefits for all Tier 1 retirees, for Tier 2 retirees who are at least 60, and for Tier 3 retirees with ten years of credited service. Retirees in Tiers 1, 2, and 3 with 30 years of service (20 years for Tier 1 peace officers and firefighters and 25 years for other peace officers and firefighters) receive benefits with premiums paid by PERS regardless of their age or Tier. For Tier 4 retirees who are eligible for Medicare, PERS pays a portion (70-90 percent of the cost, depending upon length of service) of health insurance premiums.

PERS DC members are eligible for major medical benefits through the retiree medical plan after certain requirements have been met. In addition, PERS DC members have access to a health reimbursement arrangement plan and Occupational Death and Disability Benefits.

**Actuarial Valuation – PERS DB.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The FY 2014 contribution requirements were determined as a percentage of payroll, and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent gains/losses and other changes. The payroll used to determine the contribution rates is the total payroll of all active members in the system, including those hired after July 1, 2006 who are in the DC plan. The amortization period is set by the ARM Board. Contribution rates are recommended by the actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board; however, they have not historically done so.

The most recent funding objective of the plan, as adopted by the ARM Board for FY 2015, is to set a contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll dollar amortization. Subsequent to the ARM Board's adoption of the contribution rate for FY 2015 the Legislature provided for one-time deposits of \$1 billion to PERS and \$2 billion to TRS in the FY 2015 capital budget, and amended statutes to require a percentage of payroll method for determining contributions in the future.

Table 15 presents a summary of the funding status of PERS as a whole, including pension and post-employment healthcare benefits combined, as of June 30, 2003 through 2014. The information presented in Table 15 is derived from the 2014 PERS Valuation Report and differs from the information about PERS prepared for accounting purposes.

OR 16-065  
DM 16-101

**Table 15**  
**PERS Funding Status (1)**  
(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation of Assets (000s)	Unfunded Liability (000s)	Funded Ratio (%)
2003	\$ 10,561,653	\$ 7,687,281	\$ 2,874,372	72.8 %
2004 (2)	11,443,916	8,030,414	3,413,502	70.2
2005	12,844,841	8,442,919	4,401,922	65.7
2006	14,388,413	9,040,908	5,347,505	62.8
2007 (3)	14,570,933	9,900,960	4,669,973	68.0
2008	15,888,141	11,040,106	4,848,035	69.5
2009	16,579,371	10,242,978	6,336,393	61.8
2010	18,132,492	11,157,464	6,975,028	61.5
2011	18,740,550	11,813,774	6,926,776	63.0
2012	19,292,361	11,832,030	7,460,331	61.3
2013	19,992,759	12,162,626	7,830,133	60.8
2014	20,897,372	14,644,598	6,252,774	70.1

See Recent Pension Reform section for actuarial projection as of June 30, 2015

- (1) For PERS Tiers I-III and pension and other post-employment benefits combined.
- (2) Change in valuation assumptions (particularly the healthcare cost assumptions) and change in methods.
- (3) Tier 4, the PERS defined contribution plan became effective for employees first hired after June 30, 2006 when the defined benefit plans were closed. Change in healthcare cost assumptions.

Source: 2014 PERS Valuation Report, Section 1.7.

Table 16 presents the Schedule of Contributions from Employers and the State. This schedule shows the dollar amount of the annual required contribution and the percent of the ADC contributed by employers and by the State (under AS 39.35.280).

**Table 16**  
**PERS Schedule of Contributions from Employers and the State**  
(as of June 30)

Year Ended June 30	Actuarial Valuation year ended June 30 (1)	Annual required contribution		Pension percentage contributed			Postemployment healthcare percentage contributed			Total Percentage contributed
		Pension (000s)	Postemployment healthcare (000s)	Total (000s)	By employer	By State	By employer	By State		
2005	2002	\$ 234,361	\$ 142,393	\$ 376,754	47.3%	—%	47.3%	47.3%	—%	47.3%
2006	2003	249,488	166,749	416,237	61.0	4.4	65.4	61.0	4.4	65.4
2007	2004	268,742	189,495	458,237	73.2	4.1	77.3	73.2	4.1	77.3
2008	2005	140,729	370,456	511,185	71.2	36.2	107.4	71.2	36.2	107.4
2009	2006	166,016	391,321	557,337	68.1	48.0	116.1	68.1	41.4	109.5
2010 (2)	2007	217,080	790,793	1,007,873	65.5	20.5	86.0	31.6	54.8	86.4
2011	2008	220,419	525,075	745,494	63.1	29.6	92.7	49.8	21.6	71.4
2012	2009	351,674	498,433	850,107	52.0	37.2	89.2	44.8	28.8	73.6
2013	2010	382,889	612,792	995,681	47.0	42.9	89.9	37.5	25.1	62.6

(1) Actuarial valuation related to annual required contribution for FY.

(2) Beginning in the year ended June 30, 2010, the postemployment healthcare annual required contribution and percentage contributed includes the Medicare Part D subsidy.

Source: PERS Financial Statement as of June 30, 2014.

With implementation of GASB 67, information as presented in Table 16 is no longer provided in the PERS financial statements. The annual actuarially determined contribution (ADC) for pension for FY

OR 16-065  
DM 16-101

2013 was \$382,889,000, FY 2014 was \$358,718,000 and for FY 2015 was \$529,264,000. The contributions in relation to the ADC for FY 2013 was \$344,063,000 FY 2014 was \$382,998,000, and FY 2015 was \$1,226,136,000, \$38,826,000 less than the ADC in FY 2013 and \$24,280,000 and \$696,872,000 more than the ADC in FY 2014 and 2015 respectively. Postemployment healthcare contributions in FY 2014 for the actuarial valuation year ended June 30, 2011 were \$783,827,000 of which 26.1% was paid by employers and 19.5% was paid by the State for a total percentage contributed of 45.6%.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay normal cast basis for Pension Level Dollar normal cost basis for Healthcare
Amortization Method	Level percentage of pay, closed
Equivalent Single Amortization Period	25 years
Asset Valuation Method	5-year smoothed fair value, reinitialized to fair value as of June 30, 2014
Actuarial Assumptions:	
Investment rate of return*	8.00% for pension, 4.90% for healthcare.
Projected salary increases	Peace Officer/Firefighter: Merit – 2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of service, 1.50% grading down to 0%. Productivity – 0.5% per year.
*Includes price inflation at	3.12%
Cost-of-living adjustment	Post-retirement Pension Adjustment.

**Changes in Actuarial Assumptions Since the Prior Valuation.** The ARM Board contracted for an experience analysis to be performed of the actuarial assumptions underlying the PERS actuarial valuation. As a result of the experience analysis the following changes were made as of June 30, 2014 actuarial valuation. There have been no changes in methodology since the June 30, 2014 valuation.

OR 16-065  
DM 16-101

Defined benefit pension and postemployment healthcare benefit plan:

	June 30, 2013	June 30, 2014
Salary Scale	Based on actual experience from 2005 to 2009.	Rates adjusted on actual experience from 2010-2013. Increased most rates.
Pre-termination Mortality	Peace Officer/Firefighter: 1994 GAM table, sex-district, 1994 base year without margin projected to 2013 using projection scale AA, 80% of the male table for males and 60% of the female table for females. Others: 1994 GAM table, sex-district, 1994 base year without margin projected to 2013 using projection scale AA, 75% of the male table for males and 55% of the female table for females.	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of the post termination mortality rates.
Post-termination Mortality	1994 GAM Table, sex-district, 1994 base year without margin projected to 2013 using projection scale AA for males with a one year set-forward for females.	96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.
Disability Mortality	RP-2000 Disabled Retiree Mortality Table.	RP-2000 Disabled retiree table, 2000 base year projected to 2018 with projection scale BB.
Turnover	Rates adjusted based on actual experience from 2005-2009.	Based upon the 2010-2013 actual withdrawal experience.
Disability	Peace Officer/Firefighter: No change except to stop rates at earliest retirement age. Others: Male/Female rates decreased based on actual experience from 2005 to 2009 and stop rates at earliest retirement age.	Incidence rates based on 2010-2013 actual experience. Peace officer/firefighter: Decreased rates by 5%. Others: Decreased rates by 30%.
Retirement	Rates were adjusted based on actual experience from 2005 to 2009.	Retirement rates based upon the actual 2010-2013 experience.
Deferred vested commencement date	Peace officer/firefighter: Tier 1 age 53 Tier 2 and 3 age 57 Others: Earliest unreduced age	Peace officer/firefighter: Tier 1 age 55 Tier 2 and 3 age 60 Other: Earliest unreduced age
COLA	Of those benefit recipients who are eligible for the COLA, 70% are assumed to remain in Alaska and receive the COLA.	Of those benefit recipients who are eligible for the COLA, 70% of others and 65% of peace officer/firefighters are assumed to remain in Alaska and receive the COLA.
Occupation Death and Disability	Others: 55% Peace officer/firefighters: 75%	Others: 50% Peace officer/firefighters: 70%

OR 16-065  
JM 16-101

Defined contribution occupational death and disability and retiree medical benefits plan:

	June 30, 1013	June 30, 2014
Salary Scale	Based on actual experience from 2005-2009. Peace officer/firefighter: rates are increased for the first four years. Decreased at year five. Others: Based on actual experience from 2005-2009. Increased most rates.	Inflation – 3.12% per year Productivity – 0.50% per year
Pre-termination Mortality	Peace Officer/Firefighter: 80% of the male rates and 60% of the female rates of the 1994 GAM table, 1994 base year without margin projected to 2013 using projection scale AA. Others: 75% of the male rates and 55% of the female rates of the 1994 GAM table, 1994 base year without margin projected to 2013 using projection scale AA.	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of the post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Post-termination Mortality	1994 GAM Table, 1994 base year without margin projected to 2013 using projection scale AA for males with a one year set-forward for females.	96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.
Disability	RP-2000 disabled retiree mortality table.	Incidence rates based on 2010-2013 actual experience. Post termination disabled mortality in accordance with RP-2000 disabled retiree mortality table, 2000 base year projected to 2018 with projection scale BB. Disabilities are assumed to be occupational 70% of the time for peace officer/firefighters, 50% of the time for others.
Turnover	Rates adjusted based on actual PERS DB Plan experience from 2005-2009. Ultimate rates are equal to PERS DB Plan rates loaded by 10%.	Based upon the 2010-2013 actual withdrawal experience.
Occupational Death and Disability	Others: 55% Peace officer/firefighters: 75%	Others: 50% Peace officer/firefighters: 70%

**Teachers' Retirement System**

**General.** TRS was established in 1955 to provide pension and other post-employment benefits to teachers and other eligible participants. TRS includes 58 employers (including the 53 school districts). TRS is a cost-sharing, multiple employer plan composed of both a defined benefit (“DB”) plan and a defined contribution (“DC”) plan. Membership in either plan is dependent upon the participant date of hire. The TRS DB plan is closed to all new members effective July 1, 2006.

At June 30, 2015 the TRS DB membership consisted of 5,606 active members and 12,080 retirees and beneficiaries and the TRS DC membership consisted of 4,076 active members. TRS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1 and 2) and defined contribution (Tier 3) plans. TRS also funds costs of healthcare benefits through the separate Retiree Healthcare Trust within TRS. Membership in TRS is mandatory for all full- and part-time employees, including employees who are certificated elementary and secondary teachers, school nurses and certificated employees in positions requiring teaching certificates, employees in Department of Education and Early Development and Department of Labor and Workforce Development positions that require teaching certificates, University of Alaska full- and part-time teachers and with the approval of the

*ORfile-065  
JM 16-101*

TRS administrator, full-time administrative employees in positions requiring academic standing and certain full-time or part-time teachers of Alaska Native language or culture who elect to be covered under TRS.

Participants first hired before July 1, 1990 are Tier 1 participants of TRS and are eligible for retirement and for health insurance premiums paid by TRS earlier than members hired after July 1, 1990 (Tier 2).

**Shift to Defined Contribution Plan.** In 2005, the Legislature closed the TRS DB plan to members first hired on or after July 1, 2006 and created for Tier 3 employees a DC retirement plan which is composed of a participant-directed investment account, medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The TRS DC participant account is funded with employee contributions of 8 percent and an employer match of 7 percent. Each participant designates how contributions are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 17:

**TABLE 17**

**TRS DC Vesting Schedule**

<u>Years of Service</u>	<u>Vested Percentage of Employer Contributions</u>
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

*Source is State of Alaska, Division of Retirement & Benefits*

**Employee Contributions.** The TRS DB member contribution rates are 8.65 percent as required by statute. Eligible TRS DB members contribute an additional 1.00 percent of their salary under a supplemental contribution provision. The DB member contributions earn interest at the rate of 7.0 percent per annum, compounded annually on June 30.

The TRS DC member contribution rate is 8.0 percent, as required by statute.

**Employer Contributions.** The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 14.25.070(a) sets the employer contribution rate at 12.56 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Major Medical Plan, Occupational Death and Disability Plan, and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations, and the actuary's recommended employer contribution rates based upon results of the actuary's valuations.

Table 18 provides a history of the employer contribution rates from FY 2008 through 2015.

OR 16-065  
JM 16-101

**Table 18**  
**TRS Employer Contribution Rates**

<u>FY</u>	<u>ARM Board Adopted Rate</u>	<u>Employer Effective Rate</u>	<u>DC Employer Match</u>	<u>DC Retiree Medical Plan</u>	<u>DC Occupational Death and Disability</u>	<u>DC Health Reimbursement Arrangement (1)</u>
2008	Varied	12.56%	7.00%	0.99%	0.62%	\$ 1,531.27
2009	44.17%	12.56	7.00	0.99	0.62	1,616.81
2010	39.53	12.56	7.00	1.03	0.32	1,699.71
2011	38.56	12.56	7.00	0.68	0.28	1,720.70
2012	45.55	12.56	7.00	0.58	0.00	1,778.09
2013	52.67	12.56	7.00	0.49	0.00	1,848.43
2014	53.62	12.56	7.00	0.47	0.00	1,896.60
2015 (2)	70.75	12.56	7.00	2.04	0.00	1,960.53

- (1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.
- (2) Table 18 shows the ARMB adopted rate for FY2015 based on a level dollar amortization. The actual contribution for FY2015 was the one-time transfer of \$3 billion from the Constitutional Budget Reserve Fund (\$1 billion to PERS and \$2 billion to TRS) discussed in "Recent Pension Reforms."

Source: State of Alaska Division of Retirement and Benefits.

**Contributions from the State.** AS 14.25.085 provides that the State is obligated to annually consider appropriating to contribute each July 1 or, as soon after July 1 as funds become available, an amount for the ensuing FY that, when combined with the total employer contribution rate of 12.56 percent, is sufficient to pay the DB past service liability at the consolidated ADC adopted by the ARM Board for the FY.

Table 19 provides a history of the TRS contributions from the State under AS 14.25.085 from FY 2008 through 2014. For FY 2015 the State total contribution to TRS was a one-time payment of \$2 billion. For FY 2016 the ARM Board has adopted a TRS contribution rate attributable to participating employers at 29.27%. This results in employer contributions of \$97,789,000 and an additional State contribution under AS 14.25.085 of \$130,108,000.

**Table 19**  
**TRS Contribution from the State (under AS 14.25.085)**

<u>FY</u>	<u>Legislative Bill</u>	<u>Amount Provided by State under AS 14.25.085 (\$000s)</u>	<u>Total Employer Contributions to TRS DB Plan (\$000s)</u>	<u>% of Contributions made by State (1)</u>
2008	Senate Bill 53	\$269,992	\$345,002	78.26%
2009	House Bill 310	206,300	292,428	70.55%
2010	House Bill 81	173,462	249,956	69.40%
2011	House Bill 300	190,850	266,871	71.51%
2012	House Bill 108	234,517	308,987	75.90%
2013	House Bill 284	302,777	375,442	80.65%
2014	House Bill 65	316,846	386,397	82.00%

- (1) Percent of Contributions made by State under AS 14.25.085.

Source: State of Alaska Division of Retirement and Benefits.

**Pension Benefits.** Tier 1 members were hired before July 1, 1990 and are eligible for normal retirement at age 55 or for early retirement at age 50, and Tier 2 members were hired after June 30, 1990 and before July 1, 2006 and are eligible for normal retirement at age 60 and for early retirement at 55, and generally with at least eight years of paid-up membership service or other qualifying service. Members

OR 16-065  
JM 16-101

may retire at any age when they have at least 20 years of paid-up membership service or 20-25 years of a combination of paid-up membership service and other types of service. TRS members are also eligible for normal retirement if they have, for each of 20 school years, at least one-half year of membership service as a part-time teacher.

Tier 3 employees were hired after June 30, 2006 and are 100 percent vested in their own contributions from the beginning and vest in their employers' seven-percent contributions over five years: 25 percent after two years of service, 50 percent after three years of service, 75 percent after four years of service and 100 percent after five years of service. Tier 3 pension payments (the account balance plus investment income) are payable in a lump sum or over time at the employee's option.

**Other Post-employment Benefits.** Tier 1 members who are at least 50 or who are any age with at least 20 years of paid-up service receive healthcare benefits and Tier 2 members who are 60 or older or who have 25 years of paid-up membership service or are disabled also receive healthcare benefits with system-paid premiums. Tier 2 members may receive coverage prior to age 60 if they pay the premiums. Medical benefits are supplemental to Medicare. For both Tier 1 and Tier 2, coverage includes coverage for eligible dependents.

For Tier 3, the TRS healthcare plan is a coinsurance major medical and prescription drug plan intended to maintain over time coinsurance levels at approximately 80 percent by the plan and 20 percent by the participant, with a maximum annual coinsurance payable by the participant of \$2,500 per person and a maximum lifetime benefit payable by the plan, less any amounts paid by Medicare.

**Actuarial Valuation – TRS DB.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The FY 2014 contribution requirements are determined as a percentage of payroll, and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent assumption changes and gains/losses. The payroll used to determine the contribution rates is the total payroll of all active members in the System, including those hired after July 1, 2006 who are in the Defined Contribution Retirement Plan. The amortization period is set by the ARM Board. Contribution levels are recommended by the actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board, however, have not historically done so.

The most recent funding objective of the plan, as adopted by the ARM Board for FY 2015, was to set a contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll dollar amortization.

The information about TRS funding status included in Table 20 reflects the status of TRS as of June 30, 2012. Information about TRS assets and liabilities allocable to State employers alone is not shown because most non-State TRS employers make these contributions primarily from funds provided by the State.

OR 16-065  
Am 16-101

**Table 20**  
**TRS Funding Status (1)**  
(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation Assets (000s)	Unfunded Accrued Liability (000s)	Funded Ratio (%)
2003	\$ 5,835,609	3,752,285	2,083,324	64.3 %
2004 (2)	6,123,600	3,845,370	2,278,230	62.8
2005	6,498,556	3,958,939	2,539,617	60.9
2006	7,229,851	4,141,700	3,088,151	57.3
2007	7,189,403	4,424,399	2,765,004	61.5
2008	7,619,178	4,936,976	2,682,202	64.8
2009	7,847,514	4,472,958	3,374,556	57.0
2010	8,847,788	4,739,128	4,108,660	53.6
2011	9,128,795	4,937,937	4,190,858	54.1
2012	9,346,444	4,869,154	4,477,290	52.1
2013	9,592,107	4,974,076	4,618,031	51.9
2014	9,841,032	6,019,274	3,821,758	61.2

See Recent Pension Reforms section for actuarial projection as of June 30, 2015

(1) Includes pension benefits and other post-employment benefits.

(2) Change in asset valuation method.

Source: 2014 TRS Valuation Report, Table 1.7.

Table 21 presents the schedule of contributions from employers and the State. This schedule shows the dollar amount of the annual required contribution and the percent of the ARC contributed by employers and by the State (under AS 14.25.085).

**Table 21**  
**TRS Schedule of Contributions from Employers and the State**  
(as of June 30)

Year Ended June 30	Actuarial Valuation year ended June 30 (1)	Annual required contribution			Pension percentage contributed			Postemployment healthcare percentage contributed		
		Pension (000s)	Postemployment healthcare (000s)	Total (000s)	By employer	By State	Total Percentage contributed	By employer	By State	Total Percentage contributed
2005	2002	\$ 152,168	\$55,783	\$207,951	45.0%	0.0%	45.0%	45.0%	0.0%	45.0%
2006	2003	170,019	66,719	236,738	54.1	0.0	54.1	54.1	0.0	54.1
2007	2004	169,974	76,879	246,853	62.2	0.0	62.2	62.2	0.0	62.2
2008	2005	134,544	185,271	319,815	23.3	82.7	106.0	23.6	85.7	109.3
2009	2006	94,388	164,171	258,559	28.7	110.6	139.3	28.7	62.1	90.8
2010 (2)	2007	170,788	312,922	483,710	19.8	58.8	78.6	13.6	38.8	52.4
2011	2008	167,978	167,686	335,664	19.5	65.1	84.6	25.8	51.5	77.3
2012	2009	229,509	192,700	422,209	16.6	68.6	85.2	18.8	46.6	65.4
2013	2010	259,786	330,411	590,197	14.5	80.4	94.9	10.7	33.3	44.0

(1) Actuarial valuation related to annual required contribution for FY.

(2) Beginning in the year ended June 30, 2010, the postemployment healthcare annual required contribution and percentage contributed includes the Medicare Part D subsidy.

Source: TRS Financial Statement as of June 30, 2013.

OR 16-065  
JM 16-101

With implementation of GASB 67, information as presented in Table 21 is no longer provided in the PERS financial statements. The annual actuarially determined contribution (ADC) for pension for FY 2013 was \$259,786,000, FY 2014 was \$240,366,000 and for FY 2015 was \$321,971,000. The contributions in relation to the ADC for FY 2013 was \$234,317,000 FY 2014 was \$246,461,000, and FY 2015 was \$1,699,074,000, \$25,469,000 less than the ADC in FY 2013 and \$6,095,000 and \$1,377,103,000 more than the ADC in FY 2014 and 2015 respectively. Postemployment healthcare contributions in FY 2014 for the actuarial valuation year ended June 30, 2011 were \$320,797,000 of which 10.0% was paid by employers and 35.6% was paid by the State for a total percentage contributed of 45.6%.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay normal cost basis for pension and healthcare
Amortization Method	Level percentage of pay, closed
Equivalent Single Amortization Period	25 years
Asset Valuation Method	5-year smoothed fair value, reinitialized to fair value as of June 30, 2014
Actuarial Assumptions:	
Investment rate of return*	8.00% for pension, 5.08% for healthcare
Projected salary increases	6.11% for first 5 years of service grading down to 3.62% after 20 years
*Includes inflation at	3.12%
Cost-of-living adjustment	Post-retirement Pension Adjustment.

**Changes in Actuarial Assumptions Since the Prior Valuation.** The ARM Board contracted for an experience analysis to be performed of the actuarial assumptions underlying the TRS actuarial valuation. As a result of the experience analysis the following changes were made as of June 30, 2010 actuarial valuation. There have been no changes in actuarial method since June 20, 2010.

OR 16-065  
Im 16-101

	June 30, 2013	June 30, 2014
Salary Scale	Based on actual experience from 2005 to 2009.	Rates adjusted on actual experience from 2010 to 2013.
Pre-termination Mortality	The 1994 GAM Sex-distinct Table, 1994 Base Year projected to 2013 using Projection Scale AA, adjusted 45% for males, and 55% for females.	68% of male rates and 60% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB. Deaths are assumed to result from non-occupational causes 85% of the time.
Post-termination Mortality	The 1994 GAM Sex-distinct Table, 1994 Base Year projected to 2013 using Projection Scale AA, setback 3 years for females and 4-year setback for males	94% of male rates and 97% of female rates of RP-2000. 2000 Base Year projected to 2018 with Projection Scale BB, with a three year setback for males and a four year setbacks for females.
Disability Mortality	RP-2000 Disabled Retiree Mortality Table.	RP-2000 Disabled Retiree Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB.
Turnover	Rates adjusted based on actual experience from 2005 to 2009.	Select and ultimate rates based upon the 2010-2013 actual withdrawal experience.
Disability	Based on actual experience from 2005 to 2009.	Retirement rates based on 2010-2013 experience. Male/Female rates increased and changed to Unisex rates. Disabilities are assumed to result from occupational causes 15% of the time.
Retirement	Based on actual experience from 2005 to 2009.	Retirement rates based on 2010-2013 experience.
Part-time Service	0.60 years of credited service per year.	Part-time employees are assumed to earn 0.75 years of credited service per year.
Occupation Assumption	0% of deaths are assumed to be from occupations causes.	15% of deaths are assumed to be from occupational causes.
Deferred Vested Commencement Age	Earliest reduced age.	Earliest Unreduced age.
Healthcare Participation	100% of members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.	100% of system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect healthcare benefits as soon as they are eligible.

## Recent Pension Reforms

In the past several years, to mitigate expected pension costs and rising employer contribution rates, the Legislature enacted a range of statutory changes to the retirement systems and to the State's approach to managing pension and OPEB costs. In 2005, the Legislature closed the PERS and TRS DB plans and to establish DC plans, each with a healthcare component, for new employees.

In 2007, the Legislature enacted Senate Bill 123, which created the Alaska Retiree Health Care Trusts (the "*Retiree Healthcare Trusts*"). Senate Bill 123 directed that all separately calculated employer contributions for other post-employment benefits under the DB plans and all appropriations, earnings and reserves for the payment of retiree medical obligations be credited to these separate trusts. The State received a ruling from the IRS confirming that the State could reallocate a portion of the assets of PERS and TRS to the Retiree Healthcare Trusts, which it did.

In 2008, the Legislature enacted two additional reform bills: Senate Bill 125 and the Retirement Cost Funding Act. The Retirement Cost Funding Act authorizes issuers, including the Alaska Pension

Obligation Bond Corporation (“POBC”), to issue bonds and/or to enter into contracts to finance the payment by governmental employers of their share of the UAALs of the retirement systems. The Governor’s budget for FY 2017 included an appropriation to the POBC in anticipation of a potential bond issuance. The proposed bonds were to be structured to realize a 90% funding level in TRS and to minimize the State’s non-employer payments to the retirement system. Projected savings were to be concentrated in the final 8 years of the amortization of the unfunded liability. On February 16, 2016, the Governor’s budget was amended and the appropriation to the POBC was eliminated. At this time it is uncertain whether the POBC will be issuing bonds.

Senate Bill 125 converted PERS to a cost-sharing system, similar to TRS, and shifted to the State more of the cost of funding the UAALs of PERS and TRS. Senate Bill 125 set employer contribution rates at the higher of (i) 22 percent of total payroll for PERS and 12.56 percent of payroll for TRS and (ii) in each case, the rate required to cover the actuarially determined normal cost plus amounts required to be contributed to the DC plans’ Retiree Health Care Trusts.

As proposed by the Governor, the 2014 Legislature funded a \$3 billion transfer from the State’s Constitutional Budget Reserve Fund to the PERS and TRS retirement trust funds as part of a plan to manage the ongoing cost of funding the unfunded liabilities. The Legislature directed \$2 billion being transferred to the TRS trust and \$1 billion being transferred to the PERS trust in the FY 2015 capital budget. As part of the agreement for the transfer, the Legislature also approved HB 385 that provides for any excess assets at the termination of the plan be deposited in the General Fund and that the contribution rate for liquidating past service liabilities be based on a level percent of pay method based on amortization of the past service liability for a closed term of 25 years. An additional adjustment in 2014 was provided for in SB 119 which eliminated effective in FY 2015 the two year lag in actuarial analysis for rate setting. In October, 2014 the State’s actuary estimated the impact of the one-time contributions and programmatic adjustments to increase the PERS projected June 30, 2015 funding ratio to 71.8% and the projected 2015 TRS funding ratio to 77.0%. This estimate was updated in the January 2016 draft valuation to a PERS June 30, 2015 funding ratio of 78.2% and the 2015 TRS funding ratio of 83.3%.

### **The Other Retirement Systems**

**The Alaska National Guard and Alaska Naval Militia Retirement System.** The NGNMRS was established in 1973 and includes members of the Alaska National Guard and members of the Alaska Naval Militia. Members receive voluntary retirement benefits, which do not include healthcare benefits. The Legislature made a supplemental appropriation in May 2008 of \$10 million to eliminate the June 30, 2006 NGNMRS UAAL of \$9.87 million. The total contribution for FY 2015 was \$627,300 and for FY 2013 was \$740,100.

**The Judicial Retirement System.** The JRS was established in 1963 and provides pension and other post-employment benefits to Supreme Court Justices and Superior, District and Appellate Court judges and the administrative director of the court system. In May 2008, the Legislature made a supplemental appropriation of \$49 million to eliminate the June 30, 2006 JRS UAAL. The experience following the extra appropriation has continued within the JRS with pensions funded at 65.8% representing a \$66.4 million gap and OPEB funded at 139.9% representing a \$6.9 million surplus as of June 30, 2014. The total contributions for FY 2015 as a result of HB 26 were \$0 for other postemployment benefits and \$5,241,619 for pensions. The total contributions for FY 2014 as a result of HB 65 were \$177,445 for other postemployment benefits and \$4,282,876 for pensions.

**The Elected Public Officers Retirement System.** The EPORS was enacted as a retirement system for elected State officials who held office between January 1, 1976 and October 14, 1976. As of June 30, 2014, the actuarial accrued liability was \$20.1 million, with an expected annual benefit payment and claims cost of approximately \$1.63 million. No assets are set aside to pay EPORS benefit costs.

DR 16-005  
DM 16-101

### **State's Supplemental Benefits System**

In 1979, State employees elected to withdraw from the Social Security system. The State established a benefit program, effective January 1, 1980, which supplements the existing public employee retirement plans. Participation in the supplemental benefits system is mandatory for each State employee and the 16 other employers participating in the supplemental benefits system. A combined employer/employee contribution of 12.26 percent of wages (one-half contributed by employees up to the wage limit in effect for Social Security in a current year) is deposited into each employee's annuity plan account. Separate contributions are allowed to a cafeteria style supplemental benefit plan to provide death, survivor, disability and health benefits.

As of June 30, 2015, the supplemental benefits system had approximately 43,800 participants. At June 30, 2015, net assets available for system benefits were \$3.4 billion. These assets are held in trust by the State for the exclusive benefit of covered employees and their beneficiaries.

### **State's Deferred Compensation Plan**

The State maintains an optional Deferred Compensation Plan (the "Plan") for the benefit of its employees. Participants under the Plan defer receipt of a portion of their salary until termination of State employment. As of June 30, 2015, the Plan had approximately 11,100 participants. As of June 30, 2015, the net assets available for Plan benefits were \$815.8 million. These assets are held in trust by the State for the exclusive benefit of the covered employees and their beneficiaries.

### **State's Annual/Personal Leave and Sick Leave**

The cost of annual/personal leave and sick leave for State employees is charged against agency appropriations when leave is used rather than when leave is earned, except when an employee's State service is terminated. In that instance, the accumulated annual/personal leave balance is charged to a terminal leave liability account that is funded by a charge to each agency's operating budget.

## **INVESTMENT POLICIES**

### **General Fund, Constitutional Budget Reserve Fund and Other Subfunds**

By statute, the Commissioner of the DOR is the fiduciary for many of the State's funds, including the Constitutional Budget Reserve Fund, General Fund and subfunds within the General Fund, such as the Statutory Budget Reserve Fund and the Alaska Capital Income Fund. The Commissioner's responsibilities for these funds include establishing investment policy, providing accounting and custody for the assets and monitoring and reporting the performance and characteristics of the funds and investment options. The Commissioner reviews capital market assumptions and sets an appropriate asset allocation for the General Fund, the Constitutional Budget Reserve Fund and the other subfunds, consistent with each fund's objectives and constraints. As of July 1, 2015, the target asset allocation for the Statutory Budget Reserve Fund is 32 percent intermediate-term fixed income and 68 percent liquidity pool / short-term fixed income investments.

As of August 13, 2015, the target asset allocation for the General Fund is 32 percent intermediate-term fixed income and 68 percent liquidity pool / short-term fixed income investments.

As of July 1, 2015 the Constitutional Budget Reserve Fund main account, with an intermediate time horizon, has a target asset allocation of 23 percent broad-market fixed income, 70 percent short-term fixed income, 5 percent domestic equity pool and 2 percent international equity pool investments.

OR 16-065  
JM 16-101

Annually, the Commissioner of the DOR adopts specific investment policies for each asset class. These investment policies specify asset class characteristics, monitoring requirements and risk controls. The Commissioner may revise the investment policies as market conditions warrant. The State employs industry consultants and a professional staff to assist in monitoring and evaluating investments.

### **The Permanent Fund**

A governor-appointed Alaska Permanent Fund Corporation (the “APFC”) Board of Trustees (the “APFC Board”) sets the APFC investment policy. The policy is required to be consistent with the prudent investor rule stated in AS 37.13.120, which provides: “The prudent-investor rule as applied to investment activity of the fund means that the corporation shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the fund over time while maximizing the expected total return from both income and the appreciation of capital.”

At least once each calendar year, the APFC Board reviews its asset allocation policy for the investment of fund assets for the coming year. This review is conducted under the guidance of APFC investment staff, with the assistance and advice of the APFC Board’s investment consultant. The APFC Board’s long-term investment goal is to achieve an average annual real rate of return of five percent at acceptable risk levels (measured by expected volatility).

The APFC Board has created a three-person investment advisory council to provide the APFC Board with independent advice from professionals with significant, direct experience in the management and operation of large investment funds. The role of the members of the investment advisory council is to make recommendations to the APFC Board concerning investment policies, investment strategy and investment procedures; and provide other advice as requested by the APFC Board.

The APFC Board’s investment allocation includes multiple asset classes having varying risk and correlation assumptions. The APFC investment policy seeks to optimize expected return versus expected risk. The fund’s current target asset allocation is: 36 percent stocks, 20 percent bonds and cash, 12 percent real estate, 12 percent private equity and absolute return, 4 percent infrastructure investments, and 16 percent other investments. The APFC Board also establishes policies and guidelines for the asset classes in which fund assets are invested.

To allow for market fluctuations and to minimize transaction costs, the APFC Board has adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC’s chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the “green zone” in the investment policy), the APFC’s executive director can approve target deviations for up to 90 days within a broader range (the “yellow zone”), and the APFC Board can approve operating for longer than 30 days within a third range (the “red zone”).

## **LITIGATION AND REGULATORY PROCEEDINGS**

### **Borough**

There is no controversy or litigation of any nature now pending or, to the knowledge of the Borough, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016 Bonds, or in any way contesting or affecting the validity of the Series 2016 Bonds or any proceedings of

the Borough taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Series 2016 Bonds, or the existence or powers of the Borough.

The Borough has been made aware that a former auditor for the Alaska State Senate Finance Committee filed a whistleblower complaint with the United States Securities and Exchange Commission, alleging that the Facility exceeded the cost limitation established in the statute authorizing its construction. In connection with the issuance of the Series 2008 Bonds, the State Attorney General delivered an opinion that the Lease Purchase Agreement was duly authorized, executed and delivered by the State and constitutes a legal, valid and binding obligation of the State enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and by the availability of equitable remedies. The Borough cannot predict whether the Securities and Exchange Commission will open an inquiry into the Series 2008 Bonds or the result if any such inquiry is opened.

Upon the delivery of the Series 2016 Bonds, the Borough will furnish a certificate to the effect that, among other things, other than as disclosed in this section of the Official Statement, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the Series 2016 Bonds or in any way contesting the validity or enforceability of the Series 2016 Bonds or the Bond Ordinance.

#### **State**

There is no controversy or litigation of any nature now pending or, to the knowledge of the State, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016 Bonds, or in any way contesting or affecting the validity of the Series 2016 Bonds or any proceedings of the State of Alaska taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Series 2016 Bonds, or the existence or powers of the State.

Upon the delivery of the Series 2016 Bonds, the State will furnish a certificate, in form satisfactory to the Underwriter, to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the Series 2016 Bonds or in any way contesting the validity or enforceability of the Series 2016 Bonds.

At any given time, including the present, there are numerous civil actions filed by or pending against the State, which could positively or negatively impact revenue sources or cash flow. A short description of such material litigation is provided below.

#### ***Oil and Gas Tax Litigation***

*Administrative Litigation:* There are a number of disputed tax assessments against oil and gas corporations that are at the administrative level and thus confidential under AS 43.05.230(a). The assessments involve the corporate income tax (AS 43.20) or the oil and gas production tax (AS 43.55). Because the taxpayers, the tax years, and the amounts involved are confidential, a more detailed description of the cases cannot be given. Due to the confidentiality statute and because the disputed tax assessments are ongoing, the State cannot give an estimate of how much is expected to be eventually recovered through settlement, the administrative proceedings, or adjudication. Moneys recovered are required to be transferred to the Constitutional Budget Reserve Fund.

#### *Litigation Pending Before the Alaska Superior Court and the Alaska Supreme Court:*

Elf Aggregation: Five owners of working interests in certain participating areas of the Prudhoe Bay Unit appealed DOR's January 12, 2005 decision aggregating participating areas of the Prudhoe Bay Unit for purposes of calculating Economic Limit Factors used to determine production tax liability. On October 13, 2012, the Office of Administrative Hearings granted DOR's motion for summary judgment,

concluding that the aggregation decision did not constitute a regulation requiring compliance with the Administrative Procedure Act. On January 9, 2013, these working interest owners appealed the Office of Administrative Hearings decision to the State Superior Court. The Superior Court affirmed the Office of Administrative Hearings decision in its entirety. The owners have appealed to the Alaska Supreme Court (S-15891). Briefing is complete and oral argument is set for February 17, 2016. This appeal is worth several hundred million dollars in production tax revenues and interest.

### ***Pipeline Tariff Litigation***

Strategic Reconfiguration: The State is a party to Trans Alaska Pipeline System (TAPS) tariff litigation matters before the Regulatory Commission of Alaska (RCA) and the Federal Energy Regulatory Commission (FERC) regarding the TAPS Carriers' inclusion in the tariff rate of several hundred million dollars of imprudent expenditures made since 2004 on the TAPS Strategic Reconfiguration project (SR). The factual bases and legal standards for the SR imprudence challenge are substantially the same at the RCA and FERC. After a concurrent hearing with the RCA and FERC, the FERC Administrative Law Judge issued a favorable decision that removed these imprudent costs from the carrier's rate base for 2009 and 2010, which will in turn lower tariff rates. The ALJ's decision was recently upheld by the full FERC Commission. The RCA has not yet issued its decision in this matter. The TAPS owners have filed petitions for review before the United States Court of Appeals for the D.C. Circuit. The impact of this decision would result in payment to the state of additional royalties and production taxes for 2009 and 2010 of over \$200 million. Tariff filings for 2011 and forward have been held in abeyance, and will be addressed when 2009 and 2010 tariffs are resolved.

### ***Education and Public School Trust Matters***

Citizens Alliance Protecting School Lands v. State (Public School Trust). A non-profit corporation organized to advocate for school lands issues filed suit for declaratory relief against the State in April 2013. The complaint alleges numerous breaches of trust by the State respecting public school trust lands. The Court on January 20, 2015 granted the State summary judgment dismissing most allegations including that the State has not obtained from the United States all school trust land entitlements under the Alaska Statehood Act. The parties stipulated that the remaining claims involve whether the Territory of Alaska before statehood breached trust duties to obtain more school trust lands, whether the State is responsible for any breach by the Territory, and whether any of the State's defenses apply. The State's second summary judgment motion to dismiss all remaining trust claims is currently pending before the trial court.

Ketchikan Gateway Borough v. State (Local Contribution Challenge). The Ketchikan Gateway Borough (borough) sued the State of Alaska challenging the constitutionality of the mandatory local contribution required to be paid by municipalities under AS 14.12.020(c) and AS 14.17.410(b). The borough claimed the required contribution violated art. IX, sec. 7 of the Alaska Constitution as being an impermissible dedicated tax. The borough further argued that use of the mandatory local contributions to fund public education violates the appropriation clause -- art. IX, section 13 - as a dedication which expends funds generated from a state mandated tax revenue stream without requiring a legislative appropriation. The borough also claimed that the mandatory local contribution (which is not imposed on the REAA's in the unorganized borough) is unfair and that "the state" is solely responsible under the constitution "to establish and maintain a system of public schools." The superior court issued a decision in the borough's favor, holding that the required local contribution violates the anti-dedication clause, but not the appropriation clause or the governor's veto power. The Alaska Supreme Court reversed, finding for the State as to all claims. At the direction of the Supreme Court, the superior court entered final judgment in the State's favor on January 12, 2016.

OK 16-005  
DM 16-101

### ***Environmental Litigation***

State of Alaska v. Williams Alaska Petroleum, Inc. et al., Case No. 4FA-14-01544CI Consolidated. This case involves litigation over environmental liabilities for the North Pole Refinery, including sulfolane pollution of the North Pole drinking water aquifer. Defendant refinery operators have asserted counterclaims seeking contribution from the state due to its role of lessor of the property during 27 out of 37 years the refinery operated.

### ***Tort Claims***

The Attorney General's Office is involved in defending numerous tort claims asserted against the State and agencies. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

### ***Medicaid Payment Rate Appeals***

The Attorney General's Office is involved in defending numerous Medicaid payment rate appeals filed by providers. No estimate can be given as to the likelihood or financial effect on the outcome of such appeals.

### ***Employment Claims***

The Attorney General's Office is involved in defending numerous employment-related claims filed by present or former employees. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

### ***Tobacco Company Litigation***

In 1998, Alaska was among 46 states that entered into a settlement of claims against the nation's major tobacco companies. The companies agreed to pay \$4.5 billion in 2000 with annual increases until payments reach \$9 billion in 2019 and each year thereafter. The State's share, based upon its proportionate tobacco consumption, is about .034 percent of the yearly payment. This income stream is indefinite as long as Americans continue to consume tobacco products.

The Legislature authorized the State to sell to the AHFC 80 percent of the State's annual settlement income. AHFC's purchase was financed through the issuance of revenue bonds by the Northern Tobacco Securitization Corporation (the "NTSC"), a subsidiary the AHFC established and to which the right to receive 80 percent of the settlement revenues was transferred. In 2006, NTSC issued additional revenue bonds to refinance its purchase of the State's annual settlement income. The NTSC is using the income stream to pay debt service on the bonds. When the bonds are paid, the settlement income reverts to the State. The State used the bond proceeds to pay for a variety of construction and maintenance projects including rural schools, ports and harbors.

The master settlement agreement provides for a payment adjustment mechanism that, when triggered, could result in the impairment of the State's right to receive the remaining 20 percent of revenue that is not pledged to the NTSC and the NTSC could suffer a revenue shortfall. This payment adjustment mechanism has been triggered for the years 2003 - 2010. States that have diligently enforced their qualifying statute are exempted from the application of this adjustment mechanism. In July 2010, an arbitration commenced regarding which states "diligently enforced" their qualifying statutes in 2003. During that arbitration, Alaska and 15 other states/territories received notice that the participating manufacturers (tobacco companies that joined the master settlement agreement) no longer contested their diligence, rendering those states exempt from the 2003 adjustment. Arbitration for the 2004 adjustment is

likely to begin in 2016. The State believes it is exempt from the adjustment for 2004 and subsequent years. The State continues to monitor and participate in this case.

### CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the Borough of the Series 2016 Bonds are subject to the legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of Alaska; and for the Underwriter by its counsel, Katten Muchin Rosenman LLP, of Chicago, Illinois. The proposed form of the opinion of Bond Counsel is included herein as APPENDIX B. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the Series 2016 Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. Bond Counsel will be compensated only upon the issuance and sale of the Series 2016 Bonds. From time to time, Bond Counsel serves as counsel to the State and to the Underwriter on transactions unrelated to the Series 2016 Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Series 2016 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion the attorney does not guarantee a particular result, or become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### TAX EXEMPTION

Exclusion From Gross Income for Federal Income Tax Purposes. In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Series 2016 Bonds, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

Original Issue Discount. Certain maturities of the Series 2016 Bonds may be sold at prices reflecting original issue discount ("*Discount Bonds*"). Under existing law, the original issue discount in the selling price of each Discount Bond, to the extent properly allocable to each owner of such Discount Bond, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Bonds of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond.

OR 16-065  
JM 16-101

Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Bond will be treated as gain from the sale or exchange of such Discount Bond.

The portion of original issue discount that accrues in each year to an owner of a Discount Bond may result in certain collateral federal income tax consequences. The accrual of such portion of the original issue discount will be included in the calculation of alternative minimum tax liability as described above, and may result in an alternative minimum tax liability even though the owner of such Discount Bond will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the first offering price at which a substantial amount of those Discount Bonds were sold to the public, or who do not purchase Discount Bonds in the initial public offering, should consult their own tax advisors with respect to the tax consequences of the ownership of such Discount Bonds. Owners of Discount Bonds who sell or otherwise dispose of such Discount Bonds prior to maturity should consult their own tax advisors with respect to the amount of original issue discount accrued over the period such Discount Bonds have been held and the amount of taxable gain or loss to be recognized upon that sale or other disposition of Discount Bonds. Owners of Discount Bonds also should consult their own tax advisors with respect to state and local tax consequences of owning such Discount Bonds.

Original Issue Premium. Certain maturities of the Series 2016 Bonds may be sold at prices reflecting original issue premium. An amount equal to the excess of the purchase price of a Series 2016 Bond over its stated redemption price at maturity constitutes premium on such Series 2016 Bond. A purchaser of a Series 2016 Bond must amortize any premium over the term of such Series 2016 Bond using constant yield principles, based on the purchaser's yield to maturity. The amount of amortizable premium allocable to an interest accrual period for a Series 2016 Bond will offset a like amount of qualified stated interest on such Series 2016 Bond allocable to that accrual period, and may affect the calculation of alternative minimum tax liability described herein. As premium is amortized, the purchaser's basis in a Series 2016 Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Series 2016 Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Series 2016 Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning the Series 2016 Bonds.

Continuing Requirements. The Borough and the State are each required to comply with certain covenants and with applicable requirements of the Code after the date of issuance of the Series 2016 Bonds in order to maintain the exclusion of the interest on the Series 2016 Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Series 2016 Bond proceeds and the facilities financed or refinanced with Series 2016 Bond proceeds, limitations on investing gross proceeds of the Series 2016 Bonds in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirement to the extent applicable to the Series 2016 Bonds. The Borough has covenanted in the Indenture and the State has covenanted in the Lease Purchase Agreement to comply with those requirements, but if either the Borough or the State fails to comply with those requirements, interest on the Series 2016 Bonds could become taxable retroactive to the date of issuance of the Series 2016 Bonds. Bond Counsel has not undertaken and does not undertake to monitor the Borough's or the State's compliance with such requirements.

Corporate Alternative Minimum Tax. While interest on the Series 2016 Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax exempt interest, including interest on the Series 2016 Bonds, received by corporations is

OR 16-065  
JM 16-101

taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75% of the excess of the corporation's adjusted current earnings (including any tax exempt interest) over the corporation's alternative minimum taxable income determined without regard to such increase. A corporation's alternative minimum taxable income, so computed, that is in excess of an exemption of \$40,000, which exemption will be reduced (but not below zero) by 25% of the amount by which the corporation's alternative minimum taxable income exceeds \$150,000, is then subject to a 20% minimum tax.

A small business corporation is exempt from the corporate alternative minimum tax for any taxable year beginning after December 31, 1997, if its average annual gross receipts during the three-taxable-year period beginning after December 31, 1993, did not exceed \$5,000,000, and its average annual gross receipts during each successive three-taxable-year period thereafter ending before the relevant taxable year did not exceed \$7,500,000.

Tax on Certain Passive Investment Income of S Corporations. Under Section 1375 of the Code, certain excess net passive investment income, including interest on the Series 2016 Bonds, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25% of the gross receipts of such S corporation is passive investment income.

Foreign Branch Profits Tax. Interest on the Series 2016 Bonds may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the Series 2016 Bonds are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

Possible Consequences of Tax Compliance Audit. The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax exempt obligations, such as the Series 2016 Bonds, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2016 Bonds. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the Series 2016 Bonds could adversely affect the market value and liquidity of the Series 2016 Bonds until the audit is concluded, regardless of its ultimate outcome.

State Tax Exemption. In the opinion of Bond Counsel, interest on the Series 2016 Bonds is free from taxation by the State of Alaska except for transfer, estate and inheritance taxes.

## CERTAIN OTHER FEDERAL TAX CONSEQUENCES

Series 2016 Bonds Not "Qualified Tax Exempt Obligations" for Financial Institutions. Section 265 of the Code provides that 100% of any interest expense incurred by banks and other financial institutions for interest allocable to tax exempt obligations acquired after August 7, 1986, will be disallowed as a tax deduction. However, if the tax exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than \$10,000,000 of tax exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as "qualified tax exempt obligations," only 20% of any interest expense deduction allocable to those obligations will be disallowed.

AL 16-065  
JM 16-101

The Borough is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing more than \$10,000,000 of tax exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) during the current calendar year and has not designated the Series 2016 Bonds as “qualified tax exempt obligations” for purposes of the 80% financial institution interest expense deduction. Therefore, no interest expense of a financial institution allocable to the Series 2016 Bonds is deductible for federal income tax purposes.

Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies. Under Section 832 of the Code, interest on the Series 2016 Bonds received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15% of tax exempt interest received during the taxable year.

Effect on Certain Social Security and Retirement Benefits. Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest on the Series 2016 Bonds into account in determining gross income.

Other Possible Federal Tax Consequences. Receipt of interest on the Series 2016 Bonds may have other federal tax consequences as to which prospective purchasers of the Series 2016 Bonds may wish to consult their own tax advisors.

Potential Future Federal Tax Law Changes. Current and future legislative proposals, if enacted into law, may directly or indirectly cause interest on the Series 2016 Bonds to be subject in whole or in part to federal income taxation, prevent the beneficial owners of the Series 2016 Bonds from realizing the full benefits of the current federal tax status of interest on the Series 2016 Bonds, or affect, perhaps significantly, the market value or marketability of the Series 2016 Bonds. Prospective purchasers of the Series 2016 Bonds should consult with their own tax advisors regarding the potential impact of any pending or proposed legislation or regulations.

## FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the Borough or the State, that are not purely historical, are forward-looking statements, including statements regarding the Borough’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Borough on the date hereof, and the Borough assumes no obligation to update any such forward-looking statements. The Borough’s and the State’s actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Borough. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

OR 16-065  
JM 16-101

## RATINGS

Fitch Ratings has assigned the Series 2016 Bonds a rating of “\_\_\_\_\_”. Moody’s Investors Service, Inc. has assigned the Series 2016 Bonds a rating of “\_\_\_\_\_.” Standard & Poor’s Ratings Services has assigned the Series 2016 Bonds a rating of “\_\_\_\_\_.”

A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2016 Bonds.

## FINANCIAL ADVISOR

[\_\_\_\_\_], has served as financial advisor to the Borough in connection with various matters relating to the planning, structuring, and execution and delivery of the Series 2016 Bonds. Acacia Financial Group, Inc., Marlton, New Jersey, has served as financial advisor to the State in connection with certain matters relating to the Series 2016 Bonds. The Financial Advisors have not audited, authenticated, or otherwise verified the information set forth in this Official Statement, or any other related information available to the State or Borough, with respect to the accuracy and completeness of disclosure of such information. No guaranty, warranty, or other representation is made by the Financial Advisors respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

## CERTAIN VERIFICATIONS

Upon delivery of the Series 2016 Bonds, [Causey Demgen & Moore P.C.], as verification agent, will deliver a report to the Borough and the Underwriter, stating that the firm, at the request of the Borough and the Underwriter, has examined the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to (i) the sufficiency of principal and interest received on Government Obligations to be applied, together with other available funds, to timely pay the principal, redemption premium and interest on the Prior Bonds, and (ii) the actuarial yields on the Series 2016 Bonds and the Government Obligations irrevocably deposited to accomplish the advance refunding and defeasance of the Prior Bonds.

## CONTINUING DISCLOSURE

For purposes of complying with paragraph (b)(5)(i) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240 § 240.15c2-12) (“Rule 15c2-12”), the State and the Borough have each agreed to execute a Continuing Disclosure Certificate (the “*State Disclosure Certificate*” and the “*Borough Disclosure Certificate*” and together the “*Disclosure Certificates*”) each constituting a written undertaking for the benefit of the holders of the Series 2016 Bonds to provide continuing disclosure. Forms of the Borough’s and the State’s undertakings to provide ongoing disclosure are provided in

“APPENDIX D – FORMS OF CONTINUING DISCLOSURE CERTIFICATES (BOROUGH AND STATE)” attached hereto.

The Borough and the State will each undertake to provide or cause to be provided to the Municipal Securities Rulemaking Board (the “MSRB”), in electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, (i) certain annual financial information and operating data and (ii) timely notice of the occurrence of certain events with respect to the Series 2016 Bonds, all as set forth in the Disclosure Certificates attached hereto in APPENDIX D.

No failure by the Borough or the State to comply with its respective undertaking shall constitute a default in respect of the Series 2016 Bonds. The sole remedy of any holder of a Series 2016 Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Borough or the State, as applicable, to comply with its undertaking. The undertakings of the Borough and the State are subject to amendment and termination as set forth in the respective Disclosure Certificates attached hereto as APPENDIX D.

With respect to filing of annual financial information: the State filed its CAFR for FY 2010 16 days later than required; the CAFR for 2010 was not linked by CUSIP numbers to certain of the State’s outstanding certificates of participation; the State filed its FY 2009 and 2010 annual financial information for certain of its Sport Fishing Revenue Bonds later than required; the State filed its FY 2012 operating data for certain of its Airport System bonds later than required; and the State did not link its FY 2009 annual financial information for certain Alaska Housing Finance Corporation Collateralized Veterans Mortgage Program bonds with respect to which the State is an obligated person. The State has subsequently filed all required annual financial information and correctly linked it to all outstanding bonds and certificates of participation for which the State was an issuer or obligated person.

With respect to filing of listed events, the State did not file certain notices of listed events relating to the downgrades of insurers of its outstanding bonds and certificates of participation; and the State did not file certain notices of rating changes attributable to general recalibrations of ratings by certain rating agencies for certain of its outstanding bonds and certificates of participation. The State has adopted procedures to assure future compliance with its continuing disclosure undertakings. Other than as may be described in this section, in the previous five years, the State has not failed to comply, in all material respects, with its previous continuing disclosure undertakings.

Within the five year period prior to the date of delivery of the Series 2016 Bonds, the Borough has complied in all material respects with each continuing disclosure undertaking with which the Borough has previously entered into pursuant to Rule 15c2-12.

## UNDERWRITING

RBC Capital Markets, LLC (the “Underwriter”) has agreed to purchase the Series 2016 Bonds subject to certain conditions, and has agreed to pay for the Series 2016 Bonds, a price of \$\_\_\_\_\_ (reflecting an underwriting discount of \$\_\_\_\_\_ and [net] original issue [premium/discount] of \$\_\_\_\_\_). The Underwriter will be obligated to purchase all the Series 2016 Bonds, if any Series 2016 Bonds are purchased.

OR 16-065  
Jm 16-101

The prices and other terms respecting the offering and sale of the Series 2016 Bonds may be changed from time to time by the Underwriter after the Series 2016 Bonds are released for sale, and the Series 2016 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Series 2016 Bonds into investment accounts. In connection with the offering of the Series 2016 Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2016 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

### EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been authorized by the Borough.

**MATANUSKA-SUSITNA BOROUGH**

By \_\_\_\_\_  
Director of Finance

OR 16-005  
JM 16-101

**APPENDIX A**

**State of Alaska "General Purpose Financial Statements" from the  
Comprehensive Annual Financial Report,  
Fiscal Year Ended June 30, 2015**

OR 16-065  
JM 16-101

**APPENDIX B**

**FORM OF BOND COUNSEL OPINION**

OR 16-065  
IM 16-101

**APPENDIX C-1**

**SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE**

OR 16-065  
IM 16-101

## THE ECONOMY

The economic and demographic information provided below has been derived from State publications and services which the State considers to be reliable. Such information is accurate as of its date; however, no assurance can be given that such information has not changed since its date.

### State of Alaska

Sharply lower oil prices created a \$2.7 billion unrestricted general fund revenue shortfall in the FY 2015 State budget.

To meet this shortfall, the last State legislature appropriated reserves and enacted budget reductions. It is expected that near term State budgets will enact additional budget reductions and rely on the expenditure of reserves. Governor Walker has proposed revenues from the Permanent Fund earnings be reclassified as unrestricted and used to partially fund State government along with the potential of proposing implementation of a broad based tax.

A September 2015 article in *Alaska Economic Trends*<sup>1</sup> points out that although Alaska's economic structure, with its heavy dependence on oil revenues and the federal government, has not changed from the 1980s recession brought on by a sudden break in oil prices, our situation has changed with a larger and older population and larger amounts saved in budget reserve accounts.

The article lists the following changes today from the 1980s:

- (a) Alaska's median age has risen from 27.5 in the early 1980s to 34.4 today.
- (b) Service providing industries have increased their share of total employment the most since 1985, from 53 percent to 61 percent, most of the increase occurring in private health care and social services.

### Overview of the Economy of the State

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. The State's major exports are oil, seafood (primarily salmon, halibut, cod, pollock and crab), coal, gold, silver, zinc and other minerals. In fiscal year 2015, approximately 75 percent of unrestricted State General Fund revenues arose from the oil and gas sector compared to 88% in fiscal year 2014, while approximately 25 percent of the State's employment is derived from Government. According to 2013 and 2014 averages, total employment and labor income supported by key private sector basic industries in Alaska include 111,500 oil and gas full-time equivalent jobs with \$6.5 billion in labor income, 41,200 seafood jobs with \$2.1 billion in labor income, 37,800 visitor industry jobs with \$1.3 billion in labor income, 8,700 mining jobs with \$1.3 billion in labor income, and 5,000 other jobs with \$0.3 billion in labor income.<sup>2</sup> The State's population continues to grow, increasing 10.6 percent from 2005 to 2015 (Alaska Department of Labor and Workforce Development, Research & Analysis; 2015).

<sup>1</sup> Alaska Economic Trends, September 2015, Caroline Schultz "The 80's Recession" Are we in a similar position today?

<sup>2</sup> McDowell Group, The Economic Value of Alaska's Seafood Industry December 2015, prepared for ASMI.

## Population

Alaska's Statewide population of 737,625 (July 2015 estimate) increased by 70,479, or approximately 10.6 percent from July 2005. Alaska's growth was greater than the 8.4 percent increase for the United States as a whole during the same ten-year period<sup>1</sup>. Alaska's rate of population growth was 3.3 percent for the period from 2010-2015. Alaska's net migration, however, was negative in 2014 and 2015, leading to the first population dip since 1988.<sup>2</sup>

The following table summarizes the State's population growth since 2005, as well as the growth of population in each of the State's regions. The majority of the high-growth areas were those with access to the road system. The highest growth area was in the Anchorage and Mat-Su Borough region, with a 47,058 population increase from 2005 to 2015, or an increase of 13.4 percent.

**Population of Alaska by Region, 2005-2015\***

Area Name	Estimate July 2005	Estimate July 2006	Estimate July 2007	Estimate July 2008	Estimate July 2009	Census April 2010	Estimate July 2011	Estimate July 2012	Estimate July 2013	Estimate July 2014	Estimate July 2015
Alaska	667,146	674,583	680,169	686,818	697,828	710,231	723,133	731,630	736,616	735,354	737,625
Anchorage / Mat-Su Region	352,028	360,060	362,163	366,562	375,304	380,821	387,629	392,058	397,268	398,743	399,086
Gulf Coast Region	75,403	75,196	76,121	76,973	77,742	78,628	80,329	80,632	80,511	80,891	81,111
Interior Region	104,391	104,919	109,336	110,473	110,752	112,024	112,791	115,364	114,515	112,990	112,818
Northern Region	23,665	23,655	23,548	23,532	23,685	26,445	26,939	27,268	27,548	27,525	27,802
Southeast Region	71,712	71,399	70,219	70,504	71,141	71,664	73,702	74,324	74,391	74,560	74,395
Southwest Region	39,947	39,354	38,782	38,774	39,204	40,649	41,743	42,984	42,583	42,645	42,413

\* Preliminary Intercensal 2005-2009, 2011-2015, 2010 Census Estimates. All numbers are based on 2010 Census geography.

Source: US Census Bureau and Alaska Department of Labor and Workforce Development, Research and Analysis Section, Alaska Population Overview.

## Income

In 2014, Alaska had a per capita personal income of \$54,012, an increase of 13.1 percent from the 2010 per capita personal income of \$47,773<sup>3</sup>. Alaska ranked second in the United States by median household income in 2014. Per capita personal income for the United States was \$46,049 in 2014.

From 2010 to 2014, the average inflation rate in Anchorage (the only Alaska city included in the Consumer Price Index) was 2.4 percent. The average in the United States was 1.7 percent.

The cost of living in Alaska remains significantly higher than the national average. According to the most recent Council for Community and Economic Research's ACCRA Cost of Living Calculator, which compares the living costs for about 300 urban areas in the United States, including four Alaska

<sup>1</sup> United States Census Bureau Annual Estimates of the Resident Population for the United States, Regions, States, and PR July 2015 & July 2005.

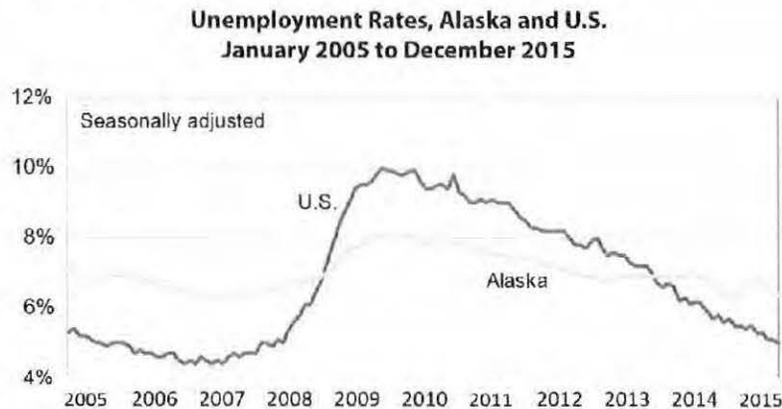
<sup>2</sup> Alaska Economic Trends, October 2015, Neal Fried, *Alaska Migration and US Recessions*.

<sup>3</sup> U.S. Department of Commerce, Bureau of Economic Analysis Interactive Data: Personal Income Summary Alaska.

cities, Anchorage, Juneau, Fairbanks and Kodiak, the cost of living in those cities is 28, 35, 32 and 35 percent, respectively, more expensive than the average city in the index.<sup>1</sup>

## Employment

Data of the Alaska Department of Labor and Workforce Development shows the unemployment rate (seasonally adjusted) for Alaska for December 2015 was 6.5 percent, as compared to a national unemployment rate for the same period of 5.0 percent. As noted in the table below, the State's unemployment rate currently exceeds the national rate, but Alaska's unemployment rate was lower than that of the U.S. from 2009 until 2014<sup>2</sup>.



The largest employment sector in Alaska is Government comprised of State, Federal and Local Government employees. For the Government labor force, there were 82,200 workers on average for 2014. The largest non-government sector of employment was Trade, Transportation and Utilities with 64,900. The table below provides a summary of the employment of the Alaska labor force by industry, which have used averages for the years stated.

<sup>1</sup> Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2012.

<sup>2</sup> Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics.

## Alaska Labor Force Summary

	<u>2004 Average</u>	<u>2014 Average</u>	<u>Change (2004-2014)</u>
Total Nonfarm	303,300	337,400	11.2%
Mining and Logging	10,100	17,800	76.2%
Construction	17,700	17,300	-2.3%
Manufacturing	12,300	14,200	15.4%
Trade, Transportation, Utilities	62,100	64,900	4.5%
Wholesale Trade	6,200	6,500	4.8%
Retail Trade	35,000	36,800	5.1%
Transportation, Warehousing and Utilities	20,800	21,600	3.8%
Information	6,900	6,200	-10.1%
Financial Activities	12,200	12,200	0.0%
Professional and Business Services	24,700	29,800	20.6%
Educational and Health Services	35,100	46,800	33.3%
Leisure and Hospitality	30,200	34,100	12.9%
Accommodation and Food Services	26,300	29,300	11.4%
Other Services	11,200	11,800	5.4%
Government	80,900	82,200	1.6%
Federal Government <sup>1</sup>	17,200	14,900	-13.4%
State Government	24,100	26,500	10.0%
Local Government <sup>2</sup>	39,600	40,800	3.0%

1 Federal government does not include military or armed personal.

2 Includes tribal government.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

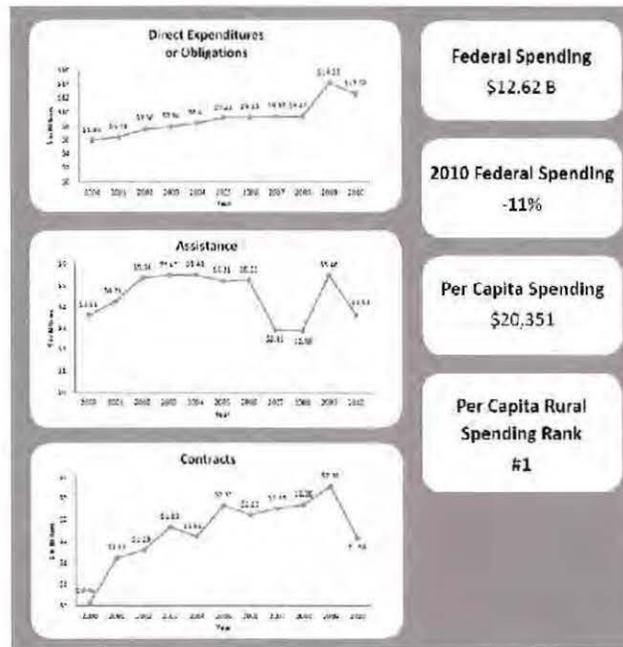
### Federal Spending<sup>1</sup>

Federal spending has a significant impact on Alaska's economy. Federal funds contribute to military and federal government employment, as well as provide support for specific in-state programs and projects. In many cases, State funds are also used to leverage federal funds in matching programs helping to improve Alaskan communities.

<sup>1</sup> Alaska Department of Labor and Workforce Development, Research and Analysis Section.

0216-065  
 16-101

## 2010 Federal Spending Indicators



Federal spending in Alaska has been on the rise since 2000. Most notably, the American Recovery and Reinvestment Act (ARRA) of 2009 resulted in a 48 percent increase in federal funding. Between 2009 and 2010, ARRA funding declined, but still remained significantly higher than pre-ARRA spending. During 2010, federal spending per capita in Alaska was \$20,351. Alaska currently ranks first in total per capita federal spending, followed by Virginia and Maryland. Alaska ranks first in grants, second in salaries and wages, and fourth in procurement. In addition to direct expenditures, the federal government is also a significant employer and landowner in Alaska. The federal government is Alaska's largest landowner with 60 percent of Alaska total area including national parks, refuges, national forests, military installations, and the North Slope National Petroleum Reserve.<sup>1</sup> A strong federal presence spanning land management, military, and numerous public services also leads to significant employment opportunities as 40,000 Alaskans were on the federal payroll during 2010.<sup>2</sup>

### Oil and Gas<sup>3</sup>

According to a study completed by McDowell Group, Inc. for the Alaska Oil and Gas Association (2014), employment and payroll in the oil and gas industry in 2013 included over 5,335 workers for the primary oil and gas industry companies, including 4,700 Alaska residents, earning \$780 million in wages. Alaska residents represented 88 percent of the primary oil and gas industry company hire. The report also stated total direct, indirect, and induced employment and wages, oil and gas industry's spending in Alaska accounted for 51,000 jobs and \$3.45 billion in total wages in Alaska's private sector. These estimates do not include nonresident oil and gas industry workers or their wages. The industry is forecast to lose 1,000 jobs in 2016, returning employment to roughly its 2012 level. This

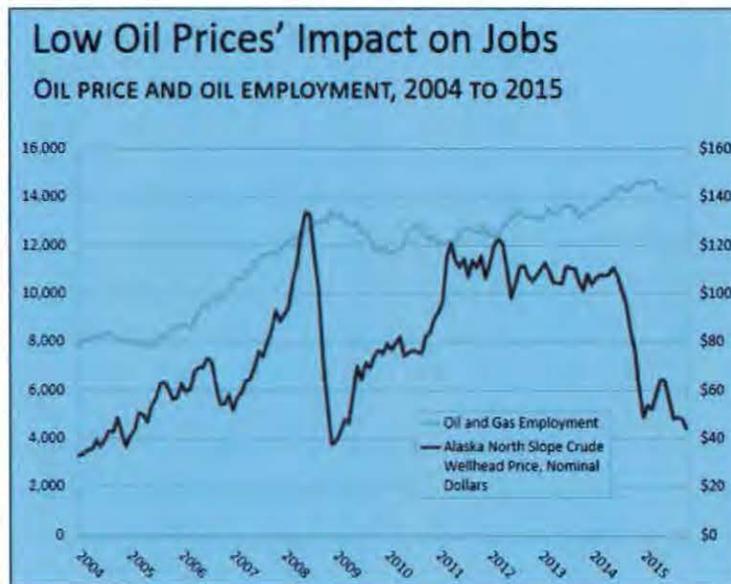
<sup>1</sup> Alaska Department of Natural Resources (ADNR), Division of Mining, Land, and Water. 2000. Land Ownership in Alaska Fact Sheet. March 2000.

<sup>2</sup> Alaska Department of Labor and Workforce Development (ADLWD), Research and Analysis Section. 2012. Trends. February 2012.

<sup>3</sup> McDowell Group, Inc. (2011). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. 52 pp. P. 1-2. Retrieved from <http://www.aoga.org/wp-content/uploads/2011/10/2011-McDowell-Study.pdf>.

OR 16-065  
DM 16-101

relatively conservative forecast accounts for significant industry cutbacks in 2016, but also allows for continued project work and the ever-increasing repairs and maintenance required by aging infrastructure in harsh environments.<sup>1</sup> The following chart, from the Alaska Department of Revenue, Tax Division, graphically depicts a comparison of oil price and oil employment from 2004 to 2015.



## Government<sup>2</sup>

Government was responsible for 82,200 jobs in July 2014, as a yearly average, almost a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists.

Local government employment grew by about 1,200 jobs — or 3.0 percent — from 2004 to 2014, with local administrations and public school districts representing the largest employers. Local government employment also includes tribal government occupations. Within the local government sector, school district employment grew by 600 jobs, or half of the total increase for local government employment.

In 2014, State government employment accounted for approximately 7.9 percent of total nonfarm employment. State agencies are likely to trim operating costs through attrition, particularly from record levels of retirements due to the State's aging workforce.<sup>3</sup>

Federal government employment decreased by 2,300 jobs, or a decline of 13.4 percent, over the decade. Growth in the civilian defense sector, Veterans' Affairs, and the National Park Service was largely offset by reduced employment by the U.S. Postal Service, health services, agriculture, and aviation, as private firms stepped in or programs were phased out. The following table shows a breakdown of total Government job gains and losses over the last decade.<sup>3</sup>

<sup>1</sup> Alaska Economic Trends, January 2016, Caroline Shultz, Economic Forecast for 2016.

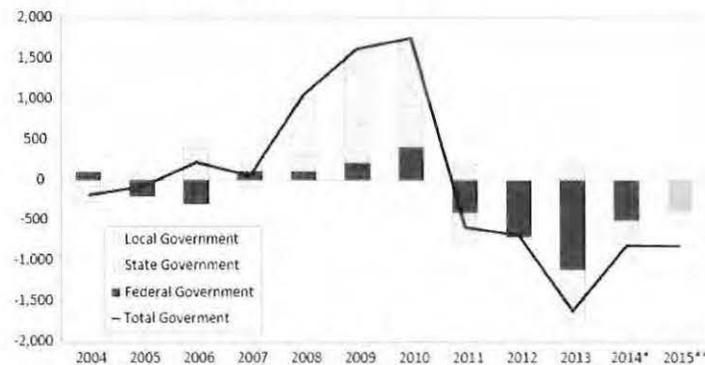
<sup>2</sup> Alaska Department of Labor and Workforce Development, Research and Analysis Section.

<sup>3</sup> Alaska Economic Trends, January 2015, Caroline Shultz, Employment Forecast for 2015.

OK 16-065  
JM 16-101

## Breakdown of Government Job Loss

STATEWIDE, 2004 TO 2015



\*Preliminary \*\*Forecast

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Before September 11, 2001, the military was reducing its presence in Alaska. However since then the U.S. funneled additional defense funds into the State. Though the Base Realignment and Closure Act of 2005 resulted in closures, the overall presence of armed forces in the State has increased. There were 3,100 more uniformed military personnel in Alaska in 2011 than there were in 2001. Other military growth includes civilian defense employment and federal spending on base and facility upgrades, salaries, and maintenance.<sup>1</sup> Force reduction proposals on the order of 2,700 to 3,000 personnel are, however, under current consideration.

### Health Care<sup>2</sup>

Health care has been the State's fastest-growing industry. It employs nearly 33,800 people, and in 2014 its payroll exceeded \$2.0 billion. As of 2010, 15 of the 100 largest private sector employers in the State are health care providers. Private sector health care employment increased from 25,300 in 2004 to 33,800 in 2014.

The growing population of elderly Alaskans increased demand for services. Although only 7.7 percent of Alaskans are over 65 compared to the nation's 13 percent, the 65-plus group grew by 54 percent between 2000 and 2010, compared to 13 percent nationally. As the industry expanded and more health care choices emerged, more of Alaska's health care spending remained in-State. In 1990, health care accounted for 4 percent of Alaska's wage and salary employment versus 7 percent for the nation. By 2010, that difference narrowed to 9.3 percent for Alaska and 10.6 percent nationwide.

<sup>1</sup> State of Alaska, Comprehensive Annual Financial Report; July 1, 2011 – June 30, 2012.

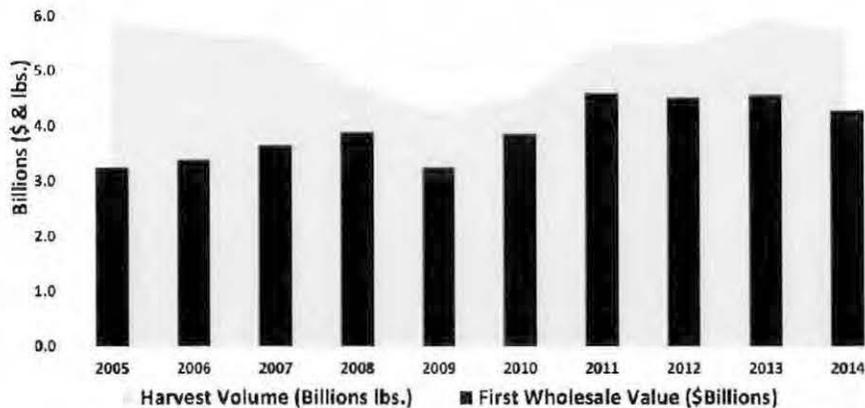
<sup>2</sup> Alaska Economic Trends, September 2011, *The Decade in Review: 2000 – 2010*.

OR 16-065  
In 16-101

## Fisheries

In 2014, seafood was Alaska's largest foreign export, and the State generally ranks sixth in seafood export value compared to all other seafood producing nations. Alaska's seafood export value was \$2.27 billion in 2014, accounting for approximately 44 percent of Alaska's total exports of \$5.2 billion. Two countries, China and Japan, made up more than \$1.3 billion dollars of Alaska's total seafood exports in 2014. Japan, long the State's largest seafood export market, purchased \$525.6 million. China has exceeded Japan as the largest seafood export market since 2011, and in 2014 accounted for \$783.5 million in total seafood export value.<sup>1</sup>

In 2014, commercial fishermen landed approximately 5.7 billion pounds of Alaska seafood worth \$1.9 billion in ex-vessel value. Salmon is the most valuable commercial species, and responsible for the greatest economic impact, while pollock is the largest single species fishery by harvest volume. Processors generated 2.8 billion pounds of Alaska seafood products in 2014 with a first wholesale value of \$4.2 billion. The top ports by first wholesale value were Dutch Harbor (\$450 million), Kodiak (\$284 million), Naknek-King Salmon (\$254 million), Cordova (\$174 million), and Sitka (\$129 million).<sup>2</sup> The following chart depicts ten years of harvest volume data in comparison to first wholesale value:



Alaska seafood processing employment, including on-shore and off-shore, included an estimated 25,055 workers in 2014. Shore-based processing employment in Alaska peaked at just under 20,800 jobs in 2014, with annual average employment of about 9,200. Shore-side and floating processors paid a total of \$400 million in wages in 2014. The overall Alaska seafood industry has grown from 2010-2014, including by the number of resident fishermen, processing employment, total earnings, and both harvest and wholesale value.<sup>2</sup>

<sup>1</sup> Alaska Export Report, 2014 Update, Alaska Office of International Trade.

<sup>2</sup> McDowell Group, The Economic Value of Alaska's Seafood Industry December 2015, prepared for ASMI.

## Mining

Alaska's mining industry includes exploration, mine development, and production. The industry produces zinc, lead, copper, gold, silver, coal, as well as construction minerals such as sand, gravel, and rock. Alaska's seven largest operating mines are Fort Knox, Greens Creek, Red Dog, Usibelli, Pogo, Kensington, and Nixon Fork, and provided nearly 4,400 full-time direct mining jobs of the nearly 8,700 mining industry jobs in Alaska in calendar year 2014.

The growth in mining was supported by several large developments. Pogo Mine in the eastern interior of Alaska was commissioned in 2006, but began to create jobs in 2005. Fort Knox Mine in the Fairbanks North Star Borough built a heap-leach facility in 2009. And, after several delays, Kensington Mine opened in Southeast Alaska in June of 2010.

In 2014, Alaska's mining industry provided some of Alaska's highest paying jobs with an estimated average annual wage of \$100,000, over twice the State average for all sectors of the economy, with \$620 million in total direct and indirect payroll.<sup>1</sup>

In 2014, mineral ores was Alaska second largest foreign export totaling \$1.75 billion, or approximately 34% of Alaska's total exports. Top 6 export buyers by value were China (\$480.4 million), Canada (\$326.9 million), Japan (\$239.5 million), South Korea (\$188.6 million), Spain (\$158.9 million), and Australia (\$105.5 million).<sup>2</sup>

## Tourism<sup>3</sup>

Alaska visitor volume for May 2013-April 2014 was 1,966,700, a 6 percent increase over the previous 12 month period.

Alaska's visitor industry accounted for an estimated 38,700 full- and part-time jobs during the 2013-2014 study period, including all direct, indirect, and induced impacts.

Out-of-state visitors to Alaska spent an estimated \$1.8 billion in Alaska between October 2013 and September 2014. This figure includes in-state spending only, excluding the cost of transportation to and from the State.

## Retail<sup>4</sup>

A number of new chain and homegrown retailers opened in Alaska during the past decade. Since 2000, the following retailers opened stores in Alaska: Kohl's, new Walmart's, Best Buy, Target, Sportsman's Warehouse, Petco, Bed Bath and Beyond, and Walgreens. The retail sector provided 35,400 jobs in Alaska in 2014.

Retail trade remains Alaska's largest private sector employer. During the 1980s and 1990s, retail trade in Alaska grew more rapidly than the overall economy. However, during this most recent decade, retail employment grew half as fast as overall employment, adding just 2,400 jobs compared to the

<sup>1</sup> The Economic Benefits of Alaska's Mining Industry, McDowell Group, Inc. report for the Alaska Miners Association. January 2015.

<sup>2</sup> Alaska Export Report, 2014 Update, Alaska Office of International Trade.

<sup>3</sup> McDowell Group, Inc. report for DCCED on Alaska's Visitor Industry 2011-2012 and report for Fall/Winter 2013-2014.

<sup>4</sup> Alaska Economic Trends, September 2011 and January 2014, Decade in Review, 2000-2010.

7,500 new jobs during the 1990s. At the end of the decade, retail's share of total statewide employment was on par with the rest of the nation at 11 percent.

According to census data, Alaska's per-capita sales run 9 percent above the national average, with higher prices accounting for much of that difference.

### **Transportation<sup>1</sup>**

Given the geography of the State, Alaskans rely on aviation and marine transportation to move people and goods. Although Alaska is the largest state in terms of area, it has the fifth-lowest road in the U.S. The primary reasons for the low road miles in Alaska are (i) the majority of people live in the urbanized areas and (ii) extreme weather, rugged terrain, vast distances, low population density and scattered islands make road construction difficult and costly compared to the number of users. Many remote communities are connected to the rest of Alaska and the rest of the world, through waterways or airports, rather than roads.

Most goods shipped to and from Alaska move by way of intermodal transportation systems. Most food, household items and consumer goods shipped from the lower 48 states of the U.S. to Alaska generally arrive by container ship, barge or roll-on, roll-off vessel. Upon arriving in Alaska, freight bound for destinations connected by the highway system are transported by truck or by rail on the Alaska Railroad. Freight bound for remote destinations is flown from Anchorage or Fairbanks to the remote communities. Heavy or bulk commodities are most often moved by barge to remote communities where seasonal barge service is available.

Given the size, geography and population distribution in Alaska, air transportation is critical for Alaska's economy and the health, safety and welfare of all Alaskans. The State owns about 252 rural airports, in addition to Ted Stevens Anchorage International Airport ("ANC") and Fairbanks International Airport. ANC serves as the primary passenger airport in the State and is an important cargo airport globally. In terms of cargo levels, ANC was ranked as the number two cargo airport in North America and as the number five cargo airport in the world by Airports Council International in calendar year 2010. In fiscal year 2015, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) increased to 21,971,000 from 20,660,000 in 2014, however, this was a decrease from levels seen in the 2007 fiscal year of 29,129,000. In fiscal year 2015, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 5.36 million, as compared to 5.12 million in 2005.<sup>2</sup>

Alaska's ports and harbors are an important element of the State's economy, providing for the import and export of goods. Port and harbor facilities provide an economic base for those communities dependent on marine resource utilization such as fishing and recreational use. They are an essential link to Alaska's resources, including fisheries, oil, natural gas, mineral resources and recreational activities.

The Alaska Marine Highway System ("AMHS") is a critical part of Alaska's transportation system and the service it provides is part of the National Highway System. AMHS serves 35 Alaska ports by transporting passengers, vehicles, and cargo between coastal communities on 11 operating vessels, with construction of 2 additional vessels underway. This service helps meet the social, educational, health and economic needs of Alaskans. In 2015, the AMHS recorded \$53.9 million in operating revenues, which is the highest operating revenue ever in the history of AMHS. In 2014, AMHS carried

<sup>1</sup> Alaska State Transportation Plan, adopted February 29, 2008.

<sup>2</sup> Alaska International Airports System, Statistics, <http://dot.alaska.gov/aias/stat2557scascca.shtml>.

OK 16-005  
JM 16-101

approximately 319,004 passengers and 108,478 vehicles, an increase in passenger traffic, and slight decrease in vehicle traffic from 2013.

The Alaska Railroad operates a total of 656 miles of railway miles in Alaska, consisting of 467 miles of main line, 54 miles of branch line and 135 miles of yards and sidings. The Alaska Railroad plays an important economic role. In 2014, the Alaska Railroad carried 4.92 million tons of freight and 468,661 passengers. As of June 2013, the railroad employed 685 year-round employees.<sup>1</sup>

Transportation, warehousing, and utilities employment grew modestly in the last decade, with 21,600 jobs in 2014 compared to 20,800 jobs in 2004. The slowdown in Alaska's economy in 2009 resulted in steep declines in the visitor industry and international cargo. However, employment growth in Alaska's transportation sector was positive between 2000 and 2013, in contrast to the nation's decline of more than 6 percent.

Transportation employment grew modestly in the last decade, with 21,500 jobs in 2013 compared to 20,700 jobs in 2003. The slowdown in Alaska's economy in 2009 resulted in steep declines in the visitor industry and international cargo. However, employment growth in Alaska's transportation sector was slightly positive between 2000 and 2013, in contrast to the nation's decline of more than 6 percent.

---

<sup>1</sup> Alaska Railroad Corporation Fact Sheet, <http://www.akrr.com/arrc29.html>.

OR 16-065  
JM 16-101

**APPENDIX C-2**

**GENERAL AND ECONOMIC INFORMATION RELATING TO THE BOROUGH**

OR 16-065  
Im 16-101

[To be updated]

**Population**

The estimated population for 2014 for the Borough is 98,063, with an estimated population of 1,965 in the City of Houston, 6,053 in the City of Palmer and 8,275 in the City of Wasilla. The Borough has been Alaska’s fastest growing region for the last two decades and is the third most populous municipality in the State, after Anchorage and Fairbanks. The 2014 estimated population represents an increase of 10% over the 2010 U.S. Census population of 88,995.

The population of the Borough, along with its two largest cities, Palmer and Wasilla, are shown below:

	<b>Population</b>				
	2014	2010	2000	1990	1980
Borough.....	98,063	88,995	59,322	39,683	17,816
Wasilla .....	8,275	7,831	5,469	4,028	1,559
Palmer .....	6,053	5,937	4,533	2,866	2,141

Sources: 2013 estimates of Alaska Department of Commerce, Community and Economic Development; 1980, 1990, 2000 and 2010 U.S. Census.

**Population Distribution**

Age Groups	2014		2005	
	Population	% Total	Population	% Total
Under 25	35,740	36.4%	29,312	39.2%
25-34	13,174	13.4	7,940	10.6
35-44	12,687	12.9	11,961	16.0
45-54	13,673	13.9	13,402	17.9
55-65	13,168	13.5	7,166	9.6
Over 65	9,621	9.9	5,090	6.8
<b>TOTAL</b>	<b>98,063</b>	<b>100.0%</b>	<b>74,871</b>	<b>100.0%</b>

Source: Alaska Department of Labor and Workforce Development.

**Employment**

There has been significant growth in employment in the Borough. From 2000 to 2010, wage and salary employment in the Borough grew more than 60%, compared with 15% growth Statewide. Most of the growth in the Borough was a result of population growth.

The Borough’s employment level and major employment categories are detailed in the tables below. The difference in total employment and employment in the Borough reflects the large portion of the labor force that works in the Anchorage area (approximately 32%) or outside of southcentral Alaska (12%). The relatively high unemployment rate in the Borough reflects the fact that a large number of Borough residents are engaged in part time oil related employment on the North Slope or are seasonal workers in the fishing industry.

While unemployment has traditionally been higher in the Borough and income lower when compared to Statewide figures, the long term trends indicate decreasing differentials in unemployment and income between the Borough and the State. The work force has a strong commuter pattern and a

OR 16-065  
JM 16-101

strong seasonal pattern and this is reflected in the higher than average unemployment figure. The unemployment rate for December 2014 was 7.1%.

### Borough Labor Force and Unemployment Rate

	2013	2012	2011	2010	2009	2008	2007	2006
Labor Force.....	43,703	43,764	44,256	44,008	42,425	41,677	39,959	39,066
Unemployment Rate .....	7.3%	8.0%	9.0%	9.3%	9.3%	7.3%	7.0%	7.4%

### Borough Employment by Industry 2009 — 2014

	2014	2013	2012	2011	2010	2009
<b>Goods – Producing</b> .....	2,914	2,165	1,964	1,896	1,898	1,954
Natural Resources & Mining.....	246	159	174	182	160	128
Construction .....	2,152	1,799	1,594	1,505	1,531	1,577
Manufacturing .....	516	207	196	209	207	249
<b>Service – Providing</b> .....	15,792	14,437	14,202	13,960	13,678	13,326
Trade, Transportation & Utilities .....	5,006	4,611	4,504	4,417	4,511	4,583
Wholesale Trade .....	125	122	75	99	84	100
Retail Trade .....	3,901	3,614	3,561	3,528	3,391	3,491
Transportation, Warehousing.....	735	671	632	606	846	809
Utilities .....	218	N/A	236	184	190	183
Information.....	471	510	596	642	621	659
Financial Activities.....	794	744	751	738	740	751
Professional & Business Services.....	1,429	1,243	1,213	1,159	1,094	989
Educational & Health Services.....	4,048	4,014	3,955	3,707	3,574	3,353
Leisure & Hospitality Services.....	3,185	2,520	2,402	2,516	2,341	2,274
Other Services .....	749	749	733	743	730	691
Unclassified establishments.....	110	45	47	38	67	27
<b>Government — Total</b> .....	4,004	4,800	4,643	4,446	4,267	4,040
Federal.....	203	197	210	216	273	235
State .....	1,549	1,423	1,259	1,185	1,166	1,111
Local .....	2,252	3,180	3,174	3,045	2,828	2,694
<b>Total</b> .....	<u>22,710</u>	<u>21,402</u>	<u>20,808</u>	<u>20,302</u>	<u>19,843</u>	<u>19,320</u>

Source: Alaska Department of Labor.

Wages and income have traditionally been lower in the Borough than the average in the State. In 2012, the average monthly wage and salary job in the Borough earned \$3,194 vs. \$4,175 Statewide. Most of this difference is explained by the employment mix. More jobs in the Borough fall into lower paying industry categories such as retail and services, while fewer are available in the higher-paying industries such as oil.

### New Construction

The number of units and the value of non-residential construction and residential construction in the Borough in the years ended 2004 to 2013 are set forth in the following table.

OR 16-065  
JM 16-101

**Value of New Construction**  
2004 — 2013

Year	Nonresidential construction		Residential construction	
	Number of Units	Value	Number of Units	Value
2013	29	\$ 19,128,900	537	\$ 118,562,500
2012	26	11,836,308	659	93,623,700
2011	31	34,434,786	622	82,499,521
2010	25	20,802,400	328	55,930,941
2009	37	19,010,480	547	86,668,220
2008	36	45,761,861	775	114,754,139
2007	97	31,039,000	1,224	233,957,300
2006	186	115,217,400	1,533	258,054,200
2005	133	117,499,500	1,664	260,999,800
2004	145	35,976,900	1,464	156,984,200

*Source: Borough Assessment Department.*

DR 16-065  
Jm 16-101

**APPENDIX D**

**FORMS OF CONTINUING DISCLOSURE CERTIFICATES**

**(BOROUGH AND STATE)**

OK 16-065  
JM 16-101

CONTINUING DISCLOSURE CERTIFICATE  
BOROUGH

D-1

OK 16-065  
Jm 16-101

CONTINUING DISCLOSURE CERTIFICATE

STATE

OR 16-065  
JM 16-101

**APPENDIX E**

**INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY**

OR 16-065  
Jan 16-101

## BOOK-ENTRY ONLY SYSTEM

The following information has been provided by The Depository Trust Company, New York, New York (“DTC”). The Borough makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a Series 2016 Bond (a “Beneficial Owner”) should therefore confirm the following with DTC or the Participants (as hereinafter defined).

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2016 Bonds, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2016 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds;

DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 Bond documents. For example, Beneficial Owners of the Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds of like maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's Operational Arrangements and the Issuer/Paying Agent General Operating Procedures ("*MMI Procedures*"). Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal (and redemption proceeds) and interest payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal (and redemption proceeds) and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the Borough or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2016 certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, Series 2016 certificates will be printed and delivered to DTC.

0216-005  
JM 16-101

**APPENDIX F**

**DEFINITIONS**

OR 16-065  
Im 16-101

## DEFINITIONS

Capitalized terms which are not otherwise defined shall be defined as set forth below.

Act: Chapter 160, Session Laws of Alaska 2004.

Additional Bonds: Any additional bonds issued pursuant to the terms and conditions of Section 2.11 of the Indenture.

Bond Counsel: Foster Pepper PLLC, of Seattle, Washington.

Bond Fund: The Bond Fund created under Section 5.01 of the Indenture.

Bond Register: The register of the holders of the Bonds maintained by the Trustee.

Bond Registrar: The Trustee or any successor bond registrar serving as such under the Indenture.

Bond Year: Each 12-month period ending March 1, 2017; or any March 1 thereafter so long as any Bonds remain outstanding and the final Bond Year shall end on the date on which the last Bond is actually paid and retired.

Bonds: The Series 2016 Bonds, the Series 2008 Bonds that remain outstanding after refunding of the Prior Bonds, the Series 2015 Bonds and any other Additional Bonds.

Business Day: Any day other than a Saturday, a Sunday, a day on which banking institutions in the State of Alaska, the State of New York or any state in which the Principal Corporate Trust Office of the Trustee is located are required or authorized by law to be closed, or a day on which the New York Stock Exchange is closed.

Closing Date: The date on which the Bonds are delivered to the original purchasers thereof.

Code: The Internal Revenue Code of 1986, as amended, together with the Regulations.

Completion Date: The date of completion and occupancy of the Facility by DOC.

Conditional Redemption: Redemption where the Borough has stated in the redemption notice to the Trustee that the Borough has retained the right to rescind the redemption, as further described in Section 3.02 of the Indenture.

Construction Agreement: The agreement of that name between the Borough and DOC with respect to the management of the design and construction of the Facility by the Borough.

Construction Fund: The Construction Fund created under Section 4.02 of the Indenture.

Costs of Issuance: All costs and expenses of issuance of the Bonds, including, but not limited to: (1) Underwriter's discount or fee and financial advisor's fee; (2) counsel fees and expenses, including Bond Counsel as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds; (3) initial fees and expenses of the Trustee, including Trustee counsel fees and expenses, in connection with the issuance of the Bonds; (4) costs of printing the official statement; (5) publication or copying costs associated with the financing proceedings; (6) initial fees and expenses, if any, of the Borough and the Rating Services; and (7) bond insurance premium.

Costs of Issuance Account: The subaccount of the Construction Fund of that name created under Section 4.02 of the Indenture.

CPI-W: The U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index for urban wage earners and clerical workers for Anchorage, Alaska.

Default: Default by the Borough in the performance or observance of any of the covenants, agreements, or conditions on its part contained in the Indenture, exclusive of any notice or period of grace required to constitute a default an "Event of Default" as described in Section 7.01 of the Indenture.

DOA: The State of Alaska Department of Administration.

DOC: The State of Alaska Department of Corrections.

DOR: The State of Alaska Department of Revenue.

Event of Default: An Event of Default described in Section 7.01 of the Indenture.

Event of Nonappropriation: The failure of the Legislature to appropriate for any fiscal period of the State sufficient funds that are lawfully available to pay all Lease Payments and Incidental Payments that are to come due (or estimated to come due) during such fiscal period. An Event of Nonappropriation shall be determined to have occurred on the earlier to occur of (a) the date on which a Lease Payment is not made on a Lease Payment Due Date as a result of the failure of appropriation or (b) last day of such fiscal period.

Facility: The Goose Creek Correctional Center constructed with the proceeds of the Series 2008 Bonds.

Fiscal Year: The fiscal year of the Borough; initially, the 12-month period commencing on July 1 in each year.

Government Securities: The investments described in paragraph 1 of the definition of Qualified Investments.

Holder, Bondholder, or Owner: The person or persons in whose name any Bond shall be registered in the registration books maintained by the Trustee on behalf of the Borough.

Impositions: All real and personal property taxes and assessments (including assessments for public improvements), license and permit fees, charges for public utilities; leasehold excise taxes, other excise taxes, levies, use and occupancy taxes, privilege taxes, business and occupation taxes and all other impositions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen, which are imposed, levied upon or assessed against or with respect to the Property (or any portion thereof), any Lease Payments, or the operation, use or possession of the Property on or after the Closing Date and all charges, fees and assessments for utilities, communications and similar services provided to the Facility which accrue, are assessed or levied on or after the Closing Date.

Improvements: The Facility and all additions, including increments and modifications added to the Land pursuant to the Lease Purchase Agreement, if any.

Incidental Payments: The fees and expenses of the Trustee.

Independent Counsel: An attorney or firm of attorneys duly admitted to practice law before the highest court of any state and not an officer or full-time employee of the Borough or the State.

Land: The real estate described on Exhibit A to the Lease Purchase Agreement, upon which the Facility is located.

OR 16-065  
Jan 16-101

Lease or the Lease Purchase Agreement: The Lease Purchase Agreement, dated as of December 1, 2008, among the Borough, as lessor, DOA, as lessee, and DOC, as tenant agency, as amended by the First Amendment to Lease Purchase Agreement dated October 26, 2010, the Second Amendment to Lease Purchase Agreement dated as of April 1, 2015, and the Third Amendment to Lease Purchase Agreement dated as of June 1, 2016, each among the Borough, the DOA, the DOC and the Trustee, as the same may be amended pursuant thereto and hereto.

Lease Default Event has the meaning given such term in the Lease.

Lease Payments: Any of the payments due from DOA to the Borough under Section 5.1 of the Lease and identified in Exhibit B to the Lease.

Memorandum of Understanding: The 2008 Memorandum of Understanding, between and among the Borough (executed by the Borough Manager on behalf of the Borough) DOA (executed by its Commissioner on behalf of DOA) and DOC (executed by its Commissioner on behalf of DOC) with respect to the design and construction of the Facility.

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

Opinion of Counsel: A written opinion of counsel appointed by the Borough, DOC, or DOA and acceptable to the Trustee or appointed by the Trustee.

Outstanding: When used as of any particular time with reference to any series of Bonds, means (subject to the provisions of Section 9.03 of the Indenture pertaining to Bonds held by the Borough and the State) all Bonds of such series theretofore authenticated and delivered by the Trustee under the Indenture or any supplement to the Indenture except: (i) Bonds of such series theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds of such series for the payment or redemption of which funds or direct obligations of or obligations fully guaranteed by the United States of America in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such series of Bonds); provided that if such Bonds of a series are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to the Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds of a series in lieu of or in substitution for which other Bonds of that series shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

Permitted Encumbrances: Any (a) lien for taxes not yet due and payable, or taxes being contested in good faith by appropriate proceedings; (b) any materialmen's, warehousemen's, mechanic's, repairmen's, landlord's, and other similar lien arising in the ordinary course of business securing payments not yet due or payable or being contested in good faith, and any reservations or exceptions noted in Patent No. 14466, dated June 15, 1995 from the State of Alaska Department of Natural Resources to the Borough.

Person or person means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof, unless the context clearly indicates otherwise.

Project: The Land and the Facilities. Sometimes referred as the "Property".

Project Costs: All costs of, payment of, or reimbursement for design, acquisition, construction, installation, and financing of the Project permitted under the Act.

Property: The Land and the Improvements.

OK 16-065  
JM 16-101

Qualified Investments: See definition of Qualified Investments in APPENDIX G – ORIGINAL INDENTURE AND FORM OF SECOND SUPPLEMENT TO INDENTURE. The Trustee shall have no responsibility to monitor the ratings of Qualified Investments after the initial purchase of such Qualified Investments.

Rating Service: Any nationally recognized securities rating service that shall have assigned a rating that is then in effect with respect to the Bonds upon application of the Borough or the State.

Rebate Amount: The amount, if any, determined to be payable with respect to the Bonds by the Borough to the United States of America pursuant to Section 148(f) of the Code, calculated in accordance with the Tax Certificate.

Rebate Analyst: The individual or firm retained by the Borough to compute the Rebate Amount.

Rebate Fund: The Fund of that name established pursuant to Section 4.06 of the Indenture.

Rebatable Arbitrage: The Rebate Amount calculated as provided in the Tax Certificate and Section 4.06 of the Indenture.

Redeem or Redemption: Includes and means “prepay” or “prepayment”, as the case may be.

Regulations: Any applicable Internal Revenue Service Regulations promulgated in proposed, temporary, or final form. Proposed regulations are “applicable” only if, in the event they are adopted in final form, such regulations would apply to the Bonds.

Rule: The SEC’s Rule 15c2 12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Tax Certificate: The Federal Tax Certificate dated as of the date of delivery of the Bonds and executed by the Borough, setting forth requirements for compliance with the Code.

OR 16-065  
Jm 16-101

**APPENDIX G**

**ORIGINAL INDENTURE AND FORM OF SECOND SUPPLEMENT TO INDENTURE**

OR 16-005  
Jm 16-101

**BOND PURCHASE AGREEMENT**

\$ \_\_\_\_\_

**MATANUSKA-SUSITNA BOROUGH**

State of Alaska Lease Revenue Refunding Bonds, Series 2016  
(Goose Creek Correctional Center Project)

June \_\_, 2016

**DRAFT**

Borough Assembly  
Matanuska-Susitna Borough  
350 East Dahlia Avenue  
Palmer, Alaska 99645

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the “*Underwriter*”), offers to enter into the following agreement (this “*Agreement*”) with Matanuska-Susitna Borough, Alaska (the “*Borough*”) which, upon the Borough’s written acceptance of this offer, will be binding upon the Borough and upon the Underwriter. This offer is made subject to the Borough’s written acceptance hereof on or before 5:00 p.m., Eastern Time, on June \_\_, 2016, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Borough at any time prior to the acceptance hereof by the Borough. The Underwriter has been duly authorized to execute this Agreement and to act hereunder. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Official Statement (as defined herein).

The dated date, maturities, redemption provisions and interest rates per annum of the Bonds (as defined herein) are set forth in Schedule I hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of Ordinance Serial No. 16-\_\_ adopted by the Borough Assembly of the Borough on \_\_\_\_\_, 2016 (the “*Bond Ordinance*”) and the Trust Indenture dated as of December 1, 2008 (the “*Original Indenture*”) between the Borough and The Bank of New York Mellon Trust Company, N.A., as trustee (the “*Trustee*”) as previously supplemented by the First Supplement to Trust Indenture dated as of April 1, 2015 (the “*First Supplement to Indenture*”) and by the Second Supplement to Trust Indenture dated as of June 1, 2016 (the “*Second Supplement to Indenture*” and together with the Original Indenture and the First Supplement to Indenture, the “*Indenture*”) between the Borough and the Trustee.

The Bonds are authorized to be issued pursuant to Alaska Statutes Chapter 29.47 (the “*Act*”), the Bond Ordinance and the Indenture and are revenue bonds of the Borough payable from the Lease Payments to be made by the State of Alaska (the “*State*”) pursuant to the Lease

OR 16-065  
JM 16-101

Purchase Agreement dated as of December 1, 2008 as previously amended by the First Amendment thereto dated October 26, 2010 and the Second Amendment thereto dated as of April 1, 2015 (collectively the “*Original Lease*”) by and among the Borough as lessor of the Goose Creek Correctional Center Project (the “*Project*”), the Alaska State Department of Administration (the “*DOA*”) as lessee and the Alaska State Department of Corrections (the “*DOC*”), as tenant agency. Concurrently with the issuance of the Bonds, the Borough, the DOA, the DOC and the Trustee will enter into a Third Amendment to Lease Purchase Agreement dated as of June 1, 2016 (the “*Third Amendment to Lease*” and together with the Original Lease, the “*Lease*”) pursuant to which the DOA will agree to make payments sufficient to pay the principal of and interest on the Bonds. The Lease has been assigned to the Trustee pursuant to the Assignment of Lease from the Borough to the Trustee (the “*Assignment*”).

On \_\_\_\_\_, 2016, the Alaska State Bond Committee adopted Resolution No. 2016-\_\_\_ (the “*State Bond Committee Resolution*”), authorizing the State Debt Manager and other appropriate officials of the State to execute, on behalf of the State, documents in connection with the sale and issuance of the Bonds.

Prior to the issuance of the Bonds, the Borough will enter into a continuing disclosure undertaking (the “*Borough Disclosure Undertaking*”) and the State will enter in a continuing disclosure undertaking (the “*State Disclosure Undertaking*”) each meeting the requirements of a continuing disclosure undertaking of an “obligated person” under paragraph (b)(5) of Rule 15c2-12.

**1. Purchase and Sale of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Borough, and the Borough hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Borough’s \$\_\_\_\_\_ aggregate principal amount of State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) (the “*Bonds*”).

The purchase price of the Bonds shall be \$\_\_\_\_\_, plus interest accrued on the Bonds from the dated date of the Bonds to the date of the Closing (as hereinafter defined). The purchase price is calculated as follows

Principal Amount	\$
Plus: [Net] Original Issue Premium	
Less: Underwriting Discount	_____
 Purchase Price	 \$ =====

**2. Public Offering.** The Underwriter agrees to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices (or prices corresponding to the yields) set forth on the inside cover of the Official Statement and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than such offering prices.

OR 16-065  
Jan 16-101

**3. Liquidated Damages.** In the event that the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds at the Closing as herein provided, the parties hereto agree that the damages to the Borough shall be fixed at an amount equal to One Percent (1%) of the aggregate principal amount of the Bonds (the "*Liquidated Amount*"). Upon such failure of the Underwriter to accept and pay for the Bonds, the Underwriter shall be obligated to pay to the Borough upon demand in immediately available funds the Liquidated Amount as full liquidated damages, and not as a penalty, for such failure and for any defaults hereunder on the part of the Underwriter, and no party will have any further rights against the other hereunder. The Underwriter and the Borough understand that in such event the Borough's actual damages may be greater or may be less than the Liquidated Amount. Accordingly, the Underwriter hereby waives any right to claim that the Borough's actual damages are less than such Liquidated Amount and the Borough's acceptance of this offer shall constitute a waiver of any right the Borough may have to damages in excess of the Liquidated Amount from the Underwriter.

**4. The Official Statement.**

(a) The Borough has heretofore distributed the Preliminary Official Statement dated May \_\_\_, 2016 with respect to the Bonds (the "*Preliminary Official Statement*"). The Preliminary Official Statement, as revised to reflect the terms of sale of the Bonds, is herein called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared by the Borough for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds. The Borough hereby represents and warrants that the Preliminary Official Statement is hereby deemed final by the Borough as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

(c) The Borough represents that the Borough Assembly has reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Borough shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Borough's acceptance of this Agreement (but, in any event, not later than within seven business days after the Borough's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*"). The Borough hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the

OR 16-065  
Jm He-101

underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Bonds), the Borough becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Borough will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Borough will forthwith prepare and furnish, at the Borough’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Borough shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriter hereby agrees to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriter, the Borough can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

**5. Representations, Warranties, and Covenants of the Borough.** The Borough hereby represents and warrants to and covenants with the Underwriter that:

(a) The Borough is a municipal corporation of the State of Alaska (the “State”) duly created, organized and existing under the laws of the State, and has full legal right, power and authority under the Act, and at the date of the Closing will have full legal right, power and authority under the Act to adopt the Bond Ordinance and under the Act and the Bond Ordinance (i) to enter into, execute and deliver this Agreement, the First Supplement to Indenture, the Second Amendment to Lease and the Borough Disclosure Undertaking, the Refunding Trust Agreement and all documents required hereunder and thereunder to be executed and delivered by the Borough (this Agreement, the Bond Ordinance, the First Supplement to Indenture, the Second Amendment to Lease, the Borough Disclosure Undertaking, the Refunding Trust Agreement and the other documents referred to in this clause are hereinafter referred to as the “*Borough Documents*”), (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein, (iii) to pledge and assign the Lease Payments as security for the payment of the Bonds as provided in the Indenture and (iv) to carry out and consummate the transactions contemplated by the Borough Documents and the Official Statement, and the Borough has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Borough Documents as they pertain to such transactions;

Orville-DeS  
IM 16-101

(b) By all necessary official action of the Borough prior to or concurrently with the acceptance hereof, the Borough has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Ordinance and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Borough of the obligations on its part, contained in the Bonds and the Borough Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement to be consummated by the Borough, and the Borough Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Borough in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement to be consummated by the Borough;

(c) The Borough Documents constitute legal, valid and binding obligations of the Borough, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Ordinance and this Agreement, will constitute legal, valid and binding obligations of the Borough entitled to the benefits of the Bond Ordinance and the Indenture and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Ordinance and the Indenture will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge they purport to create as set forth in the Bond Ordinance and the Indenture;

(d) The Borough is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borough is a party or to which the Borough is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Borough under any of the foregoing; and the execution and delivery of the Bonds, the Borough Documents and the adoption of the Bond Ordinance and compliance with the provisions on the Borough's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borough is a party or to which the Borough is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borough to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds, the Bond Ordinance and the Indenture;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having

OK 116-065  
JM 116-101

jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Borough of its obligations under the Borough Documents, and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds, the Bond Ordinance, the Indenture and the Lease conform to the descriptions thereof contained in the Official Statement; and the Bonds, when issued and delivered in accordance with the Indenture, will be validly issued and outstanding revenue obligations of the Borough payable from the "Trust Estate" granted under the Indenture, including the Lease Payments;

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Borough after due inquiry, threatened against the Borough, affecting the existence of the Borough or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection or application of the Lease Payments and the other moneys pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, pursuant to the Bond Ordinance, the Indenture, the Lease or this Agreement or in any way contesting or affecting the validity or enforceability of the Bonds, the Borough Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Borough or any authority for the issuance of the Bonds, the adoption of the Bond Ordinance or the execution and delivery of the Borough Documents, nor, to the best knowledge of the Borough, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Borough Documents;

(h) As of the date thereof, the Preliminary Official Statement (other than information relating to the State and The Depository Trust Company as to which no representation, warranty or covenant is made) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Borough's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 4 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

OR 16-005  
IM 16-101

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 4 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Borough will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Borough Documents and not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Borough will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Borough will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Borough of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding the Borough provided to the Underwriter fairly present the financial position and results of the Borough as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Borough. Other than as disclosed in the Preliminary Official Statement and the Official Statement, the Borough is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Borough, would have a materially adverse effect on the financial condition of the Borough;

(n) Prior to the Closing the Borough will not offer or issue any bonds, notes or other obligations for borrowed money without the prior approval of the Underwriter; and

(o) Any certificate, signed by any official of the Borough authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Borough to the Underwriter as to the statements made therein.

**6. Closing.**

(a) At 9:00 a.m., Pacific Time, on June \_\_\_, 2016, or at such other time and date as shall have been mutually agreed upon by the Borough and the Underwriter (the "Closing"), the Borough will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Borough. Payment for the Bonds as aforesaid shall be made at the offices of [the Underwriter in San Francisco, California], or such other place as shall have been mutually agreed upon by the Borough and the Underwriter.

(b) Delivery of the Bonds shall be made to the Trustee as agent of The Depository Trust Company, New York, New York. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Ordinance and the Indenture, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

**7. Closing Conditions.** The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Borough contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Borough of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Borough of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Borough of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Borough contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Borough shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Borough Documents, including the Indenture and the Lease, and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; (ii) all actions of the Borough required to be taken by the Borough shall be performed in order for Bond Counsel and other counsel to deliver their respective opinions referred to hereafter; and

OK 16-065  
Jm 16-101

(iii) all necessary action of the Borough relating to the issuance of the Bonds and of the Borough and the State with respect to the Lease and the assignment of the Lease Payments as security for the payment of the Bonds will have been taken and will be in full force and effect; and

(d) At or prior to the Closing, the Bond Ordinance shall have been duly adopted by the Borough and the Borough shall have duly executed and delivered and the Trustee shall have duly authenticated the Bonds;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Borough, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The Borough shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(h) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Borough by its Finance Director, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Ordinance with such supplements or amendments as may have been agreed to by the Underwriter;

(3) A duly certified copy of the State Bond Committee Resolution;

(4) Certified copy of the Original Indenture and the First Supplement to Indenture;

(5) Certified copy of the Original Lease;

(6) Executed counterpart originals of the Second Amendment to Indenture;

(7) Executed counterpart originals of the Third Amendment to Lease;

(8) Certified copy of the Assignment;

(9) Executed counterpart originals of the Borough Disclosure Undertaking;

(10) Executed counterpart originals of the State Disclosure Undertaking;

(11) The approving legal opinion, dated the date of the Closing, of Foster Pepper PLLC, Bond Counsel to the Borough, in substantially the form attached to the Official Statement, and addressed to the Borough and the Underwriter or a manually executed copy of such opinion together with a letter of Bond Counsel dated the date of the Closing and addressed to the Underwriter, to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter or a statement to that effect in the supplemental opinion of Bond Counsel;

(12) A supplemental opinion of Bond Counsel addressed to the Underwriter, substantially to the effect that:

(i) the Bond Ordinance has been duly adopted by, and the other Borough Documents have been duly executed and delivered by, the Borough, and each of the Borough Documents, including the Lease and the Indenture, constitutes a binding agreement in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights;

(ii) the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Borough;

(iii) the Bonds are exempt securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Ordinance or the Indenture under the Trust Indenture Act;

(iv) the statements and information contained in the Official Statement under the captions "INTRODUCTORY STATEMENT," "REFUNDING PLAN," "SECURITY FOR THE BONDS," "BOND TERMS" "CONTINUING DISCLOSURE" and "TAX EXEMPTION" "CERTAIN OTHER FEDERAL TAX CONSEQUENCES" and in APPENDIX B, APPENDIX F and APPENDIX G to the Official Statement are fair and accurate statements or summaries of the matters therein set forth;

(v) based upon their participation in the preparation of the Official Statement as Bond Counsel and (except as expressly set forth in (iv) above), without having undertaken to determine independently the

DR 16-005  
JM 16-101

accuracy, completeness or fairness of the statements contained in the Official Statement and except for financial and statistical statements and data and statements relating to DTC or its book-entry system included therein, as to which no view need be expressed, no information came to the attention of the attorneys providing legal services in connection with the issuance of the Bonds that caused such attorneys to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(13) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Bonds are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act and the Bond Ordinance and the Indenture need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system, in each case as to which no view need be expressed);

(14) An opinion of the Borough Attorney, addressed to the Underwriter, to the effect that:

(i) there is no litigation or proceeding pending, or to his knowledge after due inquiry threatened, in any way affecting the corporate existence of the Borough, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the right, power and authority of the Borough to collect or apply the Lease Payments and the other moneys pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, the Lease, the Assignment, the Bond Ordinance or this Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or contesting

the powers of the Borough or its authority with respect to the Bonds, the Bond Ordinance, the Indenture, the Lease or this Agreement; and

(ii) based on the examination made by such counsel, such counsel has no reason to believe that the material in the Official Statement under the caption "LITIGATION AND REGULATORY PROCEEDINGS – BOROUGH" contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(15) A certificate of the Borough, dated the date of Closing and signed by the Borough Manager or the Borough Finance Director, to the effect that (i) the representations and warranties of the Borough contained in this Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing; (ii) no litigation is pending or, to the signer's knowledge, threatened in any court in any way affecting the existence of the Borough, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the right of the Borough to collect and apply the Lease Payments pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Ordinance, the Indenture, the Lease or this Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the Borough or its authority with respect to the Bonds, the Bond Ordinance, the Indenture, the Lease or this Agreement; (iii) the information contained in the Official Statement (other than information relating to the State and The Depository Trust Company as to which no opinion need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) to the best of the signer's knowledge, no event affecting the Borough has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements and information therein not misleading in any material respect; (v) within the last five years, the Borough has complied with each continuing disclosure undertaking that it has previously entered into pursuant to Rule 15c2-12; and (vi) the Borough has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

(16) A certificate of the Borough signed by the Borough Manager and in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final,

OK 16-005  
JML 16-101

temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of his knowledge and belief there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(17) An estoppel certificate, dated as of the date of Closing, of the State to the effect, *inter alia*, that the Lease has been duly executed on the part of the State and remains in full force and effect.

(18) A certificate of the State, signed by an authorized official, dated the date hereof, to the effect that the State has consented to the use of certain information regarding the State in the Preliminary Official Statement under the headings "INFORMATION CONCERNING THE STATE OF ALASKA," "STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES," "INVESTMENT POLICIES," "LITIGATION AND REGULATORY PROCEEDINGS" (except for the material under the sub-caption "BOROUGH"), and "CONTINUING DISCLOSURE" (except for certain matters with respect to the Borough) and in APPENDIX C-1 thereto entitled "SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE."

(19) A certificate of the State, signed by an authorized official, dated as of the date of Closing, to the effect that the State has consented to the use of certain information regarding the State in the Official Statement under the headings "INFORMATION CONCERNING THE STATE OF ALASKA," "STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES," "INVESTMENT POLICIES," "LITIGATION AND REGULATORY PROCEEDINGS" (except for the material under the sub-caption "BOROUGH") and "CONTINUING DISCLOSURE" (except for certain matters with respect to the Borough) and in APPENDIX C-1 thereto entitled "SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE."

(20) A certificate of the State, signed by an authorized official, dated as of the date of Closing, to the effect that the undertaking of the State to provide ongoing disclosure contained in the State Disclosure Undertaking constitutes a legal, valid and binding agreement and obligation of the State, enforceable in accordance with its respective terms.

(21) An opinion or certificate of the Attorney General, dated the date of Closing and addressed to the Underwriter, substantially in the form of *Exhibit A* attached hereto.

(22) A certificate, dated the date of Closing and signed by an authorized official of the State, to the effect that solely based on actual knowledge of the signer, no event affecting the State has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make

the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(23) A certificate, dated the date hereof, and signed by an authorized official of the State, to the effect that the information contained in the Preliminary Official Statement under the captions "INFORMATION CONCERNING THE STATE OF ALASKA," "STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES," "INVESTMENT POLICIES," "LITIGATION AND REGULATORY PROCEEDINGS" (except for the material under the sub-caption "BOROUGH") and "CONTINUING DISCLOSURE" (except for certain matters with respect to the Borough) and in APPENDIX C-1 thereto entitled "SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE" does not contain untrue statements of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(24) A certificate, dated the date of Closing, and signed by an authorized official of the State, to the effect that the information contained in the Official Statement under the captions "INFORMATION CONCERNING THE STATE OF ALASKA," "STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES," "INVESTMENT POLICIES," "LITIGATION AND REGULATORY PROCEEDINGS" (except for the material under the sub-caption "BOROUGH") and "CONTINUING DISCLOSURE" (except for certain matters with respect to the Borough) and in APPENDIX C-1 thereto entitled "SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE" does not contain untrue statements of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(25) Any other certificates and opinions required by the Bond Ordinance or Indenture for the issuance thereunder of the Bonds;

(26) A letter from Fitch Ratings confirming that the Bonds are rated "\_\_\_\_\_";

(27) A letter from Moody's Investors Service, Inc. confirming that the Bonds are rated "\_\_\_\_\_";

(28) A letter from Standard & Poor's Ratings Services confirming that the Bonds are rated "\_\_\_\_\_";

(29) A copy of a special report prepared by [Causey Demgen & Moore P.C.], independent certified public accountants, addressed to the Borough, Bond Counsel and the Underwriter, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Government Obligations and uninvested cash on hand under the Refunding Trust Agreement to pay, when

due, the principal of and interest on the Prior Bonds, and (ii) the computation of the yield with respect to the Government Obligations and the Bonds; and

(30) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Borough's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Borough on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Borough.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Borough shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Borough shall be under any further obligation hereunder, except that the respective obligations of the Borough and the Underwriter set forth in Sections 5 and 10(d) hereof shall continue in full force and effect.

**8. Role of Underwriter.** Inasmuch as this purchase and sale represents a negotiated transaction, the Borough acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Borough and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Borough; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Borough with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Borough on other matters); (iii) the Underwriter is acting solely in its capacity as underwriter for its own account, and (iv) the Borough has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**9. Termination.** The Underwriter shall have the right to cancel their obligations to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the Alaska Legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the

OR 116-065  
JUL 16-101

United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under the 1933 Act, or that the Bond Ordinance or the Indenture not exempt from qualification under the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the validity or enforceability of the levy of taxes to pay principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or

information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred any materially adverse change in the affairs or financial condition of the Borough, except for changes which the Official Statement discloses are expected to occur;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities;

(j) there shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States;

(k) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(l) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Borough's obligations; or

(m) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable federal or State law, governmental authority, board, agency or commission.

#### **10. Expenses.**

(a) The Underwriter shall be under no obligation to pay, and the Borough shall pay, all expenses incident to the performance of the Borough's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, Preliminary Official Statement, Official Statement and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel, Underwriter's Counsel and Borough Counsel; (iii) the fees and disbursements of the Financial Advisor to the Borough and the Financial Advisor to the State; (iv) the fees and disbursements of the Trustee or accountants, and other experts, consultants or advisers retained by the Borough, if any; and (v) all fees and expenses in connection with obtaining bond ratings. The Borough shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

(b) The Borough acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(c) Except as provided for above, the Underwriter shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds.

(d) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Borough to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Borough shall be unable to perform its obligations under this Agreement, the Borough will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

**11. Notices.** Any notice or other communication to be given to the Borough under this Agreement must be given by delivering the same in writing to the Borough Manager and any notice or other communication to be given to the Underwriter under this Agreement must be given by delivering the same in writing to: RBC Capital Markets, LLC, Two Embarcadero Center, Suite 1200, San Francisco, California 94111, Attention: Tom Yang, Managing Director.

**12. Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Borough and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Borough. All of the Borough's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

**13. Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Borough and shall be valid and enforceable at the time of such acceptance.

**14. Choice of Law.** This Agreement shall be governed by and construed in accordance with the law of the State.

**15. Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

**16. Business Day.** For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

17. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

18. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

*[Signature Page Follows]*

01216-065  
DM 16-101

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

**RBC CAPITAL MARKETS, LLC**

By \_\_\_\_\_  
Tom Yang  
Managing Director

Accepted at \_\_\_\_\_, Eastern Time, by the  
Matanuska-Susitna Borough, Alaska, this  
\_\_\_\_ day of \_\_\_\_\_, 2016.

**MATANUSKA-SUSITNA BOROUGH, ALASKA**

By \_\_\_\_\_  
Tammy E. Clayton  
Borough Finance Director

OR 16-065  
Jm 16-101

**Schedule I**

State of Alaska Lease Revenue Refunding Bonds, Series 2016  
(Goose Creek Correctional Center Project)

BOND TERMS

Principal Amount:     \$ \_\_\_\_\_

Dated Date:            \_\_\_\_\_, 2016

Maturity Schedule:

<u>Maturity</u> <u>(_____ 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Reoffering Yield</u>	<u>Reoffering Price</u>
	\$	%	%	

Optional Redemption:

The Bonds maturing on or after \_\_\_\_\_ 1, 20\_\_ are subject to redemption at the option of the Borough, in whole or in part in integral multiples of \$5,000, and if in part, in such order of maturity dates as the Borough may determine and by lot or other manner deemed fair as to Bonds maturing on the same date, on any date on or after \_\_\_\_\_ 1, 20\_\_, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

OR 16-065  
IM 16-101

EXHIBIT A

[Letterhead of the State of Alaska]

June \_\_, 2016

RBC Capital Markets, LLC  
San Francisco, California

RE: \$ \_\_\_\_\_ Matanuska-Susitna Borough, Alaska,  
State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional  
Center Project)

Ladies and Gentlemen:

This opinion is rendered at your request in connection with the issuance by the Matanuska-Susitna Borough, Alaska (the "Borough") of its \$ \_\_\_\_\_ principal amount of State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project), dated as of June \_\_, 2016 (the "Bonds"). All terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Purchase Agreement dated June \_\_, 2016, relating to the purchase of the Bonds.

Based upon an examination of such documents, instruments and matters as I have deemed necessary, I am of the opinion that:

(a) No litigation or other proceedings are pending or, to my knowledge, threatened in any court or other tribunal, state or federal (i) in any way questioning or affecting the validity of any provision of Resolution No. 2016-\_\_ of the State Bond Committee, Chapter 160, SLA 2004, the Continuing Disclosure Certificate of the State with respect to the Bonds (the "State Disclosure Undertaking") or the Lease Purchase Agreement with respect to the Goose Creek Correctional Center Project dated as of December 1, 2008 as previously amended by the First Amendment thereto dated October 26, 2010 and the Second Amendment thereto dated as of April 1, 2016 (collectively "Original Lease") each by and among the Borough and the State of Alaska Department of Administration and the State of Alaska Departments of Corrections, as further amended by the Third Amendment to Lease Purchase Agreement dated as of June 1, 2016 (together with the Original Lease, the "Lease"), or (ii) questioning or affecting the power and authority of the State of Alaska to undertake any activity contemplated on its part by the Official Statement.

OR 16-065  
JM 16-101

(b) Other than as disclosed in the Official Statement, the State of Alaska does not know of any material litigation pending of a character which would affect the transactions contemplated by the Lease or the Official Statement.

(c) The statements contained in the Official Statement under the headings "INFORMATION CONCERNING THE STATE OF ALASKA," "STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES," "INVESTMENT POLICIES," "LITIGATION AND REGULATORY PROCEEDINGS" (except for the material under the sub-heading "Borough") and "CONTINUING DISCLOSURE" (except for certain matters with respect to the Borough) and in APPENDIX C-1 thereto entitled "SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE" are correct in all material respects with respect to the State of Alaska and its obligations thereunder and no facts have come to my attention which would lead me to believe that the statements under such headings contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The State of Alaska has the authority and power under law and regulation to enter into, deliver and perform all of its rights, duties and obligations under the Lease and State Disclosure Undertaking and the Lease and the State Disclosure Undertaking have been duly authorized, executed and delivered by the State of Alaska and constitute legal, valid and binding obligations of the State of Alaska enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and by the availability of equitable remedies.

(e) The Lease and the State Disclosure Undertaking and the compliance by the State of Alaska with the provisions thereof, does not conflict with any applicable court or administrative decree or order to which the State of Alaska is bound or subject to, and to the best of my knowledge, such compliance does not conflict with or constitute a material breach of or default under any constitutional provision, applicable law or administrative rule or regulation of the State of Alaska or the United States.

(f) To the best of my knowledge, all approvals, consents and orders of and filings with any governmental authority or agency which would constitute a condition precedent to the execution and delivery of or the performance by the State of Alaska of its obligations under the Lease and the State Disclosure Undertaking have been obtained or made and any consents, approvals and orders so received or filings so made are in full force and effect.

Very truly yours,

OR 16-065  
IM 16-101

REFUNDING TRUST AGREEMENT

THIS REFUNDING TRUST AGREEMENT (the "Agreement") is made and entered into [ ], 2016, by and between the MATANUSKA-SUSITNA BOROUGH, ALASKA (the "Borough"), a municipal corporation, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association having a corporate trust office in San Francisco, California (the "Refunding Trustee").

WHEREAS, there is presently outstanding \$89,435,000 aggregate principal amount of the Borough's State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project), maturing on September 1 of each of the years 2016 through 2019, inclusive, 2023 and 2028, and bearing interest at various rates ranging from 4.50% to 6.00% (the "Series 2008 Bonds"), and the Assembly finds it to be in the best interest of the Borough to refund \$59,340,000 aggregate principal amount of the outstanding Series 2008 Bonds maturing on September 1 of each of the years the 2023 and 2028 (together, the "Refunded Bonds"); and

WHEREAS, pursuant to Ordinance Serial No. 16-[ ] of the Borough (the "Bond Ordinance"), the Borough has determined that the Refunded Bonds be refunded out of the proceeds of the sale of its State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) (the "Series 2016 Bonds"), for the purpose of realizing a debt service savings; and

WHEREAS, the refunding of the Refunded Bonds will be accomplished pursuant to this Agreement (including Exhibit A attached hereto) and the Bond Ordinance, which documents provide for and, for the purpose of Sections 103, 148, and 149(d) of the Internal Revenue Code of 1986, as amended (the "Code"), are to be considered as the Refunding Plan, by:

(a) The delivery by the Borough to the Refunding Trustee of the proceeds of the Series 2016 Bonds;

(b) The purchase by the Refunding Trustee of the noncallable direct obligations of the United States of America listed on Exhibit A attached hereto and made a part hereof by this reference or substituted obligations purchased pursuant to Section 2 (the "Acquired Obligations") at or prior to the date the Series 2016 Bonds are delivered to the original purchaser thereof and the Borough receives full payment therefor (the "Issue Date"), which Acquired Obligations satisfy the requirements of the Verification described in paragraph (c);

(c) The delivery to the Borough and the Refunding Trustee of a verification (the "Verification") by a nationally recognized independent certified public accounting firm verifying the mathematical accuracy of the computations (which computations shall be attached to that report) showing that the Acquired Obligations to be purchased by the Refunding Trustee pursuant to the Bond Ordinance and this Agreement, together with the specified beginning cash balance, if any, and the maturing principal of and interest on such Acquired

OR 16-065  
DU 16-101

Obligations, will provide sufficient money (assuming that all principal of and interest on the Acquired Obligations are paid on the due dates thereof and assuming no reinvestment of such maturing principal and interest) to pay interest on the Refunded Bonds when due up to and including September 1, 2019, and on September 1, 2019, call, pay, and redeem all of the outstanding Refunded Bonds at a price of par; and

(d) The receipt by the Refunding Trustee of the maturing installments of principal of and interest on the Acquired Obligations; and

(e) The Refunding Trustee's payment to the trustee under the Indenture (defined below) of money sufficient to make the payments on the Refunded Bonds set forth herein;

and

WHEREAS, upon the issuance of the Series 2016 Bonds under the laws of the State of Alaska, the principal amount of the Refunded Bonds no longer shall be considered outstanding pursuant to the Trust Indenture between the Matanuska-Susitna Borough, Alaska and The Bank of New York Mellon Trust Company, N.A., dated as of December 1, 2008 (as supplemented by the First Supplement thereto dated as of April 1, 2015, and the Second Supplement thereto dated as of [\_\_\_\_], 2016, the "Indenture"); and

WHEREAS, the Assembly of the Borough has found that the refunding of the Refunded Bonds, through the issuance of the Series 2016 Bonds, is beneficial and will realize a debt service savings; and

WHEREAS, the Assembly of the Borough, pursuant to the Bond Ordinance, has duly and validly authorized the execution and delivery of this Agreement, the delivery of the proceeds of the Series 2016 Bonds to the Refunding Trustee, the purchase by the Refunding Trustee of the Acquired Obligations and the carrying out of the Refunding Plan;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and for the benefit of the Borough, the parties hereto agree as follows:

Section 1. Delivery of Money to Refunding Trustee. On the Issue Date, the Borough shall cause to be delivered to the Refunding Trustee all of the proceeds of the Series 2016 Bonds in the amount of \$[\_\_\_\_\_].

Section 2. Investment and Expenditure of Money. On the Issue Date, the Refunding Trustee shall apply \$[\_\_\_\_\_] to pay on behalf of the Borough the purchase and/or subscription prices of the Acquired Obligations, from the sources, in the principal amounts, with the dates of maturity and bearing the interest rates or yields set forth in Exhibit A, and \$[\_\_\_\_\_] to establish a beginning cash balance. Upon receipt thereof, the Refunding Trustee shall deliver to the Borough copies of the documents evidencing the purchase of and payment for the Acquired Obligations. Investments in mutual funds and unit investment trusts are prohibited. If the Refunding Trustee

learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Agreement, the Refunding Trustee shall promptly request alternative written investment instructions from the Borough with respect to funds which were to be invested in SLGS. The Refunding Trustee shall follow such instructions and, upon the maturity of any such alternative investment, the Refunding Trustee shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the Borough. In the absence of investment instructions from the Borough, the Refunding Trustee shall not be responsible for the investment of such funds or interest thereon. The Refunding Trustee may conclusively rely upon the Borough's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

On the Issue Date, the Refunding Trustee, on behalf of the Borough, shall use the remaining \$[ ] to pay the costs of issuance and sale of the Series 2016 Bonds as set forth in the closing memorandum for the Series 2016 Bonds from the Series 2016 Bond proceeds deposited with the Refunding Trustee and not needed to refund the Refunded Bonds, and shall transfer all remaining proceeds to the Borough for application in accordance with the Bond Ordinance.

Section 3. Sufficiency of Acquired Obligations. Based upon the Verification, the Borough represents that the Acquired Obligations and the maturing principal thereof and the interest thereon, if paid when due, together with the beginning cash balance, shall be sufficient to make when due the payments required by the Refunding Plan. The schedules of the sources, amounts, maturities, and interest rates or yields of the Acquired Obligations and of the Refunded Bonds that will fulfill the foregoing requirements are set forth in the Verification.

Section 4. Collection of Proceeds of Acquired Obligations and Application of Such Proceeds and Money. The Refunding Trustee shall present for payment and shall collect and receive on the due dates thereof the maturing installments of the principal of and the interest on the Acquired Obligations and any Substitute Obligations (defined herein). The Refunding Trustee shall make payments, but only in the amounts received pursuant to this section, in a timely manner to the trustee under the Indenture of the amounts to be paid on the Refunded Bonds as shown in the Verification. Those payments shall be made by check, wire transfer, or such other method of transfer of funds as shall be agreed upon by the Refunding Trustee and the trustee under the Indenture.

Section 5. Notice of Defeasance/Notice of Redemption. The Refunding Trustee agrees to give a notice of defeasance and a notice of redemption of the Refunded Bonds pursuant to the terms of the Refunded Bonds, and in substantially the forms attached hereto as and as described in Exhibits B and C, to the trustee under the Indenture for distribution as described therein. The notice of defeasance shall be given within two business days following the execution of this Agreement, and the notice of redemption shall be given in accordance with the Indenture. Notices given to the Municipal Securities Rulemaking Board (the "MSRB") shall be in the electronic format prescribed by the MSRB and accompanied by the identifying

OR 16-065  
IM 16-101

information prescribed by the MSRB. The cost of giving the notices shall be paid by the Borough.

Section 6. All Obligations and Money and Proceeds Thereof Held in Trust. The Refunding Trustee irrevocably agrees to hold the Acquired Obligations, the Substitute Obligations, if any, the principal thereof and interest thereon, and any other money it may receive pursuant to this Agreement and any reinvestments thereof made pursuant to Sections 8 and 9, in trust and separate at all times from all other funds and investments held by the Refunding Trustee, solely for the purpose of making the payments required by the Refunding Plan. The Borough irrevocably conveys, transfers, and assigns to the Refunding Trustee the Acquired Obligations, any Substitute Obligations, the principal thereof and the interest thereon, and any other money and investments deposited with the Refunding Trustee pursuant to this Agreement, for the purpose of making such payments. The Refunding Trustee shall not sell, transfer, assign, or hypothecate any Acquired Obligations, reinvestments, or Substitute Obligations except pursuant to Sections 8, 9, 13 and 14.

Section 7. Reports. The Refunding Trustee shall submit a report to the Borough, at least semiannually, which report shall set forth the cash, Acquired Obligations, and any Substitute Obligations held hereunder by the Refunding Trustee, the obligations which have matured and amounts received by the Refunding Trustee by reason of such maturity, the interest earned on such obligations, a list of any investments or reinvestments made by the Refunding Trustee in other obligations and the interest and/or principal derived therefrom, the amounts paid to the trustee under the Indenture, and any other transaction of the Refunding Trustee pertaining to its duties and obligations as set forth herein.

Section 8. Substitution of Different Obligations or Other Investments. The Borough reserves the right to substitute from time to time for Acquired Obligations initially purchased in accordance with Section 2, or for obligations purchased under this section, other noncallable, nonprepayable direct obligations of the United States of America and/or obligations unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest authorized to be acquired with the proceeds of the Series 2016 Bonds (the "Substitute Obligations"). Prior to effecting any such substitution, the Borough shall have obtained at its expense and delivered to the Refunding Trustee:

(a) A verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee confirming that the maturing principal of and interest on the Substitute Obligations and any remaining Acquired Obligations to be held by the Refunding Trustee in the refunding escrow, if paid when due and assuming no reinvestment thereof, together with any other cash then held by the Refunding Trustee, will be sufficient to carry out the Refunding Plan and make all remaining payments required by the Refunding Plan;

(b) An opinion from Foster Pepper PLLC, bond counsel to the Borough, its successor or other nationally recognized bond counsel to the Borough ("Bond Counsel"), that the disposition and substitution or purchase of

OR 16-065  
IM 16-101

such securities, under the statutes, rules, and regulations then in force and applicable to the Series 2016 Bonds, will not cause the interest on the Series 2016 Bonds or the Refunded Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Series 2016 Bonds; and

- (c) The prior written consent of the Bond Insurer.

If the verification delivered to the Refunding Trustee pursuant to Section 8(a) shows that surplus money not needed to make the payments required by the Refunding Plan will result from the sale, transfer, or other disposition of Acquired Obligations and the substitution of Substitute Obligations therefor, that surplus money at the written request of the Borough shall be released from the trust estate and shall be transferred to the Borough to be used for any lawful Borough purpose, subject to any restrictions stated in the opinion of Bond Counsel required by Section 8(b).

Section 9. Reinvestment of Proceeds of Acquired and/or Substitute Obligations. The proceeds (principal and interest) and reinvestment proceeds of any Acquired Obligations and/or Substitute Obligations held by the Refunding Trustee in accordance with this Agreement, that are not needed within five business days of the receipt thereof to make the payments required by the Refunding Plan, shall be reinvested by the Refunding Trustee, but only upon receipt of written request of the Borough, on such date of receipt or the next business day. The Borough shall direct such reinvestment subject to the following conditions:

(a) Except as provided in subsection (c) below, the proceeds of such Acquired Obligations and/or Substitute Obligations shall be reinvested in Substitute Obligations at a yield that will not cause the composite yield on the refunding escrow to exceed [\_\_\_\_\_] % during its term or such higher yield as may be directed by letter of instructions from the Borough to the Refunding Trustee, but if the composite yield on the directed investments made pursuant to this Agreement would exceed [\_\_\_\_\_] %, such letter of instructions shall contain a verification of such composite yield and shall be based upon and accompanied by the opinion of Bond Counsel approving reinvestment of such proceeds at such higher yield.

(b) The obligations in which such proceeds are reinvested shall mature in an amount at least equal to their purchase price on the date or dates directed by the Borough, but not later than the date (as shown by the then most recent certified public accountant verification) the principal thereof is needed to make the payments required by the Refunding Plan;

(c) If such proceeds, together with other funds remaining in trust, are insufficient to reinvest in the smallest denomination of such obligations or are required to be used to make payments required by the Refunding Plan sooner than the shortest maturity available for such obligations, then those proceeds and funds

either shall be converted to United States currency and retained or shall remain uninvested in the refunding escrow and carried on the books of the Refunding Trustee until required to make the payments required by the Refunding Plan, or until sufficient money is accumulated to permit the investment thereof;

(d) "Yield," as used in paragraph (a) of this section with respect to the Acquired Obligations and Substitute Obligations, means that yield computed in accordance with and permitted by the Code applicable to the Series 2016 Bonds and the trust under this Agreement so as to preserve the exclusion from gross income for federal income tax purposes of the interest on the Series 2016 Bonds; and

(e) Prior to such reinvestment, the Borough shall deliver to the Refunding Trustee (i) a verification report of an independent accountant or verification agent to the effect that, after such reinvestment, the amounts, and the securities held by the Refunding Trustee hereunder and the proceeds thereof on deposit with the Refunding Trustee shall remain sufficient to make the payments of principal and interest and premium, if any, on the Refunded Bonds as they become due and payable and (ii) an opinion of Bond Counsel to the effect that, after such reinvestment, the interest on the Refunded Bonds shall not be includible in the gross income of the holders of the Refunded Bonds for federal tax purposes.

The Refunding Trustee may make any and all investments permitted by the provisions of this Section through its own investment department or the investment departments of any of its affiliates.

Section 10. Amendments to Agreement. The Refunding Trustee and the Borough recognize that the owners of the Refunded Bonds and the Series 2016 Bonds from time to time have a beneficial interest in the Acquired Obligations, the Substitute Obligations, and money to be held by the Refunding Trustee as herein provided. Therefore, this Agreement is irrevocable and shall not be subject to amendment except for the purpose of clarifying any ambiguity herein, increasing the protection of the rights of the owners of the Refunded Bonds or the Series 2016 Bonds, or preserving the exclusion of the interest on the Refunded Bonds and the Series 2016 Bonds from gross income for federal income tax purposes, and only if such amendment is accompanied by an opinion addressed to the Borough and the Refunding Trustee from Bond Counsel to the effect that such change is necessary for one of the above reasons and does not materially adversely affect the owners of the outstanding Refunded Bonds and the Series 2016 Bonds or that it strengthens the protection of the owners of the Refunded Bonds and the Series 2016 Bonds and does not materially adversely affect the owners of the Refunded Bonds and the Series 2016 Bonds. If such amendment affects the amount of money and investments in the refunding escrow or the application thereof, prior to the amendment's taking effect there also shall be a verification by a nationally recognized independent certified public accounting firm satisfactory to the Refunding Trustee to the effect that after such amendment the Acquired Obligations, Substitute Obligations, and other money in the refunding escrow will be sufficient to make the payments required by the Refunding Plan. A copy of such verification shall be

OR 16-065  
In 16-101

delivered to the Refunding Trustee. The Borough shall not amend this Agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Bond Insurer.

Section 11. Limitation of Liability of Refunding Trustee. None of the provisions contained in this Agreement shall require the Refunding Trustee to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Refunding Trustee shall be under no liability for the payment of interest on any funds or other property received by it hereunder except to the extent the Refunding Trustee is required by the express terms of this Agreement to invest such funds.

The Refunding Trustee's liabilities and obligations in connection with this Agreement are confined to those specifically described herein. The Refunding Trustee is authorized and directed to comply with the provisions of this Agreement and is relieved from all liability for so doing notwithstanding any demand or notice to the contrary by any party hereto. The Refunding Trustee shall not be responsible or liable for the sufficiency, correctness, genuineness, or validity of the Acquired Obligations or the Substitute Obligations deposited with it; the performance or compliance by any party other than the Refunding Trustee with the terms or conditions of any such instruments; or any loss which may occur by reason of forgeries, false representations, or the exercise of the Refunding Trustee's discretion in any particular manner unless such exercise is negligent or constitutes willful misconduct.

If any controversy arises between the Borough and any third person, the Refunding Trustee shall not be required to determine the same or to take any action in the premises, but it may institute, in its discretion, an interpleader or other proceedings in connection therewith as it may deem proper, and in following either course, it shall not be liable.

Neither the Refunding Trustee nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Agreement or in connection herewith except to the extent caused by the Refunding Trustee's negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review.

The Refunding Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Refunding Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Refunding Trustee may consult with counsel and the advice or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel.

Anything in this Agreement to the contrary notwithstanding, in no event shall the Refunding Trustee be liable for special, indirect, punitive or consequential loss or damage of any

CR 16-065  
JM 16-101

kind whatsoever (including but not limited to lost profits), even if the Refunding Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Refunding Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" means the following communications methods: S.W.I.F.T., e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Refunding Trustee, or another method or system specified by the Refunding Trustee as available for use in connection with its services hereunder); provided, however, that the Borough shall provide to the Refunding Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Borough whenever a person is to be added or deleted from the listing. If the Borough elects to give the Refunding Trustee Instructions using Electronic Means and the Refunding Trustee in its discretion elects to act upon such Instructions, the Refunding Trustee's understanding of such Instructions shall be deemed controlling. The Borough understands and agrees that the Refunding Trustee cannot determine the identity of the actual sender of such Instructions and that the Refunding Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Refunding Trustee have been sent by such Authorized Officer. The Borough shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Refunding Trustee and that the Borough and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Borough. The Refunding Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Refunding Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Borough agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Refunding Trustee, including without limitation the risk of the Refunding Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Refunding Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Borough; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Refunding Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 12. Remittance of Funds When Refunded Bonds Paid in Full. At such time as the Refunding Trustee has received the representation of the Borough that all of the payments required by the Refunding Plan have been made and the confirmation of such representation by the trustee under the Indenture, together with such other evidence of such payments as shall be satisfactory to the Borough and the Refunding Trustee, the Refunding Trustee shall deliver forthwith or remit to the Borough any remaining Acquired Obligations, Substitute Obligations, and money held pursuant to this Agreement.

OR 116-065  
IN 116-01

Section 13. Compensation of Refunding Trustee. The payment arrangement heretofore made between the Refunding Trustee and the Borough on compensation and expenses of the Refunding Trustee for services rendered by it pursuant to the provisions of this Agreement is satisfactory to it and to the Borough, and no further payment to the Refunding Trustee shall be required for such purpose, except in accordance with such payment arrangement and as otherwise set forth in this section. Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this Agreement, and if the Refunding Trustee renders any service hereunder not provided for in this Agreement, or the Refunding Trustee is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Refunding Trustee shall be compensated reasonably by the Borough for such extraordinary services and reimbursed for all fees, costs, liability, and expenses (including reasonable attorneys' fees and expenses) occasioned thereby. The Refunding Trustee shall not have a lien against or otherwise be compensated for its services and expenses from the money, Acquired Obligations, and Substitute Obligations held pursuant to this Agreement to make the payments required by the Refunding Plan.

Section 14. Successor Refunding Trustee. The Refunding Trustee may resign hereunder by giving 30 days' written notice to the Borough. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Refunding Trustee may petition any court of competent jurisdiction for the appointment of a successor. The obligations assumed by the Refunding Trustee pursuant to this Agreement may be transferred by the Refunding Trustee to a successor if (a) the successor Refunding Trustee has presented evidence satisfactory to the Borough and to Bond Counsel that the successor Refunding Trustee meets the requirements of the Indenture; (b) the Borough approves the appointment of the successor Refunding Trustee; (c) the successor Refunding Trustee has assumed all of the obligations of the Refunding Trustee under this Agreement and has been compensated; and (d) all of the Acquired Obligations, reinvestments, Substitute Obligations, and money then held by the Refunding Trustee pursuant to this Agreement have been duly transferred to such successor Refunding Trustee.

Notwithstanding anything to the contrary contained in this Agreement, any company into which the Refunding Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which the Refunding Trustee is a party, or any company to which the Refunding Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Refunding Trustee without execution or filing of any paper or further act, if such company is eligible to serve as Refunding Trustee under the Indenture.

Section 15. Miscellaneous. This Agreement is governed by Alaska law without regard to the conflict of laws provisions thereof and may not be modified except by a writing signed by the parties and subject to the limitations of Section 10. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

OR 16-065  
JM 16-10

Section 16. Notice to Rating Agencies. The Refunding Trustee shall notify all national rating agencies maintaining (at the request of the Borough) a rating on the Refunded Bonds or the Series 2016 Bonds, in writing upon timely receipt of notice or evidence of either of the following circumstances:

(a) Prior to their taking effect, any amendments to this Agreement under Section 10, enclosing the proposed amendatory documents; and

(b) The holding (referred to in Section 15) that one or more provisions of this Agreement are invalid, illegal, or unenforceable in any respect, enclosing a copy of that holding.

Such notices shall be sent to the applicable rating agencies by first class mail to the addresses advised by those rating agencies.

Section 17. Counterparts. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement pursuant to due and proper authorization, all as of the date and year first above written.

MATANUSKA-SUSITNA BOROUGH,  
ALASKA

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Refunding  
Trustee

By \_\_\_\_\_  
Tammy E. Clayton, Director of Finance

By \_\_\_\_\_  
Gonzalo Urey, Vice President

ATTEST:

By \_\_\_\_\_  
Borough Clerk

OR 16-065  
JUL 16-101

EXHIBIT A

MATANUSKA-SUSITNA BOROUGH, ALASKA  
STATE OF ALASKA LEASE REVENUE REFUNDING BONDS, SERIES 2016  
(GOOSE CREEK CORRECTIONAL CENTER PROJECT)

ACQUIRED OBLIGATIONS

TYPE	MATURITY DATE	PAR AMOUNT	INTEREST RATE	PURCHASE PRICE
------	------------------	---------------	------------------	-------------------

---

01216-065  
Am 16-101

**EXHIBIT B**

**Notice of Defeasance\***  
**Matanuska-Susitna Borough, Alaska**  
**State of Alaska Lease Revenue Bonds, Series 2008**  
**(Goose Creek Correctional Center Project)**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds with respect to which, pursuant to the Refunding Trust Agreement dated [\_\_\_\_], 2016, by and between the Matanuska-Susitna Borough, Alaska (the "Borough"), and The Bank of New York Mellon Trust Company, N.A. (the "Refunding Trustee"), there has been deposited into an escrow account, held by the Refunding Trustee, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money to pay each year, to and including the respective maturity or redemption dates of such bonds so provided for, the principal thereof and interest thereon (the "Refunded Bonds"), as evidenced by an accountant's report delivered to the Borough and the Refunding Trustee. Such Refunded Bonds are therefore deemed to be no longer outstanding pursuant to the Trust Indenture between the Matanuska-Susitna Borough, Alaska and The Bank of New York Mellon Trust Company, N.A., dated as of December 1, 2008, as supplemented by the First Supplement thereto dated as of April 1, 2015, and by the Second Supplement thereto dated as of [\_\_\_\_], 2016, relating to the Refunded Bonds, but will be paid by application of the assets in such escrow account.

The Refunded Bonds are described as follows:

Matanuska-Susitna Borough, Alaska  
 State of Alaska Lease Revenue Bonds, Series 2008  
 (Goose Creek Correctional Center Project)  
 (Dated January 7, 2009)

Maturity Date (Sept. 1)	Principal Amount Defeased	CUSIP No.	Interest Rate	Call Date (at 100%)
2023 <sup>(1)</sup>	\$37,275,000	576553 AP6	5.50%	09/01/2019
2028 <sup>(1)</sup>	22,065,000	576553 BX8	6.00	09/01/2019

(1) Term Bond.

The Borough and the Refunding Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the holders.

\* This notice shall be given within two business days of the date of the Refunding Trust Agreement by first class mail to each registered owner of the Refunded Bonds. In addition, notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., and Standard & Poor's at their offices in New York, New York; RBC Capital Markets, LLC, on behalf of itself and as Representative of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated at its principal office in San Francisco, California; Assured Guaranty Corp., or its successor, at its principal office in New York, New York (Policy No. D-2009-16); The Depository Trust Company of New York, New York, and the Municipal Securities Rulemaking Board (the "MSRB") in the electronic format and accompanied by the identifying information prescribed by the MSRB.

*DR 16-065*  
*IM 16-701*

*First Class/Registered/Certified*

**The Bank of New York Mellon**  
Global Corporate Trust  
P.O. Box 396  
East Syracuse, NY 13057

*Express Delivery Only*

**The Bank of New York Mellon**  
Global Corporate Trust  
111 Sanders Creek Parkway  
East Syracuse, NY 13057

*By Hand Only*

**The Bank of New York Mellon**  
Global Corporate Trust  
Corporate Trust Window  
101 Barclay Street 1<sup>st</sup> Floor East  
New York, NY 10286

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Refunding Trustee

Dated: \_\_\_\_\_

DR 16-205  
JM 16-101

## EXHIBIT C

### Notice of Redemption\*

**Matanuska-Susitna Borough, Alaska  
State of Alaska Lease Revenue Bonds, Series 2008  
(Goose Creek Correctional Center Project)**

NOTICE IS HEREBY GIVEN that the Matanuska-Susitna Borough, Alaska, has called for redemption on September 1, 2019, \$59,340,000 aggregate principal amount of its State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) stated to mature on September 1, 2023 and 20282 (the "Refunded Bonds").

The Refunded Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus accrued interest to September 1, 2019. The redemption price of the Refunded Bonds is payable on presentation and surrender of the Refunded Bonds at the office of:

<u>First Class/Registered/Certified</u>	<u>Express Delivery Only</u>	<u>By Hand Only</u>
<b>The Bank of New York Mellon</b> Global Corporate Trust P.O. Box 396 East Syracuse, NY 13057	<b>The Bank of New York Mellon</b> Global Corporate Trust 111 Sanders Creek Parkway East Syracuse, NY 13057	<b>The Bank of New York Mellon</b> Global Corporate Trust Corporate Trust Window 101 Barclay Street 1 <sup>st</sup> Floor East New York, NY 10286

The Bank of New York Mellon Trust Company, N.A. as Trustee or Agent  
Bondholder Communications: 800-254-2826

Interest on the Refunded Bonds to be redeemed shall cease to accrue on September 1, 2019.

\* This notice shall be given not less than 30 nor more than 60 days prior to September 1, 2019, by first class mail, postage prepaid, to each registered owner of the Bonds to be redeemed. In addition, notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., and Standard & Poor's at their offices in New York, New York; RBC Capital Markets, LLC, on behalf of itself and as Representative of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated at its principal office in San Francisco, California; Assured Guaranty Corp., or its successor, at its principal office in New York, New York (Policy No. D-2009-16); The Depository Trust Company of New York, New York, and the Municipal Securities Rulemaking Board (the "MSRB") in the electronic format and accompanied by the identifying information prescribed by the MSRB.

The following Refunded Bonds are being redeemed:

Matanuska-Susitna Borough, Alaska  
State of Alaska Lease Revenue Bonds, Series 2008  
(Goose Creek Correctional Center Project)  
(Dated January 7, 2009)

Maturity Date (Sept. 1)	Principal Amount Defeased	CUSIP No.	Interest Rate	Call Date (at 100%)
2023 <sup>(1)</sup>	\$37,275,000	576553 AP6	5.50%	09/01/2019
2028 <sup>(1)</sup>	22,065,000	576553 BX8	6.00	09/01/2019

(1) Term Bond.

The Borough and the Refunding Trustee shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Refunded Bond. They are included solely for the convenience of the holders.

**By Order of the Matanuska-Susitna Borough, Alaska**

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee**

Dated: \_\_\_\_\_

Under Section 3406(a)(1) of the Internal Revenue Code the Registrar may be obligated to withhold a percentage of the principal of a holder who has failed to furnish the Registrar with a valid taxpayer identification number and a certification that the owner is not subject to backup withholding. Owners who wish to avoid the application of these provisions should submit a completed IRS Form W-9 when presenting their certificates for payment.

DR 16-065  
DU 16-101

**DRAFT**

**PALMER RECORDING DISTRICT**

**After recording, return to:**

Marc R. Greenough  
Foster Pepper PLLC  
1111 Third Avenue, Suite 3000  
Seattle, Washington 98101

**THIRD AMENDMENT TO  
LEASE PURCHASE AGREEMENT**

This Third Amendment to Lease Purchase Agreement dated as of [ ] 1, 2016 (this "Third Amendment"), is being entered into by and among the Matanuska-Susitna Borough (the "Borough"), the State of Alaska Department of Administration (the "DOA"), the State of Alaska Department of Corrections (the "DOC") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Trust Indenture dated as of December 1, 2008 (as supplemented by the First Supplement and Second Supplement thereto, the "Indenture") between the Borough and the Trustee, to amend the Lease Purchase Agreement dated as of December 1, 2008 (the "Original Agreement"), entered into by and among the Borough, the DOA and the DOC, as amended by the First Amendment thereto dated as of September 1, 2010, and the Second Amendment thereto dated as of April 1, 2015, each entered into by and among the Borough, the DOA, the DOC and the Trustee.

**RECITALS**

1. Pursuant to the Original Agreement, as amended by the First Amendment and Second Amendment thereto, the Borough has leased to the DOA and the DOC the Land described in Exhibit A and the Improvements.
2. The Borough has assigned to the Trustee all of its right, title and interest in, and obligations and duties under, the Original Agreement pursuant to the Indenture and the Assignment of Lease-Purchase Agreement made as of January 7, 2009, from the Borough to the Trustee.
3. The Borough has issued its State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project), in an aggregate principal amount of \$244,285,000 (the "Series 2008 Bonds") pursuant to the Indenture to finance the construction of the Goose

OR 16-065  
IM 16-701

Creek Correctional Facility, which remain outstanding in an aggregate principal amount of \$89,435,000.

4. The Borough has issued its State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project), in an aggregate principal amount of \$105,720,000 pursuant to the Indenture to refund a portion of the then-outstanding Series 2008 Bonds.

5. Pursuant to the Indenture, \$59,340,000 aggregate principal amount of the outstanding Series 2008 Bonds stated to mature on September 1 in each of the years 2023 and 2028 (together, the "Refunded Bonds") are subject to redemption at the option of the Borough on any date on or after September 1, 2019, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

6. After due consideration, it appears that the Refunded Bonds may be refunded by the issuance and sale of lease revenue refunding bonds (the "Series 2016 Bonds") so that a substantial savings will be effected by the difference between the principal and interest cost over the life of the Series 2016 Bonds and the principal and interest cost over the life of the Refunded Bonds but for such refunding.

7. Pursuant to the Indenture, the Borough may, subject to certain conditions, issue the Series 2016 Bonds to advance refund the Refunded Bonds.

8. The DOA has requested, and the Borough deems it to be in its best interests, that the Borough issue and sell the Series 2016 Bonds to refund the Refunded Bonds and to amend the Original Agreement to reflect the savings so effected.

9. Pursuant to Section 21.6 of the Original Agreement, the DOA and the Borough may execute such amendments or modifications to the Original Agreement as they may deem necessary or desirable from time to time and at any time without the consent of the holders of any Series 2008 Bonds.

10. Pursuant to Section 12.01 of the Indenture, the Borough, DOA and the Trustee may, without the consent of or notice to the Bondholders (as defined in the Indenture), consent to any amendment, change, or modification of the Original Agreement as may be required in connection with the issuance of the Series 2016 Bonds.

11. Pursuant to Ordinance Serial No. 16-[\_\_\_\_], the Borough Assembly has authorized the Borough Manager to execute this Third Amendment.

### AGREEMENT

The Borough, the DOA, the DOC and the Trustee hereby agree as follows:

1. "Bonds" shall include the Series 2016 Bonds (as defined in the Indenture).

OR 16-065  
IM 16-101

2. Exhibit B of the Original Agreement is hereby amended to read in its entirety as set forth in Exhibit B.

3. The Original Agreement, as amended by the First Amendment thereto, the Second Amendment thereto and this Third Amendment, is and remains in full force and effect.

8/2 16-065  
DU 16-101

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed and delivered by their respective authorized officers thereunto duly authorized.

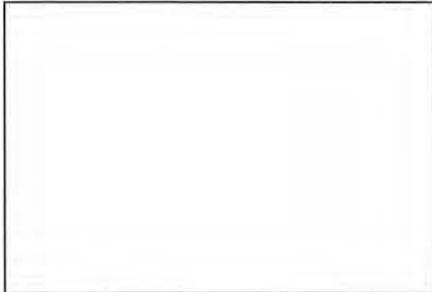
MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

STATE OF ALASKA            )  
  ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of [\_\_\_\_], 2016, by John Moosey, the Borough Manager of the Matanuska-Susitna Borough, a second class borough of the State of Alaska, on behalf of that borough.

Dated: [\_\_\_\_] \_\_\_\_, 2016.



\_\_\_\_\_  
(Signature of Notary)  
Notary public for Alaska  
My commission expires \_\_\_\_\_.

OR 16-065  
IM 16-101

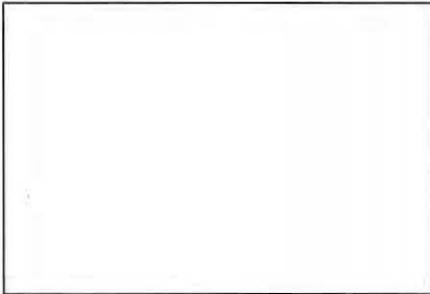
STATE OF ALASKA DEPARTMENT OF  
ADMINISTRATION

By: \_\_\_\_\_  
[Name]  
[Title]

STATE OF ALASKA            )  
  ) ss.  
FIRST JUDICIAL DISTRICT    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of [\_\_\_\_], 2016, by [\_\_\_\_], the [\_\_\_\_] of the State of Alaska Department of Administration, a department of the State of Alaska, on behalf of that department.

Dated: [\_\_\_\_] \_\_\_\_, 2016.



\_\_\_\_\_  
(Signature of Notary)  
Notary public for Alaska  
My commission expires \_\_\_\_\_.

OR 16-065  
Im 16-101

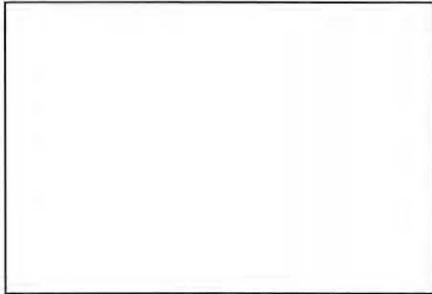
STATE OF ALASKA DEPARTMENT OF  
CORRECTIONS

By: \_\_\_\_\_  
[Name]  
[Title]

STATE OF ALASKA            )  
  ) ss.  
FIRST JUDICIAL DISTRICT    )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of [\_\_\_\_], 2016, by [\_\_\_\_], the [\_\_\_\_] of the State of Alaska Department of Corrections, a department of the State of Alaska, on behalf of that department.

Dated: [\_\_\_\_] \_\_\_\_, 2016.



\_\_\_\_\_  
(Signature of Notary)  
Notary public for Alaska  
My commission expires \_\_\_\_\_.

OR 16-065  
In 16-101

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as trustee

By: \_\_\_\_\_  
Gonzalo Urey, Vice President

OR 16-065  
In 16-101

EXHIBIT A

LEGAL DESCRIPTION OF LAND

The following real property located in the Palmer Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

Tract 1, Point Mack Subdivision Phase 1, according to Plat No. 2008-68, recorded in the Palmer Recording District, Third Judicial District, State of Alaska, and Tract 3B, Point Mack Subdivision Phase 1, according to Plat No. 2010-45, recorded in the Palmer Recording District, Third Judicial District, State of Alaska

OR 16-065  
JM 16-101

EXHIBIT B

SCHEDULE OF LEASE PAYMENTS

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
3/1/2009	\$12,635,000.00	\$1,989,894.38	\$14,624,894.38
9/1/2009	5,040,000.00	6,427,662.50	11,467,662.50
3/1/2010	–	6,345,762.50	6,345,762.50
9/1/2010	5,240,000.00	6,345,762.50	11,585,762.50
3/1/2011	–	6,229,762.50	6,229,762.50
9/1/2011	5,475,000.00	6,229,762.50	11,704,762.50
3/1/2012	–	6,107,887.50	6,107,887.50
9/1/2012	5,730,000.00	6,107,887.50	11,837,887.50
3/1/2013	–	5,977,887.50	5,977,887.50
9/1/2013	6,000,000.00	5,977,887.50	11,977,887.50
3/1/2014	–	5,837,887.50	5,837,887.50
9/1/2014	6,285,000.00	5,837,887.50	12,122,887.50
3/1/2015	–	5,690,762.50	5,690,762.50
9/1/2015	7,925,000.00	4,610,289.44	12,535,289.44
3/1/2016	–	5,072,593.75	5,072,593.75
9/1/2016			
3/1/2017			
9/1/2017			
3/1/2018			
9/1/2018			
3/1/2019			
9/1/2019			
3/1/2020			
9/1/2020			
3/1/2021			
9/1/2021			
3/1/2022			
9/1/2022			
3/1/2023			
9/1/2023			
3/1/2024			
9/1/2024			
3/1/2025			
9/1/2025			
3/1/2026			
9/1/2026			
3/1/2027			

51521920.1

B-1

OR 16-065  
 IM 16-101

<u>Lease Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Lease Payment</u>
9/1/2027			
3/1/2028			
9/1/2028			
3/1/2029			
9/1/2029			
3/1/2030			
9/1/2030			
3/1/2031			
9/1/2031			
3/1/2032			
9/1/2032			
Total			

OR 16-065  
 DW 16-101

**DRAFT**

---

SECOND SUPPLEMENT TO  
TRUST INDENTURE

between

MATANUSKA-SUSITNA BOROUGH, ALASKA

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee

Dated as of [\_\_\_\_] 1, 2016

Securing

MATANUSKA-SUSITNA BOROUGH  
STATE OF ALASKA LEASE REVENUE REFUNDING BONDS, SERIES 2016  
(GOOSE CREEK CORRECTIONAL CENTER PROJECT)

---

DR 16-065  
IM 16-101

**TABLE OF CONTENTS**

	<u>Page</u>
ARTICLE I DEFINITIONS AND INTERPRETATION.....	1
Section 1.01 Definitions.....	1
ARTICLE II RECITALS 2	
ARTICLE III FORM, EXECUTION, AND REGISTRATION OF BONDS.....	3
Section 3.01 Form of Series 2016 Bonds.....	3
Section 3.02 Maturities, Numeration, and Interest Payment Dates.....	3
Section 3.03 Execution of Series 2016 Bonds.....	4
Section 3.04 Authorization of Series 2016 Bonds.....	4
ARTICLE IV REDEMPTION OF SERIES 2016 BONDS.....	5
Section 4.01 Redemption of Series 2016 Bonds.....	5
Section 4.02 Notice of Redemption.....	6
Section 4.03 Deposit for Redemption.....	7
Section 4.04 Payment of Redeemed Series 2016 Bonds.....	7
Section 4.05 Cancellation of Redeemed Series 2016 Bonds.....	7
Section 4.06 Partial Redemption of Series 2016 Bonds.....	8
ARTICLE V SERIES 2016 BOND PROCEEDS; REFUNDING FUND; REFUNDING PLAN.....	8
Section 5.01 Deposit of Series 2016 Bond Proceeds.....	8
Section 5.02 Establishment of Refunding Fund.....	9
Section 5.03 Refunding Plan.....	9
ARTICLE VI PARTICULAR COVENANTS OF THE BOROUGH.....	9
Section 6.01 Compliance with Series 2016 Bond Ordinance.....	9
Section 6.02 Tax Covenants.....	9
ARTICLE VII CONCERNING THE TRUSTEE.....	10
Section 7.01 Trustee Not Responsible for Series 2016 Bond Ordinance.....	10
ARTICLE VIII MISCELLANEOUS.....	10
Section 8.01 Separability of Provisions.....	10
Section 8.02 Execution of Second Supplement in Counterparts.....	10
Section 8.03 Headings Not Controlling.....	10
Section 8.04 Original Indenture in Effect.....	10

D/R 16-065  
IM 16-101

SECOND SUPPLEMENT TO  
TRUST INDENTURE

THIS SECOND SUPPLEMENT TO TRUST INDENTURE (this "Second Supplement"), made as of [ ] 1, 2016, by and between the MATANUSKA-SUSITNA BOROUGH, an Alaska municipal corporation, together with any successors and assigns (the "Borough") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States and having a corporate trust office in San Francisco, California (in such capacity, together with any successor in such capacity, the "Trustee"),

W I T N E S S E T H:

ARTICLE I  
DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in the Original Indenture and in this Second Supplement shall, for all purposes of the Indenture, have the meanings herein specified, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

Costs of Issuance: All costs and expenses of issuance of the Series 2016 Bonds and carrying out the Refunding Plan, including: (1) Underwriters' discount or fee and financial advisor's fee; (2) counsel fees and expenses, including Bond Counsel as well as any other specialized counsel fees incurred in connection with the issuance of the Series 2016 Bonds; (3) initial fees and expenses of the Trustee, including Trustee counsel fees and expenses, in connection with the issuance of the Series 2016 Bonds; (4) costs of printing the official statement; (5) publication or copying costs associated with the financing proceedings; and (6) initial fees and expenses, if any, of the Borough, the Rating Services and the verification agent.

Costs of Issuance Account: The account of the Refunding Fund of that name created under Section 5.02.

Original Indenture: Trust Indenture dated as of December 1, 2008, between the Borough and the Trustee, as supplemented by the First Supplement thereto dated as of April 1, 2015.

Original Lease Purchase Agreement: Lease Purchase Agreement dated as of December 1, 2008, among the Borough, as lessor, the DOA, as lessee, and the DOC, as tenant agency, as amended by the First Amendment thereto dated October 26, 2010, and the Second Amendment thereto dated as of April 1, 2015.

Refunded Bonds: \$59,340,000 aggregate principal amount of the Outstanding Series 2008 Bonds stated to mature on September 1 in each of the years 2023 and 2028.

Refunding Fund: The fund of that name created under Section 5.02.

BR/16-205  
JM/16-101

Refunding Plan: The deposit of proceeds of the Series 2016 Bonds in trust with the Trustee pursuant to the Refunding Trust Agreement; the acquisition by the Trustee of Government Securities, the principal of and the interest on which when due and payable will provide sufficient money to pay the principal of the Refunded Bonds and interest thereon that will become due and payable on or prior to September 1, 2019; the payment of the principal of and interest on the Refunded Bonds when due up to and including September 1, 2019; and the call, payment, and redemption on September 1, 2019, of all of the Refunded Bonds then Outstanding at a redemption price equal to the principal amount thereof plus accrued interest to September 1, 2019.

Refunding Trust Agreement: The Refunding Trust Agreement dated [\_\_\_\_], 2016, between the Borough and the Trustee.

Series 2016 Bond Ordinance: Ordinance Serial No. 16-[\_\_\_\_] of the Borough Assembly enacted on [\_\_\_\_], 2016, authorizing the issuance of the Series 2016 Bonds, as the same may be amended, modified, or supplemented by any amendments or modifications thereof.

Series 2016 Bonds: The Borough's "State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project)," authorized by the Indenture and the Series 2016 Bond Ordinance.

## ARTICLE II RECITALS

The Borough has issued the Series 2008 Bonds in an aggregate principal amount of \$244,285,000 pursuant to the Original Indenture, of which \$89,435,000 in aggregate principal amount remains Outstanding.

Pursuant to Section 3.01(a) of the Original Indenture, the Series 2008 Bonds maturing in 2023 and later years are subject to redemption at the option of the Borough, in whole or in part, and if in part, in such order of maturity dates as the Borough may determine, on any date on or after September 1, 2019, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

After due consideration, it appears that the Refunded Bonds may be refunded by the issuance and sale of the Series 2016 Bonds so that a substantial savings will be effected by the difference between the principal and interest cost over the life of the Series 2016 Bonds and the principal and interest cost over the life of the Refunded Bonds but for the refunding to be effected by carrying out the Refunding Plan.

Pursuant to Section 2.11 of the Original Indenture, the Borough may in its discretion, upon request of the DOA and subject to certain conditions, issue Additional Bonds to, among other things, refund or advance refund any Bonds then Outstanding and, in case of an advance refunding, the interest thereon to maturity or a specified redemption date, and which are secured by the Indenture and the Trust Estate on a parity with the Bonds then Outstanding under the Indenture.

The DOA has requested, and the Borough deems it to be in its best interests, that the Borough issue and sell the Series 2016 Bonds to carry out the Refunding Plan.

Pursuant to Section 11.01 of the Original Indenture, the Borough and the Trustee may, subject to certain conditions, enter into indentures supplemental to the Indenture without the consent of any Bondholder to, among other purposes, provide for the issuance of Additional Bonds.

In connection with the issuance of the Series 2008 Bonds and the Series 2015 Bonds, the Borough entered into the Original Lease Purchase Agreement with the DOA and the DOC, and in connection with the execution and delivery of this Second Supplement and the issuance of the Series 2016 Bonds, the Borough, the DOA, the DOC and the Trustee will enter into a Third Amendment to Lease Purchase Agreement pursuant to which the DOA and the DOC will agree to make payments sufficient to pay the principal of and interest on the Series 2016 Bonds.

### ARTICLE III FORM, EXECUTION, AND REGISTRATION OF BONDS

Section 3.01 Form of Series 2016 Bonds. The Series 2016 Bonds to be issued and secured under the Indenture shall each be designated "State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project)". The Series 2016 Bonds, forms of assignment, and certificates of Trustee shall be substantially in the form of the Series 2008 Bonds, with such modifications and revisions as the Trustee or the Borough shall deem appropriate.

Section 3.02 Maturities, Numeration, and Interest Payment Dates. The Series 2016 Bonds shall be in the denomination of \$5,000 or any integral multiple thereof within a maturity, initially numbered R-1 upwards in order of issuance or in such other manner as the Trustee may determine, and shall be dated [\_\_\_\_], 2016. The Series 2016 Bonds shall bear interest payable semiannually on March 1 and September 1 of each year, commencing [\_\_\_\_], from their date of original issue or the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest on the Bonds shall be calculated on the basis of a year consisting of 360 days and twelve 30-day months. The principal and redemption price of the Series 2016 Bonds shall be payable to the Owner upon presentation and surrender at the principal office of the Trustee in such coin or currency of the United States of America as may be, on the respective dates of payment thereof, legal tender for the payment of public and private debts, and interest on Series 2016 Bonds shall be paid by check or draft mailed to the Owner at the Owner's registered address. The Regular Record Date referred to in Section 2.05 of the Original Indenture for the payment of interest on the Series 2016 Bonds payable, and punctually paid or duly provided for, on any Interest Payment Date shall be the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date. The Series 2016 Bonds shall be in the aggregate principal amount of [\_\_\_\_](\$[\_\_\_\_]), and shall mature on September 1 in the years and in amounts and shall bear interest at the rates per annum, according to dates of maturity, as follows:

OR 16-065  
Im 16-101

Section 3.03 Execution of Series 2016 Bonds. The Series 2016 Bonds shall be signed in the name of the Borough by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Borough Clerk. The Trustee is hereby designated as authenticating agent and, as such, shall authenticate each Series 2016 Bond with the manual signature of the Trustee Representative. The seal of the Borough shall be affixed to or imprinted on the Series 2016 Bonds. In the event that any of the officers of the Borough who shall have signed any of the Series 2016 Bonds shall cease to be officers of the Borough before the Series 2016 Bonds shall have been authenticated or delivered by the Trustee, or issued by the Borough, such Series 2016 Bonds may, nevertheless, be authenticated, delivered, and issued, and upon such authentication, delivery, and issue, shall be binding upon the Borough as though those officers who signed the same had continued to be such officers of the Borough; and, also, any Series 2016 Bond may be signed on behalf of the Borough by such person who, at the actual date of execution of such Series 2016 Bond, shall be the proper officer of the Borough, although at the date of such Series 2016 Bond such person shall not have been such an officer of the Borough. Upon the execution and delivery of this Second Supplement, the Borough shall execute and deliver the Series 2016 Bonds to the Trustee for authentication.

Section 3.04 Authorization of Series 2016 Bonds. The Series 2016 Bonds, having been authorized by the Series 2016 Bond Ordinance, when issued, shall be secured by the Indenture and the Trust Estate on a parity with the Bonds then Outstanding under the Indenture upon delivery to the Trustee of the following:

- (a) a certified copy of the Series 2016 Bond Ordinance;
- (b) an original executed counterpart of this Second Supplement;
- (c) the manually signed validity opinion of Bond Counsel for the Borough;
- (d) an opinion of counsel to the State, addressed to the Borough, the Trustee, and Bond Counsel, to the effect that this Second Supplement and the Third Amendment to Lease Purchase Agreement have been duly authorized, executed, and delivered by the DOA or the DOC, as applicable, and are enforceable against the State;
- (e) a request and authorization of the Borough, signed by the Borough Manager, to the Trustee to authenticate and deliver the Series 2016 Bonds to such person or persons named therein upon payment for the account of the Borough of a specific sum

OR 16-065  
JM 16-101

and including a designation of accounts under this Second Supplement into which proceeds of the Series 2016 Bonds will be deposited and the amounts of such deposits;

(f) a certificate of the Borough, signed by the Borough Manager, of reasonable expectations of the Borough on the date of issuance of the Series 2016 Bonds regarding the amount and use of proceeds of the Series 2016 Bonds and setting forth the facts and estimates on which the Borough's expectations are based;

(g) a certificate of a Designated Borough Representative and a certificate of a Designated DOA Representative to the effect that the Lease is in effect and no "Lease Default Event" (as such term is defined in the Lease) exists thereunder which shall not be cured upon the issuance of the Series 2016 Bonds;

(h) an Opinion of Counsel to the effect that the issuance of the Series 2016 Bonds will not adversely affect the exemption from federal income taxation of the interest on any Outstanding Bonds;

(i) the executed Third Amendment to Lease Purchase Agreement providing for additional Lease Payments sufficient to pay the principal of and interest on the Series 2016 Bonds and for aggregate Lease Payments sufficient to pay debt service on all Bonds when due;

(j) a certificate of the Borough, signed by the Finance Director, stating that the Borough has furnished, or caused to be furnished, to the Bond Insurer, prior to the issuance of the Series 2016 Bonds, any disclosure document or financing agreement pertaining to the Series 2016 Bonds, and such disclosure document or financing agreement included the applicable maturity schedule, interest rate or rates, redemption, and security provisions pertaining to the Series 2016 Bonds; and

(k) a report of an independent accountant to the effect that from proceeds of the Series 2016 Bonds or other sources there shall be deposited in trust with the Trustee Government Securities, the principal of and the interest on which when due and payable will provide, together with any other money which shall have been deposited with the Trustee for such purpose, sufficient money to pay the principal of the Refunded Bonds and interest which will become due and payable on or prior to maturity or an earlier redemption date.

#### ARTICLE IV REDEMPTION OF SERIES 2016 BONDS

##### Section 4.01 Redemption of Series 2016 Bonds.

(a) *Optional Redemption.* The Series 2016 Bonds maturing on or after September 1, [ ] are subject to redemption at the option of the Borough, in whole or in part in integral multiples of \$5,000, and if in part, in such order of maturity dates as the Borough may determine and by lot or other manner deemed fair as to Series 2016 Bonds maturing on the same date, on any date on or after [ ], at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

Section 4.02 Notice of Redemption.

(a) If the Series 2016 Bonds are to be redeemed pursuant to Section 4.01, and written notice of an election to exercise an option to redeem Series 2016 Bonds hereunder shall have been given to the Trustee at least 45 days prior (or a shorter period acceptable to the Trustee) by the Borough, the Trustee shall prepare a notice in the name of the Borough or in its own name describing the Outstanding Series 2016 Bonds to be redeemed, the date of redemption, and the redemption price. The notice may state (i) that it is conditioned upon the deposit of money, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (ii) that the DOA retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such money is not so deposited or if the notice is rescinded as described in subsection (d) of this Section. The Trustee, at the expense of the DOA, shall send notice of any redemption, identifying the Series 2016 Bonds to be redeemed, the redemption date, and the method and place of payment and the information required by subsection (b) of this Section, by first class mail to each Holder of a Series 2016 Bond called for redemption to the Holder's address listed on the Bond Register. Such notice shall be sent by the Trustee by first class mail between 30 and 60 days prior to the scheduled redemption date. With respect to book-entry only Series 2016 Bonds, if the Trustee sends notice of redemption to DTC pursuant to the Letter of Representation, the Trustee shall not be required to give the notice set forth in the immediately preceding sentence. If notice is given as stated in this subsection, failure of any Bondholder to receive such notice, or any defect in the notice, shall not affect the redemption or the validity of the proceedings for the redemption of the Series 2016 Bonds.

(b) In addition to the foregoing, the redemption notice shall contain with respect to each Series 2016 Bond being redeemed, (i) the CUSIP number, (ii) the date of issue, (iii) the interest rate, (iv) the maturity date, and (v) any other descriptive information determined by the Trustee to be needed to identify the Series 2016 Bonds. If a redemption is a Conditional Redemption, the notice shall so state. The Trustee may also send each notice of redemption at least 30 days before the redemption date to (A) any Rating Service then rating the Series 2016 Bonds to be redeemed; (B) all of the registered clearing agencies known to the Trustee to be in the business of holding substantial amounts of bonds of a type similar to the Series 2016 Bonds; (C) one or more national information services that disseminate notices of redemption of bonds such as the Series 2016 Bonds such services to be identified by the Trustee; and (D) the Municipal Securities Rulemaking Board at [www.msrb.emma.org](http://www.msrb.emma.org).

(c) On or before the date fixed for redemption, subject to the provisions of subsections (a) and (d) of this Section, money shall be deposited with the Trustee to pay the principal of and interest accrued to the redemption date on the Series 2016 Bonds called for redemption. Upon the deposit of such money, unless the Borough has given written notice of rescission as described in subsection (d) of this Section, the Series 2016 Bonds shall cease to bear interest on the redemption date and shall no longer be entitled to the benefits of the Indenture (other than for payment and transfer and exchange) and shall no longer be considered Outstanding.

(d) Any Conditional Redemption may be rescinded in whole or in part at any time on or prior to the redemption date if the Borough delivers a certificate of a Designated Borough Representative to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to DTC or the affected Bondholders. Any Series 2016 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the DOA to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default, and the Trustee shall give notice by email, facsimile, or other electronic means to DTC or the affected Bondholders that the redemption did not occur and that the Series 2016 Bonds called for redemption and not so paid remain Outstanding.

Section 4.03 Deposit for Redemption. Prior to the designated redemption date, unless the notice of redemption was conditional, and the notice of redemption has been withdrawn, the Borough shall deposit or cause to be deposited with the Trustee funds sufficient to pay the redemption price of the Series 2016 Bonds to be redeemed, and interest thereon to the redemption date, and there shall be deposited, or arrangements shall be made with the Trustee to deposit, with the Trustee a sum sufficient to pay the proper expenses and charges of the Trustee in connection with such redemption. Upon deposit with the Trustee of the aggregate amount of such redemption price and interest pursuant to this Section, such money shall be set aside by the Trustee and held by it for the account of the respective Holders of the Series 2016 Bonds being redeemed.

Section 4.04 Payment of Redeemed Series 2016 Bonds. After notice of redemption shall have been given as provided in Section 4.02, unless the notice of redemption was conditional, and the notice of redemption has been withdrawn, as provided therein, the Series 2016 Bonds specified in such notice shall become due and payable on the redemption date. Payment of the redemption price and interest shall be made to or upon order of the Owner, upon the surrender of the Series 2016 Bonds. Any installment of interest maturing on or prior to the redemption date shall be payable to the Owners of Series 2016 Bonds registered as such on the relevant Record Dates according to the terms of such Series 2016 Bonds and the provisions of Section 2.06 of the Original Indenture and the notice of redemption herein provided for may so state. If redemption money is available for the payment of all of the Series 2016 Bonds called for redemption on the redemption date, the Series 2016 Bonds so called shall cease to draw interest after the redemption date, and such Series 2016 Bonds shall not be deemed to be Outstanding hereunder for any purpose, except that the Holders thereof, on presentation, as herein provided, shall be entitled to receive payment of the redemption price and interest accrued thereon to the redemption date from the money set aside by the Trustee as aforesaid.

Section 4.05 Cancellation of Redeemed Series 2016 Bonds. If Series 2016 Bonds are no longer held in book-entry only form, all Series 2016 Bonds so redeemed, shall forthwith be canceled and destroyed by the Trustee and a certificate of destruction furnished to the Borough; and no further Series 2016 Bonds shall be executed or authenticated or issued hereunder in exchange or substitution therefor.

OK 16-065  
TR 16-101

Section 4.06 Partial Redemption of Series 2016 Bonds. If less than all of the Series 2016 Bonds of a particular maturity at the time outstanding are to be called for prior redemption, the particular Series 2016 Bonds or portions thereof of such maturity to be redeemed shall be selected by lot, except as otherwise provided herein, by the Trustee in such manner as the Trustee, in its discretion, may determine. The Trustee shall call for redemption in accordance with the foregoing provisions as many Series 2016 Bonds or portions thereof as will, as nearly as practicable, exhaust the money available therefor. Particular Series 2016 Bonds or portions thereof shall be redeemed only in integral multiples of principal amount of \$5,000.

In the case of Series 2016 Bonds of denominations greater than \$5,000, if less than all of such Series 2016 Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each \$5,000 of principal amount shall be treated as though it was a separate Series 2016 Bond of the denomination of \$5,000 bearing one of the numbers borne by such fully registered Series 2016 Bond. If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such fully registered Series 2016 Bond is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Owner of such fully registered Series 2016 Bond which forthwith surrender such Series 2016 Bond to the Trustee (i) for payment of the redemption price of the \$5,000 unit or units of principal amount called for redemption and (ii) exchange for a new Series 2016 Bond or Series 2016 Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such fully registered Series 2016 Bond, which shall be issued to the Owner thereof, without charge therefor. If the Owner of any such fully registered Series 2016 Bond of a denomination greater than \$5,000 shall fail to present such Series 2016 Bond to the Trustee for payment and exchange as aforesaid, such Series 2016 Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Series 2016 Bond represented by such \$5,000 unit or units of principal amount on and after the date fixed for redemption, provided that funds sufficient for the payment of the redemption price shall have been deposited with the Trustee and shall be available for the redemption of such \$5,000 unit or units on the date fixed for redemption, and in such event, such Series 2016 Bond shall not be entitled to the benefit or security of the Indenture or the Lease to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units of principal amount, nor shall new Series 2016 Bonds be thereafter issued corresponding to such unit or units.

#### ARTICLE V

#### SERIES 2016 BOND PROCEEDS; REFUNDING FUND; REFUNDING PLAN

Section 5.01 Deposit of Series 2016 Bond Proceeds. The Borough shall deposit, or shall direct the purchaser or purchasers of the Series 2016 Bonds to deposit, with the Trustee all of the net proceeds of the sale of the Series 2016 Bonds and the Trustee out of such proceeds shall:

- (a) Deposit to the credit of the Refunding Fund net proceeds in the amount of \$[ ] from which the Trustee shall carry out the Refunding Plan.

OK 16-065  
DM 16-101

(b) Deposit to the credit of the Costs of Issuance Account of the Refunding Fund net proceeds of the Series 2016 Bonds in the amount of \$[\_\_\_\_\_] from which the Trustee will pay Costs of Issuance of the Series 2016 Bonds.

Section 5.02 Establishment of Refunding Fund. The Borough hereby establishes an account with the Trustee entitled the "Lease Revenue Bond Refunding Fund" (the "Refunding Fund") and the Costs of Issuance Account therein as hereafter described. Income and profit from the investment of money in the Refunding Fund shall be credited to the Refunding Fund. The Borough has no obligation hereunder to deposit any money in the Refunding Fund except proceeds of Series 2016 Bonds and all earnings and profits and receipts with respect to the investment of Series 2016 Bond proceeds in the Refunding Fund or funds made available therefor by the State. Any money on hand in the Refunding Fund on the date of delivery of the Series 2016 Bonds in excess of the amount required to carry out the Refunding Plan shall be transferred to the Bond Fund.

The money in the Refunding Fund shall be held in trust by the Trustee and applied to carry out the Refunding Plan. The money in the Costs of Issuance Account shall be held in trust and applied to the payment of Costs of Issuance as directed by the Designated Borough Representative. Any money on hand in the Costs of Issuance Account on a date 180 days from the date of delivery of the Series 2016 Bonds shall be transferred to the Bond Fund and the Costs of Issuance Account shall then be closed.

Section 5.03 Refunding Plan. The Trustee is authorized and directed to execute and deliver the Refunding Trust Agreement and to carry out the Refunding Plan.

## ARTICLE VI PARTICULAR COVENANTS OF THE BOROUGH

The Borough covenants and agrees, so long as the Bonds shall be outstanding and subject to the limitations on its obligations herein set forth, that:

Section 6.01 Compliance with Series 2016 Bond Ordinance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Series 2016 Bond Ordinance.

Section 6.02 Tax Covenants.

(a) The Borough covenants that it will neither make nor direct the Trustee to make any investment or other use of the proceeds of the Series 2016 Bonds that would cause the Series 2016 Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code and that it will comply with the requirements of the Code throughout the term of the Series 2016 Bonds. The Trustee covenants that in those instances where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants.

(b) The Borough covenants that it (i) will take, or use its best efforts to require to be taken, all actions that may be required of the Borough for the interest on the Series 2016 Bonds to be and remain not included in gross income for federal income tax

purposes and (ii) will not take or authorize to be taken any actions within its control that would adversely affect that status under the provisions of the Code.

ARTICLE VII  
CONCERNING THE TRUSTEE

Section 7.01 Trustee Not Responsible for Series 2016 Bond Ordinance. The Trustee shall not be responsible for the validity or execution of the Series 2016 Bond Ordinance, or of any supplemental instrument.

ARTICLE VIII  
MISCELLANEOUS

Section 8.01 Separability of Provisions. In case any one or more of the provisions contained in this Second Supplement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of the Indenture, but the Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.02 Execution of Second Supplement in Counterparts. This Second Supplement may be simultaneously executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

Section 8.03 Headings Not Controlling. The headings of the several Articles and Sections hereof are inserted for the convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 8.04 Original Indenture in Effect. The Original Indenture, as supplemented by this Second Supplement, is and remains in full force and effect.

[Signature page follows]

OR 16-065  
IN 16-101

IN WITNESS WHEREOF, the parties have executed and attested this Second Supplement to Trust Indenture by their officers thereunto duly authorize as of the date and year first written above.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By \_\_\_\_\_  
Borough Manager

ATTEST:

By \_\_\_\_\_  
Borough Clerk

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.  
as Trustee

By \_\_\_\_\_  
Vice President

The STATE OF ALASKA DEPARTMENT OF ADMINISTRATION hereby consents to the execution and delivery of the foregoing Second Supplement to Trust Indenture as of the date and year first written above.

STATE OF ALASKA  
DEPARTMENT OF ADMINISTRATION

By \_\_\_\_\_  
Administrative Services Director

012 116-065  
Jm 116-101

Signature Page to Second Supplement

NON-CODE ORDINANCE

Sponsored By: John Moosey  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH**  
**ORDINANCE SERIAL NO. 16-065**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE ISSUANCE OF STATE OF ALASKA LEASE REVENUE REFUNDING BONDS, SERIES 2016 (GOOSE CREEK CORRECTIONAL CENTER PROJECT) IN AN AMOUNT NOT TO EXCEED \$65,000,000; APPROVING THE FORM AND SUBSTANCE OF A SECOND SUPPLEMENT TO TRUST INDENTURE, A THIRD AMENDMENT TO LEASE PURCHASE AGREEMENT, A REFUNDING TRUST AGREEMENT, AND A BOND PURCHASE AGREEMENT; AUTHORIZING AN OFFERING DOCUMENT; MAKING CERTAIN FINDINGS AND DETERMINATIONS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO ACCOMPLISH THE FOREGOING; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT.

WHEREAS, the Borough has issued its State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) in an aggregate principal amount of \$244,285,000 (the "Series 2008 Bonds") pursuant to a Trust Indenture dated as of September 1, 2008 (the "Original Indenture"), between the Borough and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), to finance the construction of the Goose Creek Correctional Facility; and

WHEREAS, in connection with the issuance of the Series 2008 Bonds, the Borough entered into a Lease Purchase Agreement dated as of December 1, 2008, among the Borough, as lessor, the State of Alaska Department of Administration (the "DOA"), as lessee, and the State of Alaska Department of Corrections, as tenant agency, a First Amendment thereto dated October 26, 2010, and a Second Amendment thereto dated as of April 1, 2015 (together, the "Lease Purchase Agreement"); and

WHEREAS, pursuant to the Original Indenture, the Series 2008 Bonds maturing in 2023 and later years (the "Refundable Series 2008 Bonds") are subject to redemption at the option of the Borough on any date on or after September 1, 2019, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date; and

WHEREAS, to effect a savings in the principal and interest cost of certain of the Refundable Series 2008 Bonds, the Borough issued its State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project); and

WHEREAS, the Refundable Series 2008 Bonds remain outstanding in an aggregate principal amount of \$59,340,000; and

WHEREAS, after due consideration, it appears that the outstanding Refundable Series 2008 Bonds may be refunded by the issuance and sale of the lease revenue refunding bonds authorized by this ordinance (the "Series 2016 Bonds") so that a substantial savings will be effected by the difference between the principal and interest cost over the life of the Series 2016 Bonds and the principal and interest cost over the life of the outstanding Refundable Series 2008 Bonds but for such refunding; and

WHEREAS, pursuant to the Original Indenture, the Borough may, subject to certain conditions, issue the Series 2016 Bonds to advance refund the outstanding Refundable Series 2008 Bonds; and

WHEREAS, the DOA has requested, and the Borough deems it to be in its best interests, that the Borough issue and sell the Series 2016 Bonds to refund all or a portion of the outstanding Refundable Series 2008 Bonds pursuant to a Refunding Trust Agreement (the "Refunding Trust Agreement") with the Trustee; and

WHEREAS, the Borough has determined to sell the Series 2016 Bonds to RBC Capital Markets, LLC (the "Underwriter"), pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement"); and

WHEREAS, the Borough and its advisors have examined proposed forms of the Second Supplement to Trust Indenture, Third Amendment to Lease Purchase Agreement, Refunding Trust Agreement, and Bond Purchase Agreement, each of which has been presented to the Assembly on this date; have found the form and substance of such documents to be satisfactory and proper; and have determined to proceed in accordance with such documents by authorizing the issuance of the Series 2016 Bonds and the refunding of all or a portion of the outstanding Refundable Series 2008 Bonds, the execution and delivery of such documents, and the taking of such other action as may be necessary or convenient.

BE IT ENACTED:

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

Section 2. Authorization for Series 2016 Bonds. The Series 2016 Bonds are authorized to be issued in the principal

amount of not to exceed \$65,000,000 to refund all or a portion of the outstanding Refundable Series 2008 Bonds. The Series 2016 Bonds may be issued in one or more series of bonds to be designated "Matanuska-Susitna Borough State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project)," with such varying or additional designations as the Borough Manager or the Borough Finance Director may determine.

Section 3. Amendment of Lease Purchase Agreement. The Assembly finds under Matanuska-Susitna Borough Code 23.05.030(G) that amending the Lease Purchase Agreement to reflect the savings effected by refunding all or a portion of the Refundable Series 2008 Bonds without regard to the fair rental value of the property conveyed by the Lease Purchase Agreement (the "Project") is in the best interest of the Borough. The Assembly ratifies the lease of the Project under the Lease Purchase Agreement, as amended by the Third Amendment thereto, without first being classified as required by Matanuska-Susitna Borough Code 23.10.030(B), and for the consideration that is provided in the Third Amendment thereto. The Assembly finds that the issuance of the Series 2016 Bonds to refund all or a portion of the Refundable Series 2008 Bonds will serve the public interest and be in the best interest of the Borough, and is hereby approved.

Section 4. Approval of Financing Documents. The form and content of the Second Supplement to Trust Indenture, Third

Amendment to Lease Purchase Agreement, and Refunding Trust Agreement are in all respects authorized, approved, and confirmed, and the Borough Manager and the Borough Finance Director are each individually and severally authorized, empowered, and directed to execute and deliver those documents for and on behalf of the Borough in substantially the form and content now before this Assembly but with such changes, modifications, additions, and deletions therein as shall to him or her seem necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of the approval of any and all changes, modifications, additions, or deletions therein from the form and content of those documents now before this Assembly, and from and after the execution and delivery of those documents, the Borough Manager, the Borough Financial Director, the Borough Attorney, and the Borough Clerk are each individually and severally authorized, empowered, and directed to do all such acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of those documents as executed.

Section 5. Sale of the Series 2016 Bonds. The Series 2016 Bonds shall be sold at negotiated sale to the Underwriter. The Borough's financial advisor has advised the Assembly that bond market conditions are fluctuating and that the most favorable market conditions for the sale of the Series 2016 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 terms of the sale of the Series 2016 Bonds. Therefore, the Assembly determines that it is in the best interest of the Borough to delegate the authority to approve the terms of the sale of the Series 2016 Bonds as provided herein. Subject to the limitations provided in Section 2, the Borough Manager and the Borough Finance Director are each individually and severally authorized to determine the Refundable Series 2008 Bonds to be refunded and the aggregate principal amount, maturity amounts, sinking fund installments, if any, interest rates, yields, dated date, principal and interest payment dates, and redemption terms, if any, for the Series 2016 Bonds, and other details of the Series 2016 Bonds. In determining the aggregate principal amount, maturity amounts, sinking fund installments, if any, interest rates, yields, dated date, principal and interest payment dates, and redemption terms, if any, for the Series 2016 Bonds, the Borough Manager or the Borough Finance Director shall, in consultation with the Borough's financial advisor and the State Department of Revenue (the "DOR"), take into account those factors which, in his or her judgment, will result in the lowest true interest cost on the Series 2016 Bonds to their maturity or prior redemption, including current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2016 Bonds. The Borough Manager and the Borough Finance Director are each individually and severally authorized to determine, in consultation with the Borough's financial

advisor, the DOR, and the Underwriter, whether there shall be bond insurance for the Series 2016 Bonds, 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 the Series 2016 Bonds as a result of the bond insurance. Based upon the foregoing determinations, the Borough Manager and the Borough Finance Director are each individually and severally authorized to execute the Bond Purchase Agreement with the Underwriter, in substantially the form presented at this meeting. The authority granted to the Borough Manager and the Borough Finance Director by this Section shall expire 270 days after the effective date of this ordinance. If the Borough Manager or the Borough Finance Director has not executed a Bond Purchase Agreement with the Underwriter within 270 days after the effective date of this ordinance, the Bond Purchase Agreement may not be executed on behalf of the Borough without further authorization from the Assembly.

Section 6. Call of Refunded Bonds for Redemption. The Borough Manager and the Borough Finance Director are each individually and severally authorized and directed to call the Refundable Series 2008 Bonds to be refunded by the Series 2016 Bonds (the "Refunded Bonds") for redemption on September 1, 2019. The call for redemption of the Refunded Bonds shall be subject to the delivery of the Series 2016 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 Original Indenture.

Section 7. Ratings on the Series 2016 Bonds. The Borough Manager or the Borough Finance Director, in consultation with the Borough's financial advisor, the Underwriter, and the DOR, shall obtain a rating on the Series 2016 Bonds from at least one nationally recognized securities rating service. The Series 2016 Bonds shall not be sold if such rating is below investment grade.

Section 8. Offering Document for the Series 2016 Bonds. The Borough Manager and the Borough Finance Director, in consultation with the Borough's financial advisor, the Underwriter, and the DOR, are each individually and severally authorized and directed to prepare and approve a preliminary Official Statement and an Official Statement with respect to the Series 2016 Bonds to be used in connection with the sale of the Series 2016 Bonds. The Borough Manager and the Borough Finance Director are each individually and severally authorized to deem the preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12, to approve any addendum, supplement, or amendment thereto, and to approve the form of the final Official Statement for the Series 2016 Bonds.

Section 9. Execution and Delivery of other Documents. The Mayor, the Borough Manager, the Borough Finance Director, the Borough Attorney, and the Borough Clerk are each individually

and severally authorized and directed to execute and deliver for and on behalf of the Borough any and all additional certificates, documents, opinions, or other papers and 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 Original Indenture, as supplemented by the First Supplement and the Second Supplement thereto (together, the "Indenture"), the Lease Purchase Agreement, as amended by the Third Amendment thereto, the Refunding Trust Agreement, the Series 2016 Bonds, the Bond Purchase Agreement, and this ordinance.

Section 10. Prohibited Sale of Series 2016 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 Series 2016 Bonds is eligible to purchase the Series 2016 Bonds as a member of the original underwriting syndicate either at public or private sale.

Section 11. Continuing Disclosure. The Borough 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 this meeting. 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 the Indenture or the Series 2016 Bonds;

however, the 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 12. Ratification of Certain Prior Actions. All prior actions taken by or on behalf of the Borough in connection with the Series 2016 Bonds are authorized, ratified, confirmed, and approved.

Section 13. Limited Obligations. The Series 2016 Bonds and the interest thereon shall be limited obligations of the Borough payable solely from the revenues, funds, and assets pledged under the Indenture to secure payment of the Series 2016 Bonds, and under no circumstances shall the Series 2016 Bonds be payable from any other revenues, funds, assets, or income of the Borough.

Section 14. Savings Provision. 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 Series 2016 Bonds.

Section 15. Incorporation of Recitals. The findings and determinations contained in the preambles of this ordinance are incorporated herein as part of this ordinance.

Section 16. Effective Date. This ordinance shall become effective upon adoption by the Matanuska-Susitna Borough.

ADOPTED by the Matanuska-Susitna Borough Assembly this  
\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

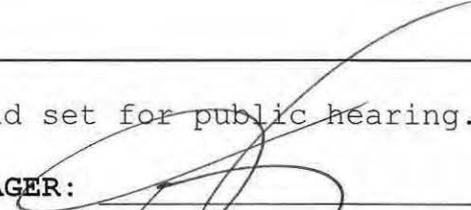
(SEAL)

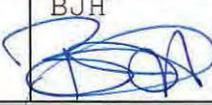
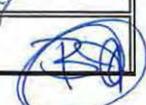
**SUBJECT:** AN ORDINANCE ADOPTING MSB 8.41, MARIJUANA RELATED FACILITIES LICENSE REFERRALS.

**AGENDA OF:** February 16, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator	BJH 	For Marijuana Advisory Committee
	Planning Director	EP	
	Borough Attorney	NS	Form Only
	Borough Clerk	JRM	2/8/16 

**ATTACHMENT(S):** Fiscal Note: YES \_\_\_ NO X  
 Ordinance Serial No. 16-021 (3 pp)  
 Planning Commission Resolution No 16-13 (2pp)

**SUMMARY STATEMENT:** This legislation is coming forward at the recommendation of the Marijuana Advisory Committee to provide a mechanism for the Alaska State Marijuana Control Board to provide notification to the Borough regarding marijuana licenses that are issued by the State.

At the January 25, 2016, meeting the Marijuana Advisory Committee voted unanimously to forward the attached recommendation to the Assembly.

**RECOMMENDATION OF ADMINISTRATION:** Present to the Assembly for consideration.

By: Alex Strawn  
Introduced: March 7, 2016  
Public Hearing: March 21, 2016  
Action: Approved

**MATANUSKA-SUSITNA BOROUGH  
PLANNING COMMISSION RESOLUTION NO. 16-13**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PLANNING COMMISSION RECOMMENDING APPROVAL OF AN ORDINANCE ADOPTING MSB 8.41, MARIJUANA RELATED FACILITIES LICENSE REFERRALS.

WHEREAS, on November 4, 2014, Ballot Measure 2 was approved statewide by the voters; and

WHEREAS, Ballot Measure 2 allows for the Borough to prohibit and/or implement regulations governing the number, time, place and manner of marijuana cultivation facilities, manufacturing facilities, retail stores, and testing facilities; and

WHEREAS, on January 22, 2016, the state adopted marijuana establishment regulations; and

WHEREAS, the state regulations require marijuana establishment licenses to be renewed annually. The renewal process requires notice to the local government in which area the licensed premises are located; and

WHEREAS, Assembly resolution 15-007 established a Marijuana Advisory Committee in part to advise the Assembly and Administration on how the Assembly and/or Administration should implement Alaska Statute 17.38 at the local level; and

WHEREAS, this legislation is coming forward at the request of the Marijuana Advisory Committee; and

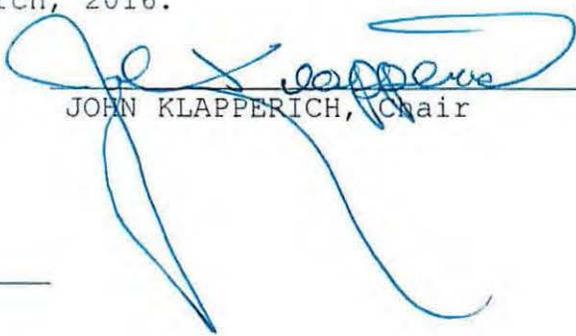
WHEREAS, on February 16, 2016, the Assembly referred proposed Ordinance Serial Number 16-021 to the Planning Commission for 90 days; and

WHEREAS, the Planning Commission held a public hearing on the proposed ordinance on March 22, 2016; and

WHEREAS, the Planning Commission finds that ordinance 16-021 provides objective criteria by which the Borough can comment on marijuana license renewals.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Planning Commission hereby recommends approval of an ordinance adopting MSB 8.41, Marijuana Related Facilities License Referrals.

ADOPTED by the Matanuska-Susitna Borough Planning Commission this 21<sup>st</sup> day of March, 2016.

  
\_\_\_\_\_  
JOHN KLAPPERICH, Chair

ATTEST  
  
\_\_\_\_\_  
MARY BRODIGAN, Planning Clerk  
(SEAL)

YES: *Klapperich, Anderson, Healy, Vague, Rendig, and Rauchenstein*

NO:

CODE ORDINANCE

Sponsored by: Assemblymember Sykes

Introduced:

Public Hearing:

Action:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-021**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ADOPTING  
MSB 8.41, MARIJUANA RELATED FACILITIES LICENSE REFERRALS.

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Adoption of Chapter. MSB 8.41 is hereby adopted as follows:

8.41.010 REVIEW OF MARIJUANA RELATED FACILITIES  
LICENSE REFERRALS.

(A) Upon notice from the Alaska State Alcohol and Marijuana Control Office of an application within the Borough for the issuance, renewal, or transfer of license to another person, of any marijuana related facility license, as defined in 3 AAC 306.005, the Planning Department shall:

(1) review the application for compliance with MSB 17.60 to determine that the applicant has obtained any permits required; and

(2) determine through Finance Department review, whether the applicant has delinquent debts or

taxes owing to the Borough arising from conduct of the business making the application.

8.41.020 WAIVER.

If the Planning Department determines that the requirements of MSB 8.41.010 are satisfied, the Department shall, within 30 calendar days of receipt of notice of the application, notify the Alaska State Alcohol and Marijuana Control Office that the Borough waives its right to protest the application.

8.41.030 BOROUGH PROTEST.

If the Planning Department determines that any of the requirements of MSB 8.41.010 are not satisfied, the Department shall, within 30 days of receipt of the notice of the application, notify the Alaska State Alcohol and Marijuana Control Office that the Borough protests the application. The protest shall state the reasons for the protest.

8.41.040 RESIDENT OBJECTION TO MARIJUANA RELATED FACILITIES.

(A) A Borough resident who lives within one mile of where a marijuana related facility properly licensed by the Alaska State Alcohol and Marijuana Control Office is located, may file an objection to the Planning Department.

(B) The Department shall investigate the objection to determine whether a code violation exists. If a code violation exists, the Department shall work with the facility to remedy the violation. If no violation exists, but the objection presents a grievance, the Department shall refer the resident to the Alaska State Alcohol and Marijuana Control Office.

Section 3. Effective date. This ordinance shall take effect upon adoption.

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 15.24.030 ADOPTING THE MATANUSKA-SUSITNA BOROUGH METROPOLITAN PLANNING ORGANIZATION (MPO) SELF ASSESSMENT.

AGENDA OF: February 16, 2016

ASSEMBLY ACTION:

MANAGER RECOMMENDATION: Refer to Transportation Advisory Board & Planning Commission for review and support.

APPROVED BY JOHN MOOSEY, BOROUGH MANAGER: \_\_\_\_\_

Route To:	Department/Individual	Initials	Remarks
X	Originator	<i>[Signature]</i>	
X	Capital Projects Director	<i>[Signature]</i>	
	Public Works Director		
X	Planning and Land Use Director	<i>[Signature]</i>	acting for Eileen - Lauren Driscoll
	Community Development Director		
	Emergency Services Director		
	Finance Director	<i>[Signature]</i>	
X	Borough Attorney	<i>[Signature]</i>	
X	Borough Clerk	<i>[Signature]</i>	2/8/16 <i>[Signature]</i>

ATTACHMENT(S): Fiscal Note: YES \_\_\_ NO X  
 MSB MPO Self-Assessment (53 pp)  
 Ordinance Serial No. 16-022 (2 pp)  
 Planning Commission Resolution #16-14 (2 pp)  
 Transportation Advisory Board Resolution No. 16-01 (2 pp)

**SUMMARY STATEMENT:**

In the 2011 Federal Register, the US Department of Commerce Census Bureau published the Urban Area Criteria. This publication noted the Urban Cluster (UC) of Lakes-Knik-Fairview-Wasilla, Alaska at a population of 44,236 based on the 2010 decennial census data (Vol. 76 No. 164). This Urban Cluster area covers much of what is referred to as the "core area" of the Matanuska Susitna Borough, roughly reaching from the City of Palmer, through the greater Wasilla area and encompassing much of the Gateway and Knik-Fairview Community Council areas (area map found on Page 3 of attached Self Assessment).

The US Census Bureau designates a new list of Urbanized Areas (UZAs) every 10 years, following the conclusion of each decennial census. As Alaska's fastest growing Borough and an average annual growth rate of 4% from 2000 - 2010, the current designated Lakes-Knik-Fairview-Wasilla Urban Cluster is likely to be designated as an Urbanized Area (UZA) following the 2020 Decennial Census.

The designation of UZAs by the U.S. Census Bureau has significant implications for transportation planning and funding in the Borough. More specifically, federal transportation legislation requires that a Metropolitan Planning Organization (MPO) be designated for each urbanized area with a population of more than 50,000 people in order to carry out the metropolitan transportation planning process, as a condition of Federal aid (Title 49 USC 5303). An MPO is a federally mandated and federally funded transportation policy-making organization that is made up of representatives from local government and governmental transportation authorities within the boundaries of the defined and 20-year projected Urbanized Area. For the Borough, this is likely to include the quickly developing Knik-Goose Bay Road corridor and surrounding areas, as well as the greater Palmer and Wasilla areas, both inside the Cities and the Borough areas in between.

To proactively prepare for this federal mandate, the Borough has actively engaged in research of MPO policy and interviews with regional transportation stakeholders. The MSB MPO Self Assessment is a brief, action-oriented document tailored specifically for the anticipated MSB Urbanized Area's transportation system and its stakeholders.

The Self Assessment provides clear, yet flexible guidance for short-range (5 - 6 year) pre-MPO transportation planning activities. By adopting this study, the Borough can move forward with implementation of the recommendations, and follow a timeline that will ensure preparedness for the anticipated 2020

MPO designation.

**RECOMMENDATION OF ADMINISTRATION:** Refer an ordinance to the Planning Commission and Transportation Advisory Board for 60 days, AMENDING MSB 15.24.030 ADOPTING THE MATANUSKA-SUSISTNA BOROUGH METROPOLITAN PLANNING ORGANIZATION (MPO) SELF ASSESSMENT.

---

# Matanuska-Susitna Borough MPO Self Assessment

---



**A Blueprint Preparing the Borough for a Metropolitan Planning Organization**

January 2016

*Im16-034  
OR16-022*

## Table of Contents

## Page

1. Introduction .....	1
2. Transportation Framework.....	8
3. MPOs: A Peer Review .....	12
4. Mat-Su MPO: What would it look like?.....	17
5. What's next?.....	20
Appendix.....	26

Project Consultant



Don Kostelec, AICP  
 Kostelec Planning, LLC  
 20 Battery Park Ave, Suite 515B  
 Asheville, NC 28801  
 828-989-5811; don@kostelecplanning.com

## Chapter 1: Purpose & Executive Summary

This Metropolitan Planning Organization Self-Assessment is an effort to explore the potential of core area of the Matanuska-Susitna Borough of Alaska reaching federal status that requires establishment of a Metropolitan Planning Organization (or MPO) after the 2020 Census.

Growth in the MSB has continued since the 2010 Census. According to estimates, the population of the Borough has grown from 88,995 to 97,882 in 2014 estimates. This is a growth rate of 10% while, by comparison, the state of Alaska's population has grown by 3% during that same time period. The Mat-Su Borough's growth in these four years comprises 33% of the state's overall growth. These estimates indicate the City of Wasilla has grown 13.0% since 2010 and Palmer has grown 9.7% (see Exhibit 1-1). Estimates for growth in the Knik-Fairview and Lakes Census Designated Places (CDP) are not available for 2014.

In the 2010 Census, the core area of the Matanuska-Susitna Borough (MSB or Borough) was defined as an "urban cluster" with a population of more than 44,000 people. This urban cluster comprised the cities of Wasilla and Palmer as well as the Lakes area and Knik-Fairview (Exhibit 1-2, next page).

Federal legislation passed in the early 1970s requires that any Urbanized Area (UZA) with a population greater than 50,000 have a Metropolitan Planning Organization. The definition of "urban" is defined by development density within or outside of municipal limits, meaning that unincorporated areas surrounding municipalities are also defined as part of an urbanized area, just as areas outside the cities of Wasilla and Palmer as shown in Exhibit 1-2 are part of the urban cluster. Anchorage and Fairbanks each have MPOs because they meet the 50,000 population threshold.

Urban Clusters, like the one designated in the MSB are defined as Urbanized Areas once this population threshold of 50,000 is met. Given the growth since 2010 and continued prospects for growth in the core area of the MSB, it is highly likely that the 2020 Census will result in the existing urban cluster becoming an urbanized area, thus requiring an MPO.

The Borough's interest in conducting this self-assessment is to help identify the context in which an MPO would operate, the requirements of an MPO if one is established, the financial ramifications on existing staff and project resources, and the pros/cons of having an MPO.

### What is an MPO?

**A Metropolitan Planning Organization is a transportation decision-making and planning body**

with representatives of local, state & federal government and transportation authorities. It is mandated by the federal government for urban areas with a population greater than 50,000.

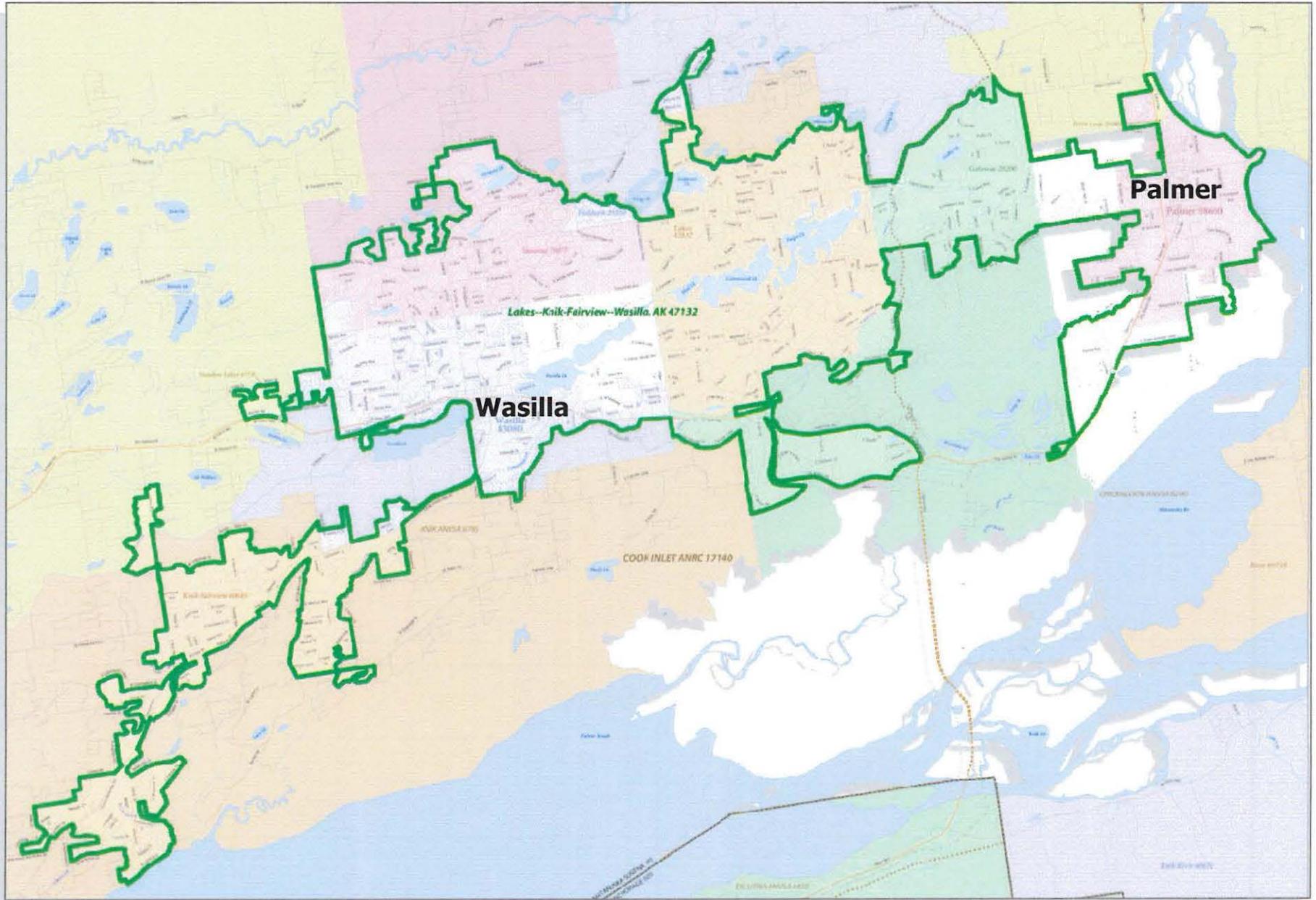
#### Finding:

⇒ The Mat-Su Borough Urban Cluster is likely to exceed 50,000 in population following the 2020 Census, requiring formation of an MPO.

**Exhibit 1-1: Population Growth—2010 Census vs. 2014 Estimates**

Area	2010 Census	2014 Estimate	Increase	% Increase
State of Alaska	710,249	736,732	26,483	3.7%
Mat-Su Borough	88,995	97,882	8,887	10.0%
<u>MSB Urban Cluster</u>	44,236	n/a		
Palmer	5,937	6,515	578	9.7%
Wasilla	7,831	8,849	1,018	13.0%
Knik-Fairview CDP	14,923	N/A		
Lakes CDP	8,364	N/A		

Exhibit 1-2: Matanuska-Susitna Borough Urban Cluster, 2010 Census



2

IM110-034  
02/10-002

[http://www2.census.gov/geo/maps/dc10map/UAUC\\_RefMap/uc/uc47132\\_lakes--knik-fairview--wasilla\\_ak/DC10UC47132.pdf](http://www2.census.gov/geo/maps/dc10map/UAUC_RefMap/uc/uc47132_lakes--knik-fairview--wasilla_ak/DC10UC47132.pdf)

Discussions have occurred between Borough staff and Alaska Department of Transportation and Public Facilities (ADOT&PF, or DOT) on how an MPO would be established. In January 2015 the Borough's Transportation Advisory Board (TAB) passed a resolution advising the Borough to fund and form a Regional Transportation Planning Organization (RTPO).

Based on the results of this self-assessment, it is not advisable to proceed with forming an RTPO within the Borough as many of the duties carried out by an RTPO are already in place or in progress. There are no existing RTPOs or law related to forming an RTPO in the State of Alaska. DOT could still designate an RTPO without legislation. Without this, it appears that an RTPO would add more complexity and cost than currently necessary to continue with existing best practices employed by the Borough. Given there is no formal structure for an RTPO within state law or DOT policies, nothing ensures that an RTPO's status as a regional planning entity is on par with other MPOs or would have a greater positive impact on planning at this time.

It is advised that the Borough continue current planning practices and methodically prepare for MPO status. Several recommendations contained in the TAB's resolution are good starting points to begin thinking about how an MPO would operate and who would be involved. The TAB is serving in a role similar for Borough-wide interests to what a Citizens Advisory Committee would serve within an MPO or RTPO. Therefore, the TAB would not be dissolved or re-purposed under an MPO since MPO committees focus on initiatives within the MPO boundary, and the TAB would maintain a Borough-wide focus.

## Method

The consultant retained by the Borough for this self-assessment organized the following efforts to help the MSB address these interests. This report is a compilation of the results of that effort, which included:

- **Defining the MPO framework**, via research and documentation of existing laws and MPO practices in the United States;
- **Assessing current MSB practices related to transportation services, projects and planning**, including review of existing plans, programs and



## This assessment includes

- **Defining the MPO framework in the US,**
- **Assessing current MSB practices and plans,**
- **Peer review of 7 MPOs in Western US,**
- **Discussions with Anchorage & Fairbanks MPOs,**
- **Suggestions for preparing for MPO status,**
- **Defining roles and responsibilities, and**
- **Identifying next steps.**

committees, as well as interviews with MSB staff, elected officials, committee members and local transit services.

- **Conducting a peer region review of 7 MPOs in the western United States**, based on population and governance models as similar to the MSB as possible;
- **Summarizing MPOs in the Alaska context**, via interviews with the Anchorage (AMATS) and Fairbanks (FMATS) MPOs as well as discussion with Alaska DOT representatives;
- **Preparing for MPO status**, with recommended steps MSB can take between now and the 2020 Census to continue best practices in transportation planning that align with MPO duties;
- **Defining roles and responsibilities**, including hypothetical committee structures and who major partners and committee members might be; and
- **Recommending next steps**, which allow the MSB continue on a pathway that continues positioning the agency for likely MPO status and integrating best practices into existing and planned efforts, such corridor plans, long-range transportation plans and capital improvement plans.

The effort included two visits to the MSB to meet with key stakeholders and present preliminary report findings. It also included phone interviews with seven different MPO officials in Idaho, Montana, Washington, Wyoming, Utah and Arizona in addition to in-person meetings with the Alaska DOT staff, Anchorage MPO (AMATS), and the Fairbanks MPO (FMATS).

The project consultant was Kostelec Planning, based in North Carolina, which has worked with more than a dozen MPOs across the United States on a variety of plans and projects.

## Current Transportation Framework in the MSB

The growing pains being experienced by the Mat-Su Borough, its officials, staff and citizens, are not uncommon to many growing areas of the United States. Formerly rural areas that are rapidly transitioning to urban or suburban development patterns are stressed in terms of providing adequate transportation facilities and other public facilities. There is always a constant tension between how to address capacity needs, manage existing system needs and address growing maintenance backlogs.

The self-assessment process revealed the Borough is undertaking a lot of best practices to better manage expectations that come with rapid growth. Growth is never without some level of controversy and need for regional discussion to attempt to best distribute resources and not alienate rural populations in favor of urban population needs.

The Capital Improvement Program for the Borough as well as the effort to update the Long Range Transportation Plan are impressive for an agency of its size. The vision to organize a Corridor Planning Partnership in the wake of lessons learned on the Knik-Goose Bay Road project is admirable to help stakeholders better convene in a regional forum to turn these lessons learned into constructive actions on future projects. The recent hiring of a trans-

---

## MPO Terminology

---

**Metropolitan Transportation Plan (MTP):** A Long-Range Transportation Plan for within the MPO boundary.

⇒20 to 25 years horizon, updated at least once every 4 years.

**Transportation Improvement Program (TIP):** A Capital Improvement Plan and Transit funding program for transportation investments within the MPO boundary.

⇒4 to 5 years time horizon, typically updated every 2 years with amendments as needed.

**Unified Planning Work Program (UPWP):** An task-based budget for the MPO, which serves as a management tool that identifies the nature, timeline, staffing needs, cost, and funding sources of all planning and programming activities.

⇒Typically updated every 1—2 years.

**Public Participation Plan (PPP):** A plan for robust public participation and education on how the MPO will engage citizens and stakeholders to develop the MTP, TIP, UPWP and other tasks.

⇒Updated as necessary.

**Policy Committee (the MPO Board):** A group of elected officials or their designee from the Borough and municipalities from within the MPO boundary. May include other state agencies. Responsible for approving MTP, TIP, UPWP and other MPO actions.

⇒Membership defined by MPO bylaws.

**Technical Committee:** Advisory to the Policy Committee; comprised of staff of the Borough and municipalities from within the MPO boundary, as well as state agencies, transit services, and others as selected by the MPO.

⇒ Membership defined by MPO bylaws

**Exhibit 1-3: Current Mat-Su Borough Transportation Planning vs. Common MPO Practice**

Role/Duty	Current Practice	MPO Practice
<b>Long-Range Transportation Plan (Update)</b>	Long Range Transportation Plan Update is under development, to be completed in early 2016. The Plan will have similar characteristics to an MPO's long-range transportation plan (i.e., Metropolitan Transportation Plan).	The federally-mandated Metropolitan Transportation Plan (MTP) would focus on the geographic area designated as the MPO. Projects, policies and fiscal constraints are based on what is planned to occur within those boundaries over a 20-year period of time. Non-MPO areas of the MSB would still need a separate long-range plan to continue the MSB's existing practice, but the two efforts can (and should) be coordinated.
<b>Capital Improvement Program</b>	MSB Capital Improvement Program (2017-2022) includes projects related to transportation, emergency services, public facilities, parks and recreation, the port, water resources and school district. Includes some projects planned by Alaska DOT.	The federally-mandated Transportation Improvement Program will include all transportation projects (e.g. highways, bridges, ports, railroads, sidewalks) funded through federal sources, including any Alaska DOT projects within the MPO boundary. Other projects defined as "regionally significant" will also be included.
<b>Transportation Advisory Board</b>	The appointed Advisory Board serves as a sounding board for a variety of Borough-wide transportation policies. It reports to the Planning Commission and makes recommendations on the annual transportation program, methods of funding transportation, the location and development of transportation systems and other policy issues.	Many MPOs have Citizens Advisory Committees (CAC) to provide an advisory role to the Technical Committee or MPO Board. The existing TAB would represent Borough-wide interests and areas outside the MPO while a CAC would represent interests inside the MPO boundaries.
<b>Transportation Planner</b>	The Borough is funding a new transportation planner to better coordinate transportation interests and guide future plans and projects.	An MPO Director, and at least one staff person, would comprise the future MPO staff with funding distributed to the MPO via the federal government/DOT to manage the MPO. It is possible that duties for transportation planning outside the MPO boundaries can be combined with the MPO duties since the outreach and planning efforts are similar. However, MPO funds may not be used for non-MPO functions, meaning funding would have to come from local sources.
<b>Corridor Planning Framework</b>	The Borough is developing a corridor planning framework to better define roles, responsibilities and expectations for a specific corridor plan in concert with DOT.	The framework could serve as a model for how the Borough and DOT will align interests and coordinate long-range planning if an MPO is formed. Other stakeholders such as Tribal Corporations, the Alaska Railroad and Road Service Areas within the MPO boundaries.
<b>Public Transit</b>	Existing public transit services are self-managed and provide for different geographic or trip functions.	Under an MPO, some additional transit funding for urbanized areas will be made available and must be reflected on the TIP and planned for, in a general sense, in the MTP.
<b>Regional Coordination</b>	Discussions with the Anchorage MPO (AMATS) and other Anchorage areas interests includes informal coordination meetings focused on specific projects or initiatives. Limited coordination occurs on long-range planning and project coordination.	It is advisable that a future MPO for the Borough would conduct more focused regional planning discussions with AMATS on corridor planning and other regional planning needs, perhaps through a subcommittee or other formalized process.

portation planner only strengthens these practices and creates a foundation for continued advancement in this realm.

Exhibit 1-3 is a summary of existing practices undertaken by the Borough as they relate to required duties or common practices of MPOs across the United States. Some are very similar and will change little if an MPO is designated for the Borough; others will require more thought to determine how to best balance input and interests of areas within the MPO boundary and areas outside that boundary.

## Key Assessment Findings

Below is a summary of key findings from this self-assessment. They reflect the big picture practices and possible strategies to better prepare the MSB for MPO designation following the 2020 Census. They are intended to help MSB align existing transportation efforts with future MPO duties while being mindful of available resources of both staff and financing. They will also help reduce the long-range burden place on the MSB by the MPO and make it run more smoothly. More details on these findings are contained in Chapter 5.

- **Continue Existing Practices:** The Long-Range Transportation Plan slated to be complete in 2016 will resemble a Metropolitan Transportation Plan (MTP) like those developed by established MPOs. The 2020 update should be conducted under the established rules for developing a long range transportation plan for an MPO. While not as well-aligned with Transportation Improvement Programs (TIP) required of MPOs, the Borough's Capital Improvement Plan establishes a foundation for development of a TIP within the MSB.
- **RTPO designation is duplicative:** Currently, there is no evident benefit to the Borough pursuing RTPO status since the Borough is already invested in its planning staff, a transportation planner, long- and mid-range transportation planning efforts and a Transportation Advisory Board. The TAB is already acting as a regional advisory board on transportation issues. As noted above, the Transportation Advisory Board (TAB) functions very much like a Citizens Advisory Committee of an MPO.

## MPOs address transportation planning beyond roadways, including...

- ⇒ **Public transit, aviation, bicycling, walking, freight and ports, and coordination with other regions and transportation agencies.**

- **Evaluate MPO Committee Structures:** MPOs have a Board or Policy Committee comprised of elected officials or their designees, and a Technical Committee comprised of staff from member agencies and other related agencies, such as tribal corporations, who have an interest in MPO duties. MSB can use its Corridor Planning Partnership as an early test of likely committee structure. This report recommends that partnership include a committee consisting of elected officials that provide big picture direction along with a technical committee of Borough, municipal and agency staff to provide more detailed direction.
- **Establish priorities and parameters with Alaska DOT&PF pre-MPO:** A key finding from the peer MPO outreach component of this self-assessment is a recommendation that the MSB establish a set of priorities and MPO set-up parameters with Alaska DOT prior to official formation of the MPO. If the recommendations listed above are successful, MSB and Alaska DOT will both be in a good position to formalize these arrangements.
- **Track reauthorization status:** The Borough staff should continue to track what is occurring at the federal level regarding transportation policies as they relate to both funding and rules regarding MPOs. Under normal circumstances there would be two more major federal reauthorization bills passed before 2022.
- **What else?** Change is occurring rapidly in the Mat-Su Borough. That was clearly evident during development of this self-assessment. These steps will help the Borough continue to grow its capacity for transportation planning.
  - ◇ Participate in the Association of MPOs Annual Conference, webinars and other information exchange efforts.
  - ◇ Develop an "MPO 101" presentation stemming from this report. There are several available online to use as examples in addition to presentations generated for this Self Assessment.
  - ◇ Organize a Travel Demand Management Coordinating Committee. Currently, 4 transit services operated in the MSB with varying missions and they are in need of a coordinating effort to assist in communication and funding pursuits. This committee could help with establishing appropriate planning tools for Coordinated Transit and Transit Development Planning that help the area access state and federal transit funds.
  - ◇ Work with Alaska DOT to identify pre-MPO study needs as DOTs have access to funding to help with MPO establishment efforts. MSB can begin working with Alaska DOT to determine how and when to make this request.
  - ◇ Continue to improve transportation planning and decision-making. Efforts related to land use planning, freight, tourism development, community or small area planning, food systems planning and disaster preparedness should have an integrated transportation component.

---

## MPO Prep: Helpful Hints

---

- **Start small and get it right from the start:** Focus first on the basic MPO requirements—MTP, TIP, UPWP and PPP—before branching out or leading complex studies.
- **Be specific in the formation of bylaw and committees:** This helps establish a proper role for all those involved and makes the MPO more efficient.
- **Use the MPO as a forum for regional projects & coordination:** Cities and the Borough have a formal seat at the table with DOT on project selection once an MPO is established. Use this opportunity to optimize coordination roles and define common expectations.
- **Be a sounding board for DOT:** DOTs can help promote better public and stakeholder involvement, thus reducing project delays and controversy, when engaging the MPO and its member agencies.

## Chapter 2: Transportation Framework

The existing transportation framework in the Borough is comprised of projects led by the Borough's Capital Projects division and planning directed by the agency's Planning Department. This is pretty typical for such agencies. The Borough's second class borough status complicates efforts given the Borough does not have road powers. The existing road service areas provide a source of revenue for transportation facility expansion and maintenance. The Mat-Su Borough remains a strategically critical area for Alaska DOT&PF as two of the state's major highways—the Glenn Highway and Parks Highway—bisect the Borough. The Glenn Highway provides the only linkage to the interior of Alaska from Anchorage and the Borough is one of the only areas of the state that is growing at a rapid pace.

### Emerging Themes in the Mat-Su Borough

As noted previously, the Borough is already undertaking a series of steps to better organize transportation planning and coordinate project development in a more collaborative way among diverse stakeholders. Growth pressures combined with sound planning and financial practices have led to a great degree of worthwhile planning for the area. The Borough is in the process of updating its long-range transportation plan, which is very similar in context and content to what is required of an MPO.

The 2017-2022 Capital Improvement Program stems from Borough code and provides a list of projects for transportation, schools, the port, trails, parks and recreation and others. A variety of funding mechanisms are utilized to fund projects within the program. These include federal funds, state grants, general obligation bonds, and local funds. There are 10 priority projects identified along roadways on the National Highway System. Transit, community transportation and other maintenance projects are identified in the CIP. Not all projects are fully-funded and others are listed in anticipation of future funding pursuits.

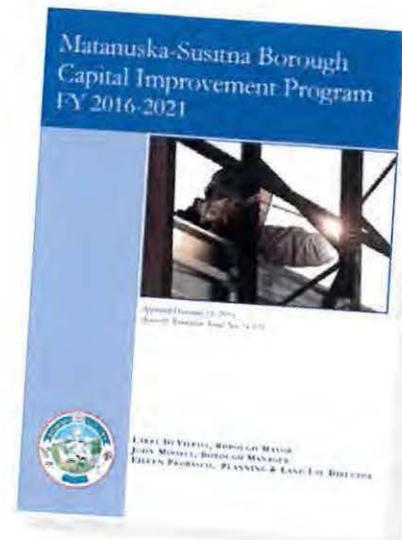
Beyond the universal issues of funding shortfalls for infrastructure, a major emerging issue for transportation in the Borough is in the realm of public transit, particularly for Valley Mover and MASCOT. The financial challenges of operating these services combined with the complexity in accessing federal transit funds, has stressed these systems and third party discussions are underway on how to potentially merge those service agencies.

All of these emerging topics necessitating the hiring of a transportation planner to help coordinate these and other efforts and serve as a technical resource for the Borough Assembly, Planning Board and Transportation Advisory Board.

### MPO 101

An MPO has authority and responsibility for transportation policy-making in metropolitan planning areas. MPO boundaries are defined by the urbanized area determined by the Census plus any area that is expected to become urbanized over the next 20 years. MPOs ensure that existing and future expenditures for transportation projects and programs are based on a continuing, cooperative and comprehensive planning process. This is known as the 3-C process. MPOs also cooperate with State and public transportation operators to set spending levels for Federal funds that are meant for transportation projects.

Note that some MPOs are found within agencies such as Regional Planning



The Capital Improvement Program is one of many ways the Borough is addressing transportation needs. The CIP has many similarities to the Transportation Improvement Program the MPO would develop.

This chapter contains excerpts from the Federal Highway Administration's *The Transportation Planning Process Briefing Book (2015 update)*.

[http://www.fhwa.dot.gov/planning/publications/briefing\\_book/index.cfm](http://www.fhwa.dot.gov/planning/publications/briefing_book/index.cfm)

Organizations (RPOs), Councils of Governments (COGs), and others. The Anchorage MPO, AMATS, is housed within the Municipality while the Fairbanks MPO, FMATS, is housed within the City of Fairbanks and includes geographic areas of the Cities of North Pole, Fairbanks, and urbanized portions of the Fairbanks North Star Borough.

MPOs serve an overall coordination and consensus-building role in planning and programming funds for projects and operations. Because MPOs typically neither own nor operate the transportation systems they serve, most MPOs will not be involved in implementing the transportation project priorities they establish. That role remains with the state DOT or other implementing agencies, such as a county or city road/streets department. The MPO must involve local transportation providers in the planning process by including transit agencies, State and local highway departments, airport authorities, maritime operators, rail-freight operators, port operators, private providers of public transportation, tribes, and others within the MPO region.

### MPOs have to...

By law (23 CFR 450), an MPO is defined as a policy board comprised of local elected officials. Representatives from local governments and transportation agencies serve on MPOs and perform the six core functions that follow:

1. **Establish a setting for effective decision making:** Establish and manage a fair and impartial setting for effective regional decision making in the metropolitan area.
2. **Identify and evaluate transportation improvement options:** Develop transportation improvement options and use data and planning methods to evaluate whether those options support criteria and system performance targets. Planning studies and evaluations are included in the Unified Planning Work Program (UPWP).
3. **Prepare and maintain a Metropolitan Transportation Plan (MTP):** Develop and update an MTP for the metropolitan area covering a planning horizon of at least 20 years. MPOs prepare MTPs using performance measures and targets. These are the planning factors that MPOs and departments of transportation consider to guide their planning processes:
  - Support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency.
  - Increase the safety of the transportation system for motorized and non-motorized users.
  - Increase the security of the transportation system for motorized and non-motorized users.
  - Increase accessibility and mobility for people and freight.
  - Protect and enhance the environment.
  - Promote energy conservation.
  - Improve quality of life for the community.
  - Promote consistency between transportation improvements and planned State and local growth and economic development patterns.
  - Enhance the integration and connectivity of the transportation system

---

## MPO 101

---

### A Metropolitan Planning

#### Organization is a transportation decision-making and planning

**body**<sup>1</sup> with representatives of local, state & federal government and transportation authorities. It is mandated by the federal government for urban areas with a population greater than 50,000.

- **Federal law requires** MPOs in Census -designated **Urbanized Areas<sup>2</sup> of 50,000+ population.** Mat-Su Core Area was 44,236 in 2010.
- Ensures federal spending on transportation occurs through a **comprehensive, cooperative, and continuing process** through requirements for a Metropolitan Transportation Plan & Transportation Improvement Program.
- MPO functions within its defined boundaries & **actions of the MPO are governed by a decision-making body different from the Borough Assembly.**
- There is a guaranteed allocation of federal planning funds for MPO-related duties.

(1) Association of Metropolitan Planning Organizations (ampo.org)

(2) U.S. Census Definition of Urbanized Areas = Population of 50,000 + Population Density of 500 persons per square mile.

for all modes.

- Promote efficient system management and operation.
- Emphasize the preservation of the existing transportation system.

4. **Develop a Transportation Improvement Program (TIP):** Develop a short-range, four-year program of priority transportation improvements drawn from the long-range transportation plan. The MPO creates the TIP with spending, regulating, operating, management, and financial tools. The TIP represents immediate priority actions to achieve the area's goals and associated system performance targets.

5. **Identify performance measure targets and monitor whether implemented projects are achieving targets:** MPOs coordinate with State and public transportation operators to establish performance targets that address performance measures, as set forth in Federal law, related to surface transportation and public transportation. MPOs prepare plans that include performance targets addressing performance measures and standards. When updating the plan, MPOs also prepare a System Performance Report that tracks progress in meeting performance targets. In addition to federally required performance measures, MPOs may identify additional, locally significant performance indicators that support decision making.

6. **Involve the public:** Involve the general public and other affected constituencies related to the essential decision making elements listed above.

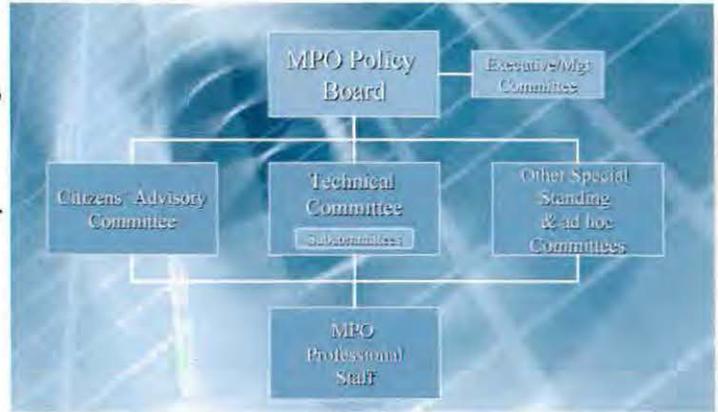
In accordance with Federal requirements, MPOs must cooperate with the State and providers of public transportation to create metropolitan transportation plans. The MPO approves the Metropolitan Transportation Plan (MTP), while the governor and the MPO approve the TIP.

### Committees

Every MPO has a Policy Committee (or Board) comprised largely of elected officials or appointees of elected officials in the case of agencies such as DOT. The Policy Committee is tasked with the authority to approve the Metropolitan Transportation, Transportation Improvement Program, Unified Planning Work Program (budget) and other required MPO duties. They are, by law, an independent decision-making body that is not subject to oversight by other elected bodies or boards. This does not mean they are a threat to elected bodies such as a city council or Borough assembly. They are simply tasked with the authority to manage the MPO's interests. It is common for an MPO to have a Technical Advisory Committee and Citizens Advisory Committee, and to have subcommittees on specific issues such as system performance, environmental justice, bicycle issues, and travel demand modeling.

There is no required structure for the advisory bodies and staff that provide planning and analysis to MPOs. Technical and Citizens Advisory Committees and a staff of planners led by a director also support the metropolitan transportation planning process. The MPO's Technical Committee is typically comprised of local agency planning and transportation staff as well as representatives of ports, railroads, DOT, tribes, and others.

### Typical MPO Structure



<http://www.flagstaff.az.gov/DocumentCenter/Home/View/6470>

The metropolitan transportation planning process must engage the public and stakeholders on an ongoing basis in all facets of planning, to spur dialogue on critical issues facing regions and provide opportunities for the public to contribute ideas. This is especially important in the early and middle stages of the process, when the plan and the TIP are developed. Special attention should be paid to groups that are underrepresented in the transportation planning decision making process or have been underserved in terms of the expenditure of transportation dollars. A Citizens Advisory Committee may be appointed to serve the Policy Committee and Technical Committees and provide strategic direction on how to involve the public in MPO efforts.

A technical advisory committee may then recommend specific strategies or projects to the MPO policy board. An advisory committee may also provide technical analysis, specialized knowledge, and citizen input on specific issues.

MPO staff assists the Policy Committee and other committees by preparing documents, fostering interagency coordination, facilitating public input and feedback, and managing the planning process. MPO staff may also provide committees with technical assessments and evaluations of proposed transportation initiatives, and the MPO staff may engage consultants to produce data.

### MPO & RTPO: What's the Difference?

An MPO is a federally-designated entity tasked with carrying out specific duties for transportation planning in urbanized areas (population greater than 50,000). They have federally-stipulated duties and their decisions are enforceable as it relates to transportation project identification and funding. Since MPO duties are granted by the federal government, they have special authority over transportation project identification and funding.

A Regional Transportation Planning Organization (RTPO) is a voluntary group of non-

**Exhibit 2-1: Comparing Duties and Authorities of RTPOs and MPOs**

Topic	RTPO	MPO
<b>Statutory Authority</b>	<ul style="list-style-type: none"> <li>No official federal government authority, but referenced in MAP-21 and FAST Act.</li> <li>Voluntary, as designated or assigned by a state.</li> </ul>	<ul style="list-style-type: none"> <li>Mandated by federal government once urbanized area population is 50,000</li> <li>Specific planning and program duties assigned by federal government</li> <li>Other authorities as designated or requested by a state</li> </ul>
<b>Geographic Coverage</b>	<ul style="list-style-type: none"> <li>Non-urbanized areas</li> <li>May exist in same county/jurisdiction as MPO to serve areas outside the MPO</li> </ul>	<ul style="list-style-type: none"> <li>Urbanized areas with population greater than 50,000, as defined by federal government, plus a self-determined 20-year planning area</li> </ul>
<b>Required Planning</b>	<ul style="list-style-type: none"> <li>Only as defined by a state</li> <li>Generally similar to LRTP and TIP in states with RTPOs, but plans have no recognized authority in federal law</li> </ul>	<ul style="list-style-type: none"> <li>Metropolitan Transportation Plan (or MTP; fiscally-constrained)</li> <li>Transportation Improvement program (TIP)</li> <li>Unified Planning Work Program (task-based budget)</li> <li>Public Participation Plan (PPP)</li> <li>Others, as determined by state or member agencies</li> </ul>

### Chapter 3: MPOs: A Peer Review

A key element of this self-assessment is a review of similar MPOs in the western United States that have population, geographic and political frameworks that represent common themes in the Mat-Su Borough. The purpose of this outreach to similar MPOs was to define common themes, interests and concerns for establishing an MPO in the Mat-Su Borough.

Small MPOs do not receive much attention or study across the country as the research emphasis tends to be focused on major metropolitan areas. Therefore, there is no definitive guidebook on small or new MPOs.

Through work with Borough staff, the consultant identified characteristics for outreach to MPOs. These general characteristics were:

- Urbanized area population between 50,000 and 100,000;
- Western United States context, primarily the area known as the Intermountain West consisting of Montana, Wyoming, Idaho and Utah;
- MPOs that formed within these areas in the past decade; and
- Diverse organizational frameworks (e.g. county-led vs. central city-led MPOs).

The goal of this study was to reach out to eight such MPOs with hopes of interviewing at least five of them. The MPOs were very responsive which resulted in



Exhibit 3-1: Peer MPOs Interviewed for the Self Assessment



interviews with seven MPOs. They are shown in Exhibit 3-1 below.

They are:

- **Bannock Transportation Planning Organization** – Pocatello, Idaho (pop. 73,000)
- **Casper Area MPO** – Casper, Wyoming (pop. 71,000)
- **Cheyenne MPO** – Cheyenne, Wyoming (pop. 81,000)
- **Dixie MPO** – St. George, Utah (pop. 105,000)
- **Great Falls MPO** – Great Falls, Montana (pop. 69,000)
- **Skagit MPO** – Skagit County, Washington (pop. 117,000)
- **Sun Corridor MPO** – Casa Grande, Arizona (pop. 108,000)

Additionally, the Anchorage and Fairbanks MPO were interviewed or re-searched as part of this effort to gain a better understanding of how MPOs function in the Alaska context and how they are similar and different from other MPOs interviewed for this study.

## MPOs in the Western United States

The unique part of the outreach to other MPOs is that it allowed the directors of those MPOs to consider how they would do things if they had a chance to re-start or re-form the organization. While MPOs are a federally-designated entity, they have evolved in different ways and are subject to unique policy and agency structures within their state. The approaches employed by state DOTs to support and provide oversight, in some instances, for MPOs also varies greatly. This section contains a summary of key issues identified through this outreach. Detailed reports for each MPO interviewed for this self-assessment are contained in the Appendix.

Some keys findings of the MPO outreach are:

- Small MPOs have a small staff and this makes it a challenge to focus on priorities beyond the MPO-required duties.
- Be very specific in MPO bylaws regarding committee structure, roles, responsibilities and processes. Establish bylaws and don't rely strictly on the operating agreement.
- Take advantage of the additional financial resources the MPO provides for planning, but don't do planning for the sake of planning. Focus on what needs to be done.
- Use the MPO as a forum for regional projects and agency coordination.
- Relationships with the state DOT should be strong. The lack of a strong relationship with the DOT can be the missing link between planning and project implementation. This requires DOTs communicating regularly with the MPO and the MPO should have an understanding of DOT project development.
- If MPO is housed within a larger agency or city, establish the MPO as its own division or department so it can focus on transportation planning work

---

## MPO & DOT Coordination

---

Relationships with the state DOT should be strong. The lack of a strong relationship with the DOT can be the missing link between planning and project implementation. This requires DOTs communicating regularly with the MPO and the MPO should have an understanding of DOT project

**Exhibit 3-2: Peer MPO Summary Findings**

MPO	MPO Area Population	Annual Budget	Special Committees	Advice
<b>Bannock TPO, Pocatello, ID</b>  Independent MPO	73,000	\$485,000 (\$90,000 local)	Signal Coordination; Inter-agency Consultation; Human Services.	Don't start by doing too much. Start with a small area, work together and avoid standalone relationships.
<b>Casper Area MPO, Casper, WY</b>  City is host agency	71,000	\$830,000 (\$80,000 local)	Citizens Committee with 15 from geographic areas and 5 from specialty areas (transit, freight, aviation, etc)	Be a standalone MPO as much as possible to conduct MPO business, not city or county business. Create clear separation of powers. Be extremely aggressive in creating your initial bylaws.
<b>Cheyenne MPO, Cheyenne, WY</b>  Independent MPO	81,000	\$809,000 (\$77,000 local)	Safety Committee being organized; works with city's Greenway and School Traffic Safety committees	Hire staff who can talk, who can convince, and get stakeholders actively involved.
<b>Dixie MPO, St. George, UT</b>  Association of Governments is host agency	105,000	\$468,000 (\$40,000 local)	Active Transportation; Transit; Air Quality; Freight.	Facilitating discussions in the best way requires state and local input and you need a planning organization structure to accomplish that.
<b>Great Falls MPO, Great Falls, MT</b>  City is host agency	69,000	\$875,000 (\$315,000 local)	Evaluating Non-Motorized Transportation Committee	As MPO, establish your value to the local governments from the beginning.
<b>Skagit MPO, Mt. Vernon, WA</b>  Council of Governments is host agency	117,000	\$700,000 (\$60,000 local)	Active Transportation, Citizens Advisory (have tribal representative on technical committee)	Members need to see the benefit of collaborate and have workable agreement on structure of the MPO.
<b>Sun Corridor MPO, Casa Grande, AZ</b>  Independent MPO	108,000	\$250,000 (\$130,000 local)	New MPO, forming Economic, Land Use and Development Committee	You have to be clear when explaining the benefits of an MPO and make politicians aware of why this is happening.

*Im 16-034  
0216-022*

Exhibit 3-2 summarizes characteristics of these MPOs and individual advice from their directors.

### MPOs in the Alaska Context

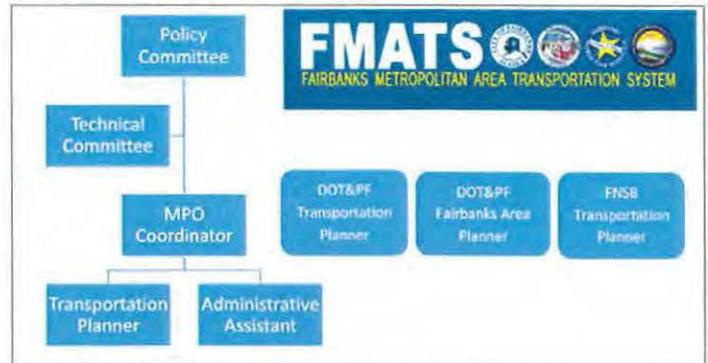
The two MPOs in Alaska are very different in terms of administrative arrangement and duties given their population and context. Both can serve as an example of best practices for a future Mat-Su Borough MPO and a peer within the state that can provide a forum for information exchange.

FMATS was established more recently than AMATS, with its designation occurring in 2003 following the 2000 Census. AMATS was established in 1968. FMATS has more recent institutional arrangements that are a model for the Borough.

Some other organizational characteristics are:

- Both AMATS and FMATS have an DOT&PF Area Planner assigned to the MPO area. Those planners are housed at Central and Northern Region, respectively. They do not work for the MPO; they work for and are funded by DOT&PF. Some MPO planning funds (called PL) are used to assist in funding a position at DOT&PF.
- FMATS employs a director, 1 planner and a 1/2 time administrative assistant. FMATS is housed at the City of Fairbanks (a local municipality within the Fairbanks North Star Borough).
- Fairbanks North Star Borough receives funding to employ a full-time transportation planner from the MPO's federal PL funds, but this staff person has duties for all Borough transportation issues. FMATS also funds a portion of a transportation planner position at the FNSB.
- AMATS has a director and 4 planners on staff and is housed at the Municipality of Anchorage (a unified Borough).

### FMATS Organizational Structure



**FMATS.** The Fairbanks Metropolitan Area Transportation System (FMATS) is more likely than Anchorage to be a peer model for the Mat-Su Borough due to population and governance arrangement. The Fairbanks North Star Borough,

**Exhibit 3-3: FMATS and AMATA Summary**

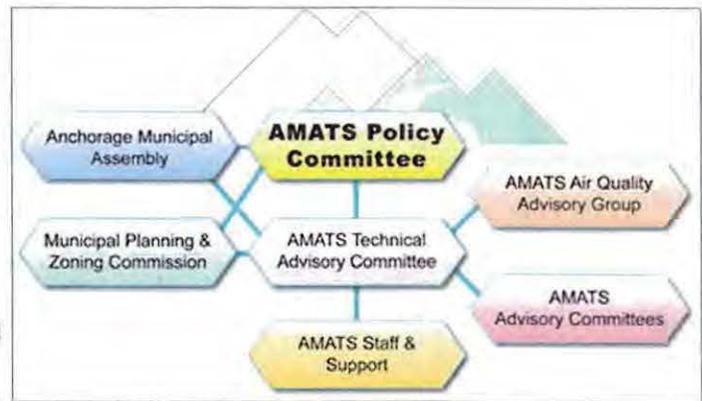
MPO	MPO Area Population	Annual Budget (PL funds)	Notable Features	Special Committees
<b>FMATS, Fairbanks, AK</b>	67,000	\$368,000	Technical committee members include 2 Cities, Borough, DOT&PF, DEC Air Quality, Fort Wainright, University, Railroad and Tanana Chiefs Conference	Seasonal Mobility Task Force; new Freight Advisory Committee (2016).
<b>AMATS, Anchorage, AK</b>	289,000	\$1.262 million	Policy Board/Committee is comprised of only 5 voting members (Mayor, 2 Assembly Members, DOT, Air Quality)	Citizen's Advisory Committee; Air Quality; Freight; Bicycle/Pedestrian;

like the Mat-Su, is a second class borough (without road powers, which creates some complexities with the matching of federal funds). The cities of Fairbanks and North Pole are member agencies of the MPO. The Borough, cities, DOT and DEC are the members of the Policy Board. Other local organizations such as the airport, a tribal corporation, the trucking industry and Alaska Railroad serve on the technical committee.

In 2007 FMATS completed an Organizational Study to determine how the agency should be organized and managed. Like this self-assessment, the Organizational Study reached out to eight MPOs to get a sense of how they are staffed and how they function.

- Public Participation.** One of the strengths of FMATS that sets it apart from other MPOs interviewed is the extensive lengths staff goes to involve the general public in the planning process. Where other MPOs have not updated their Public Participation Plans in several years, FMATS continually reviews and updates their based on feedback, technology and participation trends. Beyond getting word out and soliciting opinions, the MPO has several opportunities for the public to participate including committees and open meetings such as ongoing corridor studies and the continual Seasonal Mobility Task Force.
- Multifaceted Efforts.** FMATS is engaged in a variety of planning efforts beyond their required duties. FMATS adopted a Complete Streets Policy in 2015 (and cities passed resolutions supporting it). They have conducted corridor plans and bicycle and pedestrian plans, funded multiuse facilities for non-motorized users, and have been a key participant in transit projects throughout the region. The MPO led a committee to determine enhancements to a downtown green space area along with a corresponding inclusion of public art and historical signage.
- DOT Relationship.** One of the most striking issues unearthed with the interview is the sometimes fractured and contentious nature of the relationship with Alaska DOT&PF. In recent years there has been continued disagreement over process, involvement, and even oversight. The challenges seem to come down to a loss of historical knowledge in working with MPOs. The key to this for future consideration of MPO status in Alaska is to get off to a clear and agreeable foundation.

### AMATS Organizational Structure



**AMATS.** Anchorage Metropolitan Area Transportation Solutions (AMATS) is housed within the Municipality of Anchorage. The boundaries of the MPO are wholly contained within the Municipality of Anchorage, which means there are no other cities or boroughs with elected officials operating within the MPO other than Anchorage. With a population of 289,000, AMATS has additional requirements for an MPO as a Transportation Management Area (or TMA). This also gives AMATS more access and more direct control of federal funding in order to manage transportation congestion more systematically. The population base, governance structure, applicability of Alaska laws to AMATS and status as a TMA make it very different from how a Mat-Su Borough MPO would be organized. Additionally, AMATS does not develop its own TIP; DOT&PF does it for them.

## Chapter 4: Mat-Su MPO: What would it look like?

The Mat-Su Borough would be a unique MPO within the United States if designated after the 2020 Census. Most MPOs have a central city that constitutes the majority of the population base of the MPO. Fairbanks, for example, has an MPO population of 67,000 with the City of Fairbanks population at 32,000 (roughly 48% of the total MPO population). The Mat-Su MPO would likely have the majority of its population living in unincorporated areas surrounding Wasilla and Palmer, as is the case with the current Urbanized Cluster in the Core Area.

Given this likely scenario, along with the Mat-Su Borough government model being more conducive to managing the MPO's functions, it is advised that the Borough be the host agency for the MPO rather than one of the cities. Based on current Urban Cluster boundaries, the cities of Wasilla and Palmer would be member agencies with seats on the MPO Policy Committee. MPOs are asked to consider a 20-year planning horizon when defining the boundaries of the MPO, which could bring Houston into the boundaries (but this is not assured and those boundaries can be smoothed based on a variety of factors).

### Operating Agreement

An operating agreement is signed at the onset of establishing an MPO. The governor of Alaska must designate the MPO and agencies such as the Mat-Su Borough, municipalities and Alaska DOT&PF are parties to the agreement. The agreement outlines the duties of the MPO pertaining to MTP, TIP and UPWP, as well as any other requirements. It also sets forth parameters for amendments to these planning efforts and reporting requirements to the state and federal government.

The operating agreement sets forth the roles and responsibilities of the MPO as they pertain to federal law. The agreement also establishes the membership of the policy committee (or Board). The membership on the technical committee is not as prescriptive as the sections of the agreement related to the policy committee, thus allowing the technical committee to evolve and add members as necessary.

The peer MPOs revealed that many MPO directors felt the bylaws stemming from the operating agreement, as well as mutually-agreed upon roles and responsibilities for DOT and the MPO, were critical to get right before the MPO is designated. As noted previously, the ongoing actions by the Borough on various transportation planning efforts sets a great example for how this may proceed if an MPO is designated.

### Staffing & Organization

Based on feedback from other MPOs, it is advised that the Mat-Su Borough, at minimum, make the MPO its own department within the Borough framework and consider the prospects of making it an independent agency.

While many said an independent MPO is likely to be more successful, that does not appear to be as feasible in the short-term. Currently, there are few special purpose or independent public agencies in Alaska, which makes the prospects for a fully independent MPO more difficult to consider and hard for elected officials and the public to understand. An independent MPO should remain an option to consider as MPO designation nears and more is known about staff arrangements, committee structure and MPO funding. Based on growth pressures and emerging challenges for transit services, there appears to be the need for the Borough to evaluate a more comprehensive transportation governance structure to address a variety of transportation challenges.



**Given existing governance arrangements, the Borough is the logical host agency for a future MPO. The operating agreement and bylaws should be coordinated by Borough staff with coordination from DOT and cooperation from municipalities.**

An important element to consider is that the MPO Director answers to the Policy Committee of the MPO, not necessarily the Borough Assembly, which can make the arrangement as a Borough department potentially confusing to those involved. Outlining the roles and responsibilities of the MPO director early in the process can help address these likely conflicts. This is key to preventing issues with who the MPO reports to. Borough functions such as platting and local planning approval are not federal functions required by an MPO.

Based on funding formulas, the MPO should have resources available to hire at least one additional staff member to help the MPO perform its functions and serve the committees. In an organizational arrangement where the MPO is its own department, a staff person could be tasked with dual roles of serving the existing Borough-wide advisory committees, such as the TAB. This should not be construed as using MPO funds to do non-MPO planning outside the MPO boundaries; rather it's a statement of likelihood that employment duties may overlap in terms of technical expertise of MPO staff.

### Committees

Based on existing arrangements with policy and technical committees in Fairbanks and Anchorage, Exhibit 4-1 outlines what a Mat-Su Borough MPO committee structure could be given the current boundaries of the Urban Cluster and existing government agencies and stakeholders.

AMATS created Exhibit 4-2 to show how the MPO committee structure fits within the Borough Assembly

**Exhibit 4-1: Potential Committee Structure for a future Mat-Su Borough MPO \***

Committee	FMATS	AMATS	MSB Equivalent
<b>Policy</b>	<ul style="list-style-type: none"> <li>Fairbanks North Star Borough Mayor</li> <li>Fairbanks North Star Borough Assembly Member</li> <li>City of Fairbanks Council Member</li> <li>City of Fairbanks Mayor</li> <li>City of North Pole Mayor</li> <li>ADOT&amp;PF Northern Region Director</li> <li>DEC – Division of Air Quality</li> </ul>	<ul style="list-style-type: none"> <li>Municipality of Anchorage Mayor</li> <li>Municipal Assembly Member</li> <li>Municipal Assembly Member</li> <li>ADOT&amp;PF Commissioner (or designee)</li> <li>DEC Commissioner (or designee)</li> <li>Non-Voting Member: Municipal Assembly Member Alternate</li> </ul>	<ul style="list-style-type: none"> <li>Mat-Su Borough Mayor</li> <li>Mat-Su Borough Assembly Member (x2)</li> <li>City of Palmer Mayor</li> <li>City of Wasilla Mayor</li> <li>ADOT&amp;PF Central Region Director (or designee)</li> </ul>
<b>Technical</b>	<p><b>Local Members</b></p> <ul style="list-style-type: none"> <li>City of Fairbanks Engineer</li> <li>City of Fairbanks PW Director</li> <li>City of North Pole PW Director</li> <li>Borough Planning Director</li> <li>Borough Transit Director</li> <li>Borough Planning Commission</li> <li>Fort Wainwright</li> <li>UAF</li> <li>Fairbanks Airport</li> <li>Freight Carriers</li> <li>Tanana Chiefs Conference</li> </ul> <p><b>State Members</b></p> <ul style="list-style-type: none"> <li>Alaska Railroad</li> <li>DOT&amp;PF Planning Manager</li> <li>DEC Air Quality</li> </ul>	<p><b>Local Members</b></p> <ul style="list-style-type: none"> <li>Health &amp; Human Services</li> <li>Public Transportation</li> <li>Community Development</li> <li>Project Management &amp; Engineering</li> <li>Traffic Division</li> <li>Port of Anchorage</li> <li>Air Quality Advisory Committee</li> </ul> <p><b>State Members</b></p> <ul style="list-style-type: none"> <li>ADOT&amp;PF Central Region Planning</li> <li>ADOT&amp;PF Regional Pre-Construction</li> <li>DEC</li> <li>Alaska Railroad</li> </ul>	<p><b>Local Members</b></p> <ul style="list-style-type: none"> <li>Mat-Su Borough Chief of Planning</li> <li>Mat-Su Borough Capital Projects Director</li> <li>Palmer City Planner</li> <li>Wasilla City Planner</li> <li>MASCOT Director</li> <li>Valley Mover Director</li> <li>Port Mackenzie Director</li> </ul> <p><b>State Members</b></p> <ul style="list-style-type: none"> <li>ADOT&amp;PF Central Region Planning</li> <li>ADOT&amp;PF Regional Pre-Construction</li> <li>DEC</li> <li>Alaska Railroad</li> </ul>

\* This table is for comparison purposes only and does not represent a recommendations on committee structure for a MSB MPO. It is intended show the equivalent committee members from FMATS and AMATS; MSB MPO committees are determined by future bylaws.

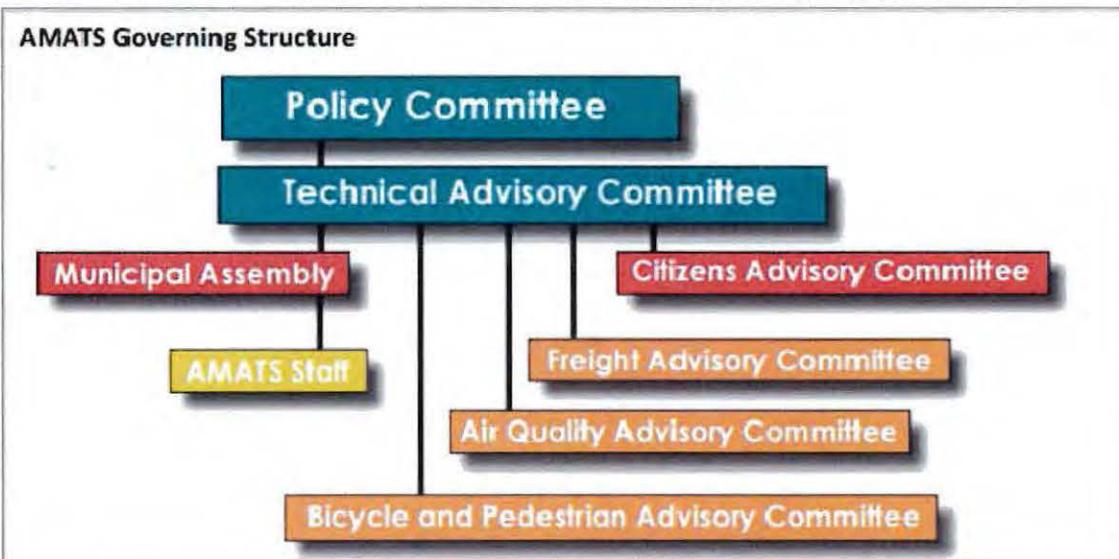
structure given the Assembly does not have direct authority over the actions of the MPO. AMATS asks the Municipal Assembly to adopt the Metropolitan Transportation and TIP via ordinance as the official transportation plan for the Borough. This would differ in the Mat-Su Borough given the long-range plan and capital improvement plan identify projects for the entire Borough. An easy solution would be to combine the Borough-wide plans with MPO plans to comprise a comprehensive sets of plans for the entire Borough.

Any special committees in the Mat-Su MPO should be coordinated with existing advisory committees for Borough-wide interests in the interest of minimizing the amount of resources needed to support these committees. Likely special committees for a Mat-Su Borough MPO would be:

- Citizens Advisory Committee (coordinated with existing TAB);
- Active Transportation and Trails Advisory Committee (coordinated with Borough-wide committee); and
- Freight Advisory Committee (coordinated with any port committees).

It is advisable to have an odd number of members on committees.

**Exhibit 4-2: AMATS Illustrations Show How the Assembly Fits in the MPO Structure**



Municipal Assembly	
Purpose	Responsibilities
<p>The Municipal Assembly provides local government review and recommendations on the AMATS plans and programs to the AMATS Technical Advisory Committee and subsequently to the AMATS Policy Committee.</p>	<ul style="list-style-type: none"> <li>* Adopt by ordinance the MTP as the transportation plan element of the comprehensive plan</li> <li>* Adopt by ordinance the Transportation Improvement Program (TIP)</li> <li>* Adopt an official streets and highways plan</li> <li>* Adopt the local area component of the State Implementation Plan for air quality</li> <li>* Assist in securing adequate funding to implement the transportation program</li> <li>* Designate two assembly members to serve as two of the three local government representatives on the AMATS Policy Committee</li> </ul>

## Chapter 5: What's next?

The Introduction & Executive Summary included a synthesis of the major recommendations to the Mat-Su Borough to continue to build its transportation planning and governance capacity leading up to the eventual designation of an MPO. This chapter includes more details on those recommendations, including possible timelines and stakeholders who are critical to the success of each recommendation.

These are not intended to be prescriptive recommendations as policies, funding and other circumstances will change between 2015 and 2022. The Borough can continue to work toward these goals and adjust them as necessary.

This chapter concludes with a Give-Gain Grid to identify partnership roles in achieving these recommendations based on what each partner stands to give and gain.

### Build Upon Existing Planning Practices

The Long-Range Transportation Plan slated to be complete in 2016 will resemble a Metropolitan Transportation Plan (MTP) like those developed by existing MPOs. The Long-Range Transportation Plan will be slated for an update around 2020, roughly two years before MPO designation could occur. The 2020 update should be organized under the established rules for developing a Metropolitan Transportation Plan for an MPO. It should identify which projects are planned within the Urban Cluster boundary and those that are outside this boundary as a way to begin illustrating how planning occurs in those two geographic areas. It should also include transit agencies.

MTP development is a very time-consuming process for an MPO. Aligning the next long range plan update approach with MPO requirements provides MSB with a compliant long range plan at the time of MPO designation, which allows the newly-formed MPO to focus its time and efforts on other required MPO duties. Alaska DOT&PF should be a part of this process to prepare the agency for future coordination with the MPO. The MSB Capital Improvement Plan is similar in nature to the Transportation Improvement Program (TIP) requirements of an MPO, which is to develop a short-term four-year program of priority transportation improvements. While not as well-aligned with Transportation Improvement Programs (TIP) required of MPOs, the CIP does establish a

---

#### The Metropolitan Transportation Plan

---

MTP development is a very time-consuming process for an MPO. Aligning the next long range plan update approach with MPO requirements provides MSB with a compliant long range plan at the time of MPO designation, which allows the newly-formed MPO to focus its time and efforts on other required MPO



foundation for development of a TIP within the MSB. A formal TIP will have to be coordinated with Alaska DOT as their projects are required to be included.

### Pursuing RTPO designation is duplicative

Currently, there is no evident benefit to the Borough pursuing RPO status at this time since the Borough is already invested in its planning staff, a transportation planner, current planning efforts and a Transportation Advisory Board. The TAB already serves as a representative body of the Borough for transportation planning. The TAB is already acting as a regional advisory board on transportation issues. As noted above, the Transportation Advisory Board (TAB) functions very

much like a Citizens Advisory Committee of an MPO. In fact, it probably provides a greater, more formalized voice than similar committees.

Some states, such as Washington and North Carolina, have established RTPOs as a way to align rural and small non-MPO urban areas planning efforts with the methods employed by MPOs. In those states the goal is to put these non-MPO areas on a more level playing field. MAP-21—the latest transportation reauthorization bill of record—includes language about RTPOs as a best practice, but they are not required and have no official federal status that would be beneficial to the Mat-Su Borough. RTPOs remain voluntary organizations and some states have formalized their roles to keep the organizations consistent across the state.

Further, Alaska has no statute that addresses RTPOs, their makeup and the role they would play within the DOT's programming and planning efforts. The DOT has the right to designate RTPOs but has not taken that step. Without that, any attempt to organize an RTPO would add an additional layer of effort or even bureaucracy to what is already an effectiveness set of planning practices in the Borough. The Borough is encouraged to continue to collaborate with DOT and improve methods for corridor planning and project development. The long-term goal should remain preparing for MPO status.



## Committee Structure

### Evaluate MPO Committee Structures

The committee structure of an MPO is important to properly consider so committees reflect the needs of the municipalities and other transportation services/organizations within the MPO's boundaries. This should be the primary purpose of the Committees since their input and feedback into the MPO's practices, as well as DOT efforts that must be collaboratively merged into the MPO's plans and programs, is critical to representing the diverse transportation interests in the region.

All MPOs have a Board or Policy Committee comprised of elected officials or their designees, state officials, and a Technical Committee comprised of staff from member agencies and other related agencies, such as tribal corporations, who have an interest in MPO duties. MSB can use its Corridor Planning Partnership as an early test of likely committee structure and this report recommends that partnership include a committee consisting of elected officials that provide big picture direction along with a technical committee of Borough, municipal and agency staff to provide more detailed direction. Any lessons learned through this effort will assist in formation of MPO committees.

The current MSB Assembly is comprised of elected officials that lead the Borough. The Transportation Advisory Board is comprised of Borough-wide representatives. Under an MPO framework, the Policy Board will, at minimum, likely include the Borough Mayor, a Borough Assembly Member, the Mayors of cities within the MPO boundaries, and a representative of the state DOT.

The Technical Committee would include planning staff of the Borough and cities, as well as representatives from transit services operating within the MPO

Under an MPO framework, the Policy Committee will, at minimum, likely include the Borough Mayor, a Borough Assembly Member, the Mayors of cities within the MPO boundaries, and a representative of the state DOT and DEC. The Technical Committee would include planning staff of the Borough and cities, as well as representatives from transit services operating within the MPO boundaries, a Port representatives, tribal corporations within the MPO boundaries, the Alaska Railroad, Alaska DOT and other state agencies, as necessary.

boundaries, a Port representatives, tribal corporations within the MPO boundaries, the Alaska Railroad, Alaska DOT and other state agencies, as necessary.

The MPO equivalent to the current MSB Transportation Advisory Board would be a Citizens Advisory Committee (CAC) comprised of various representatives from communities and non-governmental organizations within the MPO boundary. Under an MPO, the TAB would still existing to represent non-MPO areas of the Borough and could serve a dual role to represent MPO areas or have designated member(s) from within the MPO boundary. As the Borough pursues this in greater detail, it may need to make adjustments made to the TAB to align with these boundaries.

Establish the bylaws at the start, as FMATS as done, and do not rely on the operational agreement as the bylaws. AMATS also recommended establishing the CAC at start of MPO duties to better allocated staff resources, as they are tasked with supporting the various committees and adding it later can upset existing work tasks.



### Establish priorities and parameters with DOT pre-MPO

A key finding from the peer MPO outreach component of this self-assessment is a recommendation that the MSB establish a set of priorities and MPO set-up parameters with Alaska DOT prior to official formation of the MPO.

If the recommendations listed above are successful, MSB and Alaska DOT will both be in a good position to formalize these arrangements and have more collaborative planning outcomes. There is not a consistent setup for MPOs in Alaska at present given the stark differences in the governance framework of FMATS and AMATS. The MSB will present the state with another unique framework given that the Borough will likely be the lead planning agency.

The most important outcome in establishing priorities and parameters with the DOT pre-MPO is to minimize the effort and burden placed upon MSB in establishing and managing the MPO. It is best that the MPO is allowed to proceed with its required MPO duties to develop approaches that are mutually-agreed to by the Borough and DOT. This includes establishing parameters by which projects are identified in the MTP and how they are then programmed into the TIP. Identification of projects for the TIP within the MPO boundary should be a collaborative process and not a top-down identification of projects based solely on DOT identification methods. MSB should have just as strong a role in determination of these parameters as DOT in order to avoid future conflicts while ensuring that the MPO's first duty is to serve the Borough and member agencies within its boundaries. Since MSB does not have road powers, the issues of match should also be considered before designation.

---

### Working with DOT

---

The most important outcome in establishing priorities and parameters with the DOT pre-MPO is to minimize the effort and burden placed upon MSB in establishing and managing the MPO. It is best that the MPO is allowed to proceed with its required MPO duties to develop approaches that are mutually-



### Track reauthorization status

The Borough staff should continue to track what is occurring at the federal level regarding transportation policies as they relate to both funding and rules regarding MPOs. Under normal circumstances there would be two more major federal reauthorization bills passed before 2022. However, nothing has been normal in recent years when it comes to transportation policy.

The federal transportation bill is always a hotly debated topic in the world of transportation planning. The primary outcome of the bill is a set of funding programs that determines how federal gas tax revenues are distributed. The bill also establishes new policies and programs that impact MPOs. The current bill has undergone a series of continuing resolutions and few mainstream governance changes have occurred in recent bills as they related to MPOs.

The primary duties of MPOs (MTP and TIP) are well-established and likely to remain in place with minor adjustments as federal laws change and new planning requirements emerge. There is always talk of major changes to MPOs, but so far Congress has been unwilling to tackle these issues as the stability of the highway trust fund remains the top priority in political circles. By tracking reauthorization and communicating with other MPOs in the state and elsewhere, MSB can continue to evolve its approach to transportation planning and preparation for MPO designation. Communication and coordination with FMATS and AMATS on this topic will be beneficial to the Borough as they are regularly in receipt of the latest information on federal transportation legislation.



### What else?

Change is occurring rapidly in the Mat-Su Borough. That was clearly evident during development of this self-assessment. Growth places pressure upon public services and the transportation system. Currently the Borough has no formal transportation governance structure to manage roads and transit systems due to its status as a Second Class Borough. The recent hire of a transportation planner within the Borough's Planning Department is a commendable and timely act to help better coordinate several transportation efforts and align somewhat disparate transportation interests that are in place today.

Some items to consider in the coming years for the MSB related to transportation policy, governance and information dissemination that will serve the Borough well as it moves toward MPO designation include:

- **Participate in the Association of MPOs Annual Conference, webinars and other information exchange efforts:** The national association representing MPOs tracks the latest in federal policy changes and coordinates the annual conference. Sending a representative to this conference every two years or so will help keep MSB in communication with others who are

---

### Travel Demand Management

---

Organizing a Travel Demand Management Coordinating Committee with existing MSB resources will allow the discussions on regional transit, vanpool, rideshare, and other area services to have a hub for dialogue. An MPO will bring additional opportunities for urbanized area transit funding and help build the regional dialogue about multi-modal mobility needs.

addressing the same challenges. AMPO also has forums for elected officials and it may benefit the Borough Manager, the Borough Mayor, Assembly member and municipal elected officials to participate in webinars for elected officials. AMATS pays for a statewide MPO membership, which means the Borough can coordinate with them on AMPO events and dissemination of MPO-related information.

- **Organize a Transit Coordinating Committee:** Four different transit services operated in the MSB with varying missions. From commuter services to rural transit to demand response, these services could benefit from regular discussions amongst one another with the MSB organizing the effort. It is a common practice in the United States that county-wide or county-like agencies coordinate these efforts; some providing more robust funding and management support.
- **Work with Alaska DOT to identify pre-MPO study needs:** Per FHWA, DOTs have access to funding to help with MPO establishment efforts. MSB can begin working with Alaska DOT to determine how and when to make this request. One potential early-stage effort would be a legal review of applicable state and federal statutes related to MPOs, Borough duties and other planning and transportation functions. This legal review would establish some sideboards for MPO organizational features and policies.
- **Continue to improve transportation planning and decision-making:** Transportation systems and services touch on all aspects of economic and community development in the Borough. Any efforts related to land use planning, freight, tourism development, community or small area planning, food systems planning and disaster preparedness should have an integrated transportation component. The results of these efforts can easily be merged into the future MTP for the Borough.
- **Establish a regional coordination framework for transportation and planning with AMATS & Anchorage:** The MSB and Anchorage area have reliance upon one another and should engage in more frequent staff-level regional planning discussions. Until an MPO is established, this could be a semi-annual meeting among key planning and municipal staff to discuss emerging issues and topics relevant to both regions. It could also lay the groundwork for a more formal series of discussions among policymakers. In the future, if each has an MPO, a more established method of coordination could be formed via subcommittees of each MPO's policy and technical committees that is tasked with discussing mutual interests.

## Give-Gain Grid

The Give-Gain Grid identifies partnership roles and responsibilities. The basic premise of a partnership is realizing that true partnerships rely on a complex set of influences that each party involved both contributes to ("gives") and receives benefits ("gains") from that partnership. The Mat-Su Borough may use this as it moves forward with various transportation planning efforts as the roles are not exclusive to preparing for MPO designation.

Some "gives" are tangible and come in the form of financial support, staff support, dedication of land, or dedication of products and services. Some are simply writing letters of support or promoting an action item. The "gains" can also be

**Exhibit 5-1: Give-Gain Grid for MPO Stakeholders & Partners**

Partner	Gives	Gains
<b>Matanuska-Susitna Borough</b>	<ul style="list-style-type: none"> <li>• Leadership &amp; support</li> <li>• Update plans and related policies with an eye toward future MPO requirements</li> <li>• Secure Funding and seek grants</li> <li>• Work with DOT and other public agencies to collaborate on planning and projects</li> <li>• Staff time to work with other agencies and businesses to continue to gather support</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation governance and planning capacity with financial support from FHWA</li> <li>• Predictability in transportation decision-making</li> <li>• Improve conditions for residents and businesses</li> <li>• Improved quality of life</li> <li>• Safer and coordinated transportation systems</li> <li>• Improved economic development</li> <li>• Transportation funding goes farther and impacts more of the region</li> </ul>
<b>Municipalities</b>	<ul style="list-style-type: none"> <li>• Leadership &amp; support of Borough's goals and efforts</li> <li>• Assist in seeking funding and policy changes, where applicable</li> <li>• Public support for MPO-related planning efforts</li> <li>• Staff time to work with the Borough and others on committees and plans</li> </ul>	<ul style="list-style-type: none"> <li>• Predictability in transportation decision-making</li> <li>• Alignment of transportation planning with land use policies</li> <li>• Improve conditions for residents and businesses</li> <li>• Improved quality of life</li> <li>• Safer and coordinated transportation systems</li> <li>• Improved economic development</li> <li>• Increased funding for regionally beneficial transportation infrastructure</li> </ul>
<b>Alaska DOT&amp;PF</b>	<ul style="list-style-type: none"> <li>• Leadership &amp; support of Borough's goals and efforts</li> <li>• Help pursue/obtain seed money for MPO preparation</li> <li>• Technical assistance when requested</li> <li>• Conduit for communication with FHWA</li> <li>• Be a partner in planning</li> <li>• Work to incorporate design and project recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Predictability in transportation decision-making</li> <li>• Alignment of state transportation planning with local transportation planning</li> <li>• Accomplish mission to "keep Alaska moving through service and infrastructure."</li> <li>• More efficient utilization of resources</li> </ul>
<b>Transit Services</b>	<ul style="list-style-type: none"> <li>• Support Borough initiatives</li> <li>• Attend coordination meetings and participate on committees</li> <li>• Be involved in all transportation planning effort to promote transit needs</li> <li>• Organize and mobilize riders to provide public input on transportation planning</li> </ul>	<ul style="list-style-type: none"> <li>• Greater stability in service and financial resources</li> <li>• A coordinated voice for transportation and transit needs</li> <li>• Improved customer service</li> <li>• Opportunities for growth</li> </ul>
<b>Transportation Advisory Board, Planning Commission &amp; Aviation Advisory Board</b>	<ul style="list-style-type: none"> <li>• Provide input to various Borough planning efforts</li> <li>• Continue to serve as the citizens' voice in transportation and as borough representative to the public</li> <li>• Participate in special committees and public meetings</li> <li>• Help gather and promote public input</li> </ul>	<ul style="list-style-type: none"> <li>• Improved advisory capacity</li> <li>• Predictability in transportation systems</li> <li>• Improved communities</li> </ul>

**Appendix**

**A. Outreach & Involvement..... 27**

**B. References ..... 28**

**C. Personnel ..... 29**

**D. MPO Peer Region Profiles/Summaries ..... 30**

    Bannock Transportation Planning Organization, Pocatello, Idaho ..... 30

    Casper MPO, Casper, Wyoming ..... 32

    Dixie MPO, St. George, Utah ..... 34

    Skagit MPO/COG, Mt. Vernon, Washington ..... 36

    Sun Corridor MPO, Casa Grande, Arizona ..... 38

    Great Falls MPO, Great Falls, Montana ..... 40

    Cheyenne MPO, Cheyenne, Wyoming ..... 42

**E. October 2015 Self Assessment Presentation ..... 44**

## Appendix A: Outreach & Involvement

The following organizations and individuals were interviewed as part of the MPO Self Assessment.

- MSB Assistant Borough Manager,
- MSB Planning Staff,
- MSB Capital Projects Staff,
- MASCOT,
- Valley Mover,
- MSB Assembly Members Colligan and Doty,
- Chickaloon Transit,
- Sunshine Transit
- AMATS staff
- FMATS staff
- ADOT&PF Planning staff, including Mat-Su Area Planners

The following organizations were presented the draft findings of the MPO Self Assessment:

- MSB Mayor and Assembly Members,
- MSB Planning Board,
- MSB Transportation Advisory Board,
- Houston, Palmer and Wasilla Mayor and Council Members via an October 2015 joint meeting.

## Appendix B: References

- FHWA Transportation Planning Process Briefing Book:  
[http://www.fhwa.dot.gov/planning/publications/briefing\\_book/fhwahep15048.pdf](http://www.fhwa.dot.gov/planning/publications/briefing_book/fhwahep15048.pdf)
- 23 CFR 450 Federal Highway Administration—Planning and Research (MPO law)  
[http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title23/23cfr450\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title23/23cfr450_main_02.tpl)
- MPO 101: Introduction to the Purpose & Function of a Metropolitan Planning Organization:  
<http://www.flagstaff.az.gov/DocumentCenter/Home/View/6470>
- Hillsborough (FL) The Joy of Looking Ahead to 2025, Recipes for Transportation Planning Success:  
<http://www.planhillsborough.org/wp-content/uploads/2012/08/Joy-of-Looking-Ahead-to-2035-Citizens-Guide-to-Transportation-Plan.pdf>
- FMATS Public Participation Plan (2013)  
<http://fmats.us/wp-content/uploads/2012/08/Public-Participation-Plan-Final-10.16.13.pdf>
- Alaska Stat. § 35.30.010 Review and Approval by Local Planning Authorities  
<http://codes.lp.findlaw.com/akstatutes/35/35.30./35.30.010>

## Appendix B: Personnel

The following individuals were responsible for leading the MPO Self Assessment, including researching state and federal laws, compiling the report, and reaching out to stakeholders, agencies and other MPOs.

### Don Kostelec, AICP—Kostelec Planning, LLC, Asheville, NC

Kostelec Planning is an urban planning and policy consulting firm that specializes in transportation planning and healthy community planning. Kostelec Planning's clients include Metropolitan Planning Organizations (MPOs), state DOTs, regional/rural planning organizations (RPOs/RTPOs), county and municipal governments, advocacy groups, health agencies, federal government agencies and non-profits.

Don Kostelec is a veteran of more than 13 years of working directly with MPOs and RTPOs. During his private sector career (2008 to 2015), Don has led or supported projects with 12 MPOs in Washington, Idaho, Tennessee, New Jersey and North Carolina.

Prior to his consulting work, Don served for six years on the Boise area MPO's (COMPASS) Technical Advisory Committee and was chair of that committee for two years. He also served on Idaho's statewide MPO balancing committee, which was a consortium of the MPOs and state DOT to ensure full obligation of federal Surface Transportation Funds allocated to urban and urbanized areas of the state.

### Chris Danley—Vitruvian Planning, Boise, ID

Mr. Danley is principal of Vitruvian Planning in Boise, Idaho. He has 10 years of transportation planning experience with an emphasis on active transportation, project development and impact assessment. His projects have focused on transportation efforts in many facets: Bicycle and pedestrian plans; transit plans; financial performance analyses; technology integration projects; and land use integration.

He has worked with state DOTs, MPOs and municipalities on several local and regional efforts. Projects have included Safe Routes to School efforts, Health Impact Assessments associated with bicycle, pedestrian and greenway plans, and Complete Street policy assessments. Achievements include: Certified Safe Routes to School instructor; League of American Bicyclists Certified Instructor; NACCHO Certification in Health Impact Assessments; and launching a new course, "Community Health and the Built Environment," through Boise State University.

### Jessica Smith—Mat-Su Borough Transportation Planner, Palmer, AK

Jessica is a transportation planner merging planning, design, public policy and communication. With an education firmly rooted in transportation systems and more than 7 years of A/E/C industry experience, Jessica combines the roles of technical expert with public policy awareness in a niche skill set at the Matanuska-Susitna Borough. At the Borough she works in tandem with the long-range planning, capital projects, and public works departments to coordinate transportation planning efforts for the Mat-Su Borough.

Prior to joining the Borough in 2015, Jessica was a communications and public involvement coordinator for CRW Engineering Group in Anchorage. She also worked in Fairbanks for the Fairbanks Metropolitan Area Transportation System (FMATS) where she assisted with day-to-day operations of the Coordinator's Office. Projects included facilitation of citizen's advisory groups, project-specific committees, and both the FMATS Technical and Policy Committees. Other duties included project management of planning efforts such as the College Road Corridor Study, Historical Plaques Placement Project, and the Downtown Greenspace Public Art project. Ms. Smith spearheaded FMATS public involvement efforts to better inform the Fairbanks area community such as the development of the new FMATS website, participation in



## Appendix D: MPO Peer Region Profiles/Summaries

### Bannock Transportation Planning Organization, Pocatello, Idaho

#### Quick Facts

- **Founded in 1982**
- **Area population: 73,190**
- **FTE's: 1.65, Director and Admin**
- **Governing Structure: Independent organization**
- **Member Agencies:**
  - City of Pocatello*
  - City of Chubbuck*
  - Bannock County*
  - Pocatello Regional Transit*



#### Annual Budget

- Federal funding in 2016 totaled \$485,000
- Local funds including match totaled \$90,000
- 3 Sources:
  - Local match
  - ⇒ City/ITD agreement for signal system
  - ⇒ STP dollars for corridor studies and plans
- Budget process start in February
  1. Develop list of projects and activities;
  2. Request local match for more funds for one time things like plans;
  3. Determine deliverables;
  4. Create the actual budget; and
  5. Present to the Board for approval.

#### L RTP Process

- Most recent plan June 5, 2015
- Update process includes several steps
  1. 4 year approach;
  2. Update the model, including scenarios;
  3. Review and update modal splits;
  4. Create and update the long range plan; and
  5. Conduct public outreach.
- The final plan was not dependent on model outputs but did use outputs influence final decisions and a preferred scenario determined.
- Bicycle, pedestrian and transit were included in the final plan but not too much in aviation or freight, enough to comply with federal requirements.
- Household survey looked at bike/ped/transit. They created districts within the model using the info gathered from the survey which in turn allowed them to adjust modal splits.

#### Unique Committees/Members

- Existing board membership was determined at MPO formation.
- Policy and Technical Advisory Boards are split by jurisdiction: Two cities and County, Transit Director
- Other Committees Include:
  - \* Signal Coordination Committee,
  - \* Interagency Consultation
  - \* Human Services Committee
- If on going, additional committees are formed for bike/ped plans, corridor plans, or unique efforts.

#### WHY AN MPO???

*You have an opportunity to work as a group and leverage greater funds to get more projects done like, Federal Aid. MPO's are seen as a bigger group and that helps get things Done. Working together is beneficial and there are rewards for working together.*

#### Public Involvement Process

- Updated every four years in conjunction with the LRTP
- The plan uses a scheduled approach to inform planning efforts or annual administrative processes
- Plan includes a section titled "Strategies for Outreach to Minority/Low Income, Disabled or Limited English Proficient (LEP) Populations"

## Bannock Transportation Planning Organization, Pocatello, Idaho

BTPO Works to Ensure That the Identification and Implementation of Transportation Projects are Identified and Coordinated by Local, State, and Federal Agencies, and the General Public.



### Active Transportation Planning

- Bicycle and pedestrians are modeled in the LRTP using household surveys and modal splits.
- MPO has conducted a Bicycle Plan, a Pedestrian Plan as well as an extensive Greenway Plan and Maintenance Plan.
- Have been a conduit for SRTS projects including funding body and technical expertise.



### Land Use Interaction

- Land use interaction does occur. The MPO reviews large development applications (anything over 100 vehicles in the peak hour) as well as requests for Right of Way vacations
- One element of land use planning has been in the energy sector. Idaho Power has had continual corridor planning projects and involved the MPO. These efforts required some modifications to ROW, site selection for sub stations, access routes, and approaches to numerous regional roadways, thus the request for BMPO to be involved.

### DOT Relationships

- The relationship they have with the District offices are generally strong. District involvement includes project discussions including selection, consideration, and scoping elements. Most interaction occurs at the outset of a project. However, as projects unfold, the communication usually drops off.
- At the state level, the relationships are not as coordinated and it that lack of communication sometimes shows up in the STIP.

*“Don’t start by doing too much. Start with a small area, work together, and avoid standalone relationships.”*

*- Mori Byington, Director*

### Performance Measures

- Performance measures are included within the Long Range Transportation Plan, though they are “not well flushed out..”
- Transit routes for example are based on strict population figures.
- In areas such as safety and bicycle and pedestrian planning considerations collected data was used to improve

### Advice and Sales Pitch

- As a more regional player, the MPO is involved in many ongoing activities. Such involvement has included in things such as Comprehensive Plans. Other attributes of MPO involvement has been as a neutral observer to ensure a voice and interest for the communities.
- Having a limited staff is a difficult challenge. It can be tough to follow through with priorities, and easy to lose focus as you can lose your ability to oversee, especially with funding.
- Take advantage of the additional resources for planning, work with locals to leverage, not just planning for planning sakes, figure out what that true need is, and Don’t start by doing too much. Small area, avoid any of the standalone relationships, work together...they have been asked to continue doing things they don’t always do, over extended. Avoid the over busy thing, with too few resources.

### Additional Information

- The MPO has developed access management plans to be included in development code. They have also conducted numerous special projects and regularly conduct corridor plans.

Mori Byington, Director  
 Email: [Mori@bannockplanning.org](mailto:Mori@bannockplanning.org)  
 Phone: (208) 233-9322  
 Website: <http://bannockplanning.org/>



# Casper MPO, Casper, Wyoming

## Quick Facts

- Founded in 1982
- Planning population: 71,077
- FTE's: 3.0, Director, GIS, Admin
- Governing Structure:  
Housed w/in City of Casper
- Member Agencies:  
City of Casper  
City of Bar Nunn  
City of Evansville  
City of Mills  
Natrona County



## Annual Budget

- Current funding for the MPO including Federal planning funds and local match totals \$830K in FY 15'.
- In terms of the local match member agencies have contributed a total of \$80K. The agency also has a transit grant that is run through the City of Casper in the amount of \$1M. This grant is overseen by the MPO but administered by a transit planner who is housed within the City.
- Process includes several steps:
  1. Call for projects from the towns.
  2. Consideration of the L RTP
  3. Concurrence from the Technical Committee
  4. Forward to the Policy committee for approval.

## Unique Committees/Members

- A master agreement crafted at the onset of MPO creation determined who would sit on the Board, this includes four cities, County, WYDOT. FHWA reviews this every five years.
- Policy Board includes municipal membership but also transit and airport representatives.
- Technical advisory committee is a mirror image of policy committee except instead of elected officials it is staff such as Public Works Director, Engineering, and Economic Development. Currently they seek health representatives.
- Citizens committee includes 15 people from Casper, County, and each suburb and 5 special seats (transit, active transportation, freight, rail, and aviation.)

## L RTP Process

- Last updated in 2013.
- The L RTP process is a multiple step one that includes the following actions:
  1. Data collection such as traffic counts and land use updates using annual growth forecasts of .5%, 1.9%, and 1.5%;
  2. Preliminary model analysis;
  3. Conducting of a community listening tour to gather feedback (booth outside Walmart, Senior center, City Hall, etc.);
  4. Refine the travel demand model;
  5. Make fiscally constrained project list;
  6. Refined the model once more showing system changes; and
  7. Adopt by the MPO board, NOT by the member agencies.)
- Bicycle and pedestrians plans were in existence and referenced in the L RTP along with listed out projects. Aviation, freight and rail got a cursory review. Transit was also cited by reference to existing plans.



### WHY AN MPO???

*There is an opportunity to build intergovernmental relationships and to build a stronger transportation network. We have an ability to use professionals for steering multiple agencies. MPO's can help achieve common goals by working together and pooling resources.*

## Public Involvement Process

- The public involvement plan of action is updated every 4 years. The MPO generally pushes significant public involvement on a project by project basis but otherwise efforts are all contracted out to consultants and negotiated into a scope of work.
- Additional efforts include continual press releases, media interviews and social networks. Because the MPO is housed in the City, they try to keep a separate image altogether as much as possible. Part of long term plan is to market the MPO for as a local and knowledgeable resource for all kinds of additional services.

## Casper MPO, Casper, Wyoming

### Active Transportation Planning

- Bicycle and pedestrians plans were in existence and referenced in the LRTP along with listed out projects. Aviation, freight and rail got a cursory review. Transit was also cited by reference to existing plans.
- A 2007 plan was achieved with the City of Casper which the MPO participated with but otherwise no additional bicycle or pedestrian specific planning work is conducted within the MPO structure.

### DOT Relationships

- The MPO and DOT have a good relationship overall. However, not nearly to the degree it could or should be. The two entities have a "very far separation. Engineering really does their own thing."
- It was pointed out that this relationship is precisely the missing link between good planning and project implementation.
- Another aspect that needs help is defined roles. The DOT relationship was described as "confusing as to the MPO role overall. As long as the MPO doesn't step on the DOT's toes, they are good...otherwise its tough."
- Coordination between the MPO and the DOT doesn't exist. Mostly they just don't work with the DOT all that much on planning issues. If there is funding, the MPO will get pulled in to the DOT process but otherwise they are not.

*"Don't be within a City, be a standalone MPO. Create that separation of powers. Be extremely aggressing in creating your initial bylaws"*  
*-Andrew Nelson, Director*

### Advice and Sales Pitch

- The MPO is housed within the City of Casper. Though at times this presents some efficiencies, most others it can be a challenge and even a barrier.
- The City has a strong Manager type of structure. This means the MPO is expected to conduct City business more than regional business. Staff time is otherwise dedicated to City led issues and less truly regional efforts.
- City Manager sits on the Policy committee as per the initial governing structure. The MPO reports to the City Manager rather than an organization that represents all the region. This can be extremely taxing on resources.
- Define and delineate the MPO's authority and role in the region as clearly as possible. Make sure everyone understand what, why, and how things will be carried out by the MPO.

### Land Use Interaction

- The MPO does review land use applications occurring in Casper, including everything from minor boundary adjustments to regionally significant proposals.

### Performance Measures

- No performance measures are in place as of now.

### Additional Information

- The MPO is currently actively seeking to separate the existing transit functions housed within the City to a standalone Transit Authority to allow more autonomy into the future.
- The MPO has an agreement with the Cheyenne MPO to house and maintain the travel forecast model for the Casper region.

Andrew Nelson, Director  
 Email: [anelson@cityofcasperwy.com](mailto:anelson@cityofcasperwy.com)  
 Phone (307) 235-8255  
 Website: [Casper MPO](#)



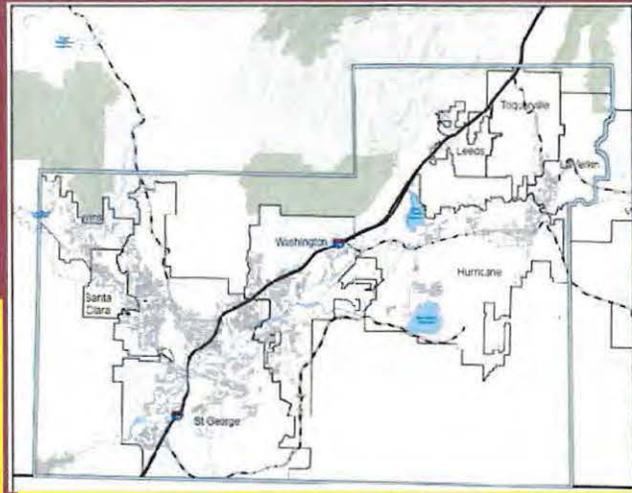
## Dixie MPO, St. George, Utah

### Quick Facts

- **Founded in 2001**
- **Planning Population: 105,336**
- **FTE's: 2.5, Director (Full), Senior Transportation Manager, Transportation Planner, AOG Director, Admin (All partial)**
- **Governing Structure: Association of Governments**

#### Member Agencies:

*City of St. George*  
*City of Ivins*  
*City of Washington*  
*City of Santa Clara*  
*Washington County*



### Annual Budget

- **Total budget is \$468K**
- **Federal amount is \$428K with balance from local match. Policy board vote share determines the amount charged. Example, St. George has three Board votes. At \$ 5,000 per vote, St. George pays \$15K per year.**
- **Communities as members with under 2000 population pay \$1600 per year, or 1/3 of a vote share.**
- **Budget process includes the following steps:**
  1. **A review of prior year accomplishments;**
  2. **Anticipate needs for coming year;**
  3. **Rewrite current document, update as needed;**
  4. **Advisory committee recommends approval to executive committee where it is passed.**

### L RTP Process

- **Last update was in June, 2015**
- **L RTP Process includes the following steps:**
  1. **Review L RTP Federal Guidelines;**
  2. **Designated chapter heading for each regulations;**
  3. **Assigned chapters out to the 4 staff members;**
  4. **Worked with the appropriate staff members from the cities to update the chapters;**
  5. **Forecast population and job growth; (No scenarios were used. Instead they used full growth within existing boundaries which meant they had to maximize existing permitted densities for the horizon years. Governing bodies were adamant that they didn't want MPO oversight on land use, instead allowing land owners to develop how they want.)**
  6. **Develop project list**
  7. **Seek board approval**
- **Separate bicycle and pedestrian element was also included in the L RTP. Transit was considered by examining ridership, forecasting future development, and how the system would logically expand. They also anticipated what ridership numbers would be and adjusted model mode split accordingly.**

### Unique Committees/Members

- **Executive board consists of 8 members, all elected officials**
- **Technical advisory committee is same 8 members but made up of public works directors**
- **They have also housed an Active Transportation Committee, Transit Committee, an Air Quality task force, and freight planning groups**

### WHY AN MPO???

*An example: In 2009, they funded an EA for two corridors. They received and spent \$2M for each. By working with the cities and the DOT, they built key projects but also identified other smaller projects that benefited the community. Those projects were not anticipated and ended up in the L RTP.*

### Public Involvement Process

- **One of the more unique public involvement processes unearthed during the interviews, the Dixie MPO, in conjunction with cities and UDOT get together each February and put out a transportation expo event. The intent of the event is to invite and solicit comment and feedback from the public regarding the numerous transportation projects that will be occurring in the coming year, or are planned in documents like the TIP, STIP and L RTP.**
- **Additional programs with the public include a Zero fatality campaign, bike alliance groups, environmental groups, conservation area.**
- **Participants have numbered from 450-900 over the one day**

## Dixie MPO, St. George, Utah

### Active Transportation Planning

- The MPO does coordinate both rideshare and SRTS
- The MPO has led a bicycle and pedestrian plan which included the creation of a Bike/Ped advisory board for the duration of the planning process. The plan was created, then adopted into the LRTP along with associated projects.

### DOT Relationships

- The MPO and the UDOT agencies, both the HQ and the District offices work well together.
- They are invited to project selection, scoping, and to an extent, design phases along with the MPO.
- The area continues to work on a Level of Service threshold of "D" or better with the plan horizon year of 2040.
- The relationship with the DOT was described as being "hand in glove"

### Advice and Sales Pitch

- Providing transport facilities and services for tax payers needs to be coordinated among cities counties and states.
- An example of how this happens, "there is a city in the MPO area that has a Main St that used to be a highway. The city wants it to remain a 2 lane road with bike/ped/parking etc. but to maintain functionality, the MPO and other officials are calling for it to be widened. They need to find transportation alternatives because that decision is pushing traffic onto other roads in neighboring cities and those cities need to agree to allow that to happen."
- Be careful to make sure that elected officials and public works departments are in agreement,
- Agree on the finer points on voting and funding so that everyone is on the same page,
- This truly needs to be documented in the MPO bylaws so that everyone is in agreement.
- One key point that was noted and not by others interviewed, *document how inconsistencies are handled.*
- Specifically with the Association of Government structure, a key challenge is with the governing body. In this case the MPO has to go through AOG administrative issues. When discussions are had with AOG members about urban issues and when those discussions determine how dollars are used, often the rural nature of other AOG members prevents a true understanding of urban issues.

*"To facilitate discussion in best way really needs local and state input and you need a planning organization structure to accomplish that planning end."*

*-Myron Lee, Director*

### Land Use Interaction

- The MPO doesn't get into land use planning at all nor at any level including regional planning, subdivision review, or large impactful development proposals.
- There is a real attitude among the locals that the MPO stay out of land use issues all together and simply address the transportation system.

### Performance Measures

- Though MAP-21 requires them of TMA's, they have not reached that status yet. However, they are in fact working on some performance measures in the near term. They do anticipate using performance measure and that they will be required, so they are working with the other MPO's the figure out what applies and how to proceed.

### Additional Information

- Utah does permit RTPO's and nearby Iron County is an established RTPO
- They are the only MPO in Utah that conducts the Transportation Expo
- As part of the last household travel survey, they combined their resources with Wasatch Front RPO to conduct survey's in Washington County. This was a cost saver for them and one that helped gather more specific regional data.

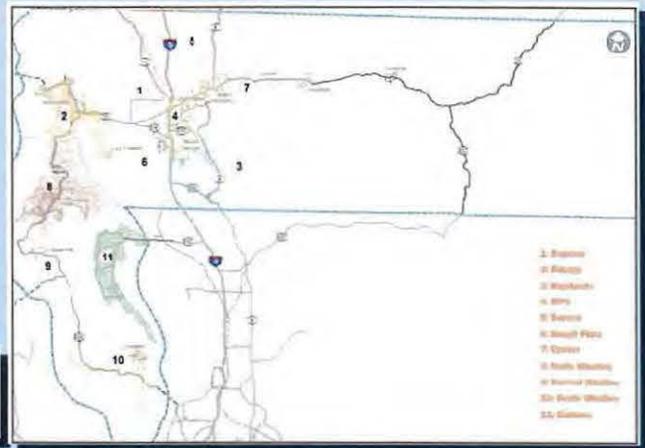
Myron Lee, Director  
 Email: [mlee@fivecounty.utah.gov](mailto:mlee@fivecounty.utah.gov)  
 Phone: (435) 673-3548  
 Website: [DixieMPO](http://DixieMPO)



## Skagit MPO/COG, Mt. Vernon, Washington

### Quick Facts

- Founded in 2000
- Planning area population: 116,901
- FTE's: 2.5, Director, Senior Planner, Admin
- Governing Structure: Council of Governments
- Member Agencies:
  - City of Mount Vernon
  - City of Burlington
  - City of Anacortes
  - City of Sedro-Wooley
  - Town of La Conner
  - Town of Concrete
  - Town of Hamilton
  - Town of Lyman
  - Skagit County



### Annual Budget

- Total budget is \$700K
  - Of the \$700K, \$640,000 is from Federal sources
  - Local match contributed another \$60,000
- They have a grant from Congress, lead and coordinate the grant, \$2.5K left, 5 county grant. STP funds, set aside 10% of those funds for planning, traffic counts. \$150K per year. Local dues \$125K

### L RTP Process

- Last long range plan was conducted in 2011, though they are in the update cycle now.
- Under Washington Growth Management Act, all cities need a comprehensive plan with a transportation element. With respect to the LRTP, they combined the DOT planning process, countywide planning policies and the requirements of MAP-21 to formulate their own.
- LRTP Process includes the following steps:
  1. Conduct an area needs assessment;
  2. Forecast of population for plan horizon year;
  3. Developed a catch all for projects;
  4. Didn't use financial constraints;
  5. Conduct an environmental review of plan;
  6. Conducted a public comment process; and
  7. Presented final plan to Board.
- The LRTP did not include any real scenario plans and used only limited sensitivity testing
- The LRTP inputs are required to be consistent with adopted land use plans as per GMA
- The final product was not dependent on the travel model
- Airports, transit, freight, bike/ped all required under state law. Inventory of system components and needs assessment was gathered from existing plans and inserted into the LRTP.

### Unique Committees/Members

- Several policy board members which include 4 cities, 4 towns, Skagit County, the regional transit agency, two ports, Skagit PUD and two tribes
- They also have a Technical Advisory Committee, however it isn't in their bylaws. To this, each city and town has a rep.
- One official additional committee which is their active transportation group. This is an all citizens group and is an advisory committee for things like SRTS, master bike/walk maps, regional trail map, and TAP selection criteria.
- They have received pressure to form a Citizen Advisory Committee, but this has been a thinly veiled attempt to disrupt the process by anti-government types.

### WHY AN MPO???

*Once organizational streamline steps were taken, the MPO planning process strengthened regional efforts. This was done because they can fully integrate planning, growth management, economic development and transportation.*

### Public Involvement Process

- The public involvement process was recently updated last fall. Major projects are introduced to the public by the staff developing a unique plan so that they are customized and fit with the necessary context. The plan describes where and how the public can participate for all MPO led efforts. In some cases the MPO has developed an ad hoc committee such as a Public Human Services, when a project requires such a step.
- Link to the newly created [Public Involvement Plan](#)

## Skagit MPO/COG, Mt. Vernon, Washington

### Active Transportation Planning

- MPO has conducted a bicycle and pedestrian plan, continues to house a bike/ped committee.
- In previous years they have administered SRTS funds.

### DOT Relationships

- The relationship with the DOT is strained. The field office relationship is okay overall, but with head quarters it is totally different.
- Common efforts like planning are great when it comes to the DOT field staff. However, the relationship with the DOT staff out of Olympia not so much.
- Much of this was rooted in an attempt to overstep the oversight role of the State into the MPO's mission...as per the MPO. The fight that ensued between the MPO and the DOT was recently resolved after a laborious process.
- There were several identified benefits of the relationship, namely system planning issues, setting of common priorities, and they are often partners on deciding what WASH-DOT projects look like, as well as how they are financed.

### Advice and Sales Pitch

- Seek to continue to be the leader of conversations. Provide the forum to communicate on regional projects, agency coordination.
- Ensure that the conversations are consistent with one view of where the growth would go.
- One piece of advice was to take advantage of the working political relationships. Ensure that straight away the MPO has an agreement on Board structure and process.
- Make certain that all included in the region see the benefit of collaborating together. If such a case cannot be made and instead just get together without focus, the MPO will end up with unworkable agreement or structure. They have to believe in that, otherwise avoid the MPO.

### Land Use Interaction

- The MPO does not review any kinds of land use applications
- In terms of involvement with other plans such as land use
- Plans and corridor plans, the MPO is involved if the planning geography includes areas within the areas of growth allocation, as per the GMA requirements.
- If there are corridor plans the COG takes the lead

### Performance Measures

- The MPO doesn't have many performance measures.
- Those that they do employ would be things like LOS standards.
- There are some standards that come from the State but not necessarily organic to the MPO. Those are efforts such as Target Zero.

### Additional Information

- One unique area worth noting occurs in regional collaboration. The MPO coordinates a Growth Management Area steering committee. The Director sits and chairs the oversight of the areas that are required. Those three things include:
  1. Establishing urban growth areas,
  2. Defining countywide planning policies (guidance on all growth decisions (Housing, parks, transportation, etc.)),
  3. Allocation of future growth (population, employment) (This is done with State growth forecasts.)

*Members need to see the benefit of collaborating together. If they don't and just do it to have to, end up with unworkable agreement or structure.*

*-Kevin Murphy, Director*

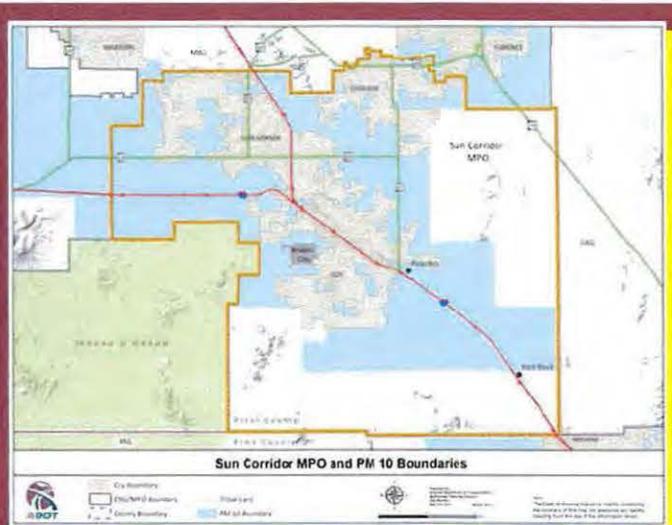
Kevin Murphy, Director  
 Email: [kevinm@scog.net](mailto:kevinm@scog.net)  
 Phone 360-416-7871  
 Website: <http://scog.net/>



## Sun Corridor MPO, Casa Grande, Arizona

### Quick Facts

- **Founded in 2014**
- **Planning area population: 108,061**
- **FTE's: 2.0 Director, Planner**
- **Governing Structure: Independent MPO**
- **Member Agencies:**
  - City of Casa Grande*
  - City of Coolidge*
  - City of Eloy*
  - Pinal County*



### Annual Budget

- Annual budget is \$250,000
- The Federal funding \$120,000
- Every Arizona COG gets \$125,000 STR (SPR) funds
- With transit funds they receive, the budget swells to \$350,000.
- This MPO does NOT charge members any fees as the already are paying for Council of Governments membership
- State of AZ has rural COG's, with 50,000 population, moves from COG to MPO
- UPWP Process includes the following steps:
  1. The director compiles a budget in January;
  2. Fed Hwy then gives input;
  3. MPO works with City of Casa Grande to make sure budget complies with fiduciary agent (Casa Grande);
  4. UPWP the goes to the TAC for approval;
  5. This is followed by the Exec Board, ADOT, then to Federal Highways.

### L RTP Process

- The MPO is beginning their first LRTP as we speak.
- The MPO felt it necessary to put together a TIP right off the bat and complete a LRTP once they got up and running
- The LRTP process will be very heavy on the use of scenario testing and was described as "very important to the process and outcomes"
- The MPO seeks to determine through the plan what the economic development forecast truly looks like so that, with it in hand, they can go to the developers and get them to pay for identified improvements and infrastructure needs.
- The additional LRTP elements such as bicycle, pedestrian, transit, freight, and aviation will all be "huge components to the LRTP"

### Unique Committees/Members

- Executive Board is comprised of Mayors and County Supervisors, as well as an ADOT member.
- The technical committee is determined by the membership...and is comprised of city transportation planners from Coolidge, Pinal County, Eloy, Casa Grande.
- At this point in their young history, the MPO doesn't have any additional boards or subcommittees.
- They have meetings with their Technical advisory committee as needed and will have frequent discussions with the current LRTP and Transit planning works efforts.
- They will be seeking to put together an economic development, land use and some type of development committee.

**WHY AN MPO???**

*MPOs are well positioned to make sure the framework is right as an area grows. Challenges can be communicating to member entities and the community at large as to what an MPO does and why. If an MPO can get past "being another layer of government" success can be achieved.*

### Public Involvement Process

- They have had public involvement plans in place since March 2014 and did so as to comply with Federal requirements.
- In terms of rigorous public outreach it isn't a focus just yet, as they are waiting a bit for the LRTP to unfold. The MPO does put out press releases and informational articles to local outlets on occasion.
- Additionally, they are a member of three Chambers of Commerce and attend community meetings regularly.

The Public Involvement Plan can be viewed here:

[Public Involvement Plan](#)

## Sun Corridor MPO, Casa Grande, Arizona

### Active Transportation Planning

- With the area limited on sidewalks, trails, and on street bike facilities, the bicycle and pedestrian element of the LRTP is setting the stage for significant upgrades in this realm. They seek to identify projects, implement infrastructure through development and determine funding options.
- No dedicated funding for bike/ped projects.

### DOT Relationships

- Of all the MPOs interviewed, the Sun Corridor MPO seemingly has the strongest relationship with their state DOT. The MPO is involved with AZDOT at all levels, this goes all the way down to consultant correspondence on planning projects, design.
- Being involved with the DOT is critical according to the MPO director. The relationship is important if for no other reason that to get identified projects through. This point was emphasized repeatedly.

*"You have to be clear, clear, clear, when explaining the benefits and make politicians aware of why this is happening."  
-Sharon Mitchell, Director*

### Advice and Sales Pitch

- An MPO needs to explain what an MPO is all about as most politicians do not want the MPO in the first place. Critical to explain to them the importance, the need and the federal requirements.
- You have to be clear, clear, clear, when explaining the benefits and make politicians aware of why this is happening.
- Work hard to gain support from the public elected officials.

### Land Use Interaction

- In terms of the interaction with cities around land use and general planning, the MPO is very involved with Comprehensive or General Plans, specifically around the transportation and land use elements
- MPO gives official review to general plans
- When the LRIP is completed, it will be a requirement of development applications to be reviewed by the MPO

### Performance Measures

- Initial performance measures are being developed with the first LRTP. They do have some in place with the work plan with AZDOT.

### Additional Information

- The MPO does not currently coordinate transit services or rideshare but will soon offer mobility management overseeing coordination of 5310 funds and program.
- The state does have RTP's and they were one prior to the designation of the MPO. In the last 3 years they have accepted rural members. The regional partners in the rural areas get together every other month with FHwy, locals, and more
- Communication with nearby MPOs happens often, specifically Tucson and Phoenix. Maricopa County in fact does the air quality modeling for Sun Corridor. One point to note is money swapping. Recently they received \$500K in STP funds from other MPOs, but they can also give dollars to other MPOs, specifically STP funds and Safety funds. They do this through the balancing process and a loan document in between the parties.

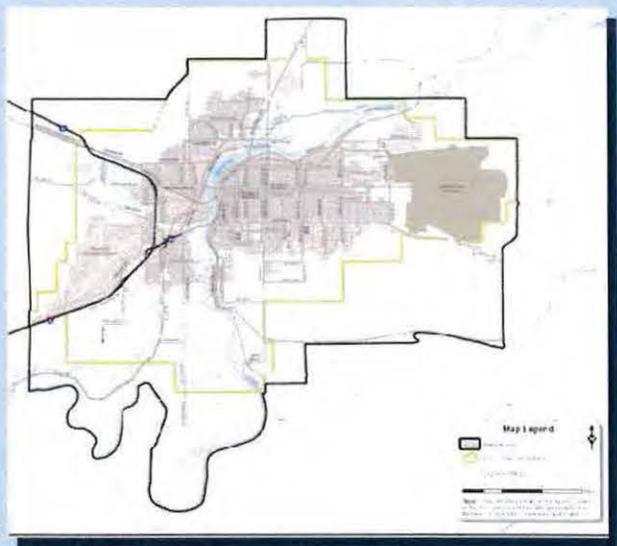
Sharon Mitchell, Director  
Email: [smitchell@scmpo.org](mailto:smitchell@scmpo.org)  
Phone: 520-705-5153  
Website: <http://scmpo.org/>



## Great Falls MPO, Great Falls, Montana

### Quick Facts

- Founded in 1960
- Planning area population: 68,620
- FTE's: 1.0, Director
- Governing Structure: City of Great Falls
- Member Agencies:
  - City of Great Falls*
  - Cascade County*
  - Local Transit Authority*



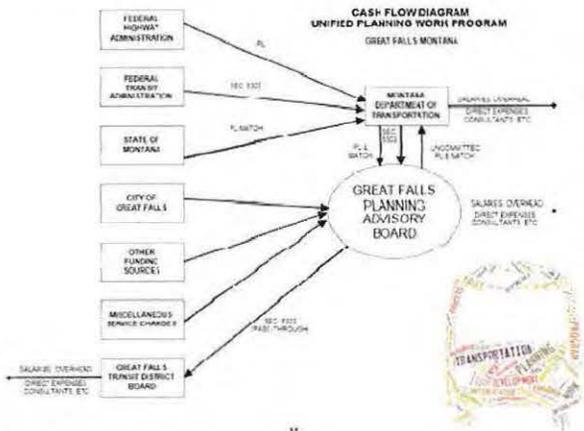
### Annual Budget

- Federal funds equal \$560K.
- City of Great Falls pays for non-federal work done. Local amount is \$31.5K.
- Local amounts also includes transit contributions which is an 20/80 to match FTA funds (2.5K).

- nificant component and robust pieces. Bike facilities particularly had a large chapter devoted to them.
- Freight was not delved into, as they do not encounter many freight issues.
- Transit authority has conducted their own plan which is integrated into the LRTP. They did require a bus stop design portion into the LRTP however.

### Unique Committees/Members

- There is a Policy and technical committee that reflects their membership roster but has 20+ members.
- They do have special representatives on the committees that include Air Force base personnel and local health organization for air quality purposes.
- They are currently evaluating a non-motorized committee. The City has a trails advisory committee, but it is not directly a part of the MPO.



### WHY AN MPO???

*MPOs have the ability to leverage fed dollars with local and vice versa. An MPO has the role of integrating transportation and land use planning as well as establishing a framework for regional cooperation, for a commodity across lines and jurisdictions. The framework provides sounding board for interagency discussion.*

### LRTP Process

- Adopted in April of 2014.
- In previous years they have conducted the update in house. This was not met with strong favor from the FHWA offices and "the Fed's don't like to see it. They wanted to see more attention and more significant effort."
- Process includes the following steps:
  1. Solicit multiple land use updates for the model
  2. Modeled different growth scenarios, and additions to the network.
  3. Outcomes on Travel Model are used extensively to drive the final result and projects for the plan. This is their preferred method.
  4. Plan goes before Technical and Executive Committees for approval and adoption.
- Aviation, Freight, Bicycle and Pedestrian, Transit...had sig-

- **Public Involvement Process**
  - Their public process is really only carried out through the UPWP and is very limited otherwise.
  - They do not have any public relations directly. The direction position answers all public questions and is the face of the MPO for media interaction. He arranges press releases, media requests.
- The Public Involvement Plan can be viewed here: [Public Involvement Plan](#)

## Great Falls MPO, Great Falls, Montana

### Active Transportation Planning

- The MPO oversees the area transportation enhancement program. They managed the program, apply for TAP funds, administer the grants and host it for local agencies.
- Additionally, they were the host for the Safe Routes to School program.
- Active transportation continues to be a growing facet for them via the LRTP, planning committees, and administration programs like TAP.



### Land Use Interaction

- Since the MPO is housed in the city, as a city staff member, they MPO folks do land use review as well. The director in particular works on things like airport planning, and Comprehensive Planning.
- The land use aspect of the MPO is not exercised often. Staff is involved with planning as the relationship between City and MPO gets murky. They do land use review applications and compare how they do/don't work with the LRTP on occasion.
- They recently partnered with the City to do a sub area plan.

### Performance Measures

- Currently, they do not have performance measures in place.

### DOT Relationships

- The DOT relationship is a good one and very close. This took over 22 years, its been a long established relationship. The MPO is often called first by the DOT and allowed to give local input on DOT projects.
- Once a project is ready to go, the MPO is "at the table for design and has extensive involvement."
- The DOT also has a major role with the happenings of the MPO. They go to meetings with the DOT, the DOT comment on Bike/Ped issues and help move projects forward. They are real advocates for projects in the LRTP and the TIP.

*"As staff/MPO, establish your value to the local governments from the beginning." - Andrew Finch, Senior Transportation Planner*

### Advice and Sales Pitch

- Make certain there is careful attention to organizational structure of the technical and policy committees. As staff and as the MPO, establish your value to the local governments from the beginning of the MPOs existence.
- Build the relationship with the DOT. Avoid the politics of planning. Have an open and mutual understanding of MPO function from the get go. Know what the MPO can and cannot do.
- With regard to housing the program within a city, transportation planning often takes a back seat to more critical city activities. Short term planning (development applications) can end up dominating activities.
- Recommend that if an MPO is housed within a city, set up a separate division for the transportation planning work.

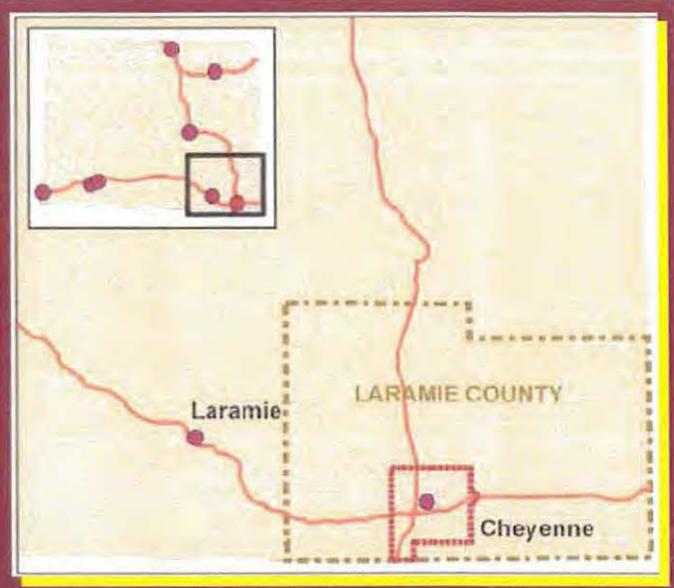
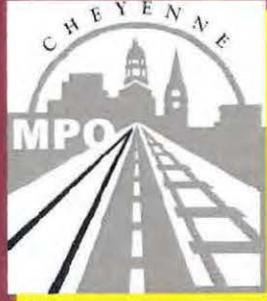
Andrew Finch, Senior Transportation Planner  
 Email: [afinch@greatfallsmt.net](mailto:afinch@greatfallsmt.net)  
 Phone (406) 455-8434  
 Website: [Great Falls MPO](http://Great Falls MPO)



## Cheyenne MPO, Cheyenne, Wyoming

### Quick Facts

- **Founded in 1981**
- **Planning area population: 80,713**
- **FTE's: 5.5, Director, Senior Planner, Transportation Planner, GIS, Admin**
- **Governing Structure: Independent MPO**
- **Member Agencies:**  
*City of Cheyenne*  
*Laramie County*



### Annual Budget

- Total budget is \$809,000
- Between Federal planning dollars and 5303 funds, they receive \$732K per year.
- Local match is \$77K
- Wyoming is a minimum proportion state and there are only two MPOs in Wyoming. WYDOT can help determine the division of funds, and they determined the allocation is divided into 1/3's. (DOT, Casper, and Cheyenne) Their portion is \$507,000.
- Additional funding in previous years have come from the state Safety funds. They have applied for numerous grants from the WYDOT programs. When they receive them, they administer the grant, bill WYDOT and are reimbursed.

### LRTP Process

- Latest update was done in 2014, but this was an abbreviated one at best due to local politics and claims of governmental overreach.
- In 2009 PlanCheyenne was drafted. This LRTP was truly comprehensive as it included Parks and Recreation, Land Use, Transportation, Design, and Streetscape. The effort resulted in two documents: one a City Version and an MPO version.
- The effort did include several scenarios given the robust nature of the process.
- The reliance on the forecast model was also significant. The model "played a heavy role", and was a "significant piece" to the final document.
- The MPO takes the plan to the City Planning Commissions, County Commissioners, City Council, then back to the MPO Policy Committee for final approval.
- Worth noting, WYDOT was doing modeling for the 2009 effort but decided to stop during the process. (Not determined why). This meant the MPO had to stop the process, purchase and build their own model before continuing.

### Unique Committees/Members

- PO has a Policy and Technical committee. Within the Technical committee, additional representatives from the nearby Air Force Base, the local school district, and the developer association all get one vote, where agency members get three votes.
- MPO has a citizens committee of 7-9 lay people. The group is used as a sounding board for the public and votes to move issues forward to the Policy committee. They participate in corridor studies, sub areas, and other efforts before plans are taken to County Commissioners or MPO city.
- Currently developing a safety committee. City has a greenway technical advisory committee and a school traffic safety committee that the MPO works with.

### WHY AN MPO???

*Provide the framework for the 3C planning process, Coordinate, Communicate, and Collaborate. Truly helps the region and not force everyone to fight as individuals. Helps determine regional priorities, combine forces, based on priorities. Because of Federal funds they get to do more planning than would otherwise.*

### Public Involvement Process

- The current Public Involvement Plan is out of date.
- Other unique ways they collect public comments are through newspaper advertisements, Mind Mixer, My Sidewalk, Facebook, email lists, and through distributed postcards
- The MPO has actually found that using electronic message boards works very well

## Cheyenne MPO, Cheyenne, Wyoming

### Active Transportation Planning

- The MPO conducts and leads corridor plans, school crossing plans, safe routes to school plans, oversees Transportation Alternative Program funds for local partners.
- The MPO also oversees a van pooling program that regularly treks back and forth from Cheyenne to Fort Collins, CO.
- Planning work for bicycle and pedestrians include a Greenway Plan and update, on-street bike plans, pedestrian plans, Safe Route to School projects and plans. Each one of those became an amendment to the Plan Cheyenne.

### DOT Relationships

- The relationship between the MPO and the DOT was described as being average but not particularly strong. Specifically, the strength is "not as much as they would like."
- WYDOT apparently tends to shy away from the potential relationship and "tends to do its own thing, not with the MPO".
- The MPO is actually part of the DOT planning process but not during the design phase. One area that was described as being problematic was that of projects that have to do with impact on State highways. When this occurs, the DOT has a negative reaction and expresses their lack of support.

### Advice and Sales Pitch

- Try not to get off to a slow start but rather a good start. If the MPO doesn't hit the ground running, it may never be able to recover.
- Work heavily with public involvement early on and the politicians will see if you are just giving lip services to the people or can be instrumental at improving the process and conditions.
- In the case of Cheyenne, the City considers the MPO to be the planning department. Specifically because of the Federal funds, they get to do more planning and projects than they would otherwise get to do.
- Without proper transportation planning, "they (street projects) would be left up to you engineers to design however they want."
- "Try and make your own identity as much as possible. Be in a different building and stand on your own."

### Land Use Interaction

- The Cheyenne MPO has always done the land use plan for the City of Cheyenne. Though they are independent, it has been done this way historically.
- MPO does reviews of all development actions, annexation, site plans, for City and County. Ultimately they are the reviewing agency.
- They also review projects and plans to determine access control effort and compare the land use proposals to the LRTP.

### Performance Measures

- PlanCheyenne has a list of the performance measures which means they have been using measures since at least 2009.
- WYDOT has been coordinating on implementing the Performance Measures through their processes and procedures which helps the overall regional vision.
- There are additional performance measures included in their recent update of their Safety Plan.

*Need to hire someone who can talk, who can convince, get them actively involved...need support from the get go.*

*-Tom Mason, Director*

- The Safety Plan is a unique document that Cheyenne was one of the first MPOs to compile. The document is one that should be read and considered and can be viewed at the following link

[Cheyenne Safety Plan](#)

**Tom Mason, Director**  
 Phone 307-637-6299  
 email [tmason@cheyennempo.org](mailto:tmason@cheyennempo.org)  
 Website: <http://www.plancheyenne.org/>



## Appendix E. October 2015 Self Assessment Presentation

### October 2015 Presentation to MSB Assembly, Planning Board, TAB and MSB/Houston/Palmer/Wasilla Joint Meeting

**Mat-Su Borough  
MPO Self Assessment**

October 2015

**Kostelec** PLANNING Report Compiled by:  
Don Kostelec, AICP - Kostelec Planning – Asheville, NC

### Purpose

- Evaluate likelihood of MPO
- Learn best practices from similar MPOs
- Understand MPOs in Alaska context
- Define likely roles and responsibilities
- Better understand whether or not RTPO is advisable
- Recommend next steps for planning and MPO

Area	2010 Census	2014 Estimate	Increase	% Increase
State of Alaska	710,249	736,732	26,483	3.7%
Mat-Su Borough	88,995	97,882	8,887	10.0%
MSB Urban Cluster	44,236	N/A		
Palmer	5,937	6,515	578	9.7%
Wasilla	7,831	8,849	1,018	13.0%
Knik-Fairview CDP	14,923	N/A		
Lakes CDP	8,364	N/A		



## What is an MPO?

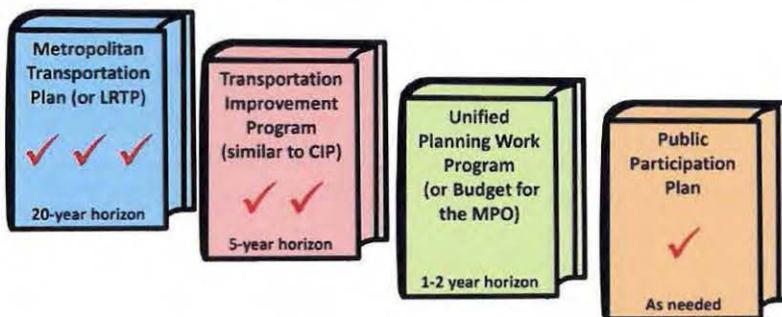
- Metropolitan Planning Organization is a **transportation decision-making and planning body**<sup>1</sup>
  - With representatives of local, state & federal government and transportation authorities.
- **Federal law requires MPOs in Census-designated Urbanized Areas<sup>2</sup> of 50,000+ population.**
  - Mat-Su Core Area was 44,000 in 2010.
- MPO functions within its defined boundaries & **actions of the MPO are governed by a decision-making body different from Borough Assembly.**
- **Guaranteed allocation of federal planning funds** for MPO-related duties.

(1) Association of Metropolitan Planning Organizations (ampo.org)

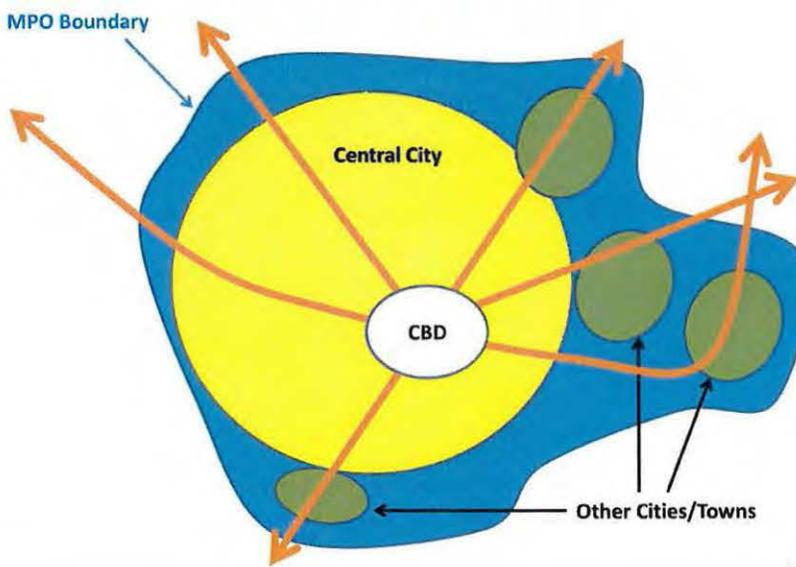
(2) U.S. Census Definition of Urbanized Areas = Population of 50,000 + Population Density of 500 persons per square mile.

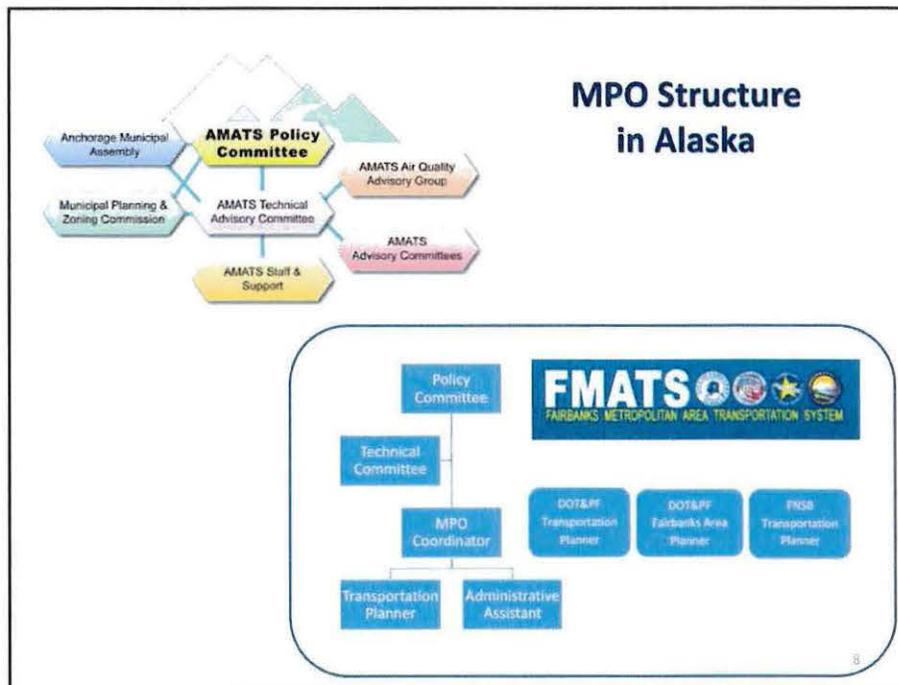
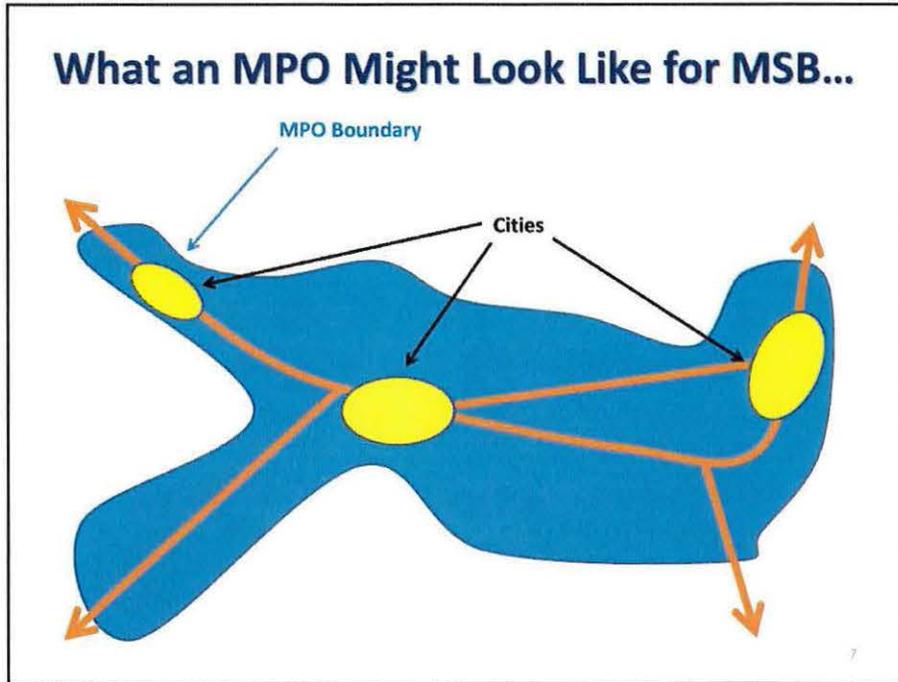
### MPOs are required to...

- Ensure federal spending on transportation occurs through a **comprehensive, cooperative, and continuing process** through requirements for a Metropolitan Transportation Plan & Transportation Improvement Program.



### Typical MPO boundary





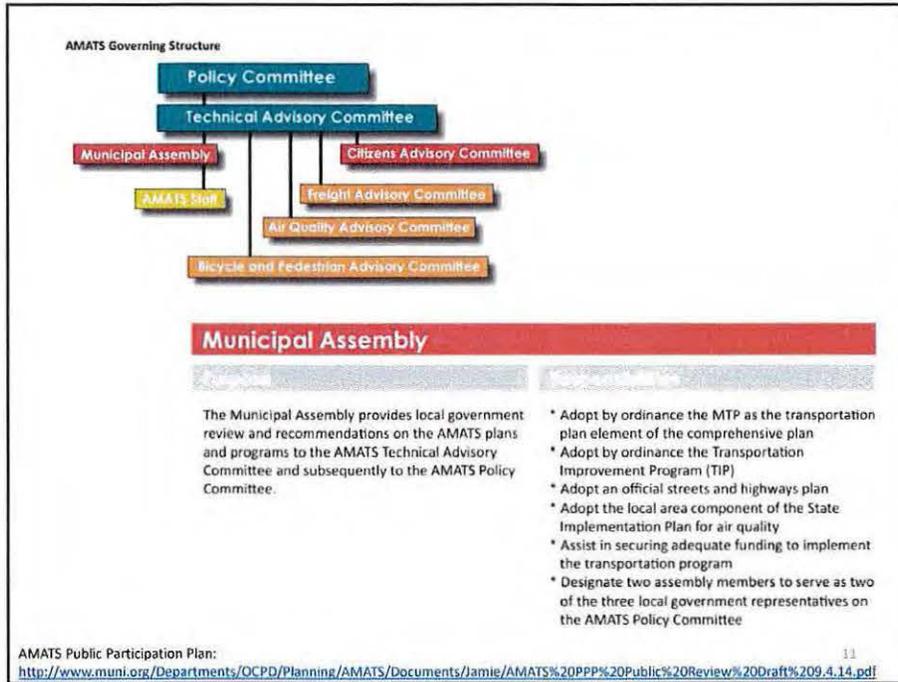


## MPO Peer Review: What we learned

- Be specific in formation of bylaws & committees
- Lack of strong relationship with DOT hinders MPO efforts
- Use the MPO as a forum for regional projects & coordination
- Make MPO as independent as possible



**“Don’t start by doing too much. Start with a small area, work together, and avoid standalone relationships.”**  
 - Mori Byington, BPO Director



Committee	FMATS	AMATS	MSB Equivalent
<b>Policy</b>	<ul style="list-style-type: none"> <li>• Fairbanks North Star Borough Mayor</li> <li>• Fairbanks North Star Borough Assembly Member</li> <li>• City of Fairbanks Council Member</li> <li>• City of Fairbanks Mayor</li> <li>• City of North Pole Mayor</li> <li>• ADOT&amp;PF Northern Region Director</li> <li>• DEC – Division of Air Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Municipality of Anchorage Mayor</li> <li>• Municipal Assembly Member</li> <li>• Municipal Assembly Member</li> <li>• ADOT&amp;PF Commissioner (or designee)</li> <li>• DEC Commissioner (or designee)</li> </ul>	<ul style="list-style-type: none"> <li>• Mat-Su Borough Mayor</li> <li>• Mat-Su Borough Assembly Member (x2)</li> <li>• City of Palmer Mayor</li> <li>• City of Wasilla Mayor</li> <li>• ADOT&amp;PF Central Region Director (or designee)</li> </ul>
<b>Technical</b>	<p><u>Local Members</u></p> <ul style="list-style-type: none"> <li>• City of Fairbanks Engineer</li> <li>• City of Fairbanks PW Director</li> <li>• City of North Pole PW Director</li> <li>• Borough Planning Director</li> <li>• Borough Transit Director</li> <li>• Borough Planning Commission</li> <li>• Fort Wainwright</li> <li>• UAF</li> <li>• Fairbanks Airport</li> <li>• Freight Carriers</li> <li>• Tanana Chiefs Conference</li> </ul> <p><u>State Members</u></p> <ul style="list-style-type: none"> <li>• Alaska Railroad</li> <li>• DOT&amp;PF Planning Manager</li> <li>• DEC Air Quality</li> </ul>	<p><u>Local Members</u></p> <ul style="list-style-type: none"> <li>• Health &amp; Human Services</li> <li>• Public Transportation</li> <li>• Community Development</li> <li>• Project Management &amp; Engineering</li> <li>• Traffic Division</li> <li>• Port of Anchorage</li> <li>• Air Quality Advisory Committee</li> </ul> <p><u>State Members</u></p> <ul style="list-style-type: none"> <li>• ADOT&amp;PF Central Region Planning</li> <li>• ADOT&amp;PF Regional Pre-Construction</li> <li>• DEC</li> <li>• Alaska Railroad</li> </ul>	<p><u>Local Members</u></p> <ul style="list-style-type: none"> <li>• Mat-Su Borough Chief of Planning</li> <li>• Mat-Su Borough Capital Projects Director</li> <li>• Palmer City Planner</li> <li>• Wasilla City Planner</li> <li>• MASCOT Director</li> <li>• Valley Mover Director</li> <li>• Port Mackenzie Director</li> </ul> <p><u>State Members</u></p> <ul style="list-style-type: none"> <li>• ADOT&amp;PF Central Region Planning</li> <li>• ADOT&amp;PF Regional Pre-Construction</li> <li>• DEC</li> <li>• Alaska Railroad</li> </ul>



## Recommendations

1. Continue with existing transportation planning practices
  2. Evaluate MPO Committee Structure
  3. Establish structure/roles with DOT before MPO designation
- Other recommendations
    - Track federal legislation
    - Continue engaging Anchorage & Fairbanks MPOs
    - Identify other pre-MPO needs with DOT
    - Keep planning for transportation needs as they emerge
    - Continue to engage locals stakeholders & build relationships

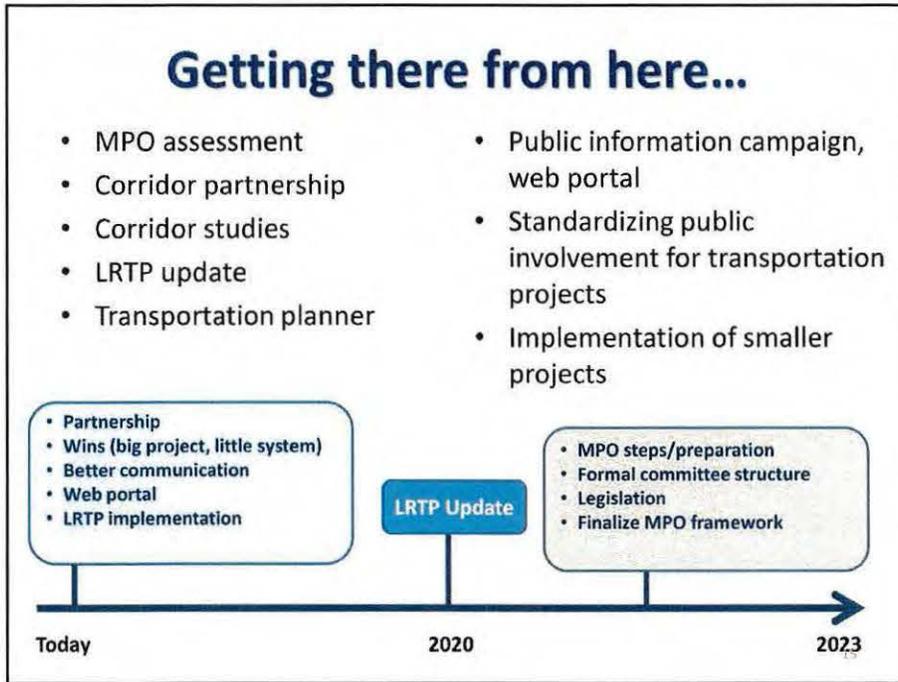
13

## What's Next?

- Additional meetings this week, including TAB.
- Finalize Self Assessment based on results of this week's discussions.
- Deliver final report.
- Implement recommendations.



14



### RTPO vs. MPO

RTPO	MPO
<p style="text-align: center;"><u>Statutory Authority</u></p> <ul style="list-style-type: none"> <li>• No official federal government authority</li> <li>• Voluntary, as designated or assigned by a state</li> </ul> <p style="text-align: center;"><u>Geographic Coverage</u></p> <ul style="list-style-type: none"> <li>• Non-urbanized areas</li> <li>• May exist in same county/jurisdiction as MPO to serve areas outside the MPO</li> </ul> <p style="text-align: center;"><u>Required Planning</u></p> <ul style="list-style-type: none"> <li>• Only as defined by a state;</li> <li>• Generally similar to LRTP and TIP in states with RTPOs, but plans have no recognized authority in federal law</li> </ul>	<p style="text-align: center;"><u>Statutory Authority</u></p> <ul style="list-style-type: none"> <li>• Mandated by federal government once urbanized area population is 50,000</li> <li>• Specifics planning and program duties assigned by federal government</li> <li>• Other authorities as designated or requested by a state</li> </ul> <p style="text-align: center;"><u>Geographic Coverage</u></p> <ul style="list-style-type: none"> <li>• Urbanized areas, as defined by federal government + 20-year planning area</li> </ul> <p style="text-align: center;"><u>Required Planning</u></p> <ul style="list-style-type: none"> <li>• Metropolitan Transp Plan (or LRTP; fiscally-constrained)</li> <li>• Transportation Improvement program (TIP)</li> <li>• Unified Planning Work Program (task-based budget)</li> <li>• Public Participation Plan (PPP)</li> <li>• Others, as determined by state or member agencies</li> </ul>

RECEIVED

MAY - 6 2016

CLERKS OFFICE

By:	Jessica Smith
Introduced:	March 21, 2016
Public Hearing:	April 4, 2016
Action:	Approved

**MATANUSKA-SUSITNA BOROUGH  
PLANNING COMMISSION RESOLUTION NO. 16-14**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PLANNING COMMISSION RECOMMEND THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMEND MSB 15.24.030 ADOPTING THE MATANUSKA-SUSITNA BOROUGH METROPOLITAN PLANNING ORGANIZATION (MPO) SELF-ASSESSMENT.

WHEREAS, in the 2011 Federal Register the US Department of Commerce Census Bureau recorded the Urban Cluster (UC) of Lakes-Knik-Fairview-Wasilla, Alaska at a population of 44,236 based on the 2010 decennial census data (Vol. 76 No. 164); and

WHEREAS, the Matanuska Susitna Borough is Alaska's fastest growing Borough with an average annual growth rate of 4% from 2000 - 2010; and

WHEREAS, the current designated Lakes-Knik-Fairview-Wasilla Urban Cluster is likely to be designated as an Urbanized Area (UZA) following the 2020 Decennial Census; and

WHEREAS, federal transportation legislation requires that a Metropolitan Planning Organization (MPO) be designated for each Urbanized Area (UZA) with a population of more than 50,000 people in order to carry out the metropolitan transportation planning process, as a condition of Federal aid (49 USC 5303-5306 and 23 USC 134); and

*IM 16-034  
OR 16-022*

WHEREAS, to proactively prepare for this federal mandate, the Borough has actively engaged in research of MPO policy and interviews with regional transportation stakeholders; and

WHEREAS, the MSB MPO Self-Assessment is a brief, action-oriented document tailored specifically for the anticipated MSB Urbanized Area's transportation system and its stakeholders; and

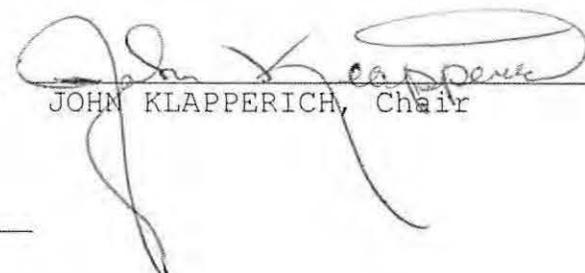
WHEREAS, by adopting this study, the Borough can move forward with implementation of the recommendations to ensure preparedness for the anticipated 2020 MPO designation.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Planning Commission hereby recommends The Matanuska-Susitna Borough Assembly Amend MSB 15.24.030 Adopting The Matanuska-Susitna Borough Metropolitan Planning Organization (MPO) Self-Assessment.

ADOPTED by the Matanuska-Susitna Borough Planning Commission this 4<sup>th</sup> day of April, 2016.

ATTEST

  
\_\_\_\_\_  
MARY BRODIGAN, Planning Clerk  
(SEAL)

  
\_\_\_\_\_  
JOHN KLAPPERICH, Chair

YES: *Klapperich, Andersons, Healy, Vague, Brodigan, Adams,  
and Rauchenstein*  
NO:

RECEIVED

MAY - 6 2016

CLERKS OFFICE

MATANUSKA-SUSITNA BOROUGH  
TRANSPORTATION ADVISORY BOARD RESOLUTION NO. 16-01

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH TRANSPORTATION ADVISORY BOARD TO SUPPORT AND RECOMMEND THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMEND MSB 15.24.030 ADOPTING THE MATANUSKA-SUSITNA BOROUGH METROPOLITAN PLANNING ORGANIZATION (MPO) SELF ASSESSMENT.

WHEREAS, in the 2011 Federal Register the US Department of Commerce Census Bureau recorded the Urban Cluster (UC) of Lakes-Knik-Fairview-Wasilla, Alaska at a population of 44,236 based on the 2010 decennial census data (Vol. 76 No. 164); and

WHEREAS, the Matanuska Susitna Borough is Alaska's fastest growing Borough with an average annual growth rate of 4% from 2000 - 2010; and

WHEREAS, the current designated Lakes-Knik-Fairview-Wasilla Urban Cluster is likely to be designated as an Urbanized Area (UZA) following the 2020 Decennial Census; and

WHEREAS, federal transportation legislation requires that a Metropolitan Planning Organization (MPO) be designated for each Urbanized Area (UZA) with a population of more than 50,000 people in order to carry out the metropolitan transportation planning process, as a condition of Federal aid (49 USC 5303-5306 and 23 USC 134); and

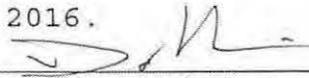
WHEREAS, to proactively prepare for this federal mandate, the Borough has actively engaged in research of MPO policy and interviews with regional transportation stakeholders; and

WHEREAS, the MSB MPO Self Assessment is a brief, action-oriented document tailored specifically for the anticipated MSB Urbanized Area's transportation system and its stakeholders; and

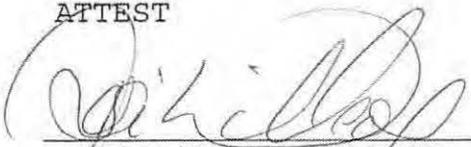
WHEREAS, by adopting this study, the Borough can move forward with implementation of the recommendations to ensure preparedness for the anticipated 2020 MPO designation.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Transportation Advisory Board hereby supports and recommends the Matanuska-Susitna Borough Assembly amendment of MSB 15.24.030 adopting the Matanuska-Susitna Borough Metropolitan Planning Organization (MPO) Self Assessment.

ADOPTED by the Matanuska-Susitna Borough Transportation Advisory Board this 23th day of March, 2016.

  
\_\_\_\_\_  
David Lundin, Chair

ATTEST

  
\_\_\_\_\_  
Josi Willcox, TAB Clerk

YES: 5 (Larkey-Walden, Elliott, Wilson, Bettine, Fread)

NO: None.

IM 16-034  
OR 16-022

CODE ORDINANCE

Sponsored by:  
Introduced:  
Public Hearing:  
Action:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-022**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 15.24.030 ADOPTING THE MATANUSKA-SUSITNA BOROUGH METROPOLIAN PLANNING ORGANIZATION (MPO) SELF ASSESSMENT.

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Adoption of Plan. The Matanuska-Susitna Borough Assembly hereby adopts the Matanuska Susitna Borough Metropolitan Planning Organization Self Assessment, January 2016.

Section 3. Amendment of subsection. MSB 15.24.030(B) is hereby amended to read as follows:

(38) Matanuska Susitna Borough Metropolitan Planning Organization (MPO) Self Assessment, January 2016.

Section 4. Effective date. This ordinance shall take effect upon adoption.

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

VERN HALTER, Borough Mayor

ATTEST:

---

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY RE-APPROPRIATING \$25,000 FROM THE FISCAL YEAR 2016 INFORMATION TECHNOLOGY DEPARTMENT OPERATING BUDGET FUND 100 TO FUND 480; AND A RESOLUTION APPROVING THE SCOPE OF WORK AND BUDGET FOR THE SECURITY CARD UPGRADE PROJECT.

**AGENDA OF:** May 17, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:**

Route To:	Department/Individual	Initials	Remarks
	Originator - BL/OIT	<i>BLD</i>	5/2/16
1	Information Technology Department Director	<i>EW</i>	5-2-16
2	Finance Director	<i>JCL</i>	5/4/16
3	Borough Attorney	<i>NS</i>	Form Only
4	Borough Clerk	<i>JRM</i>	5/9/16 <span style="float: right;"><i>(Signature)</i></span>

**ATTACHMENT (S):** Fiscal Note: Yes  No  (1 pp)  
 Ordinance Serial No. 16-~~000~~ *000* (2 pp)  
 Resolution Serial No. 16-~~018~~ *018* (3 pp)

**SUMMARY STATEMENT:**

The Information Technology Department requests that the Assembly re-appropriate \$25,000 from the fiscal year 2016 Information Technology Department operating budget fund 100 to Fund 480 for the Security Card Upgrade Project.

The funds for this project are available in the fiscal year 2016 Information Technology Department operating budget and will lapse on June 30, 2016 if not re-appropriated to a non-lapsing fund.

The funds will move the Borough toward having an enterprise security system.

**RECOMMENDATION OF ADMINISTRATION:**

Staff respectfully recommends the Matanuska-Susitna Borough Assembly re-appropriate \$25,000 from fiscal year 2016 Information Technology Department operating budget, Fund 100 to Fund 480; and approving the scope of work for the Security Card Upgrade Project.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: May 17, 2016

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY RE-APPROPRIATING \$25,000 FROM THE FISCAL YEAR 2016 INFORMATION TECHNOLOGY DEPARTMENT OPERATING BUDGET FUND 100 TO FUND 480; AND A RESOLUTION APPROVING THE SCOPE OF WORK AND BUDGET FOR THE SECURITY CARD UPGRADE PROJECT.

ORIGINATOR: Eric Wyatt, IT Director

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <b>YES</b> NO
AMOUNT REQUESTED \$25,000	FUNDING SOURCE IT Operating Budget
FROM ACCOUNT # 100.115.121.451.100	PROJECT #
TO ACCOUNT : 480.000.000.3XX.XXX	PROJECT # 47043
VERIFIED BY: <i>Bubba Lawrence</i>	CERTIFIED BY:
DATE: 5/3/16	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY 2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	25					
---------	----	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund	25					
State/Federal Funds						
Other						
TOTAL	25					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: *[Signature]* DATE: 5/4/16

RS 16-048  
 IM No. 16-099  
 Ordinance Serial No. 16-066

NON-CODE ORDINANCE

Sponsored By:  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-006**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY RE-APPROPRIATING \$25,000 TO A SECURITY CARD UPGRADE PROJECT FUND.

WHEREAS, the Borough does not currently have an enterprise solution for the security card system; and

WHEREAS, the funds for this project are available in the fiscal year 2016 Information Technology Department operating budget and will lapse on June 30, 2016 if not re-appropriated to a non-lapsing fund. The re-appropriation of funds will move the Borough toward having an enterprise solution for the security card system; and

WHEREAS, this upgrade will allow for a unified enterprise system to be phased in at all Borough facilities, including Emergency Services.

BE IT ENACTED:

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

Section 2. Re-appropriation Source. The Matanuska-Susitna Borough Assembly does hereby re-appropriate \$25,000 from the fiscal year 2016 Information Technology Department operating budget Fund 100 to Fund 480 for the Security Card Upgrade Project.

Section 3. Effective Date. This ordinance shall take effect upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

Action:

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-048**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE SCOPE OF WORK AND BUDGET FOR A SECURITY CARD UPGRADE PROJECT.

WHEREAS, the Borough does not currently have an enterprise solution for the security card system; and

WHEREAS, the funds for this project are available in the fiscal year 2016 Information Technology Department operating budget and will lapse on June 30, 2016 if not re-appropriated to a non-lapsing fund. The re-appropriation of funds will move the Borough toward having an enterprise solution for the security card system; and

WHEREAS, this upgrade will allow for a unified enterprise system to be phased in at all Borough facilities, including Emergency Services.

WHEREAS, the Assembly re-appropriated funds in the amount of \$25,000 with Ordinance Serial No. 16-066 for the Security Card Upgrade Project; and

WHEREAS, the Assembly is required to approve the scope of work and budget prior to any expenditures.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly hereby approves the following scope of work and budgets.

### SCOPE OF WORK

This upgrade will allow for a unified enterprise system to be phased in at all Borough facilities, including Emergency Services. This will consist of software and hardware upgrades that includes replacement of access control units in the Communications Closets and upgrades to the existing Facility Commander access control system located at the DSJ Building, Station 5-1 and Animal Care & Regulation. This upgrade will also move the existing database, rules and programs from Facility Commander to Lenel OnGuard. All existing door controllers, power supplies, and field devices do not need to be upgraded at these three locations.

### BUDGET

Area-wide, Information Technology Department

Fiscal Year 2016 Operating \$25,000

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

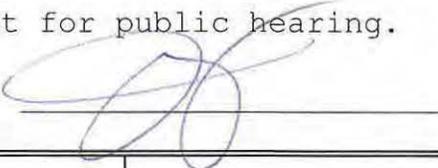
(SEAL)

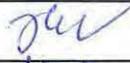
**SUBJECT:** ACCEPTING, APPROPRIATING, AND APPROVING THE SCOPE OF WORK AND BUDGET, FOR \$16,988.40 IN PROJECT INCOME FOR THE RAIL EXTENSION FROM PORT MACKENZIE TO THE MAINLINE, PROJECT NO. 75001.

**AGENDA OF:** May 17, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator-P. Graham		
1	Planning and Land Use Director		
2	Finance Director		5/5/16
3	Borough Attorney		
4	Borough Clerk		5/9/16 

**ATTACHMENT (S):** Fiscal Note: Yes  No   
 Ordinance Serial No. 16-067 (3 pages)  
 Resolution Serial No. 16-049 (2 pages)

**SUMMARY STATEMENT:**

The Matanuska-Susitna Borough has been actively acquiring land for right-of-way for the Port MacKenzie Rail Extension; some of these acquisitions included homes and facilities that were occupied by the owners and tenants. In an effort to secure and ensure the value of the acquisitions, the occupants are being allowed to remain, through lease agreements, until such time as the contract to relocate the homes and facilities has been negotiated and approved.

The lease agreements include the payment of rental deposits, and monthly rents. The rental payments are considered project income.

In order to use these funds they must be accepted and appropriated and a scope of work approved.

**RECOMMENDATION OF ADMINISTRATION:**

Staff respectfully recommends assembly adoption of the legislation accepting, appropriating, and approving the scope of work and budget, for \$16,988.40 in project income for the rail extension from Port Mackenzie to the mainline, project no. 75001.

MATANUSKA-SUSITNA BOROUGH - FISCAL NOTE

Agenda Date May 17, 2016

ORIGINATOR: Pamela Graham, Grant Coordinator

SUBJECT: ACCEPTING, APPROPRIATING, AND APPROVING THE SCOPE OF WORK AND BUDGET, FOR \$16,988.40 IN PROJECT INCOME FOR THE RAIL EXTENSION FROM PORT MACKENZIE TO THE MAINLINE, PROJECT NO. 75001.

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT: <input checked="" type="radio"/> YES <input type="radio"/> NO
AMOUNT REQUESTED \$ <u>16,988.40</u>	FUNDING SOURCE <u>Fund 490 Income</u>
FROM ACCOUNT # <u>490.000.000.3xx.xxX</u>	PROJECT # <u>75001</u>
TO ACCOUNT # <u>490.000.000.4xx.xxX</u>	PROJECT # <u>75001</u>
VERIFIED BY: <u>Barbara Fairgus</u>	CERTIFIED BY:
DATE: <u>5/4/16</u>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						
CAPITAL						
REVENUE		<u>16.9</u>				

FUNDING: (Thousands of Dollars)

General Fund						
Federal Funds						
Other		<u>16.9</u>				
TOTAL		<u>16.9</u>				

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_  
 APPROVED BY: [Signature]

Phone: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: 5/5/16

OR 16-067  
RS 16-049

NON-CODE ORDINANCE

Sponsored By:  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-067**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ACCEPTING AND APPROPRIATING \$16,988.40 IN PROJECT INCOME FOR THE RAIL EXTENSION FROM PORT MACKENZIE TO THE MAINLINE, PROJECT NO. 75001.

---

WHEREAS, the Matanuska-Susitna Borough has been actively acquiring land for right-of-way for the Port MacKenzie Rail Extension; and

WHEREAS, some of these acquisitions included homes and facilities that were occupied by the owners and tenants; and

WHEREAS, in an effort to secure and ensure the value of the acquisitions, the occupants are being allowed to remain, through lease agreements, until such time as the contract to relocate the homes and facilities has been negotiated and approved; and

WHEREAS, the lease agreements include the payment of rental deposits, and monthly rents that are considered project income; and

WHEREAS, In order to use these funds they must be accepted and appropriated and a scope of work approved.

BE IT ENACTED:

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

Section 2. Acceptance and Appropriation Source. The Matanuska-Susitna Borough Assembly does hereby authorize the acceptance of monthly rents through April 30, 2016, in the amount of \$16,988.40 from tenants.

Section 3. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

Action:

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-049**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE SCOPE OF WORK AND BUDGET, FOR PROJECT INCOME ON THE RAIL EXTENSION FROM PORT MACKENZIE TO THE MAINLINE PROJECT.

---

WHEREAS, the Matanuska-Susitna Borough has been actively acquiring land for right-of-way for the Port MacKenzie Rail Extension; and

WHEREAS, some of these acquisitions included homes and facilities that were occupied by the owners and tenants; and

WHEREAS, in an effort to secure and ensure the value of the acquisitions, the occupants are being allowed to remain, through lease agreements, until such time as the contract to relocate the homes and facilities has been negotiated and approved; and

WHEREAS, the lease agreements include the payment of rental deposits, and monthly rents that are considered project income; and

WHEREAS, these funds were accepted and appropriated by Ordinance Serial No. 16-067

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly hereby approves the following scope of work and budget:

**SCOPE OF WORK**

The rental income from the properties acquired as right-of-way for the Rail Extension from Port MacKenzie to the Mainline Project will be used for project related activities including right-of-way acquisition, engineering and environmental during construction, construction of the rail embankment, bridges, drainage and access structures, providing project management, facilitating public information and involvement activities for the project.

**BUDGET**

Monthly Rent from Various tenants	\$	<u>16,988.40</u>
TOTAL	\$	16,988.40

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY RE-APPROPRIATING \$230,000 FROM THE FISCAL YEAR 2016 INFORMATION TECHNOLOGY DEPARTMENT OPERATING BUDGET FUND 100 TO FUND 480; AND A RESOLUTION APPROVING THE SCOPE OF WORK AND BUDGET FOR THE IT STRATEGIC PLAN SUPPORT PROJECT.

**AGENDA OF:** May 17, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:**

Route To:	Department/Individual	Initials	Remarks
	Originator - BL/OIT	BLR	5/4/16
1	Information Technology Department Director	EW	5/4/16
2	Finance Director	JW	5/4/16
3	Borough Attorney	NS	
4	Borough Clerk	JMM	5/9/16

**ATTACHMENT (S) :** Fiscal Note: Yes  x  No   (1 pp)  
 Ordinance Serial No. 16-068 (2 pp)  
 Resolution Serial No. 16-050 (3 pp)

**SUMMARY STATEMENT:**

The Information Technology Department requests that the Assembly re-appropriate \$230,000 from the fiscal year 2016 Information Technology Department operating budget fund 100 to Fund 480 for support of our 2015 Strategic Plan: 1) Enterprise Approach to Systems & Data, 2) Portfolio, Program, Project Management and Process Improvement, and 3) Provide a Foundation for a Smart Community. The excess funding in the FY16 operating budget comes from funding for equipment, software, and services that will not be delivered and complete before the end of the fiscal year and from cost savings in computer system life cycle replacements, software license reductions, and telecommunications reductions. These reductions are largely due to Strategic Plan objectives that

are already being met.

The funds for this project are available in the fiscal year 2016 Information Technology Department operating budget and will lapse on June 30, 2016 if not re-appropriated to a non-lapsing fund.

The funds will move the Borough toward life cycle replacements of system infrastructure, more modern and more efficient systems, better tools for Borough personnel to manage the daily operations of the Borough business, better tools to allow for more transparency and public involvement, and steady progress toward building a Mat-Su Borough Smart Community.

**RECOMMENDATION OF ADMINISTRATION:**

Staff respectfully recommends the Matanuska-Susitna Borough Assembly re-appropriate \$230,000 from fiscal year 2016 Information Technology Department operating budget, Fund 100 to Fund 480; and approving the scope of work for the Strategic Plan Support Project.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: May 17, 2016

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY RE-APPROPRIATING \$230,000 FROM THE FISCAL YEAR 2016 INFORMATION TECHNOLOGY DEPARTMENT OPERATING BUDGET FUND 100 TO FUND 480; AND A RESOLUTION APPROVING THE SCOPE OF WORK AND BUDGET FOR THE IT STRATEGIC PLAN SUPPORT PROJECT.

ORIGINATOR: Eric Wyatt, IT Director

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <b>YES</b> NO
AMOUNT REQUESTED \$230,000	FUNDING SOURCE FY16 IT Operating Budget
FROM ACCOUNT # 100.115.XXX.XXX.XXX	PROJECT #
TO ACCOUNT : 480.000.000.3XX.XXX	PROJECT #
VERIFIED BY: <i>Barbara Baumgartner</i>	CERTIFIED BY:
DATE: 5/4/16	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants. Claims						
Miscellaneous	230					
TOTAL OPERATING	230					

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other	230					
TOTAL	230					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: *Eric Wyatt* DATE: 5/14/16

IM No. 16-103  
 Ordinance Serial No. 16-008  
 RS 16-057  
**460**

NON-CODE ORDINANCE

Sponsored By:  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-008**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY RE-APPROPRIATING \$230,000 TO AN IT STRATEGIC PLAN SUPPORT PROJECT FUND.

---

WHEREAS, the Information Technology Department Strategic Plan supports the technology needs of the Borough; and

WHEREAS, the funds for this project are available in the fiscal year 2016 Information Technology Department operating budget and will lapse on June 30, 2016 if not re-appropriated to a non-lapsing fund; and

WHEREAS, the re-appropriation of funds will move the Borough toward life cycle replacements of system infrastructure, more modern and efficient systems, better tools to allow for more transparency and public involvement and steady process toward building a Mat-Su Borough Smart Community; and

BE IT ENACTED:

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

Section 2. Re-appropriation Source. The Matanuska-Susitna Borough Assembly does hereby re-appropriate \$230,000 from the fiscal year 2016 Information Technology Department operating

budget Fund 100 to Fund 480 for the IT Strategic Plan Support Project.

Section 3. Effective Date. This ordinance shall take effect upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

Action:

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-050**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE SCOPE OF WORK AND BUDGET FOR AN IT STRATEGIC PLAN SUPPORT PROJECT FUND.

---

WHEREAS, the Information Technology Department Strategic Plan supports the technology needs of the Borough; and

WHEREAS, the funds for this project are available in the fiscal year 2016 Information Technology Department operating budget and will lapse on June 30, 2016 if not re-appropriated to a non-lapsing fund.

WHEREAS, the re-appropriation of funds will move the Borough toward life cycle replacements of system infrastructure, more modern and efficient systems, better tools to allow for more transparency and public involvement and steady progress toward building a Mat-Su Borough Smart Community; and

WHEREAS, the Assembly re-appropriated funds in the amount of \$230,000 with Ordinance Serial No. 16-008 for the IT Strategic Plan Support Project; and

WHEREAS, the Assembly is required to approve the scope of work and budget prior to any expenditures.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly hereby approves the following scope of work and budgets.

**SCOPE OF WORK**

The funds in this project will provide support for the 2015 IT Strategic Plan: 1) Enterprise Approach to Systems and Data, 2) Portfolio, Program, Project Management and Process Improvement, and 3) Provide a Foundation for a Smart Community.

**BUDGET**

Area-wide, Information Technology Department

Fiscal Year 2016 Operating

\$230,000

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

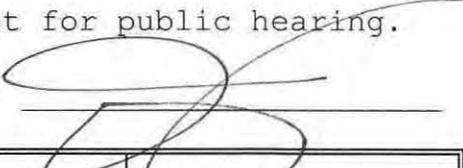
(SEAL)

**SUBJECT:** AN ORDINANCE AMENDING MSB 2.47; BOROUGHWIDE RECORDS MANAGEMENT PROGRAM.

**AGENDA OF:** 05/17/16

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator	JDC	
	Borough Attorney	MS	
	Borough Clerk	JAM	5/9/14 

**ATTACHMENT(S):** Fiscal Note: YES  NO  X  
 Ordinance Serial No. 16-069 (20 pp)

**SUMMARY STATEMENT:**

Provided below is a sectional analysis to provide the information on the requested changes to Title 2.47.

**2.47.010 - Purpose**

Replace content to redefine the Records and Information Purpose so it reflects current trends for managing borough records.

**MSB 2.47.020 - Policy and Regulation**

Replace content to better address current records and information policy and regulations and to address electronic records.

**MSB 2.47.030 - Definition of Borough Records**

Replace content to mirror the State of Alaska's definition of a record.

**MSB 2.47.040 - Ownership of Borough Records**

Replace content to clean up and acknowledge the ownership of borough records.

**MSB 2.47.050 - Accountability and Responsibilities**

Replace content to update responsibilities for managing records. Added Steering Committee.

**MSB 2.47.060 - Records Retention and Destruction**

Replace content to better address the retention schedule and destruction process. Establishes who reviews records for destruction.

**MSB 2.47.070 - Audit**

Replace content and address the process for auditing the records and information program.

CODE ORDINANCE

By:  
Introduced:  
Public Hearing:  
Action:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-069**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING  
MSB 2.47, BOROUGHWIDE RECORDS MANAGEMENT PROGRAM.

WHEREAS, the intent of this ordinance is found in the accompanying informational memorandum.

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Amendment of section. MSB 2.47.010 is hereby amended as follows:

[(A) IT IS HEREBY DECLARED TO BE THE POLICY OF THE BOROUGH TO PROVIDE EFFICIENT, ECONOMICAL, AND EFFECTIVE CONTROLS OVER THE CREATION, DISTRIBUTION, ORGANIZATION, MAINTENANCE, USE, AND DISPOSITION OF ALL BOROUGH RECORDS THROUGH A COMPREHENSIVE SYSTEM OF INTEGRATED PROCEDURES FOR THEIR MANAGEMENT FROM CREATION TO ULTIMATE DISPOSITION, CONSISTENT WITH THE REQUIREMENTS OF AS 29.20.380(A)(4) AND MSB 2.25.010(4), AND ACCEPTED, LEGALLY RESPONSIVE RECORDS MANAGEMENT PRACTICES.

(A) The purpose of this chapter is to establish a boroughwide records and information program for borough records to improve the efficiency of recordkeeping and ensure accountability and other obligations relating to records and information management. The program ensures that Borough employees are able to identify, store and retrieve records while complying with regulatory, legal, and operational requirements. The program ensures that records that have outlived their usefulness are destroyed, those records that may be useful for future reference are retained appropriately and stored economically, and that the cost of record keeping is minimized.

Section 3. Amendment of section. MSB 2.47.020 is hereby amended as follows:

[ (A) IT IS HEREBY DECLARED TO BE THE POLICY OF THE BOROUGH TO PROVIDE EFFICIENT, ECONOMICAL, AND EFFECTIVE CONTROLS OVER THE CREATION, DISTRIBUTION, ORGANIZATION, MAINTENANCE, USE, AND DISPOSITION OF ALL BOROUGH RECORDS THROUGH A COMPREHENSIVE SYSTEM OF INTEGRATED PROCEDURES FOR THEIR MANAGEMENT FROM CREATION TO ULTIMATE DISPOSITION, CONSISTENT WITH THE REQUIREMENTS OF AS 29.20.380(A)(4) AND MSB 2.25.010(4), AND ACCEPTED, LEGALLY RESPONSIVE RECORDS

MANAGEMENT PRACTICES.

(B) the Matanuska-Susitna Borough has financial, business, legal and historical records. In the case of state and federal regulations, retention times may be specified within the regulations.

[(C) BOROUGH RECORDS DO NOT INCLUDE, AND THIS CHAPTER DOES NOT APPLY TO, LIBRARY AND MUSEUM MATERIAL DEVELOPED OR ACQUIRED AND PRESERVED SOLELY FOR REFERENCE, HISTORICAL OR EXHIBITION PURPOSES, BOROUGH PUBLIC LIBRARY ASSOCIATION MATERIALS, EXTRA COPIES OF DOCUMENTS PRESERVED SOLELY FOR CONVENIENCE OF REFERENCE, OR STOCKS OF PUBLICATIONS AND PROCESSED DOCUMENTS.]

[(D) THOSE RECORDS DEFINED IN MSB 1.50.040 AND/OR MSB 1.50.060 ARE CONFIDENTIAL OR PRIVILEGED RECORDS.]

[(E) IT IS IN THE BOROUGH'S INTEREST TO RETAIN RECORDS FOR MAJOR PUBLIC FACILITIES AND BUILDINGS IN THE EVENT THAT THE RECORDS BECOME NECESSARY TO DETERMINE LIABILITY OR ASSIST IN REPAIRS NECESSARY TO PROTECT THE PUBLIC HEALTH, SAFETY, AND WELFARE.]

(A) It is hereby declared to be a policy to develop and implement a boroughwide records and information program for the management of borough

records. The program includes the systematic control of records from their creation or receipt, through their processing, distribution, organization, storage, and retrieval to their ultimate disposal.

The program is composed of:

(1) records inventory and classification;

(2) retention scheduling;

(3) records storage and conversion;

(4) vital records program;

(5) disaster prevention and recovery;

(6) disposition;

(7) training;

(8) the development of policies and procedures to implement the program consistent with the requirements of A.S. 29.20.380(a)(4) and MSB 2.25.010(4), and industry accepted records and information management practices.

(9) tools for maintaining and using records include records schedules, file plans, indexes, controlled vocabularies, taxonomies, records management software, and access and security procedures.

(C) Those records defined as confidential or privileged records are defined in Borough code or

state and federal regulations.

(D) Whenever possible, one record is the official record. An electronic record may be the official record.

Section 4. Amendment of section. MSB 2.47.030 is hereby amended as follows:

[ (A) "RECORDS" MEANS BOOKS, PAPERS, FILES, ACCOUNTS, WRITINGS, INCLUDING DRAFTS AND MEMORIALIZATIONS OF CONVERSATIONS, AND OTHER ITEMS, REGARDLESS OF FORMAT OR PHYSICAL CHARACTERISTICS, THAT ARE DEVELOPED OR RECEIVED BY A PUBLIC AGENCY, OR BY A PRIVATE CONTRACTOR FOR A PUBLIC AGENCY, AND THAT ARE PRESERVED FOR THEIR INFORMATIONAL VALUE OR AS EVIDENCE OF THE ORGANIZATION OR OPERATION OF THE PUBLIC AGENCY.]

(A) Records means any document, paper, book, letter, drawing, map, plat, photo, photographic file, motion picture film, microfilm, microphotograph, exhibit, magnetic or paper tape, punch card, electronic record, or other document of any other material, regardless of physical form or characteristic, developed or received under law or in connection with the transaction of official business and preserved or appropriate for preservation by an agency or a political subdivision, as evidence of the

organization, function, policies, decisions, procedures, operations, or other activities of the borough or because of the informational value in them.

(B) The term does not include library and museum material developed or acquired and preserved solely for reference, historical, or exhibition purposes, extra copies of documents preserved solely for convenience of reference, stocks of publications, or processed documents.

Section 5. Amendment of section. MSB 2.47.040 is hereby amended as follows:

[(A)ALL BOROUGH RECORDS, AS DEFINED IN MSB 2.47.030, REGARDLESS OF PHYSICAL FORM OR CHARACTERISTIC AND REGARDLESS OF WHETHER PUBLIC ACCESS TO THEM IS OPEN OR RESTRICTED UNDER THE LAWS OF THE STATE, OR BOROUGH, CREATED OR RECEIVED BY THE BOROUGH OR ANY OF ITS OFFICERS, EMPLOYEES OR AGENCIES, PURSUANT TO LAW OR IN THE TRANSACTION OF PUBLIC BUSINESS ARE HEREBY DECLARED THE PROPERTY OF THE BOROUGH AND SHALL BE CREATED, MAINTAINED, AND DISPOSED OF IN ACCORDANCE WITH THE PROVISIONS OF THIS CHAPTER AND PROCEDURES AUTHORIZED BY IT AND IN NO OTHER MANNER.

(B)ALL BOROUGH RECORDS IDENTIFIED IN THIS CHAPTER

ARE HEREBY DECLARED THE PROPERTY OF THE BOROUGH. NO BOROUGH OFFICIAL OR EMPLOYEE HAS, BY VIRTUE OF HIS OR HER POSITION, ANY PERSONAL OR PROPERTY RIGHT TO SUCH RECORDS EVEN THOUGH HE OR SHE MAY DEVELOP OR COMPILE THEM. THE UNAUTHORIZED DESTRUCTION, REMOVAL FROM FILES, OR USE OF SUCH RECORDS IS PROHIBITED.]

(A) All borough records regardless of whether public access to them is open or restricted under the laws of the state or Borough, are hereby declared the property of the Borough and shall be created, maintained, and disposed of in accordance with the provisions of this chapter and procedures authorized by it and in no other manner.

(B) Programs or software used to manage records shall be those designated by the Clerk and no others.

(C) No Borough official or employee has, by virtue of their position, any personal or property right to such records even though they may develop or compile them. The unauthorized destruction, removal from files, or use of such records is prohibited. Employees departing the Borough are required to leave all records for their successors. The Borough may initiate actions to recover records unlawfully removed from borough possession.

Section 6. Amendment of section. MSB 2.47.050 is hereby repealed in its entirety and re-enacted as follows:

[(A) OVERALL ACCOUNTABILITY FOR THE BOROUGH RECORDS MANAGEMENT PROGRAM LIES WITH THE BOROUGH CLERK AS DIRECTED BY THE BOROUGH ASSEMBLY.

(B) RESPONSIBILITIES.

(1) ASSEMBLY:

(A) EXECUTIVE BODY THAT ENDORSES THE RECORDS MANAGEMENT PROGRAM. THE RECORDS MANAGEMENT PROGRAM INCLUDES THE SYSTEMATIC CONTROL OF RECORDS FROM THEIR CREATION, OR RECEIPT, THROUGH THEIR PROCESSING, DISTRIBUTION, ORGANIZATION, STORAGE, AND RETRIEVAL TO THEIR ULTIMATE DISPOSITION FOR THE PURPOSE OF REDUCING THE COSTS AND IMPROVING THE EFFICIENCY OF RECORDKEEPING. THE TERM INCLUDES THE DEVELOPMENT OF RECORDS RETENTION SCHEDULES, A UNIFORMED RECORD PLAN, THE MANAGEMENT OF FILING AND INFORMATION RETRIEVAL SYSTEMS, THE PROTECTION OF ESSENTIAL AND PERMANENT RECORDS, THE ECONOMICAL AND SPACE-EFFECTIVE STORAGE OF INACTIVE RECORDS, THE MANAGEMENT OF MICROGRAPHICS AND ELECTRONIC AND OTHER RECORDS STORAGE SYSTEMS, AND THE DEVELOPMENT OF POLICIES AND PROCEDURES TO IMPLEMENT THE PROGRAM; AND

(B) APPROVE BOROUGH RECORDS RETENTION SCHEDULES AND ANY

AMENDMENTS.

(2) BOROUGH MANAGER:

(A) ENSURE ALL DEPARTMENTS COMPLY WITH THE RECORDS MANAGEMENT PROGRAM; AND

(B) APPROVE THE RECORDS MANAGEMENT POLICIES AND PROCEDURES AS PREPARED BY THE CLERK.

(3) BOROUGH CLERK:

(A) ASSIGNED BY THE ASSEMBLY, TO PROVIDE CENTRAL LEADERSHIP AND OVERSIGHT OF THE RECORDS MANAGEMENT PROGRAM PER AS 29.20.380 AND MSB 2.25.010; AND

(B) PREPARE AND APPROVE THE RECORDS MANAGEMENT POLICIES AND PROCEDURES.

(4) RECORDS MANAGEMENT OFFICER:

(A) A MATANUSKA-SUSITNA BOROUGH EMPLOYEE WHO HAS BEEN DESIGNATED BY THE CLERK TO CREATE, IMPLEMENT, AND MANAGE THE RECORDS MANAGEMENT PROGRAM AND ENSURE THE OBJECTIVES ARE ACHIEVED THROUGH DEPLOYMENT, IMPLEMENTATION, MONITORED TRAINING, AND CONTINUOUS IMPROVEMENT; AND

(B) SUBJECT MATTER EXPERT TO IDENTIFY AND INTERPRET REGULATORY REQUIREMENTS, INCLUDING RETENTION SCHEDULE REQUIREMENTS.

(5) BOROUGH ATTORNEY:

(A) REVIEW RETENTION SCHEDULES FOR LEGAL COMPLIANCE AND SIGN OFF DESTRUCTION OF BOROUGH RECORDS; AND

(B) RESPONSIBLE FOR NOTIFYING ALL BOROUGH EMPLOYEES OF LITIGATION HOLDS AND RELEASES FOR BOROUGH RECORDS UPON POTENTIAL SUSPICION OF LITIGATION, OR SUBPOENA OF BOROUGH RECORDS.

(6) DEPARTMENT DIRECTORS:

(A) IMPLEMENT AND ENSURE COMPLIANCE WITH THE RECORDS MANAGEMENT PROGRAM WITHIN THEIR DEPARTMENT AND DIVISION, AS OUTLINED IN THE RECORDS MANAGEMENT PROGRAM AND THIS CHAPTER; AND

(B) DESIGNATE DEPARTMENTAL RECORDS COORDINATORS AND BACKUPS FOR THEIR DEPARTMENT AND DIVISIONS.

(7) RECORD COORDINATOR:

(A) RESPONSIBLE FOR PROVIDING COORDINATION BETWEEN THE RECORDS MANAGEMENT OFFICER AND PERSONNEL IN THEIR OFFICE TO ENSURE COMPLIANCE WITH THE PROVISIONS OF THE RECORDS MANAGEMENT PROGRAM. THEY ARE ALSO RESPONSIBLE FOR MAINTAINING THEIR DEPARTMENT RECORDS, BOTH ACTIVE AND INACTIVE, IN THE RECORDS MANAGEMENT SOFTWARE FOR THE LIFE CYCLE OF THE RECORD; AND

(B) THEY ARE ALSO THE SPOKESPERSON FOR THE RECORDS PROGRAM FOR THEIR DEPARTMENT AND SHALL INFORM THEIR DEPARTMENT'S MANAGEMENT OF ANY CHANGES IN POLICIES AND PROCEDURES.

(8) BOROUGH EMPLOYEES AND CONTRACTED AGENTS:

(A) CREATE, CAPTURE, AND ORGANIZE RECORDS OF TRANSACTION UNDERTAKEN IN BUSINESS PROCESS ACCORDING TO THE BOROUGH POLICIES, PROCEDURES, AND THIS CHAPTER.]

(A) Overall accountability for the Borough records and information management program lies with the Borough Clerk as directed by State statute and Borough code.

(B) Responsibilities are as follows:

(1) Assembly. Serves as the executive body that endorses the records and information management program.

(2) Borough Manager. Has responsibility to ensure that all Borough department directors and employees observe all requirements of this chapter, A.S. 40.21, and the records and information management policy and procedures.

(3) Borough Clerk. Serves at the

appointment of the Assembly, to provide central leadership and oversight of the records and information management program per A.S. 29.20.380, MSB 2.25.010 and this chapter; as well as approves the records and information management policy and procedures and any software used to manage borough records.

(4) Records Management Officer. Serves as the designee of the Clerk to create, implement, and manage the records and information management program and ensures that its processes are achieved through the development of policy, procedures, training, and continuous improvement; as well as identifying and interpreting regulatory requirements, including retention schedule requirements and authorizes destruction of Borough records.

(5) Borough Attorney. Reviews retention schedules for legal compliance, notifies appropriate employees of litigation holds and releases for borough records upon potential suspicion of litigation, or

subpoena of borough records. Responsible for notification and decisions regarding holds and releases and authorizes destruction of borough records.

(6) Department Directors. Responsible for ensuring that their staff create and keep records as an integral part of their work and in accordance with established policies, procedures and standards. They provide the resources necessary for the management of records and communicate with the records team on all aspects of the program. Responsible for designating records coordinators for their department and divisions, as well as authorizing destruction of department records.

(7) Record Coordinators. Provide coordination and communication between the records management officer and personnel in their department for compliance with the provisions of the records and information management program. Assist with their departmental records, both active and inactive, in the records management software

for the life cycle of the record. Also serves as the spokespersons for the records and information program for their department and shall inform their department's management of any updates or changes to the records and information program.

(8) Borough employees and contracted agents. Required to comply with the records and information management program established in this chapter. All Borough employees and contractors have the responsibility to ensure that the records they create and receive are managed in accordance with the policies and procedures and in accordance with this chapter.

(9) Records Management Steering Committee. A committee with a member from Administration, Law, Finance, Records, and Information Technology, to review and approve any changes to the records retention schedule for the Borough on a regular basis to ensure compliance with record retention schedules issued by the state and federal regulations, and that it continues to reflect the needs

of the departments annually. The committee will also work with Information Technology and departments to incorporate records management requirements when purchasing and implementing existing and new software or enterprise applications to ensure records and information compliance.

Section 6. Amendment of section. MSB 2.47.060 is hereby amended as follows:

[(A) THE RECORDS MANAGEMENT OFFICER, IN COOPERATION WITH DEPARTMENT DIRECTORS, SHALL PREPARE A RECORD PLAN LISTING OF ALL RECORD SERIES CREATED OR RECEIVED BY THE DEPARTMENT AND ASSIGN RETENTION PERIODS FOR EACH SERIES. RECORDS RETENTION SCHEDULES SHALL ALSO CONTAIN SUCH OTHER INFORMATION REGARDING THE DISPOSITION AND STORAGE LOCATION OF CLOSED BOROUGH RECORDS, AS THE RECORDS MANAGEMENT PLAN MAY REQUIRE.]

[(B) THE RECORDS MANAGEMENT COMMITTEE ESTABLISHED THROUGH RESOLUTION 90-069 SHALL REVIEW AND APPROVE ANY CHANGES TO THE RECORDS RETENTION SCHEDULE FOR THE BOROUGH ON A REGULAR BASIS TO ENSURE COMPLIANCE WITH RECORD RETENTION SCHEDULES ISSUED BY THE STATE AND FEDERAL REGULATIONS, AND THAT IT CONTINUES TO REFLECT

THE RECORDKEEPING PROCEDURES AND NEEDS OF THE DEPARTMENT AND THE RECORDS MANAGEMENT PROGRAM OF THE BOROUGH.]

[(C) THE APPROVED RETENTION SCHEDULE AND ANY AMENDMENTS SHALL BE ADOPTED BY RESOLUTION.]

[(D) A RECORD WHOSE RETENTION PERIOD HAS EXPIRED ON A RECORD RETENTION SCHEDULE SHALL BE DESTROYED UNLESS AN OPEN RECORDS REQUEST IS PENDING ON THE RECORD, THE SUBJECT MATTER OF THE RECORD IS PERTINENT TO A PENDING LAWSUIT THAT HAS BEEN IDENTIFIED BY THE BOROUGH ATTORNEY, OR THE DEPARTMENT DIRECTOR REQUESTS IN WRITING TO THE RECORDS MANAGEMENT OFFICER THAT THE RECORD BE RETAINED FOR AN ADDITIONAL PERIOD.]

[(E) AS-BUILT DRAWINGS, AND RECORD DRAWINGS RELATED TO PUBLIC FACILITIES OR BUILDINGS WHOSE CONSTRUCTION COST IS OVER \$2,000,000 IN VALUE, OR PROJECTS FINANCED THROUGH THE ISSUANCE OF BOROUGH INDEBTEDNESS, ARE NOT SUBJECT TO THE DESTRUCTION PROVISIONS OF SUBSECTION (D) OF THIS SECTION. THE SAME RECORDS INVOLVING MAJOR REHABILITATION OR MAJOR REPAIR OF SUCH FACILITIES OR BUILDINGS ARE ALSO EXEMPT FROM THE DESTRUCTION PROVISIONS OF SUBSECTION (D) OF THIS SECTION. SUCH RECORDS SHALL BE KEPT PERMANENTLY.]

[(F) PRIOR TO THE DESTRUCTION OF A RECORD UNDER

AN APPROVED RECORDS RETENTION SCHEDULE, THE RECORDS MANAGEMENT OFFICER, HISTORIAN, AND ATTORNEY (DESTRUCTION TEAM) MUST APPROVE AUTHORIZATION FOR THE DESTRUCTION OF BOROUGH RECORDS.]

[(G) THE RECORDS MANAGEMENT OFFICER OR DESIGNEE VERIFIES PROPER DESTRUCTION OF THE RECORDS AND CERTIFIES THE RECORDS DESTRUCTION FOR SPECIFIED RECORDS.]

(A) The records management officer in cooperation with department directors or designee shall prepare a record classification plan listing all record categories created or received by the department and assign a retention schedule for each category. The retention schedules shall contain the following information:

- (1) name of record series;
- (2) vital record;
- (3) retention period;
- (4) authority;
- (5) review date; and
- (6) disposition date.

(B) Prior to destruction of a record under the approved retention schedule, the department director, attorney and records management officer will review

the records for destruction.

(C) A record whose retention period has expired on a record retention schedule shall be destroyed unless:

(1) an open records request is pending on the record, the subject matter of the record is pertinent to a pending lawsuit and identified by the borough attorney; or

(2) the department director requests in writing to the clerk, that the record be kept for an additional period for good cause.

(D) The records management officer or designee verifies proper destruction of the records and certifies records destruction.

Section 6. Amendment of section. MSB 2.47.070 is hereby amended as follows:

[(A) ALL BOROUGH EMPLOYEES ARE REQUIRED TO USE THE RECORDS MANAGEMENT PROGRAM ESTABLISHED AND SUPERVISED BY THE MATANUSKA-SUSITNA BOROUGH CLERK.]

[(B) PERIODIC AUDIT WILL BE CONDUCTED OF THE RECORDS MANAGEMENT PROGRAM BY A CERTIFIED RECORDS MANAGEMENT CONSULTANT. THE OVERALL PURPOSE OF THE RECORDS MANAGEMENT AUDIT IS TO PROVIDE INFORMATION

ABOUT THE EFFICIENCY AND EFFECTIVENESS OF THE RECORDS MANAGEMENT PROGRAM AS A WHOLE AND OF THE INDIVIDUAL FUNCTIONS THAT MAKE UP THE SYSTEM. PROVIDING THIS INFORMATION TO THE ASSEMBLY AND THE APPROPRIATE PEOPLE IS THE PURPOSE OF THE AUDIT.]

[(C) ANALYSIS FROM THE AUDIT WILL BE FORWARDED TO THE ASSEMBLY FOR FURTHER ACTION.]

[(D) THE RECORDS MANAGEMENT OFFICER WILL REPORT UPON AUDIT TO THE ASSEMBLY ON THE IMPLEMENTATION OF THE RECORDS MANAGEMENT PROGRESS IN EACH DEPARTMENT INCLUDING SUMMARIES OF THE STATISTICAL AND FISCAL DATA COMPILED.]

(A) A periodic audit will be conducted of the records and information management program by an outside records management consultant. The overall purpose of the records and information management audit is to provide information about the efficiency and effectiveness of the records and information management program as a whole and of the individual functions that make up the system.

(B) Upon completion of the audit, the Records Management Officer will report the audit findings to the Assembly regarding the records management status in each department. The report will include summaries

of the statistical and fiscal data complied.

Section 3. Effective date. This ordinance shall take effect upon adoption.

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** RE-APPROPRIATION OF FUNDS FROM THE CAPITAL PROJECTS DEPARTMENT FISCAL YEAR 2016 OPERATING BUDGET TO THE ENGINEERING, ENVIRONMENTAL AND SURVEY PROJECT FOR FY17 CAPITAL PROJECTS THROUGHOUT THE BOROUGH.

**AGENDA OF:** May 17, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator	BS	5/4/16
	Capital Projects Director	AB	5/4/16
	Finance Director	glw	5/6/16
	Borough Attorney	NS	
	Borough Clerk	JAM	5/9/16 

**ATTACHMENT (S):** Fiscal Note: YES  NO   
 Ordinance Serial No. 16-070(2) pp

**SUMMARY STATEMENT:** Before you is an ordinance to re-appropriate funds from the Capital Projects Department fiscal year 2016 Operating Budget for the Preliminary Engineering, Environmental and Survey Project for the Capital Projects Department. This project will include civil engineering, environmental and survey work for public infrastructure projects throughout the borough. The work will cover the pre-design, design, right of way and construction phases of infrastructure development. Types of projects include roadways, bridges, parking lots, water, storm water and wastewater systems and landfills. Environmental activities in support of these projects may include wetland and biological studies, cultural resource/historical, hazardous materials investigation, environmental impacts and permitting. Other items in support of infrastructure development may include public outreach and coordination with stakeholders. Funds were originally budgeted for the work to be done in the fiscal year

2016 budget which will now lapse at June 30, 2016. As such it is necessary to re-appropriate those funds to a non-lapsing capital project so the funding can be utilized after July 1, 2016.

**RECOMMENDATION OF ADMINISTRATION:** Approve the re-appropriation of funds from the Capital Projects Department fiscal year 2016 operating budget to the Engineering, Environmental and Survey project for FY17 Capital Projects throughout the Borough.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: May 17, 2016

SUBJECT: RE-APPROPRIATION OF FUNDS FROM THE CAPITAL PROJECTS DEPARTMENT FISCAL YEAR 2016 OPERATING BUDGET TO THE ENGINEERING, ENVIRONMENTAL AND SURVEY PROJECT FOR FY17 CAPITAL PROJECTS THROUGHOUT THE BOROUGH.

ORIGINATOR: Brad Sworts, Pre-Design & Engineering Manager

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT (YES) NO
AMOUNT REQUESTED \$95,000	FUNDING SOURCE Cap Proj Oper Budget
FROM ACCOUNT # 100,180,182.4XX.XXX	PROJECT #
TO ACCOUNT: 490,000,000.3XX.XXX	PROJECT # 47048
VERIFIED BY: <i>Barbara Baerquist</i>	CERTIFIED BY:
DATE: 5/5/16	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	95					
---------	----	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other	95					
TOTAL	95					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: *[Signature]* PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: \_\_\_\_\_ DATE: 5/6/16

NON-CODE ORDINANCE

Sponsored By:  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH**  
**ORDINANCE SERIAL NO. 16-070**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY REAPPROPRIATING \$95,000 FROM THE CAPITAL PROJECTS DEPARTMENT FISCAL YEAR 2016 OPERATING BUDGET, FUND 100 TO PROJECT NO. 47048, FUND 490, FOR ENGINEERING, ENVIRONMENTAL & SURVEY WORK FOR FY17 CAPITAL PROJECTS THROUGHOUT THE BOROUGH.

---

WHEREAS, the Matanuska Susitna Borough (Borough) continues to be one of the fastest growing areas of the State of Alaska; and

WHEREAS, there is a need for public infrastructure to keep pace with the population growth; and

WHEREAS, the lack of existing infrastructure creates traffic congestion, storm water run-off and leachate and septage ground and water contamination issues; and

WHEREAS, there are a number of projects in the borough that could be matched with federal or state funding or included in a local bond package if the civil engineering, environmental and survey data was available; and

WHEREAS, funds originally budgeted for work to be done in the fiscal year 2016 budget will lapse at June 30, 2016; and

WHEREAS, it is now necessary to reappropriate the funds to a non-lapsing capital project.

BE IT ENACTED:

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

Section 2. Acceptance and Appropriation Source. The Assembly does hereby reappropriate \$95,000 from the Capital Projects Department fiscal year 2016 operating budget, fund 100 to Project No. 47048, fund 490 for engineering, environmental and survey work for the FY17 Capital Projects.

Section 3. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

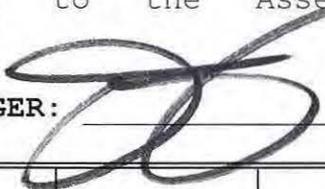
(SEAL)

**SUBJECT:** Approve the amended budgets and transfer of funds from Seldon Road & Lucille Street Upgrades, project no. 35406, to Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South"), project no. 35402, in the amount of \$300,487.00, and Old Glenn Highway Paved Pathway in Butte, project no. 35412, in the amount of \$150,000.00 for a total amount of \$450,487.00.

**AGENDA OF:** June 7, 2016

**Assembly Action:**

**MANAGER RECOMMENDATION:** Present to the Assembly for consideration.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator	BW	5/24/16
	Capital Projects Director	JPB	5/24/16
	Finance Director	JCL	5/26/16
	Borough Attorney	NS	
	Borough Clerk	JMM	5/27/16 

**ATTACHMENT (S) :** Fiscal Note: YES  NO   
 Resolution Serial No. 16-052 (5pp)

**SUMMARY STATEMENT:** On October 16, 2012, by Ordinance Serial No. 12-120, grant funds from the Alaska State Department of Commerce were accepted and appropriated by the Matanuska-Susitna Borough Assembly.

On January 15, 2013, by Ordinance Serial No. 13-001, Bond proceeds were appropriated from the issuance of the 2012 Series "D" Transportation Systems Bonds.

On January 15, 2013, by Resolution No. 13-002, the scope of work and budget was approved for the 2012 Series D Transportation

System Bond proceeds and the Fiscal Year 2013 designated legislative matching grant from the Alaska State Department of Commerce, Community and Economic Development.

On March 19, 2013, the Assembly awarded contract no. 13-071P to Hattenburg Dilley & Linnell (HDL) for design services of the Old Glenn Highway Paved Pathway in Butte, project no. 35412. This contract is ongoing.

On February 4, 2014, by Ordinance Serial No. 14-022, bond proceeds from the issuance of the 2014 Series A Transportation System bonds were appropriated by the Matanuska-Susitna Borough Assembly.

On February 18, 2014, by Resolution No. 14-018, the amended scope of work and budget was approved for the 2014 Series A Transportation Systems Bond proceeds.

On May 20, 2014, in AM No. 14-058, the Assembly awarded construction contract no. 14-148B, in the amount of \$4,753,502.03 for Seldon Road and Lucille Street Upgrades, project no. 35406, to Quality Asphalt & Paving (QAP). This construction contract is complete with a final contract amount of \$4,978,467.35.

The Seldon Road and Lucille Street Upgrades project, project no. 35406, is substantially complete.

On July 21, 2015, the Matanuska-Susitna Borough Assembly awarded construction contract no. 15-168 to Granite Construction Co., in the amount of \$6,075,705.90 for Collector Road Access to Mchetanz Elementary (also known as "Trunk Road Extension South"), project no. 35402. This project is ongoing and requires additional funds for completion.

On April 19, 2016, the Matanuska-Susitna Borough and Wilson Excavation entered into an agreement, agreement no. 16-108B, in the amount of \$15,483.00 to clear approximately four (4) acres in preparation for the construction phase of the Old Glenn Paved Pathway project.

This project is ongoing with right-of-way acquisition in process and construction anticipated for late summer 2016. Additional funding is necessary for the continuation of this project.

If approved, funds from the Seldon Road and Lucille Street Upgrades project, project no. 35406, in the total amount of \$450,487.00 will help support the continuation of the construction of the Collector Road Access to Mchetanz

Elementary (also known as "Trunk Road Extension South") project, project no. 35402, and Old Glenn Highway Paved Pathway in Butte, project no. 35412.

The Capital Projects Department is requesting funds in the amount of \$300,487.00 be transferred from Seldon Road & Lucille Street Upgrades, project no. 35406, to Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South"), project no. 35402.

The Capital Projects Department is also requesting funds in the amount of \$150,000.00 be transferred from Seldon Road & Lucille Street Upgrades, project no. 35406, to Old Glenn Highway Paved Pathway, project no. 35412.

**RECOMMENDATION OF ADMINISTRATION:** Approve the amended budgets and transfer of funds from Seldon Road & Lucille Street Upgrades, project no. 35406, to Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South"), project no. 35402, in the amount of \$300,487.00, and Old Glenn Highway Paved Pathway in Butte, project no. 35412, in the amount of \$150,000.00 for a total amount of \$450,487.00.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

SUBJECT: Approve the amended budgets and transfer of funds from Seldon Road & Lucille Street Upgrades, project no. 35406, to Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South"), project no. 35402, in the amount of \$300,487.00, and Old Glenn Highway Paved Pathway in Butte, project no. 35412, in the amount of \$150,000.00 for a total amount of \$450,487.00.

ORIGINATOR: Bob Walden, PD&E Project Manager

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <input checked="" type="radio"/> YES <input type="radio"/> NO
AMOUNT REQUESTED <b>\$450,487</b>	FUNDING SOURCE <b>Bond/State Grant</b>
FROM ACCOUNT # <b>430.000.000.4XX.XXX</b>	PROJECT # <b>35406</b>
TO ACCOUNT: <b>430.00.000.3XX.XXX</b>	PROJECT # <b>35402/35412</b>
VERIFIED BY: <b>Barbara Baranga</b>	CERTIFIED BY:
DATE: <b>5/24/16</b>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	<b>450.4</b>					
---------	--------------	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
<input checked="" type="radio"/> State/Federal Funds	<b>422.5</b>					
Other <b>Bond</b>	<b>27.9</b>					
TOTAL	<b>450.4</b>					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: **[Signature]** DATE: **5/26/16**

IM No. 16-127  
Ordinance Serial No. 16-052

Action:

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-052**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE AMENDED BUDGETS AND TRANSFER OF FUNDS FROM SELDON ROAD & LUCILLE STREET UPGRADES, PROJECT NO. 35406, TO COLLECTOR ROAD ACCESS TO MACHETANZ ELEMENTARY (ALSO KNOWN AS "TRUNK ROAD EXTENSION SOUTH"), PROJECT NO. 35402, IN THE AMOUNT OF \$300,487.00, AND OLD GLENN HIGHWAY PAVED PATHWAY IN BUTTE, PROJECT NO. 35412, IN THE AMOUNT OF \$150,000.00 FOR A TOTAL AMOUNT OF \$450,487.00.

---

WHEREAS, grant funds from the Alaska State Department of Commerce were accepted and appropriated by the Matanuska-Susitna Borough Assembly; and

WHEREAS, bond proceeds were appropriated from the issuance of the 2012 Series "D" Transportation Systems Bonds; and

WHEREAS, the scope of work and budget was approved for the 2012 Series D Transportation System Bond proceeds and the Fiscal Year 2013 designated legislative matching grant from the Alaska State Department of Commerce, Community and Economic Development; and

WHEREAS, the Assembly awarded contract no. 13-071P to Hattenburg Dilley & Linnell (HDL) for design services of the Old Glenn Highway Paved Pathway in Butte, project no. 35412; and

WHEREAS, the Old Glenn Highway Paved Pathway in Butte project is ongoing; and

WHEREAS, bond proceeds from the issuance of the 2014 Series A Transportation System bonds were appropriated by the

Matanuska-Susitna Borough Assembly; and

WHEREAS, the amended scope of work and budget was approved for the 2014 Series A Transportation Systems Bond proceeds; and

WHEREAS, the Assembly awarded construction contract no. 14-148B, in the amount of \$4,753,502.03 for Seldon Road and Lucille Street Upgrades, project no. 35406, to Quality Asphalt & Paving (QAP); and

WHEREAS, this construction contract is complete with a final contract amount of \$4,978,467.35; and

WHEREAS, the Seldon Road and Lucille Street Upgrades project, project no. 35406, is substantially complete; and

WHEREAS, the Matanuska-Susitna Borough Assembly awarded the construction contract to Granite Construction Co., in the amount of \$6,075,705.90 for Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South", project no. 35402; and

WHEREAS, the Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South") project is ongoing and requires additional funds for completion; and

WHEREAS, the Matanuska-Susitna Borough and Wilson Excavation entered into an agreement, agreement no. 16-108B, in the amount of \$15,483.00 to clear approximately four (4) acres in preparation for the construction phase of the Old Glenn Paved Pathway in Butte project; and

WHEREAS, the Old Glenn Paved Pathway in Butte project is ongoing with right-of-way acquisition in process and construction anticipated for late summer 2016. Additional funding is necessary for the continuation of this project; and

WHEREAS, funds from the Seldon Road and Lucille Street Upgrades project, project no. 35406, in the total amount of \$450,487.00 will help support the continuation of the construction of the Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South") project, project no. 35402, and Old Glenn Highway Paved Pathway in Butte, project no. 35412; and

WHEREAS, the Capital Projects Department is requesting funds in the amount of \$300,487.00 be transferred from Seldon Road & Lucille Street Upgrades, project no. 35406, to Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South"), project no. 35402; and

WHEREAS, the Capital Projects Department is also requesting funds in the amount of \$150,000.00 be transferred from Seldon Road & Lucille Street Upgrades, project no. 35406 to Old Glenn Highway Paved Pathway in Butte, project no. 35412; and

WHEREAS, no expenditures can be made until an amended budget as been approved by the Assembly.

NOW, THEREFORE, BE IT RESOLVED, that the Assembly hereby approves the amended budgets and transfer of funds from Seldon

Road & Lucille Street Upgrades, project no. 35406, to Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South"), project no. 35402, in the amount of \$300,487.00, and Old Glenn Highway Paved Pathway in Butte, project no. 35412, in the amount of \$150,000.00 for a total amount of \$450,487.00.

**BUDGET  
PREVIOUSLY APPROVED BUDGETS**

	Previous	Amended
<b>Project No. 35406</b>		
<u>Seldon Road &amp; Lucille Street Upgrades</u>		
Transportation Bond Issue 2012 Series D & 2014 Series A	\$5,039,836.05	\$5,011,838.05
State of Alaska Legislative Grant SB160 (#13-DC-632)	<u>\$4,577,301.00</u>	<u>\$4,154,812.00</u>
<b>Total</b>	\$9,617,137.05	\$9,166,650.05
<b>Project No. 35402</b>		
<u>Collector Road Access to Machetanz Elementary (also known as "Trunk Road Extension South")</u>		
Transportation Bond Issue 2012 Series D & 2014 Series A	\$4,368,968.01	\$4,396,966.01
State of Alaska Legislative Grant SB160 (#13-DC-632)	<u>\$7,305,281.64</u>	<u>\$7,577,770.64</u>
<b>Total</b>	\$11,674,249.65	\$11,974,736.65
<b>Project No. 35412</b>		
<u>Old Glenn Highway Paved Pathway in Butte</u>		
Transportation Bond Issue 2012 Series D & 2014 Series A	\$1,279,983.99	\$1,279,983.99
State of Alaska Legislative Grant SB160 (#13-DC-632)	<u>\$1,351,395.04</u>	<u>\$1,501,395.04</u>
<b>Total</b>	\$2,631,379.03	\$2,781,379.03

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

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** VACATE THE WESTERN SECTION OF THE 60' WIDE PUBLIC USE EASEMENT, KNOWN AS W. OLYMPIC CIRCLE, WITHIN LOT 3D OF OLYMPIC SUBDIVISION, PLAT NO. 2006-214, LOCATED IN SECTION 12, TOWNSHIP 17 NORTH, RANGE 02 WEST, SEWARD MERIDIAN, ALASKA. ASSEMBLY DISTRICT 4: STEVE COLLIGAN

**AGENDA:** JUNE 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Present to the assembly for consideration.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** \_\_\_\_\_

Route To:	Department/Individual	Initials	Remarks
	Originator	JW	
	Planning Director	SL	
	Borough Attorney	NS	
	Borough Clerk	JM	JM 5/27/16

**ATTACHMENT (S) :** Fiscal Note: Yes \_\_\_\_\_ No X  
 Minutes (2 pages)  
 Notification of Action (3 pages)  
 Vicinity Map (1 page)

**REASON FOR REQUEST:** The request is to vacate the western section of the 60' wide Public Use Easement (PUE), known as W. Olympic Circle, within Lot 3D of Olympic Subdivision, Plat No. 2006-214. This easement was originally requested during the original plat process for Olympic Subdivision at the request of ADOT&PF. The summer of 2016, ADOT&PF is constructing S. Zak Lake Road and no longer requires this Public Use Easement for the construction of a "backage" road. This portion of the PUE does not currently provide access to any lots.

**SUMMARY STATEMENT:** On May 5, 2016 (written decision May 11, 2016), the Platting Board approved the vacation of the 60' wide PUE. All lots affected by the proposed subdivision have legal and physical access in place; this portion of the PUE does not currently provide access to any lots. Petitioner has demonstrated the PUE is no longer necessary for present or future use and alternate equal or better access exists.

**RECOMMENDATION OF ADMINISTRATION:** Staff recommends the assembly approve the vacation as the Platting Board's decision to vacate is consistent with MSB 43.15.035 (B)(1), (a) as equal or better access exists; (b) the surrounding area is fully developed and all planned or needed rights-of-way and utilities are constructed; and (c) the right-of-way is not being used and alternate access has been provided. Vacation is pursuant to AS 29.40.120 through 29.40.160 and MSB 43.15.035

Jay Van Diest (Chairman)

- Opened the public hearing and asked any members of the public wishing to speak to come forward. Seeing no members of the public wishing to speak, closed the public hearing.

Joy Cypra (Petitioner's Representative)

- Utilities will be underground at the T-turnaround.
- Agrees with the changes to the recommendations.

MOTION:

- Mr. Gillespie moved to approve the preliminary plat for Windy Ridge, seconded by Mr. Pugh. Add recommendation #8.

RECOMMENDATIONS:

- Add #8: Provide release documentation from MEA of the 15' wide utility easement recorded at Book 221, Page 432 within this property.

VOTE:

- The motion passed with all in favor. There are 9 findings.

**TIME: 4:05 P.M.**

**CD: 03:04:57**

**E. OLYMPIC 2016**

Sloan Von Gunten (Administrative Specialist)

- Stated that 57 public hearing notices were mailed out on April 14, 2016, to this date there have been no returns, no objection, no non-objections, and no concerns.

Amy Otto-Buchanan (Platting Technician)

- Gave an overview of the case.

Jay Van Diest (Chairman)

- Opened the public hearing and asked any members of the public wishing to speak to come forward. Seeing no members of the public wishing to speak, closed the public hearing.

Wayne Whaley (Petitioner's Representative) & Craig Rappe (Petitioner)

- Briefly gave an overview of the case.
- Agrees with the changes to the recommendations.

MOTION:

- Ms. Hansen moved to approve the preliminary plat for Olympic 2016 and the partial vacation of W. Olympic Circle, seconded by Mr. Gillespie. Remove recommendation #5 & #6. Add new recommendations #5 and #6.

DISCUSSION:

- Discussion on driveway access onto the roadway.

RECOMMENDATION:

- Remove #5 & #6
- Add #5: Add a plat note to read: "Lot 4 has existing access onto W. Parks Highway. This driveway access will be terminated when S. Zak Lake Road is constructed by ADOT&PF and accepted by the City of Wasilla. Driveway access for Lot 4 will then be from S. Zak Lake Road."
- Add #6: Add a plat note to read: "Lot 1 access from S. Lamont Circle only. No access allowed onto W. Parks Highway."

VOTE:

- The motion passed with all in favor. There are 11 findings.

TIME: 4:21 P.M.

CD: 03:21:02

**5. MISCELLANEOUS**

**6. RECONSIDERATIONS/APPEALS**

**A. VISTA ROSE**

Sloan Von Gunten (Administrative Specialist)

- Stated that 133 public hearing notices were mailed out on April 14, 2016, to this date there have been 2 returns, no objections, no non-objections, and no concerns.

Cheryl Scott (Platting Technician)

- Gave an overview of the case.

Jay Van Diest (Chairman)

- Opened the public hearing and asked any members of the public wishing to speak to come forward. Seeing no members of the public wishing to speak, closed the public hearing.

The Petitioner and/or the Petitioner's Representative was not present.

MOTION:

- Mr. Johnson moved to approve the reconsideration of the preliminary plat and variances for Vista Rose, originally approved on March 17, 2016, removing conditions 5, 12, and 13 to allow for plat recordation without construction of sewer, water and road improvements, seconded by Mr. Zimmerman.

DISCUSSION:

- Discussion on the reconsideration for Vista Rose.



## MATANUSKA-SUSITNA BOROUGH

Planning and Land Use Department  
Platting Division

350 East Dahlia Avenue • Palmer AK 99645  
Phone (907) 861-7874 • Fax (907) 861-8407

May 11, 2016

### NOTIFICATION OF ACTION

Craig Rappe  
PO Box 298293  
Wasilla, AK 99629

Olympic Investments LLC  
PO Box 875067  
Wasilla, AK 99687

**RE: OLYMPIC 2016**

**CASE: 2016-047**

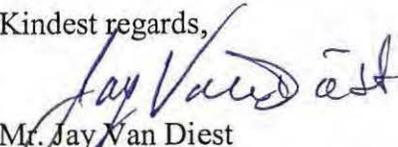
Action taken by the Platting Board on May 5, 2016 is as follows:

THE PRELIMINARY PLAT FOR OLYMPIC 2016 AND THE PARTIAL VACATION OF W. OLYMPIC CIRCLE WAS APPROVED AND WILL EXPIRE ON MAY 11, 2022 CONTINGENT UPON THE FOLLOWING CONDITIONS / REASONS (see attached).

ALL DECISIONS AS TO APPROVAL OR DISAPPROVAL BY THE PLATTING BOARD OR OFFICER SHALL BE FINAL UNLESS APPEALED TO THE BOARD OF ADJUSTMENT AND APPEALS, MSB 15.39. A PETITION WHICH IS TABLED BY THE BOARD SHALL BE DEEMED DENIED UNLESS THE APPLICANT BRINGS THE MATTER BACK BEFORE THE BOARD WITH ALL CONDITIONS MET WITHIN THE TIME ALLOWED BY THE BOARD OR BY LAW.

If this is in reference to a plat application, recordation at the appropriate District Recorder's Office of the plat is required before any transfer of title can occur. Should you have any questions or require a copy of the minutes of the meeting, please feel free to contact this office.

Kindest regards,

  
Mr. Jay Van Diest  
Platting Board Chairman

cc:  
DPW – Jamie Taylor

Denali North  
PO Box 874577  
Wasilla, AK 99687

Am 16-043

**CONDITIONS of APPROVAL:**

The Platting Board approved the Preliminary Plat for Olympic 2016 and the partial vacation of W. Olympic Circle, contingent upon the following:

1. Assembly action on the vacation within 30 days of written platting board decision.
2. Taxes and special assessments must be current prior to recording, pursuant to MSB 43.15.053(F) and AS 40.15.020. Pay taxes and special assessments (LIDs) by certified funds or cash.
3. Provide updated Certificate to Plat executed within 90 days of recording and submit Beneficiary Acknowledgement for any holder of a beneficial interest.
4. Provide signatory authority documentation for Olympic Investments, LLC.
5. Add a plat note to read: "Lot 4 has existing access onto W. Parks Highway. This driveway access will be terminated when S. Zak Lake Road is constructed by ADOT&PF and accepted by the City of Wasilla. Driveway access for Lot 4 will then be from S. Zak Lake Road."
6. Add a plat note to read: "Lot 1 access from S. Lamont Circle only. No access allowed onto W. Parks Highway."
7. Show or list all easements of record.
8. Submit recording fee payable to State of Alaska, Department of Natural Resources (SOA/DNR).
9. Submit final plat in full compliance with Title 43.

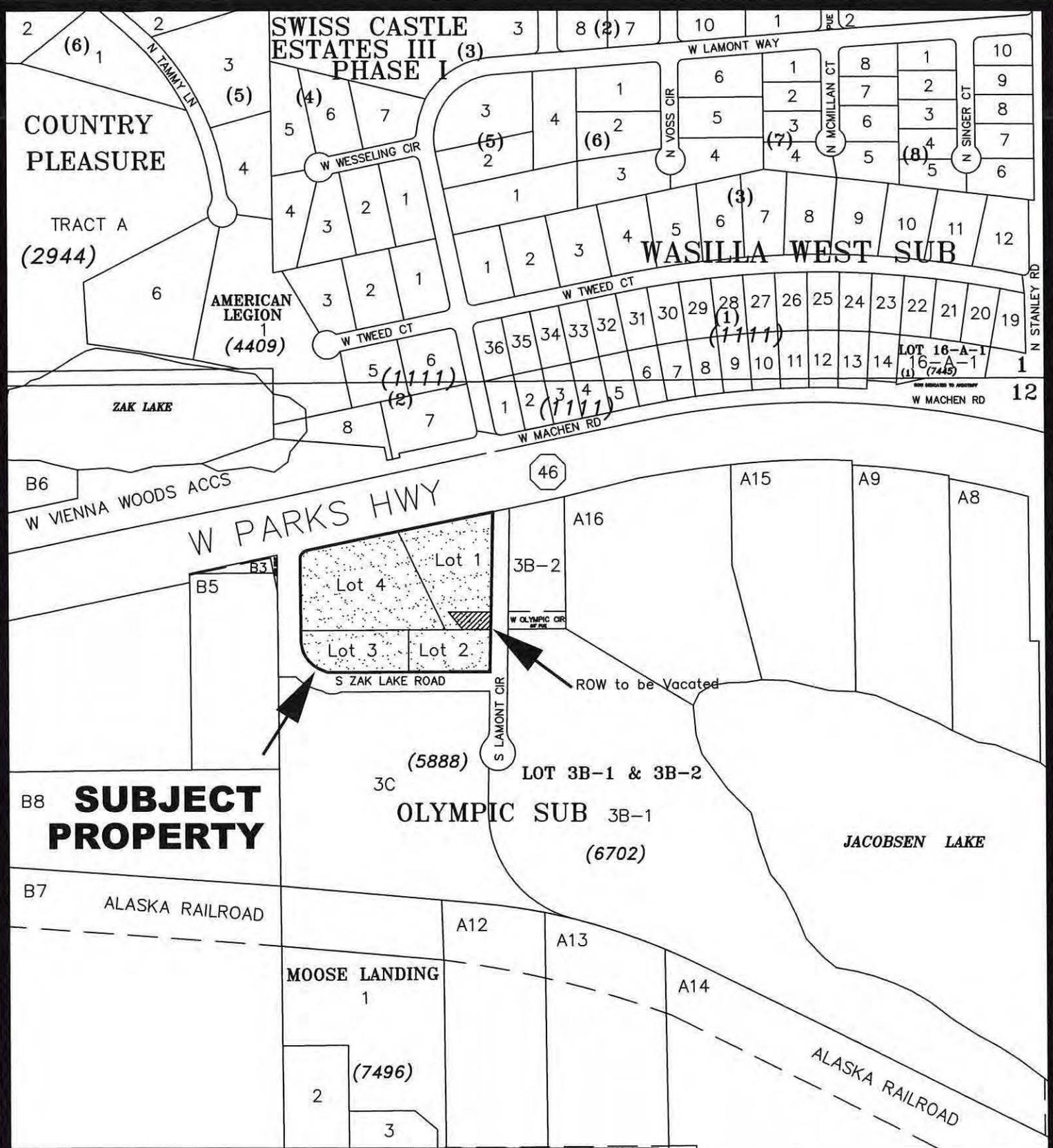
**FINDINGS for PRELIMINARY PLAT:**

1. The preliminary plat of Olympic 2016 is consistent with AS 29.40.070 Platting Regulations and MSB 43.15.016 Preliminary Plats.
2. The vacation of the right-of-way of W. Olympic Circle is pursuant to AS 29.40.120 through A.S. 29.40.160 and MSB 43.5.035 Vacations
3. The vacation of the right-of-way of W. Olympic Circle is consistent with MSB 43.15.035(B)(1)(a): The vacation is conditioned upon the final approval of a plat affecting the same land which provides equal or better access to all areas affected by the vacation; (b) the surrounding area is fully developed and all planned or needed rights-of-way and utilities are constructed; and (c) The right-of-way is not being used, a road is impossible or impractical to construct, and alternate access has been provided.
4. There were no objections from the general public in response to the Notice of Public Hearing.

Am16-043

5. At the time of staff report write-up, there were no responses to the Request for Comments (RFC) from US Army Corps of Engineers; ADF&G; City of Wasilla; Meadow Lakes Community Council; Road Service Area #27 Meadow Lakes; MSB Cultural Resources, Capital Projects Department, Assessments, Permit Center and Pre-Design Division; MTA, MEA or GCI.
6. Frontage for the subdivision exists pursuant to MSB 43.20.320 Frontage.
7. Lot sizes and useable area are consistent with MSB 43.20.281(A)(2) Area.
8. Petitioners' engineer of record submitted an engineering statement pursuant to MSB 43.20.281(A) Area, verifying all proposed lots have 10,000 sf of contiguous useable septic area and 10,000 sf of buildable area.
9. ADOT&PF will be constructing S. Zak Lake Road in summer 2016.
10. Postage and advertising fees of \$52.44 have been paid.
11. It is permissible to resubdivide parcels that are split by service areas, pursuant to MSB 43.15.049(E) Service area boundary requirements.

Am 16-043



**VICINITY MAP**

OLYMPIC 2016 & W. OLYMPIC CIR VACATION  
 LOCATED WITHIN  
 SECTION 12, T17N, R02W, SEWARD MERIDIAN,  
 ALASKA

HOUSTON 09 MAP

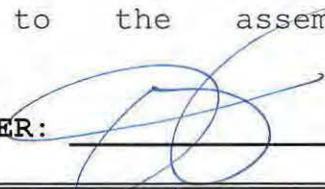
**NEW WASILLA  
 AIRPORT ADD 2**  
 (5912) *Am16-043*

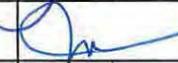
SUBJECT: EXTENSION OF CONTRACT NO. 04-098, FEDERAL LOBBYIST SERVICES TO NORTH STAR GROUP IN AN AMOUNT NOT TO EXCEED \$75,000.

AGENDA OF: June 7, 2016

ASSEMBLY ACTION:

MANAGER RECOMMENDATION: Present to the assembly for consideration.

APPROVED BY JOHN MOOSEY, BOROUGH MANAGER: 

Route To:	Department/Individual	Initials	Remarks
	Originator	JM/rr	
	Purchasing Department		
	Finance Director	JLL	5/19/16
	Borough Attorney	NS	
	Borough Clerk	JMM	5/27/16

ATTACHMENT (S) : Fiscal Note: Yes x No \_\_\_\_\_  
 Response to RFP (23 pp)  
 Professional Services Agreement (16 pp)  
 Alaska Business License ( 1 pp)

SUMMARY STATEMENT: North Star Group has been under contract with the Borough since 2004, with their current contract expiring on June 30, 2016. The North Star Group has provided the Borough with professional and timely lobbying services. It is the recommendation of administration that the contract be extended at this time. The yearly amount remains the same at \$75,000.00, which includes allowable and approved expenses.

RECOMMENDATION OF ADMINISTRATION: Approve extension to contract 04-098, Federal Lobbyist Services with North Star Group through June 30, 2017, for the base amount of Seventy-Five Thousand and No/100 Dollars (\$75,000).

MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE

Agenda Date: June 7, 2016

SUBJECT: Extension of contract 04-098, Federal Lobbyist Services to North Star Group in an amount not to exceed \$75,000.

ORIGINATOR: Rachael Richardson

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT (YES) NO
AMOUNT REQUESTED <i>NTE \$75,000</i>	FUNDING SOURCE <i>FY17 Operating</i>
FROM ACCOUNT # <i>100.100.110.426.900</i>	PROJECT #
TO ACCOUNT :	PROJECT #
VERIFIED BY: <i>Bonnie Baronegale</i>	CERTIFIED BY:
DATE: <i>5-19-16</i>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Personnel Services						
Travel						
Contractual				<i>NTE 75</i>		
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING				<i>NTE 75</i>		

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund				<i>NTE 75</i>		
State/Federal Funds						
Other						
TOTAL				<i>NTE 75</i>		

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) *\* NOT TO EXCEED \$75,000*

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: *[Signature]* DATE: *5/19/16*

AM No. 16-044

*Response to Matanuska-Sustina Borough  
RFP# 04-098*

**FEDERAL LOBBYIST SERVICES**

**NORTH STAR GROUP  
&  
JACK FERGUSON ASSOCIATES**

*February 24, 2004*

pg 1 of 23

Am16-044

Proposal Submittal Page  
 Proposal # 04-098  
 Federal Lobbyist Services

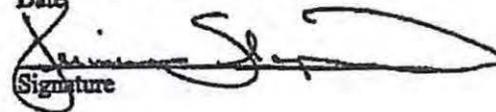
By signing below, the Proposer hereby certifies to the following -

1. The individual signing below, or the firm associated or corporation of which they are a member, has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of a free competitive process in connection with this solicitation.
2. The individual signed below is authorized by the firm association or corporation to bind such association or corporation to a legal contract.
3. The individual signing below, or the firm association or corporation of which they are a member, is not debarred or suspended from doing business with the Matanuka-Susitna Borough.
4. They are acknowledging receipt of the following Addenda Numbers (if no addenda have been issued, either leave blank or write "N/A" or "None").

North Star Group  
 Company Name

February 24, 2004  
 Date

1463 Kirby Road McLean, VA 22101  
 Mailing Address

  
 Signature

McLean, Virginia  
 City, State and Zip Code

Veronica Slajer  
 Printed (or typed) Name

Veronica Slajer  
 Contact Person (printed or typed)

Government Affairs Advisor  
 Title (printed or typed)

703.442.0355  
 Phone Number

vaslajer@northstargrp.com  
 Email Address (optional)

703.442.0755  
 Facsimile Number

<p>It shall be the responsibility of the Proposer to that their proposal is received at or before the date and time fixed for closing.</p>	<p>Proposers should include the following with their proposal.  <input checked="" type="checkbox"/> Signed Submittal Page (acknowledging Addenda if applicable)  <input checked="" type="checkbox"/> One (1) original and six (6) copies of your signed proposal.  <input checked="" type="checkbox"/> Copy of your Professional License  <input checked="" type="checkbox"/> Cost Proposal in Separate sealed envelope</p>
--	---

\_\_\_\_\_  
 (List Addenda numbers that you are acknowledging receipt of)

pg 2 of 23

Am16-044

## MATANUSKA SUSITNA BOROUGH

Federal Lobbying Services Proposal #04-098

### NORTH STAR GROUP AND JACK FERGUSON ASSOCIATES

#### I. Experience of Key Personnel

In addition to being two Alaska-oriented firms with strong relations to Alaska's congressional delegation, we have contacts with other key offices that are pertinent to the borough's interests. As an example, our firms have a close working relationship with the chairman, members and staff of the U.S. Senate Interior Appropriations Subcommittee. The subcommittee would be relevant to the Hatcher Pass project, listed as a priority by assembly resolution.

North Star Group (NSG) (Alaska business license #711153) is a government relations and business-consulting firm dedicated to promoting Alaska interests in Washington, D.C. As a woman-owned business with an *all Alaskan* staff, NSG focuses on monitoring various programs, lobbying individual lawmakers and developing strategies to effectively advance its clients' interests. NSG emphasizes research, frequent communication, organization, effective coordination, and diligent follow-up. NSG brings a wealth of expertise and knowledge on a broad range of issues all aimed at achieving the client's social, economic and political goals through effective communications, research, and advocacy.

Veronica A. Slajer ♦ Government Affairs Advisor

As the founder and owner of the North Star Group, Ms. Slajer brings close to twenty years of government and political experience to her position. As the former in-house lobbyist for Alyeska Pipeline Service Company, and more recently as a consultant, Ms. Slajer has amassed a network of contacts within the committees critical to Alaska (e.g., commerce, transportation and resources) as well as federal agencies including the departments of labor, treasury, agriculture, interior, and education. Prior to moving to Washington D.C., Ms. Slajer worked for the State of Alaska in several posts including the director of a state-wide commission on governmental jurisdiction, on-scene coordinator for the state response to the closure of the Ketchikan Pulp Company's mill in Ketchikan, policy analyst for the Office of the Governor, special assistant to the Commissioner of then Alaska Department of Commerce and Economic Development and legislative aide to the house majority leader. In a self-employed capacity, she provided consulting services to communities such as the City of Kotzebue, the Community of Saxman, the North Slope Borough, and the Bristol Bay Borough. Ms. Slajer was raised in Ketchikan, Alaska and received her degree in business administration from California Lutheran University.

pg 3 of 23

**Karl Ohls ♦ Senior Policy Analyst**

Mr. Ohls brings more than twenty years of policy analysis and legislative experience as the North Star Group's Senior Policy Analyst. Mr. Ohls, previously served as special assistant for jobs and the economy in the Office of the Governor, a special assistant to the Commissioner of the Alaska Department of Labor and Workforce Development, program manager for the Division of Trade and Development in the Alaska Department of Commerce and Economic Development, a fisheries development specialist for the Bering Sea Fishermen's Association, and a legislative aide for the Alaska State Senate. A former journalist, he also worked for the Alaska Public Radio Network, the Alaska Fisherman's Journal, KTOO-TV in Juneau, and the Anchorage Times. Mr. Ohls was raised in Anchorage, Alaska. He studied English and communications at Alaska Methodist University and the University of Puget Sound.

**Cynthia Muller ♦ Development Specialist**

Ms. Muller brings over six years of grant related and fundraising experience. As the North Star Group's Development Specialist, she provides grant-related research and development, which includes identifying grant opportunities, researching eligibility, developing projects and establishing community collaborations. Ms. Muller previously was the Planning Director at Southcentral Foundation, responsible for developing, tracking and evaluating over \$23 million in grants, planning organizational initiatives, and restructuring internal programs. Ms. Muller was raised in Anchorage, Alaska and received a bachelor degree in psychology from Stanford University.

**Stephanie M. Irwin ♦ Associate**

Ms. Irwin provides research and business management services to the North Star Group. She also serves as the director of administration and finance for the Alaska Native Arts Foundation. Ms. Irwin grew up in Nenana and Fairbanks, Alaska. She is a recent graduate of the University of Georgetown with a degree in mathematics.

Jack Ferguson Associates (JFA) is a full-service and accomplished federal and government affairs practice. Members of the firm provide a wide range of Congressional and regulatory lobbying services, and have established long-standing, bi-partisan professional relationships throughout the federal government, including the leadership of the U.S. House of Representatives and the U.S. Senate, and with the top administrators in the Executive Office of the White House and key executive agencies. JFA is active in legislation and policy initiatives involving transportation, telecommunications, energy, technology, environmental policy, banking and securities, taxation, federal program appropriations, commerce, trade, Indian law and federal procurement.

**Jack Ferguson ♦ President**

Jack Ferguson has worked on legislative and agency matters for more than thirty-five years. Prior to establishing his firm in 1978, Mr. Ferguson served as Legislative Aide to Representative Floyd Hicks and Administrative Aide (Chief of Staff) to Representative Don Young, presently Chairman of the Transportation and Infrastructure Committee. In 1976-78, he was the Chief of Staff to Senator Ted Stevens of Alaska, then the Assistant Senate Republican Leader, and, presently, the Chairman of the Senate Appropriations Committee and a senior member of the Senate Commerce Committee. Mr. Ferguson earned his bachelor degree in history and master degree in political science, both from the University of Oregon.

**Raga S. Eilm ♦ Senior Vice President and General Counsel**

Raga Eilm has been providing government relations and legal services since 1991. Mr. Eilm's work includes special counsel to the chairman for the House Transportation and Infrastructure Committee (2002-2004), senior vice president and general counsel for Jack Ferguson Associates (1998-1999, 2000-2001, and 2004 to present), associate director of state-federal relations in the Alaska Governor's office in Washington, D.C. (1994-1998), and legislative director for the Governor of Alaska (1994). He also served as the commissioner's special assistant at the Alaska Department of Natural Resources and as a legislative aide in the Alaska State Legislature. Mr. Eilm earned a law degree from Georgetown University Law Center and has a bachelor degree in economics from Stanford University.

**Mary Beth S. Nethercutt ♦ Vice President**

Mary Beth Nethercutt, a member of the Washington State Bar since 1983, was a partner in the law firm of Nethercutt & Nethercutt until 1995. In November 1995, she joined the professional staff of the Senate Governmental Affairs committee. In May 1997, Ms. Nethercutt joined the Senate Appropriations committee where she served as the top staff for the District of Columbia appropriations subcommittee for four years. In July 2001, she was appointed by the Secretary of Commerce to be the Director of Legislative Affairs for the National Oceanic and Atmospheric Administration. She joined JFA as Vice President in May 2003.

## II. PAST PERFORMANCE

NSG and JFA team members have considerable experience working with groups both inside and outside of Alaska on a wide range of policy issues. The work has occurred on Capitol Hill and with federal agencies, as well as with our Alaska delegation and many other members from both chambers of the Congress.

Working closely with our clients, we develop solutions and strategies tailored to the issues at hand. Accordingly, "success" on behalf of clients comes in many forms, including passage of legislation, a favorable agency decision, a letter from a member of Congress, or a congressional hearing.

Because of our firms' strong ties and experience with Alaska, many of the issues company personnel have worked on involve Alaska-specific matters or involve the Alaska delegation in their leadership roles on various congressional committees, including chairmanships.

With respect to specific legislation, the following is a list of bills on which NSG and JFA have lobbied:

- **Annual Appropriations for all federal departments (JFA):** Annual participation in the appropriations process (usually involving 13 separate bills) on behalf of clients to secure funding or statutory amendments. For example, last year sought a \$5 million appropriation for NASA for wake vortex studies on behalf of Flight Safety Technologies and \$10 million in the Interior appropriations bill for Next Generation Lighting.
- **Alaska Native Arts Foundation Appropriation 2003 (NSG):** Secured federal funds through Senator Stevens for the operation of a new nonprofit organization dedicated to the national promotion of Alaska art and culture.
- **H-3 Legislation (JFA):** Achieved passage of legislation to overcome contentious environmental challenges to permit construction of a vital highway in Hawaii.
- **Federal Aviation Administration reauthorization of 2003 (JFA):** Secured inclusion of additional long range flight slots to and from Reagan National Airport as requested by Alaska Airlines.
- **Alaska Trans-Alaska Pipeline authorization renewal of 2002 (NSG):** Representing Alaska Pipeline Service Company, contributed to the securing of a thirty-year renewal of the federal permit for the pipeline right-of-way.
- **Omnibus Energy Act of 2003 (JFA):** Secured inclusion of an amendment to transfer funds within the Department of Energy to advance a client's clean coal project.

- **Rural Services Improvement Act of 2002 (JFA):** Succeeded in including this important piece of legislation to reform Alaska's bypass mail system in the omnibus appropriations bill.
- **Pipeline Safety and Improvement Act of 2002 (NSG):** Part of a coalition of communities and national groups that worked together to pass this community protection legislation into law.
- **Energy Policy Act of 1992 (JFA):** ANWR authorization and Arctic research funding.
- **National forum on health, education and economic development - Alaska Federation of Natives, 2003 (NSG):** Organized a successful national forum for self-determination that highlighted positive working rapport with the Alaska delegation, other key members of Congress, the White House, and the departments of treasury, education, transportation and agriculture.

**Other relevant experience:**

- **National Petroleum Reserve-Alaska Transfer Authorization to Department of Interior (JFA)**
- **Alaska Native Claims Settlement Act Technical Amendments of 1992 (JFA)**
- **Tax Fairness and Economic Growth Act of 1992 (JFA)**
- **Omnibus Budget Reconciliation Act of 1993 (JFA)**
- **Deficit Reduction Act of 1984 (JFA)**
- **Tongass Timber Reform Act (JFA)**
- **Alaska National Interest Lands and Conservation Act (JFA)**
- **Alaska Natural Gas Transportation System Act (JFA)**
- **Coastal Zone Management Act (JFA)**
- **Marine Mammal Protection Act (JFA)**
- **Mining Law Reform Act (JFA)**

pg 7 of 23

Am16-044

### III. CURRENT AND PROJECTED WORKLOAD

Our clients, and the issues we cover on their behalf, would complement – and not compete – with the borough's interests. NSG and JFA currently represent a variety of interests ranging from small Alaska non-profits to multi-national corporations, many of them relying on the same committees that are of interest to the borough (e.g., transportation, appropriations, resources, etc.).

Through years of experience, NSG and JFA personnel have learned to use the proper "touch" and timing with members and staff, another critical element to a successful lobbying approach. Personnel time will be allocated on the basis of a seasoned understanding of the appropriations and legislative calendar and process. This practice applies to the executive branch as well. NSG/JFA will position its consultants strategically, emphasizing efficiency and well-timed opportunities to advance the client's interests, rather than the volume of hours dedicated to a project.

The following is a list of current clients along with notes on the general nature of our firms' work for them:

- Alaska Airlines (JFA): Monitor aviation and transportation security issues in the Congress and executive branch.
- Alaska Federation of Natives (NSG): Engage in federal government outreach (working with the delegation, World Bank, and federal agencies) for an Economic Summit scheduled to occur in July.
- Alaska Native Arts Foundation (NSG): Request appropriations and track funding opportunities.
- ALI Group (NSG): Develop a strategy for changing the federal tax code to benefit life settlement arrangements.
- Arctic Power (JFA): Advocate for environmentally sound oil development in the Arctic National Wildlife Refuge.
- AT&T (JFA): Monitor telecommunications legislation and regulatory issues.
- Crab Rationalization And Buyback Group (NSG): Monitor reauthorization of the Magnuson Stevens Act.
- CRG Research (NSG): Assist with federal government business development.
- Federal Express (JFA): Monitor transportation issues.
- Global SantaFe (JFA): Monitor energy policies.
- Icicle Seafoods (JFA): Monitor Alaska fisheries issues and legislation.
- Maersk Sealand (JFA): Monitor maritime and trade issues.
- Burlington Northern Santa Fe (JFA): Monitor highway and railroad legislation.
- Marine Conservation Alliance (NSG): Coordinate and help plan congressional briefings and information distribution.
- MH Systems (NSG): Request appropriations for technology development and track relevant funding opportunities.
- Mortgage Insurance Companies of America (JFA): Monitor financial services legislation.

pg 8 of 23

Am16-044

- **National Ski Area Association (JFA):** Monitor public lands and recreation laws and regulations.
- **Northern Air Cargo Airlines (JFA):** Monitor aviation and U.S. Postal Service issues.
- **Northland Services (JFA):** Monitor maritime issues.
- **Sitka Trail Works, Inc. (NSG):** Request appropriations for regional trail network.
- **Thirteenth Regional Corporation (JFA):** Request legislation to acquire land for corporate ownership and investment.
- **United Airlines (JFA):** Monitor aviation and transportation security issues in the Congress and executive branch.
- **United Catcher Boats (NSG):** Report on hearings and meetings relating to the reauthorization of the Magnuson Stevens Act and other fisheries issues.

pg 9 of 23

Am 16-044

**RESUMES**

*North Star Group / Jack Ferguson Association Response to RFP #04-098  
Matanuska-Susitna Borough Federal Lobbyist Services*

pg 10 of 23

## VERONICA A. SLAJER

### *Professional Profile*

#### **NORTH STAR GROUP**

**Government Affairs Advisor and Project Manager.** Provide legislative counsel and business consulting to individuals and organizations seeking federal action in Washington, D.C. Also manage projects, and provide research and analysis for Alaska government, businesses and private groups. North Star Group provides consulting services for groups such as the Alaska Federation of Natives, Reliable Power, Alyeska Pipeline Service Company, Sifra Trail Works, Inc., Bristol Bay Borough Fisheries Economic Development Commission, and the City of Kotzebue. January 2003 to present. Former consultant dba North Coast Research / ECSB between 1989 and 2000 on an intermittent basis; resumed consulting in January 2003.

#### **ALYESKA PIPELINE SERVICE COMPANY**

**Federal Government Relations, Assistant Manager.** Lobby in Washington DC on behalf of Alyeska pipeline and monitor issues important to Alaskans. Maintain strong communication with the Alaska delegation, key congressional contacts and federal agencies to ensure awareness of issues affecting Alyeska Pipeline and the petroleum industry. Track legislative hearings and committee meetings on these and broader issues affecting Alaskans (e.g., labor, health care, etc). Coordinate and staff meetings for visiting corporate personnel. Also attend political and community functions important to maintain a positive image for the company. July 2000 to present, consultant effective Jan 2003.

#### **STATE OF ALASKA**

**Staff Director, Alaska Commission on Rural Governance and Empowerment.** Provided overall supervision and logistical support for a statewide initiative to improve the delivery of services (e.g., public safety, justice, healthcare, education and economic development) to, and relations with, rural Alaska people. The governor-appointed, 22-member commission (17 Alaska Native and 5 non-Native) embarked on an intensive 18-month investigation of the conditions and opportunities in rural Alaska through fact-finding meetings and on-the-ground visits to every region of the state. Wrote and managed the development of two reports: *Interim Report to the Governor, April 1998*, which steered the Commission's work and the *Final Report to the Governor, June 1999*, which described how the State of Alaska should strengthen local self governance and improve state-tribal relations. March 1998 to July 1999.

**Special Assistant to the Commissioner / Special Projects Coordinator, Alaska Department of Commerce and Economic Development.** Initiated and managed department-wide projects for the commissioner's office, provided early oversight of the governor's *Marketing Alaska* economic development initiative, coordinated the governor's jobs cabinet employer outreach campaign on welfare reform, spearheaded the department of commerce forest products value-added program, and managed the state's response to the Ketchikan Pulp Mill closure. February 1995 to March 1998.

**Transition Team Coordinator Knowles / Ulmer Transition Team.** Staff coordinator to the economic and community development and the fiscal policy teams. December 6, 1994, to February 1995.

PHONE (703) 442-0355 • E-MAIL VASLAJER@NORTHSTARGRP.COM  
1463 KIRBY ROAD • MCLAN VA 22101 • FAX (703) 442-0735

pg 11 of 23

Am 16-044

**Policy Analyst, Office of the Governor, October 1989 to January 1991.** Provided research and analysis for the governor's division of policy on issues including transportation, solid waste management, and housing and public safety. Organized public outreach for the governor's education (endowment) fund. Administered a 500-person statewide public opinion survey on education. Assisted in the production of the 1989 and 1990 State of Alaska performance reports and the 1991 Budget Book.

**Legislative Aide, Alaska State Legislature, House Majority Office, Representative Mike Navarre, Senators Pat Pouchot and Dave Donley, September 1988 to May 1989 (full-time), and July to November 1994 (part-time).** Researched public policy issues and legislation, with emphasis on transportation funding (ISTEA) and economic recovery issues such as the Neighborhood Revitalization Initiative of 1989, developed capital project requests, prepared written and oral briefings, and testified at legislative hearings. Designed written materials (e.g., newsletters, brochures and ads).

#### **OTHER ALASKA EMPLOYMENT**

**Finance Director / Field Coordinator, Dave Walsh Anchorage Mayoral Campaign.** Managed finance operations (April to July). Organized the campaign's voter identification and get-out-the-vote efforts through phone bank and door-to-door teams (August to November). April to November 1987.

**Southeast Alaska Regional Marketing and Sales Manager, Westmark Hotels, Inc. (formerly Sheffield Hotels).** Developed and implemented marketing strategies targeting government and corporate travelers, and served as regional liaison for southeast Alaska. October 1985 to March 1987.

#### **Education**

**California Lutheran University, Thousand Oaks, California.** Bachelor of Arts, 1985; Business Administration, major; Communication Arts, minor; Business Association, Vice President, 1983 to 1985 and Academic Standards Committee, Secretary, 1983 to 1984.

**University of Alaska Fairbanks, 1980-1981.**

**Ketchikan High School, 1979, honors.**

#### **Community Service and Memberships**

**Alaska Native Arts Foundation,** founding director and treasurer of the national charitable organization dedicated to supporting Alaska Native artists and the preservation of Alaska Native culture. 2002 to present.

**Association of Oil Pipelines / American Petroleum Institute,** national trade and advocacy groups. Served on the joint AOPL/API public awareness committee that developing web-based information and education materials on America's pipelines. 2001 to 2003.

**Fairfax Trails and Streams,** a community-based recreation committee. 2001 to present.

**Commonwealth North,** an Alaska business and public policy organization. Served on economic development task force and currently serve on the program committee. 1993 to 1998 and 2000 to present.

**Anchorage Neighborhood Housing Services,** a non-profit housing and small business development corporation was founded in 1982 to improve neighborhoods through the development of public/private partnerships. Served as corporate secretary during 1994, and various other positions on the executive, finance, residential loan and public relations committees more than seven years. November 1987 to 1994.

**Januar Open Meetings Act Task Force,** a task force that reported to the mayor and city assembly on the Alaska open meetings statutes and provided advice on the ramifications of holding closed meetings. 1986 to 1987.

VERONICA A. BLAZER

PAGE 2

pg 12 of 23

Am16-044

KARL ANDREW OHLS  
1900 North Johnson Street  
Arlington, Virginia 99801  
Cell Phone (202) 431-2938  
[kohls@northstarexp.com](mailto:kohls@northstarexp.com) (or) [karlohls@alaska.net](mailto:karlohls@alaska.net)

---

## WORK EXPERIENCE

---

### Senior Policy Advisor

North Star Group, June 2003 to present

Federal government and policy advisor in a government affairs and business consulting firm specializing in Alaska issues and based in Washington, DC.

### Consultant

Circumpolar Conservation Union, February 2003 to June 2003

Provided staff support for a nonprofit organization concerned with the protection of Arctic indigenous peoples' culture and Arctic ecology. Worked out of the Washington, DC office to research foundations and monitor relevant issues.

### Special Staff Assistant to the Governor

Office of the Governor, State of Alaska, July 2002 to December 2002

Special Assistant for jobs and the economy. Handled all issues that arose in the Governor's office pertaining to the departments of Labor and Workforce Development, Transportation and Public Facilities, Community and Economic Development, Revenue, and Administration. Worked on speeches, news releases, opinion pieces, talking points, and the Governor's correspondence. Responded to constituent inquiries and problems.

### Special Assistant to the Commissioner

Alaska Department of Labor and Workforce Development, Office of the Commissioner, December 1999 to July 2002

Managed special projects for the commissioner of labor, including department participation in the Governor's salmon disaster relief effort (Operation Renew Hope) and the Jobs Cabinet. Worked on rural outreach for department programs, mostly in the area of job training and employment security. Handled constituent matters.

### Development Program Manager/Lead Development Specialist

Alaska Department of Commerce and Economic Development, Division of Trade and Development, September 1995 to June 1999

Administered the division's resource development section. Managed resource development and economic development projects. Supervised a staff of six development specialists working with fisheries, minerals, forest products, industrial recruitment, small business development, northern affairs, and foreign trade. Researched and prepared speeches and backup material for the commissioner and director.

### Fisheries Development Specialist

Bering Sea Fishermen's Association, January 1993 to September 1995

Administered a federally funded program designed to support the Western Alaska Community Development Quota Program, a federal initiative that allocated Bering Sea fisheries resources to the region's Native villages. Prepared annual federal grant application. Published newsletters and reports. Organized a trade association for the CDQ groups and served as the part-time executive director. Researched CDQ issues and testified on CDQ program benefits before government commissions, legislative and congressional committees, and the North Pacific Fishery Management Council. Organized CDQ delegation trips to Washington D.C.

pg 13 of 23

AM16-044

**Legislative Assistant**

Senator Fred F. Zharoff, Alaska State Legislature, November 1984 to January 1993

Managed legislative staff work for State Senator Fred F. Zharoff of Kodiak. Served a fisheries-oriented constituency in a legislative district that included Kodiak Island, Bristol Bay, the Alaska Peninsula and the Aleutian Chain. Oversaw Sen. Zharoff's fisheries and resources-related legislation. Wrote testimony and spoke on bills and resolutions before legislative committees. Researched and solved constituent problems. Wrote speeches, newspaper columns, news releases, letters, backup materials, resolutions, citations and memoriams.

**Southeast Editor**

Alaska Fishermen's Journal, January 1983 to June 1984 - Conducted interviews, researched issues, and wrote news articles about commercial fishing activities in Alaska.

**Reporter (half-time)**

KTOO-TV, Capital Community Broadcasting, Inc., August 1982 to June 1983 - Produced and wrote video news and feature stories about events in Juneau and Southeast Alaska for "The Evening Edition," a nightly news program.

**Editor**

United Fishermen of Alaska, August 1979 to May 1979 - Edited the *Alaska Fisherman*, the UFA's monthly newspaper. Directed statewide coverage of Alaska's commercial fishing industry. Wrote, photographed, and edited stories about commercial fishing.

**Juneau Correspondent**

Alaska Public Radio Network, January 1979 to May 1979 - Produced a daily 15-minute news program about events in the Alaska Legislature.

**News Director**

KMXT-FM, Kodiak Public Broadcasting, November 1977 to January 1979 - Produced two daily half-hour newscasts and a weekend review program for Kodiak's public radio station. Covered all local news.

**Reporter**

Kodiak Daily Mirror, September 1977 to November 1977 - Worked with two person editorial staff to cover all local news.

**Reporter (intern)**

The Anchorage Times, summer 1974 to 1976 - On-the-job training in all aspects of news reporting. General assignment reporter writing features, straight news, police reports and sports.

---

**ADDITIONAL EXPERIENCE**

---

- On behalf of employers, served on the Alaska State Community Service Commission, 2001-2003, the University of Alaska Fishery Industrial Technology Center Policy Council, 1996-1999, and the Fisheries Conservation Action Group, 1993-1995.
- Completed work-related classes in supervision, performance evaluations, public administration, Workplace Alaska, recognizing sexual harassment, PowerPoint software, and paperwork management, 1995 to 2002.

---

**EDUCATION**

---

1975-1977 University of Puget Sound - Tacoma, Washington. Majored in Communications.  
1973-1975 Alaska Methodist University - Anchorage, Alaska. Majored in English.  
1973 Graduated from West High School in Anchorage, Alaska.

pg 14 of 23

AM16-044

**Cynthia L. Muller**

Email: [Cynthia@northstargrp.com](mailto:Cynthia@northstargrp.com)

**Summary of Qualifications**

**Strategic Planning, Grant Administration, Program Management, Project Management, Fund Raising, Business Writing, Grant Evaluation, Consulting, Research**

Attained results as Planning Director/Manager in a non-profit health corporation serving a community of over 44,000 individuals in Southcentral Alaska. Increased grant funding from \$15,000,000 to \$23,000,000 in 15-month period. Accomplished in developing corporate planning initiatives and restructuring of program initiatives. Specialized in development and management of grants in health and related fields from private, state, and federal grants. Practical experience in program and project management. Strong team-building, leadership, motivation, communication skills with ability to work under time constraints.

**Professional Experience**

**The North Star Group  
McLean, Virginia**

**Development Specialist  
1/04-Present**

Responsible for all grant-related research and development through, identifying grant opportunities, developing project activities and establishing community collaborations.

**Southcentral Foundation ([www.scf.cc](http://www.scf.cc))  
Anchorage, Alaska**

**Planning Director/Manager Grant Development and Administration  
10/01-9/03**

Responsible for long-term strategic development and performance tracking for non-profit healthcare organization. Collaborated with divisional management for the acquisition and maintenance of funds to support current and future funding. Prepared and reviewed all funding proposals submitted on behalf of Southcentral Foundation. Ensured all grants were administered in compliance with applicable laws, regulations, and statutes.

**Southcentral Foundation  
Anchorage, Alaska**

**Program Manager  
9/00-12/01**

Directed the program management of social services provided to elderly clients.

**Southcentral Foundation  
Anchorage, Alaska**

**Special Assistant  
6/99-9/00**

Coordinated activities for senior management relating to planning, development and implementation of programs and strategic initiatives.

**Stanford University- Psychology Department  
Stanford, California**

**Research Assistant**

pg 15 of 23

Am 16-044

5  
**9/98-6/99**

Assisted psychology department staff in research study on depression in biological mothers and daughters.

Stanford Center for Professional Development- Stanford Online ([www.stand.stanford.edu/stand](http://www.stand.stanford.edu/stand))  
Stanford, California

**Webmaster**

**12/98-6/99**

Responsible for daily changes to website, duties included recording and cropping streaming video Internet use, editing text, and formatting graphics.

**Other Experience**

**Energy Consortium**  
Washington, DC

**Consultant**

Assisted project team on national campaign to end lead poisoning through research, development of project materials, and working with regional community organizations to develop and implement funding campaigns.

**CLASH**

Anchorage, Alaska

**Consultant**

Researched and development materials for non-profit organization with identifying local program funding.

**Alaska Run for Women ([www.alrforw.org](http://www.alrforw.org))**  
Anchorage, Alaska

**Race Director**

Directed and coordinated an annual 4500 participant running event to raise money for breast cancer research.

**Education**

- Masters Business Administration, University of Washington, Seattle, WA, expected graduation June 2005
- Bachelor of Arts (Psychology), Stanford University, Stanford, CA, 1999

**JOHN DUNCAN FERGUSON**  
203 Maryland Avenue, N. E.  
Washington, D.C. 20002  
202/544-6655

**EXPERIENCE**

**1978 - Present                      President - Jack Ferguson Associates, Inc.**

Registered representative before the U.S. Congress and government agencies for corporations and trade associations. The firm monitors and analyzes Congressional and Executive branch activities, works with clients to assess the impact on their business of existing and proposed legislation and regulations, advises clients about the legislative process and relevant political variables, drafts legislative language and testimony, formulates legislative strategies and implements said strategies by working with members of Congress, their staff and government officials.

Current clients: AT&T, Burlington Northern/Santa Fe, Expedia, Federal Express, Global/Santa Fe, Intersections, Lyden Air Cargo, Maersk Sealand, Mortgage Insurance Companies of America, Newspaper Association of America, Northern Air Cargo, Solid State Lighting, and United Airlines.

Former clients include: US Borax, Conoco, Inc.; Dillingham Construction, Northwest Pipeline Company; The Williams Companies; RTZ Corporation; BellSouth Corporation; Western Forest Industries Association; Alaska Loggers Association; Western Airlines; and the Department of Revenue of the State of Alaska.

Major legislation worked on includes: Highway Reauthorization Act; The Energy Policy Act of 2003; Vision 100 Century of Aviation Reauthorization Act; Coast Guard Reauthorization, yearly Appropriation Bills.

**1976 - 1978                      Administrative Aide, U.S. Senator Ted Stevens, Assistant Senate Republican Leader**

Position involved working with Republican Senators on the development and execution of legislative strategies. Responsibilities included: White House leadership meetings; staffing the Tuesday Senate Policy Luncheon; communicating Republican leadership positions on pending legislation to Republican Senators and staff; preparing vote counts and working with Republican and Democratic leadership staff. Held top security clearance.

pg 17 of 23

Am16-044

Also responsible for: coordinating and shaping Senator Stevens' legislative agenda; briefing the Senator on issues and activities relevant to his committee assignments; scheduling and staffing constituent meetings; hiring, supervising and evaluating the Senator's committee and personal staff; overseeing and interfacing with the campaign staff; establishing and maintaining the office budget. The Senator's staff numbered approximately 60 employees.

1972 - 1976      Administrative Aide, U.S. Representative Don Young

Responsibilities included: delegating legislative assignments to staff members; briefing Mr. Young on issues and activities relevant to his committee assignments; assisting Mr. Young in formulating legislative positions and strategies; hiring, supervising and evaluating Mr. Young's committee and personal staff of approximately 20 employees; scheduling constituent meetings; overseeing and interfacing with the campaign staff; and establishing and maintaining the office budget.

1970 - 1972      Legislative Aide, U.S. Representative Floyd Hicks (D - WA)

Responsible for transportation, energy and defense issues. Wrote memoranda and speeches.

#### MILITARY SERVICE

1969 - 1970      Lieutenant, United States Army, Intelligence Branch (active duty)

1970 - 1976      Captain, United States Army (Ret.) (inactive reserve duty)

#### EDUCATION

1968 - 1969      University of Oregon, Masters Degree - Political Science

Masters program included studies at the Academy of International Law, The Hague, and at Frier Universitat, West Berlin.

1964 - 1968      University of Oregon, B.A. - Political Science

**RAGA S. ELIM**

59 Call Court  
Fredericksburg, VA 22405  
(640) 889-0556

**Government Relations/External Affairs**

Decisive strategist with proven record of mediating opposing interests in politically charged situations. Exceptional grasp of administrative and legislative process, coupled with legal education and practice. Close working relationship with top management in government, corporations, and associations. Demonstrated aptitude for grasping technical matter quickly and innate ability to clarify and distill complex problems. Effective at dealing with the public, legislature, the executive branch, and the media. Skillful meeting facilitator in context of controversial issues.

**Professional Experience and Selected Achievements**

**Legislative Liaison**

- Served as Governor's point person responding to the closure of Alaska Pulp Company, a major industrial operation in Sitka, Alaska. Made technical and financial assistance available to displaced workers and community in prompt, orderly fashion, and helped community leaders develop strategic plan for community's future. *Result:* Transition occurred relatively smoothly, with needed resources available.
- Facilitated passage of federal legislation critical to the Alaska Department of Environmental Conservation, rescuing a provision that appeared to be dying in Congress despite lack of substantive objection. Met with House and Senate representatives; succeeded in having another bill which was moving through Congress amended to include the provision the State needed. Met with key business interests and allayed their concerns that the addition of this provision jeopardized the bill. *Result:* Important state-specific amendment to environmental law, which had been sought for 5 years, became law, thereby helping small, rural communities in Alaska.
- Created standardized procedures for departments to evaluate bills pending in the Alaska Legislature, enabling the Governor to adopt more timely and better informed policy positions. Prioritized and packaged Governor's legislative initiatives to help provide direction to Executive Branch. Informed the Legislature and the public of the administration's priorities. Developed legislative strategies to advance Governor's priorities, seeking passage of bills favored by the administration and blocking or amending bills not favored.
- Met regularly with Speaker of the House, President of the Senate, and their respective majority leaders to ensure good communication and coordination between Executive and Legislative Branches. Represented the State at meetings in Japan and China, and staffed the Governor on trips to Norway, where he chaired the annual meeting of The Northern Forum, and the Yukon Territory, where regional governmental meetings were held to discuss issues of mutual concern. Served as Governor's diplomatic representative in dealings with consulates and officials from Russia, Japan, Argentina and Canada.

**Dispute Resolution**

- Resolved long-standing, bitter contractual dispute between the Department of Commerce and the Alaska Visitors Association in connection with a joint effort to market the state as a tourist destination. Simultaneously coordinated Department's response to legislative audit to ensure new contract conformed with Department's interpretation of audit results. Facilitated agreement by parties to contract, which increased financial contribution from industry for this marketing program from 25% to 33% of the overall budget.

Pg 19. of 23

AM 16-044

- Guided set of contentious regulations through regulatory process, working closely with personnel from Department of Natural Resources and attorneys to revise proposed regulations to settle unreacted and ambiguous issues. Negotiated with numerous other interested parties, including government agencies, industry groups, and the environmental community; addressed public comments and media inquiries; and brought closure and clarity to this complex issue.

#### Management

- Managed staff of 25 professionals responsible for supporting 22 Senators in state legislature. Directed staff initiative in policy analysis and communication plans. Developed and implemented a legislative and political strategy for the caucus.
- As Commissioner's chief assistant, or number two person in Department of Natural Resources, managed all functions of 1,000-employee Department with a budget exceeding \$50 million. Developed comprehensive Strategic Plan for the Department, examining all Department activities to determine consistency with overall mission, prioritizing goals and preparing a publication clarifying Department's priorities that was generally distributed to the Legislature and the public. Reconfigured budget to conform with plan, including development of new fee structures in some programs.
- Directly supervised and directed staffs ranging from 3 to 6; coordinated activities of legislative liaisons representing 15 Executive Branch Departments. Chaired weekly meetings during legislative session to exchange information, coordinate interdepartmental activities and ensure clear, consistent message from the administration. Managed daily operations of Governor's Legislative Office, managing information flow, setting priorities, and monitoring progress toward goals.

#### Work History

---

Senior Vice President and General Counsel, JACK FERGUSON ASSOCIATES, Washington, D.C., 1998-1999, 2000-2001, 2004 to the present

Special Counsel to the Chairman, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, U.S. HOUSE OF REPRESENTATIVES, Washington, D.C., 2002-2004

Chief of Staff/Staff Director, WASHINGTON STATE SENATE, Olympia, Washington, 1999-2000

Associate Director for State/Federal Relations, OFFICE OF THE GOVERNOR OF ALASKA, Washington D.C. 1994-1998

Legislative Director for the Governor, OFFICE OF THE GOVERNOR OF ALASKA, Juneau, Alaska 1994

Special Assistant to the Governor, OFFICE OF THE GOVERNOR OF ALASKA, Juneau, Alaska 1993

Special Assistant to the Commissioner, ALASKA DEPARTMENT OF NATURAL RESOURCES, Juneau, Alaska 1992-1993

Special Assistant to the Commissioner, ALASKA DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT, Juneau, Alaska 1992

Associate Attorney, LANE POWELL SPEARS LUBERSKY, Portland, Oregon 1991-1992

Assistant Director of Development, STANFORD UNIVERSITY, Stanford, California 1986-1988

Legislative Aide, Alaska State Legislature, OFFICE OF REPRESENTATIVE DRUE PEARCE, Juneau, Alaska 1985-1986

Assistant Director of Admissions, STANFORD UNIVERSITY, Stanford, California 1983-1985

#### Education

---

J.D., GEORGETOWN UNIVERSITY LAW CENTER, Washington, D.C. 1988-1991

*Activities:* Executive Editor of American Criminal Law Review, Student Chair of Law Center Finance Committee, Student Chair of Faculty Search Committee, Student Recruiting Committee for Admissions Office

B.A., Economics, STANFORD UNIVERSITY, Stanford, California 1979-1983

*Activities:* Senate Chairman (Associated Students of Stanford University), Assistant to the University Ombudsman, Sports Broadcaster for KZSU (student radio station)

pg 20 of 23

AM 16-044

**MARY BETH S. NETHERCUTT**

**PROFESSIONAL EXPERIENCE**

**JACK FERSUGON ASSOCIATES, INC.**

May 2003 – Present

Vice President of consulting firm specializing in tribal, transportation, energy and natural resources, and telecommunications issues.

**NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION**

**U. S. DEPARTMENT OF COMMERCE**

July 2001 – April 2003

Director, Office of Legislative Affairs. Director of 20-person staff responsible for: coordinating all National Oceanic & Atmospheric Administration (NOAA) contacts with Congress; planning, directing and coordinating legislative programs of immediate concern to the Under Secretary/Administrator; identifying and tracking all legislation of interest to NOAA and keeping key officials informed; preparing NOAA's views on proposed or pending legislation; and coordinating with the Office's counterpart in the Department of Commerce.

**SENATE APPROPRIATIONS COMMITTEE**

March 1997 – July 2001

Clerk, Subcommittee on the District of Columbia. Responsible for analyzing Federal and local budget proposals for annual District of Columbia appropriations bill; drafting appropriations legislation and committee reports; staffing subcommittee hearings; monitoring legislation impacting District of Columbia issues; negotiating District of Columbia budget issues with the Administration, Congressional staff, and District officials.

**SENATE GOVERNMENTAL AFFAIRS COMMITTEE**

1995 – 1996

Professional Staff. Responsible for oversight of Federal Offices of Inspectors General.

**PARTNER, NETHERCUTT LAW OFFICES**

1983 – 1995

Attorney in civil practice with focus on corporate, estate planning, and adoption law.

**PROFESSIONAL ACTIVITIES**

Washington State Bar Association

1983 – Present

Spokane County Bar Association

1983 – 1995

**COMMUNITY SERVICE**

Deaconess Medical Center Foundation Board Member

1991 – 1994

Junior League of Spokane

1984 – 1992

Juvenile Diabetes Foundation Board Member

1991 – 1995

**EDUCATION**

University of South Carolina, BA (Phi Beta Kappa/Cum Laude)

1973

Gonzaga University School of Law, JD (Summa Cum Laude)

1983

pg 21 of 23

Amib-044

**ALASKA BUSINESS LICENSE**

*North Star Group / Jack Ferguson Association Response to RFP #04-098  
Matanuska-Susitna Borough Federal Lobbyist Services*

pg 22 of 23

AM16-044

Pg 23 of 23

Alaska Department of Community and Economic Development  
P.O. Box 110806, Juneau, Alaska 99811-0806

## Alaska Business License

This is to certify that the licensee named below holds Alaska Business License Number 711153 covering the period Wednesday, October 30, 2002 through Friday, December 31, 2004.

Line of Business: Professional, Scientific and Technical Services

### **NORTH STAR GROUP**

1463 KIRBY ROAD, MCLEAN, VA 22101

Owner:

VERONICA A. SLAJER

This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State of Alaska or of the United States.

*Acting Commissioner: Thomas W. Lawson  
Department of Community and Economic Development*

This license must be posted in a conspicuous place at the business location. It is not transferable or assignable.

AM16-044

PROFESSIONAL SERVICES AGREEMENT

COPY

#04-098  
Federal Lobbyist Services

THIS AGREEMENT made and entered into this 13<sup>th</sup> day of April 2004, by and between the MATANUSKA-SUSITNA BOROUGH and NORTH STAR GROUP.

Section 01 Definition

In this Agreement:

- A. The term "Borough" means the Matanuska-Susitna Borough.
- B. The term "Consultant" means North Star Group.
- C. The term "Manager" means the manager of the Matanuska-Susitna Borough or his authorized representative.

Section 02 Employment of Consultant

The Borough hereby agrees to engage the Consultant and the Consultant hereby agrees to perform the services hereafter set forth.

Section 03 Scope of Services

The Consultant shall perform all the services provided for by this Agreement which are described with particularity in Appendix "A," entitled Scope of Services, attached hereto and incorporated by reference as if fully set forth herein.

Section 04 Personnel

Personnel shall be limited to employees of North Star Group.

Section 05 Time of Performance

The services of the Consultant shall commence upon execution of this Agreement by the Manager and shall run to June 30, 2005. The period of performance may be extended for additional periods only by the mutual written agreement of the parties subject to annual appropriation of funds.

Section 06 Compensation

A. Subject to the provisions of this Agreement, the Borough shall pay the Consultant a total sum for all services and expenses for the term of this Agreement not exceeding the sum as set forth in Appendix "B," attached hereto and incorporated herein by reference, for services required by this Agreement.

B. Travel or per diem required for the performance of services pursuant to this Agreement shall be subject to Appendix "B."

pg 1 of 16

Am 16-044

C. Except as otherwise provided in this Agreement, the Borough shall not provide any additional compensation, payment, use of facilities, service or other thing of value to the Consultant in connection with performance of Agreement duties. The parties understand and agree that, except as otherwise provided in this section, administrative overhead and other indirect or direct costs the Consultant may incur in the performance of its obligations under this Agreement have already been included in computation of the Consultant's fee and may not be charged to the Borough.

**Section 07 Method and Time of Payment**

A. The Borough will pay to the Consultant the amount set forth in Appendix "B" which shall constitute the full and complete compensation for the Consultant's professional services. That sum will be paid on receipt of billings submitted pursuant to a schedule set forth in Appendix "B". If not identified within Schedule "B", normal billing cycle is 30 calendar days from receipt of an approved invoice. A billing is a summary of expenditures to date by line item categories (e.g., Personal Services, Travel, Contractual, Commodities and Equipment). Documentation of expenditures need not be submitted with billings but must be retained by the Consultant in the event the Borough requests said documentation.

B. No payment will be disbursed until the completed task and associated expenditures have been approved by the Borough.

C. All invoices must be submitted in duplicate and addressed as follows:

Matanuska-Susitna Borough  
Attention: Accounts Payable  
350 East Dahlia Avenue  
Palmer, Alaska 99645

D. It is expressly understood and agreed that in no event shall the total compensation due the Consultant exceed SIXTY THOUSAND AND NO/100 DOLLARS (\$60,000.00) per year, plus pre-approved expenses. Subject to annual appropriation of funds.

**Section 08 Termination of Agreement for Cause**

If, through any cause, the Consultant shall fail to fulfill in a timely and proper manner the obligations under this Agreement or if the Consultant shall violate any of the covenants, agreements, or stipulations of this Agreement, the Borough shall thereupon have the right to terminate this Agreement by giving written notice to the Consultant of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. All finished or unfinished documents, data, studies, surveys and reports or other material prepared by the Consultant under this Agreement are the property of the Borough and shall be delivered to the Borough by or upon the effective date of termination. The Consultant shall be entitled to receive compensation in accordance with the payment provisions of Appendix "B" of this Agreement only for work completed to the Borough's satisfaction in accordance with Appendix "A" of this Agreement and the other terms of this Agreement.

**Section 09 Termination for Convenience of Borough**

The Borough may terminate this contract at any time by giving written notice to the Consultant of such termination and specifying the effective date of such termination. All finished or unfinished documents and other materials as described in Section 8 above are the property of the Borough and shall be delivered to the Borough by or upon the effective date of execution of this section. The Consultant shall be entitled to receive compensation in accordance with the payment provisions of Appendix "B" of this Agreement only for work completed to the Borough's satisfaction in accordance with Appendix "A" of this

pg 2 of 16

AM16-044

Agreement and the other terms of this Agreement. If this Agreement is terminated due to the fault of the Consultant, Section 8 of this Agreement shall govern the rights and liabilities of the parties.

**Section 10**     Causes Beyond Control

In the event the Consultant is prevented by a cause or causes beyond control of the Consultant from performing any obligation of this Agreement, non-performance resulting from such cause or causes shall not be deemed to be a breach of this Agreement which will render the Consultant liable for damages or give rights to the cancellation of the Agreement for cause. However, if and when such cause or causes cease to prevent performance, the Consultant shall exercise all reasonable diligence to resume and complete performance of the obligation with the least possible delay. The phrase "cause or causes beyond control," as used in this section, means any one or more of the following causes which are not attributable to the fault or negligence of the Consultant and which prevent the performance of the Consultant: fire, explosions, acts of God, war, orders or law of duly constituted public authorities, and other major uncontrollable and unavoidable events, all of the foregoing which must actually prevent the Consultant from performing the terms of the Agreement as set forth herein. Events which are peculiar to the Consultant and would not prevent another Consultant from performing, including, but not limited to financial difficulties, are not causes beyond the control of the Consultant. The Borough will determine whether the event preventing the Consultant from performing is a cause beyond the Consultant's control.

**Section 11**     Modifications

A. The parties may mutually agree to modify the terms of the Agreement. Modifications to the Agreement shall be incorporated into the Agreement by written amendments.

B. It is expressly understood that the Borough may require changes in the scope of services and an unreasonable refusal by the Consultant to agree to modification in the scope of services will be the basis for termination of the Agreement for cause. It is expressly understood that the total amount of compensation for successful performance of the Agreement will not be modified, under any circumstances, without prior written approval of the Borough.

**Section 12**     Equal Employment Opportunity

A. The Consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam war era. The Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam war era. Such actions shall include, but not be limited to the following: employment, upgrading, demotions, or transfers; recruitment or recruitment advertising; layoffs or terminations; rates of pay or other forms of compensation; selection for training, including apprenticeship; and participation in recreational and educational activities. The Consultant agrees to post in conspicuous places available for employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause. The Consultant will, in all solicitations or advertisements for employees placed by or on behalf of the Consultant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical handicap, age, or status as a disabled veteran, or veteran of the Vietnam war era. The Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement.

B. The Consultant shall keep such records and submit such reports concerning the equal opportunity employment provisions set forth in subsection 12 (A) for applicants for employment and employees as the Borough may require.

pg 3 of 16

Am 16-044

Section 13 Interest of Members of Borough and Others

No officer, member or employee of the Borough and no member of its governing body, and no other public official of the governing body shall participate in any decision relating to this Agreement which affects their personal interest or the interest of any corporation, partnership or association in which they are, directly or indirectly, interested or having any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

Section 14 Assignability

A. The Consultant shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the Borough, thereto; provided, however that claims for money due or to become due to the Consultant from the Borough under this Agreement may be assigned by court order or to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Borough, or the Consultant shall be responsible to the Borough for any moneys due the assignee of this Agreement which are paid directly to the Consultant.

B. The Consultant shall not delegate duties or otherwise subcontract work or services under this Agreement without the prior written approval of the Borough.

Section 15 Interest of Consultant

The Consultant covenants, that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The Consultant further covenants that in the performance of this Agreement no person having any such interest shall be employed.

Section 16 Findings Confidential

To the extent permitted or required by law any reports, information, data, etc., given to or prepared or assembled by the Consultant under this Agreement which the Borough requests to be kept confidential shall not be made available to any individual or organization by the Consultant without the prior written approval of the Borough.

Section 17 Publication, Reproduction and Use of Materials

No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other country. The Borough shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement.

Section 18 Audits and Inspections

At any time during normal business hours and as often as the Borough or the Comptroller General of the United States may deem necessary, there shall be made available for examination all of its records with respect to all matters covered by this Agreement and will permit representatives of the Borough or the Comptroller General to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement.

pg 4 of 16

AM16-044

**Section 19**     Jurisdiction: Choice of Law

Any civil action arising from this Agreement shall be brought in the superior court for the third judicial district of the state of Alaska at Palmer. The law of the state of Alaska shall govern the rights and obligations of the parties.

**Section 20**     Non-Waiver

The failure of the Borough at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provisions, nor in any way affect the validity of this Agreement or any part thereof, or the right of the Borough thereafter to enforce each and every protection hereof.

**Section 21**     Permits, Laws and Taxes

The Consultant shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this Agreement. All actions taken by the Consultant under this Agreement shall comply with all applicable statutes, ordinances, rules and regulations. The Consultant shall pay all taxes pertaining to its performance under this Agreement.

**Section 22**     Relationship of the Parties

The Consultant shall perform its obligations hereunder as an independent Consultant of the Borough. The Borough may administer this Agreement and monitor the Consultant's compliance with this Agreement but shall not supervise or otherwise direct the Consultant except to provide recommendations and to provide approvals pursuant to this Agreement.

**Section 23**     Agreement Administration

A. The Borough Manager, or their designee, will be the representative of the Borough administering this Agreement.

B. The services to be furnished by the Consultant shall be administered, supervised, and directed by \_\_\_\_\_, In the event that the individual named above or any of the individuals identified in the proposal to perform work under the Agreement is unable to serve for any reason, the Consultant shall appoint a successor in interest subject to a written approval of the Matanuska-Susitna Borough.

**Section 24**     Integration

This instrument and all appendices and amendments hereto embody the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties. To the extent they are not inconsistent with the terms of this Agreement, the following documents are incorporated by reference into this Agreement as if fully set forth herein:

<u>FULL TEXT</u>	<u>REFERENCE</u>
Submittal Page	Matanuska-Susitna Borough Business License
Appendix 'A' - Scope of Services	Copy of Professional License
Appendix 'B' - Fee Schedule	

pg 5 of 16

Am 16-044

**Section 25**     Defense and Indemnification

A. The Consultant shall indemnify, hold harmless, and defend the Borough from and against any claim of, or liability for negligent acts, errors or omissions of the Consultant under this agreement. The Consultant shall not be required to indemnify the Borough for a claim of, or liability for, the independent negligence of the Borough. If there is a claim of, or liability for, the joint negligent error or omission of the Consultant and the independent negligence of the Borough, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Consultant" and "Borough", as used within this article, include the employees, agents and other consultants/contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Borough's selection, administration, monitoring, or controlling of the Consultant and in approving or accepting the Consultant's work.

**Section 26**     Interpretation and Enforcement

This Agreement is being executed by the parties following negotiations between them. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The titles of sections in this Agreement are not to be construed as limitations or definitions but are for identification purposes only.

**Section 27**     Consultant Insurance

It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of the Agreement to create in the public or any member thereof a third party benefit hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

It is highly recommended that Consultant confer with their respective insurance companies or brokers to determine if their insurance program complies with the Borough's Insurance requirements.

The Consultant shall procure and maintain the following insurances:

A.     Minimum Scope of Insurance

Coverage shall be at least as broad as:

1.     Insurance Services office form number CG 0001 (Edition 01/96) covering Commercial General Liability.
2.     Insurance Services office form number CA 0001 (Edition 6/92) covering Automobile Liability, symbol 1 "any auto".
3.     Worker's Compensation insurance as required by the State of Alaska and Employers Liability Insurance.
4.     Professional Liability insurance against liability arising out of the rendering or failure to render professional services under this agreement on a form acceptable to the Borough.

B.     Minimum Limits of Insurance

Consultant shall maintain limits no less than:

1.     General Liability:  
\$300,000 combined single limit per occurrence for bodily injury, property damage, personal injury and advertising injury. The general aggregate limit shall be \$300,000. The general aggregate limits shall apply separately to each project.

pg 6 of 16

Am 16-044

If the general liability insurance is written on a claims made form, the Consultant shall provide insurance for a period of two years after final payment of this agreement. The policy(s) shall evidence a retroactive date, no later than the beginning of this agreement.

2. Auto Liability:

\$100,000 combined single limit per accident for bodily injury and property damage.

3. Worker's Compensation and Employers Liability:

Worker's Compensation shall be statutory as required by the State of Alaska. Employers liability shall be endorsed to the following minimum limits:

Bodily injury by Accident -\$100,000 each accident

Bodily injury by Disease -\$100,000 each employee

Bodily injury by Disease -\$500,000 policy limit

4. Excess Liability:

In order to meet the required minimum limits of insurance it is permissible for the Consultant to combine an excess liability or umbrella policy with the general liability, auto liability or employers liability. In the instance where the Consultant purchases an excess liability or umbrella policy the occurrence limit and the aggregate limit may be of the same amount.

C. Deductibles and Self-Insured Retention

Prior to work commencing any deductible or self-insured retention must be declared and approved by the Borough. The Consultant may be requested to demonstrate how the deductible or self-insured retention will be funded in the event of a claim. At the option of the Borough, the Consultant shall reduce or eliminate such deductibles or self-insured retention as respects the Borough, its officers, officials, employees and volunteers; or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability, Automobile Liability

a. The Borough, its Administrator, officers, officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the Consultant; products and completed operations of the Consultant premises owned, occupied or used by the Consultant or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitation on the scope of protection afforded to the Borough, its Administrator, officers, officials, employees and volunteers.

b. The Consultant's insurance coverage shall be primary insurance as respects the Borough, its Administrator, officers, officials, employees and volunteers. any insurance or self-insurance maintained by the Borough, its Administrator,

pg 7 of 16

Am 16-044

officers, officials, employees and volunteers shall be excess of the Consultant insurance and shall not contribute to it.

- c. The Consultant insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. **Worker's Compensation and Employer's Liability**

The insurer shall agree to waive all rights of subrogation against the Borough, its Administrator, officers, officials, employees and volunteers for losses arising from work performed by the Consultant or any subcontractor for the Borough.

3. **All Insurance**

Each insurance policy required by this agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after 30 days prior written notice for nonpayment of premium or fraud on the part of the Consultant or 60 days prior written notice for any other reason by certified mail, return receipt requested, has been given to the Borough. Such notice shall be mailed by the Consultant to the attention of the Borough's Purchasing Officer.

E. **Acceptability of Insurers**

Insurance is to be placed with insurers with a Best's rating of no less than A-: VII.

F. **Verification of Coverage**

Consultant shall furnish the Borough with certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the Borough. All certificates are to be received and approved by the Borough before work commences. The Borough reserves the right to require complete, certified copies of all required insurance policies, at any time.

G. **Subcontractors**

Consultant shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all requirements stated herein.

H. **Lapse in Coverage**

A lapse in insurance coverage is a material breach of this agreement which shall result in immediate termination of the agreement, pursuant to Section 8.

Section 28 **Severability**

If any section or clause of this Agreement is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this Agreement shall remain in full force and effect.

Section 29 Understanding

The Consultant acknowledges that the Consultant has read and understands the terms of this Agreement, has had the opportunity to review the same with counsel of their choice, and is executing this Agreement of their own free will.

Section 30 Notices

Any notice required pertaining to the subject matter of the Agreement shall be personally delivered or mailed by prepaid first-class, registered or certified mail to the following address:

Borough: 350 East Dahlia Avenue, Palmer, Alaska 99645

Consultant: 143 Kirby Road, McLean, VA 22101

Section 31 Consultants' Violations of Tax Obligations

A. Any consultant in arrears on a Borough obligation, including, but not limited to tax, assessment, lease, sale, or rental payments, whether as an individual, or as a representative of a business, organization, firm, corporation, or partnership, shall not be awarded the Agreement if the delinquency is not cured within ten calendar days of receipt of written notice sent by the Borough of the delinquency.

B. This Agreement can be terminated for cause, pursuant to Section 8, if it is determined that a Consultant whether the amounts owed are in the name of the Consultant as an individual or as a representative of a firm, business, corporation, or partnership, is in arrears of any taxation, lease or rental agreement that is due to the Borough that is not remedied within 10 calendar days of notification by regular mail.

C. The Borough reserves any right it may have to offset amounts owed by an individual, firm, corporation or business for delinquent Borough taxes, monies owed on sales, assessments, leases and rental agreements, against any amount owing to the same under a Agreement between the Borough and the same.

Section 32 Officials Not to Benefit

No members of or delegates to the Congress of the United States and no resident commissioner shall be admitted to any share or part thereof or to any benefit to arise from this Agreement. No member of the legislature or officer of the state of Alaska or the Borough shall be admitted to any share or part hereof or to any benefit to arise from this Agreement.

Section 33 Fund Verification

Fund source and verification of funds for this project:

Funding Source: 100.100.110.426.900

Verified by [Signature] Date 4/1/04  
Future years funding is subject to assembly appropriation.

MATANUSKA-SUSITNA BOROUGH

NORTHE STAR GROUP

John Duffy  
JOHN DUFFY,  
Borough Manager

Veronica A. Slajer  
Title: President

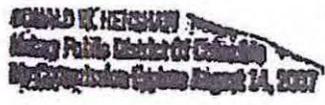
STATE OF ALASKA DC

Third Judicial District

On April 6, 2004, Veronica A. Slajer personally appeared before me,

- 1.  who is personally known to me
- 2.  whose identity I proved on the basis of Alaska Director's License
- 3.  whose identity I proved on the oath/affirmation of \_\_\_\_\_ a credible witness

to be the signer of the Agreement for Proposal #04-098, Federal Lobbyists Services and he/she acknowledged that he/she signed it.

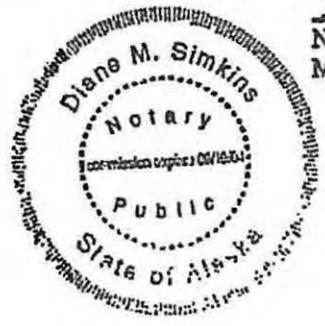


[Signature]  
Notary Public  
My Commission expires: \_\_\_\_\_

STATE OF ALASKA

Third Judicial District

On April 13, 2004, JOHN DUFFY, Borough Manager, personally appeared before me, who is personally known to me, to be the signer of the above document, and he acknowledged that he signed it on behalf of the Matanuska-Susitna Borough.



Diane M. Simkins  
Notary Public  
My Commission expires: 9/19/04

pg 10 of 16

Am16-044

SUBMITTAL PAGE

pg 11 of 16

Am 16-044

Proposal Submittal Page  
 Proposal # 04-098  
 Federal Lobbyist Services

By signing below, the Proposer hereby certifies to the following -

1. The individual signing below, or the firm associated or corporation of which they are a member, has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of a free competitive process in connection with this solicitation.
2. The individual signed below is authorized by the firm association or corporation to bind such association or corporation to a legal contract.
3. The individual signing below, or the firm association or corporation of which they are a member, is not debarred or suspended from doing business with the Matamoras-Susitna Borough.
4. They are acknowledging receipt of the following Addenda Numbers (if no addenda have been issued, either leave blank or write "N/A" or "None").

North Star Group  
 Company Name

February 24, 2004  
 Date

1463 Kirby Road McLean, VA 22101  
 Mailing Address

  
 Signature

McLean, Virginia  
 City, State and Zip Code

Veronica Slajer  
 Printed (or typed) Name

Veronica Slajer  
 Contact Person (printed or typed)

Government Affairs Advisor  
 Title (printed or typed)

703.442.0355  
 Phone Number

vaslajer@northstargrp.com  
 Email Address (optional)

703.442.0755  
 Facsimile Number

<p>It shall be the responsibility of the Proposer to that their proposal is received at or before the date and time fixed for closing.</p>	<p>Proposers should include the following with their proposal.  <input checked="" type="checkbox"/> Signed Submittal Page (acknowledging Addenda if applicable)  <input checked="" type="checkbox"/> One (1) original and six (6) copies of your signed proposal.  <input checked="" type="checkbox"/> Copy of your Professional License  <input checked="" type="checkbox"/> Cost Proposal in Separate sealed envelope</p>
--	---

(List Addenda numbers that you are acknowledging receipt of)

pg 12 of 16

Am 16-044

APPENDIX A

pg 13 of 16

Am 16-044

**SOLICITATION #04-098  
FEDERAL LOBBYIST SERVICES**

**SCOPE OF SERVICES**

---

The work to be performed for the Matanuska-Susitna Borough shall consist of the following tasks:

1. Obtain federal appropriations for borough projects, to include but not limited to capital, operating, and demonstration;
2. Assist in obtaining federal legislation, statutes, and executive orders to address borough priorities;
3. Provide monthly reports describing: contacts made, issues discussed, Congressional matters of interest and the support work to be provided by the borough and any other activities associated with fulfilling the borough assembly's priorities;
4. Prepare testimony in support of borough requests, as needed;
5. Identify and suggest implementation strategies for those opportunities for securing borough priorities.

pg 14 of 16

Am 16-044

APPENDIX B

pg 15 of 16

Am 16-044



**NORTH STAR GROUP**

**February 24, 2004**

**Matanuska-Susitna Borough  
Purchasing Division of Finance  
350 E. Dahlia Avenue  
Palmer, Alaska 99645**

**To Whom It May Concern:**

**The North Star Group and Jack Ferguson Associates are pleased to submit our costs for providing federal lobbying services for the Matanuska Susitna Borough (RFP#04-098).**

**We request an annual retainer of \$60,000\* plus extra ordinary expenses pre-approved by the manager including but not limited to travel to Alaska and meeting expenses on behalf of the Matanuska Susitna Borough with congressional members and staff, printing, and conference calls.**

**Please contact our office at (703) 442-0355 should you have any questions regarding this cost proposal.**

**Sincerely,**

**Veronica A. Slajer  
Government Affairs Advisor**

**\*Please note that in the next two months much time and effort will be dedicated to catching up on the appropriations and transportation authorization process.**

pg 16 of 16

1463 Kirby Road, McLean VA 22101  
Ph. (703) 442-0355 Fax (703) 442-0755

Am16-044

**Alaska Department of Commerce, Community, and Economic Development**

Division of Corporations, Business and Professional Licensing  
P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

**NORTH STAR GROUP**

203 MARYLAND AVE, NE WASHINGTON DC 20002

owned by

SLAJER A VERONICA

is licensed by the department to conduct business for the period

May 12, 2016 through December 31, 2017

for the following line of business:

54 - Professional, Scientific and Technical Services

This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location. It is not transferable or assignable.

Chris Hladick



AM 110-0414

**SUBJECT:** VACATE THAT PORTION OF THE 20' WIDE PLATTED RIGHT-OF-WAY BETWEEN LOTS 8 AND 14, BARRY'S FINGER LAKE #2, PLAT #61-56, LYING SOUTH OF BOGARD ROAD AND EAST OF COTTONWOOD CREEK, LOCATED WITHIN SECTION 33, TOWNSHIP 18 NORTH, RANGE 1 EAST SEWARD MERIDIAN, ALASKA. ASSEMBLY DISTRICT 3: GEORGE MCKEE

**AGENDA:** JUNE 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Present to the assembly for consideration.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator	FW	
	Planning Director	EP	
	Borough Attorney	MS	
	Borough Clerk	JMM	5/27/16

**ATTACHMENT (S) :** Fiscal Note: Yes \_\_\_\_\_ No X  
 Minutes (2 pages)  
 Notification of Action (3 pages)  
 Vicinity Map (1 page)  
 As-built (1 page)

**REASON FOR REQUEST:** *The request is to vacate that portion of the 20' wide platted right-of-way (ROW) between lots 8 and 14, Barry's Finger Lake #2, plat #61-56, lying south of Bogard Road and east of Cottonwood Creek, located within Section 33, Township 18 North, Range 1 East, Seward Meridian, Alaska. The owner is combining lots 5, 8, 14, & 13A and this vacation provides greater useable area, eliminates a substandard lot condition, eliminates a ROW encroachment and eliminates a ROW setback violation.*

**SUMMARY STATEMENT:** On May 5, 2016 (written decision May 11, 2016), the Platting Board approved the vacation of the 20' ROW along with combining the lots. Alternate access is provided via E. Bogard Road from a shared driveway with the adjoining Lot 6 and the remaining 20' platted ROW on either side of the lots. Petitioner has demonstrated that alternate equal or better access exists and the vacation is of an ROW that is unconstructible to borough standards. The property received a Pre-existing Legal Nonconforming Status Determination in January, 2006 for the house which is located 2 feet from the platted ROW being vacated and 3.2 feet from the side lot line. The nonconforming status would remain for the side lot line setback encroachment.

**RECOMMENDATION OF ADMINISTRATION:** Staff recommends the assembly approve the vacation as the Platting Board's decision to vacate is consistent with MSB 43.15.035(B)(1)(a) and (c) as the ROW is not being used, a road is impossible or impractical to construct, and equal or better access exists. Vacation is pursuant to AS 29.40.120 through 29.40.160 and MSB 43.15.035.

5. The petitioner has not demonstrated to the platting board's satisfaction that traffic will be prohibited from using ingress and egress other than Nelson Road, which is a requirement for the borough's support.
6. Two objections from nearby property owners were received as a result of the public noticing. Mr. Buzby does not support the addition of more lots as roads do not support the current traffic. Ms. Walser does not want more development until infrastructure is completed.
7. Traffic signs do not guarantee traffic will use Nelson Road to Fireweed Route to access The Ranch.
8. In December 2011, Platting Board place a condition of approval stating: "Other than the three phases laid out in the petitioner's paving plan dated November 14, 2011, no additional phases are to record until a collector standard road is constructed connecting Nelson Road to an equal or higher standard public road."

**TIME: 2:42 P.M.**

**CD: 01:42:21**

#### **4. PUBLIC HEARINGS**

##### **A. BARRY'S FINGER LAKE #2 RSB L/5, 8, 13A & 14 W/ ROW VACATION**

Sloan Von Gunten (Administrative Specialist)

- Stated that 69 public hearing notices were mailed out on April 14, 2016, to this date there have been 1 return, no objection, 1 non-objection, and no concerns.

Peggy Horton (Platting Technician)

- Gave an overview of the case.

Jay Van Diest (Chairman)

- Opened the public hearing and asked any members of the public wishing to speak to come forward. Seeing no members of the public wishing to speak, closed the public hearing.

Matthew Knepper (Petitioner) & Craig Hanson (Petitioner's Representative)

- Agrees with all the recommendations.

#### **MOTION:**

- Mr. Zimmerman moved to approve the preliminary plat for Barry's Finger Lake #2 RSB L/5, 8, 13A & 14 and a vacation of that portion of the platted 20' right-of-way, seconded by Mr. Johnson.

#### **DISCUSSION:**

- Mr. Anderson would like to know if DOT has concerns on access for lot 5A onto Bogard Road.

VOTE:

- The motion passed with 6 in favor and 1 against. (Mr. Anderson) There are 13 findings.

**TIME: 3:01 P.M.**

**CD: 02:01:42**

**BREAK**

**TIME: 3:11 P.M.**

**CD: 02:11:24**

**B. SANDY SHORES RSB B/1 L/1, 2 & 6 & Tract A**

Sloan Von Gunten (Administrative Specialist)

- Stated that 6 public hearing notices were mailed out on April 14, 2016, to this date there have been no returns, no objections, no non-objections, and no concerns.

Amy Otto-Buchanan (Platting Technician)

- Gave an overview of the case.

Jay Van Diest (Chairman)

- Opened the public hearing and asked any members of the public wishing to speak to come forward. Seeing no members of the public wishing to speak, closed the public hearing.

Nancy Mitchell (Petitioner)

- Agrees with all the recommendations.

MOTION:

- Mr. Johnson moved to approve the preliminary plat for Sandy Shores RSB B/1 L/1, 2 & 6 and Tract A, seconded by Mr. Gillespie.

VOTE:

- The motion passed with all in favor. There are 10 findings.

**TIME: 3:19 P.M.**

**CD: 02:19:39**

**C. N. NORTHGATE PLACE PUE**

Sloan Von Gunten (Administrative Specialist)

- Stated that 174 public hearing notices were mailed out on April 14, 2016, to this date there have been 2 returns, no objections, no non-objections, and no concerns.

Amy Otto-Buchanan (Platting Technician)

- Gave an overview of the case.



# MATANUSKA-SUSITNA BOROUGH

Planning and Land Use Department

Platting Division

350 East Dahlia Avenue • Palmer AK 99645

Phone (907) 861-7874 • Fax (907) 861-8407

May 11, 2016

## NOTIFICATION OF ACTION

Matthew Knepper  
PO Box 1113  
Palmer, AK 99645

**RE: BARRY'S FINGER LAKE #2 RSB L/5, 6, 13A & 14 W/ ROW VAC CASE: 2016-038**

Action taken by the Platting Board on May 5, 2016 is as follows:

THE PRELIMINARY PLAT FOR BARRY'S FINGER LAKE #2 RSB L/5, 8, 13A & 14 AND A VACATION OF THAT PORTION OF THE PLATTED 20' RIGHT-OF-WAY WAS APPROVED AND WILL EXPIRE ON MAY 11, 2022 CONTINGENT UPON THE FOLLOWING CONDITIONS / REASONS (see attached),

ALL DECISIONS AS TO APPROVAL OR DISAPPROVAL BY THE PLATTING BOARD OR OFFICER SHALL BE FINAL UNLESS APPEALED TO THE BOARD OF ADJUSTMENT AND APPEALS, MSB 15.39. A PETITION WHICH IS TABLED BY THE BOARD SHALL BE DEEMED DENIED UNLESS THE APPLICANT BRINGS THE MATTER BACK BEFORE THE BOARD WITH ALL CONDITIONS MET WITHIN THE TIME ALLOWED BY THE BOARD OR BY LAW.

If this is in reference to a plat application, recordation at the appropriate District Recorder's Office of the plat is required before any transfer of title can occur. Should you have any questions or require a copy of the minutes of the meeting, please feel free to contact this office.

Kindest regards,

Mr. Jay Van Diest  
Platting Board Chairman

cc:

DPW – Jamie Taylor

Hanson Surveying  
305 E. Fireweed Avenue  
Palmer, AK 99645

Meri Dias  
4300 N. Trunk Road  
Palmer, AK 99645

**CONDITIONS of APPROVAL:**

The Platting Board approved the Preliminary Plat for Barry's Finger Lake #2 RSB L/5, 8, 13A & 14 and a vacation of that portion of the platted 20' right-of-way, contingent upon the following:

1. Pay the mailing and advertising fee.
2. Obtain the Borough Assembly approval of the vacation within 30 days of Platting Board's written Notification of Action.
3. This plat will require survey and monumentation per MSB 43.15.054(B) as it does not qualify for an exemption under 43.15.054(G).
4. Provide updated Certificate to Plat executed within 90 days, prior to recording per MSB 43.15.053(E). Obtain beneficiary affidavits from holders of legal and beneficial interest to be recorded with the final plat, if any.
5. Show the vacation of Radon Drive on the final plat.
6. Show or list all easements of record on the final plat per MSB 43.15.051(P).
7. Submit the final plat in full compliance with Title 43.
8. Submit recording fee, payable to State of Alaska, DNR.
9. Taxes and special assessments must be current prior to recording, per MSB 43.15.053(F) and AS 40.15.020. Pay taxes and special assessments (LIDs) by certified funds or cash.

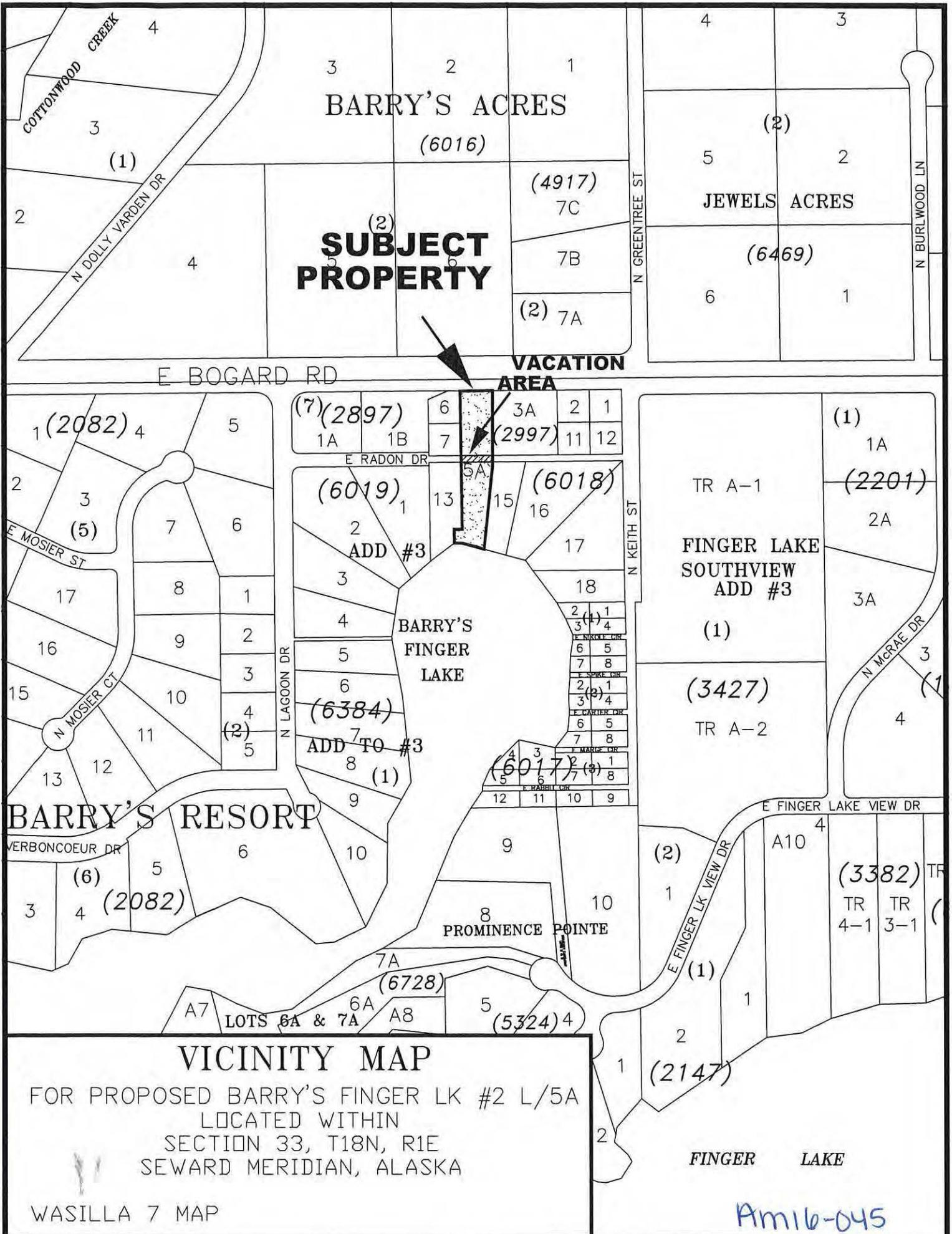
**FINDINGS:**

1. The preliminary plat for Barry's Finger Lake #2 L/5A is consistent with AS 29.40.070, *Platting Regulations*, MSB 43.15.016, *Preliminary Plat Submittal and Approval*, and MSB 43.15.025, *Abbreviated Plats*. The vacation is pursuant to AS 29.40.120 through AS 29.40.140 and MSB 43.15.035, *Vacations*.
2. Plats to remove lot lines on a subdivision plat of record are exempt from providing useable area report submittal; legal and physical access; as-built survey; and topographic information per MSB 43.15.025, *Abbreviated Plats*.
3. This plat is not eligible for the exemption from survey and monumentation listed in MSB 43.15.054(G) as the purpose of this plat is to combine lots and to vacate a public right-of-way.
4. The plat is consistent with MSB 43.15.065, *Waiver of Standards for Resubdivision of Substandard Lots*, which allows for a substandard condition to remain as long as other substandard conditions are being resolved and the number of substandard lots prior to the replat is not more than after the replat. Lot 5A will still have less than the required water frontage and exceed the 3:1 ratio for depth to width, but will be over 40,000 sq ft in size. Four substandard lots are being replaced with one substandard lot.

Am16-045

5. The petitioner submitted a petition to vacate the right-of-way in accordance with MSB 43.15.035, *Vacations* and it was presented to the Platting Board.
6. The vacation is consistent with MSB 43.15.035(B)(1)(a), the vacation is conditioned upon the final approval of a plat affecting the same land which provides equal or better access to all areas affected by the vacation; and (c) the right-of-way is not being used, a road is impossible or impractical to construct, and alternative access has been provided.
7. E. Radon Drive is only 20' wide and a Borough standard road cannot be built within this ROW.
8. The ROW segment being vacated does not provide access to any area of public interest, waterway, or public value.
9. The petitioner states that he has discussed the proposed vacation with each of those landowners immediately impacted by the action and has heard no objections. The petitioner provided a letter of non-objection from a majority of the lot owners in the area.
10. The replatted lot will retain access to E. Bogard Road through Lots 6 & 7 with a private driveway easement recorded at Book 474, Page 320.
11. The MSB ROW Coordinator requested the 20' platted right-of-way be replaced with a utility easement. MTA, MEA and Enstar did not request a utility easement and the septic tank and deck currently within the platted right-of-way prohibit its full use as a utility easement.
12. ADOT&PF objects to the vacation. MSB 43.15.035(B)(4) states that the platting board shall not routinely approve any vacation of a public interest in land where objections to the vacation are made by any government agency which has a responsibility to the public which may be affected by the vacation, excepting if the beneficiary of the easement refuses to authorize the vacation, the platting board may approve the vacation if the following conditions are met: (a) there are currently no existing improvements within the subject easement of the easement beneficiary and (c) findings of fact support granting the vacation. Staff notes the improvements within the easement are a septic tank and deck and the findings support granting the vacation.
13. Merri Dias, nearby lot owner, responded to the public noticing with a non-objection.

Am 16-045



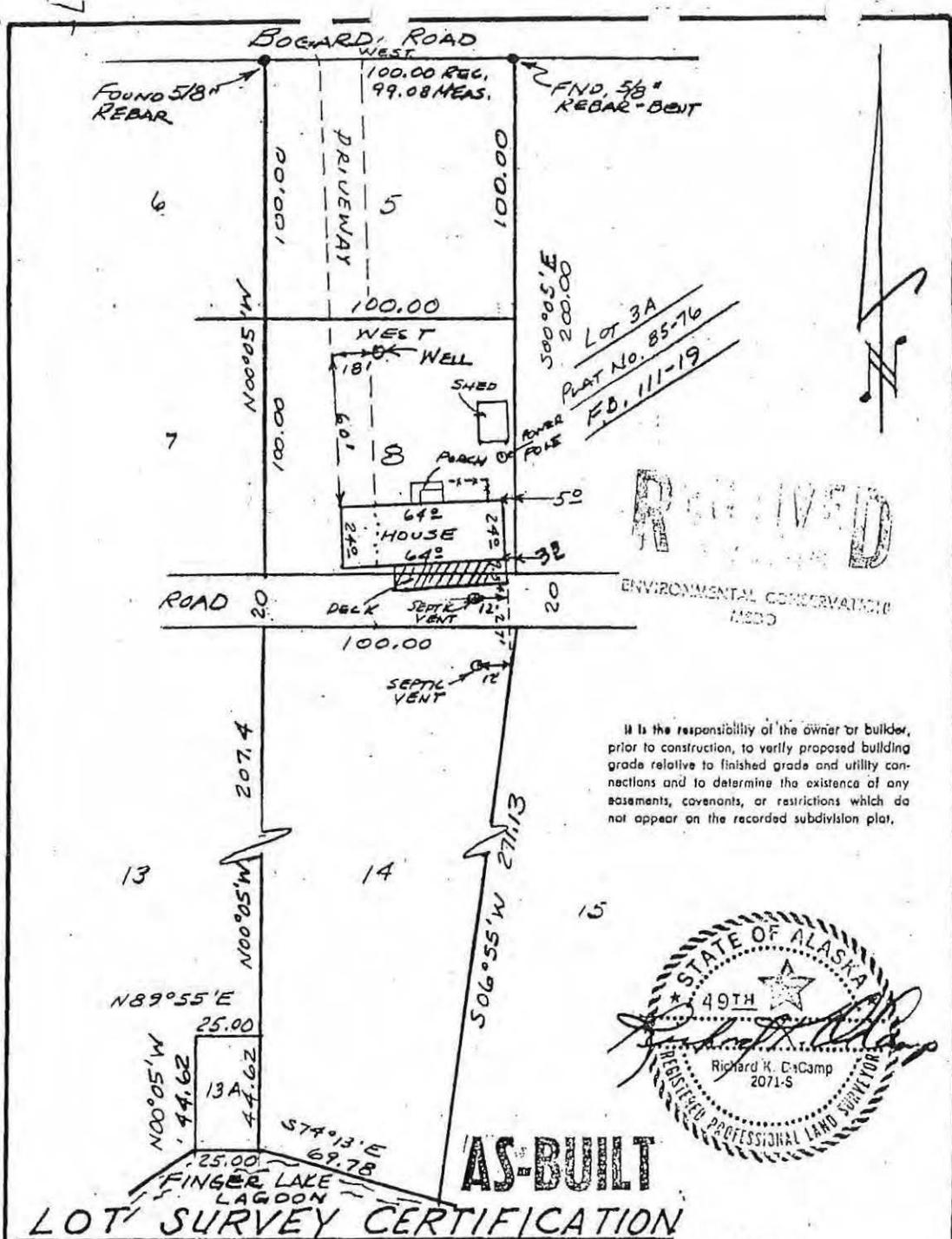
**VICINITY MAP**

FOR PROPOSED BARRY'S FINGER LK #2 L/5A  
 LOCATED WITHIN  
 SECTION 33, T18N, R1E  
 SEWARD MERIDIAN, ALASKA

WASILLA 7 MAP

*Am16-045*

102



**RECEIVED**

ENVIRONMENTAL CONSERVATION

MSD

It is the responsibility of the owner or builder, prior to construction, to verify proposed building grade relative to finished grade and utility connections and to determine the existence of any easements, covenants, or restrictions which do not appear on the recorded subdivision plat.



**LOT SURVEY CERTIFICATION**

5, 8 BARRY'S FINGER LAKE

LOTS 13A & 14 BLOCK —, SUBDIVISION NO. 2 SUBDIVISION

**PALMER RECORDING DISTRICT, ALASKA**

Add Driveway, 11-8-89, RKL.

PREPARED BY: DECAMP-BROWN & ASSOCIATES LAND SURVEYORS P.O. Box 871905 WASILLA, ALASKA 99687		PREPARED FOR: GILFILIAN ENGINEERING	
DRAWN BY: RKL	DATE: 11-28-88	PLAT FILING NO. 61-56	FIELD BOOK
CHECKED BY: WSB	SCALE: 1" = 50'	SEC., TOWNSHIP & RANGE Sec. 33, T18N R1E, 5M.	



EXHIBIT D-4

Am16-045

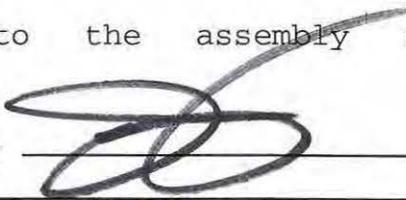
0P2006-0003

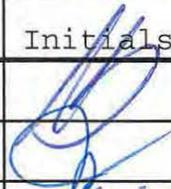
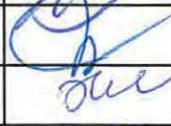
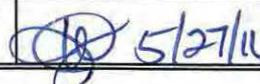
**SUBJECT:** Approval of agreement with Global Diving Inc. for the recovery and inspection of the Cathodic Protection System Anode Sleds for warranty investigation/repairs in an amount not to exceed \$187,331.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Present to the assembly for consideration.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator, Port Director		24 May 16
	Purchasing Division		
	Finance Director	Jue	5/26/16
	Borough Attorney	NS	
	Borough Clerk	Jmm	 5/27/16

**ATTACHMENT(S):** Fiscal Note: Yes  No

**SUMMARY STATEMENT:** During the May-June 2015 timeframe, a new active impress Cathodic Protection System (CPS) was installed to better protect both the sheet pile barge dock and pipe pile deep-draft dock at Port MacKenzie. Norton Corrosion designed the system, constructed the eight anode sleds, attached the associated electrical cables and shipped these components from Seattle to Port MacKenzie. Global Diving installed the CPS which consisted of placing the eight anode sleds in designated locations on the seabed floor, running the electrical cable from the anode sleds through two J-tubes on the face of the barge dock up to a panel, routing the cables to a conex which contained eight rectifiers, and connecting the rectifiers to a panel and transformer.

The new CPS was inspected and activated by Norton Corrosion near the end of June 2015. Normal system operation was noted from July through November 21, 2015 when anode sled #4 failed. On April 12, 2016, Norton Corrosion sent an email to the Port Director notifying him of the following additional failures:

December 18, 2015, anode sled #5 failed  
December 19, 2015, anode sled #7 failed  
January 5, 2016, anode sled #1 failed  
February 9, 2016, anode sled #6 failed

Currently only sleds #2, 3, and 8 are operable.

On April 15, 2016, a conference call was held between Norton Corrosion, Global Diving and the Port Director to develop a course of action which was to have a five-man dive team perform a physical inspection of the J-tubes and cables from May 4-6, 2016.

On April 21, 2016, the Port Director sent both Norton Corrosion and Global Diving written notice that the potential problems with the CPS might qualify to be covered under warranty since the system was still in its first year of operation.

On 4-6 May 2016, Global Diving inspected the J-tubes and anode cables near the face of the barge dock. It was determined there was no damage to the joints on the curved portion of the J-tubes and the anode cables were not rubbed at the exit from the tubes.

A representative of Norton Corrosion was present to observe and advise for the entire three days as well as test the above ground portion of the system and conduct some limited underwater testing.

On May 10, 2016, the Port Director sent a letter to Norton Corrosion stating that since the cables were not damaged at the J-tubes or from the panel to the rectifiers, then the problem is likely with either the design or construction of the anode sleds. Since Norton Corrosion was the designer, manufactured the anode sleds and performed as the engineer for the installation and initiation of the system, then we felt Norton Corrosion should be responsible for conducting the required corrective action.

On May 17, 2016, Norton Corrosion sent a response letter to the Port Director stating they would not consider this a warranty issue until an evaluation is conducted to determine the cause of the failure.

Because this is a potential warranty issue, it is in the Borough's best interest to utilize the original installation team for the removal of the sleds. Global Diving can provide a dive team, boat and boom truck during the week of June 20-26, 2016 in which we will have favorable negative tides in the afternoons for conducting the dive work. Once the anode sleds and cables are brought to the dock area, we can evaluate them to determine the cause of the failure. If it is determined there is a product failure, Norton Corrosion will make repairs or provide new units.

It is estimated to require eight (8) days to conduct jetting operations, remove several hundred c-crete bags and place damaged anode sleds and cables on the dock for inspection. The estimated cost for a three-man rigging team, a seven-man dive team, dive boat with deep-diving system to conduct two dives for 12-hour days, skiff, jet pump, tools and boom crane along with mobilization and demobilization, is \$187,331. These funds are available from the Port Enterprise Fund. Phase Two, to replace the repaired or new anode sleds and cables, would be completed at a later timeframe and could be funded with the savings from the Barge Dock Repair project.

**RECOMMENDATION OF ADMINISTRATION:** Authorize the borough to enter into an agreement with Global Diving Inc. to remove up to eight (8) Cathodic Protection Anode Sleds and associated cabling to perform warranty inspection and failure investigation in an amount not to exceed one hundred eighty seven thousand three hundred thirty one dollars (\$187,331)

MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE

Agenda Date: June 7, 2016

**SUBJECT: Approval of agreement with Global Diving Inc. for the recovery and inspection of the Cathodic Protection System Anode Sleds for warranty investigation/repairs in an amount not to exceed \$187,331**

ORIGINATOR: : Therese Dolan, Division Administrative Specialist, Port MacKenzie

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT: <u>YES</u> NO
AMOUNT REQUESTED <u>\$ 187,331</u>	FUNDING SOURCE <u>Port Operating Budget</u>
FROM ACCOUNT # <u>520.100.112.HXX.XXX</u>	PROJECT #
TO ACCOUNT :	PROJECT #
VERIFIED BY: <u>Barbara Fairmont</u>	CERTIFIED BY:
DATE: <u>5/25/16</u>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	<u>187</u>					
---------	------------	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other	<u>187</u>					
TOTAL	<u>187</u>					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: [Signature] DATE: 5/26/16

AM No. 16-046

SUBJECT: A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY TO ADOPT THE FY17 SCHEDULE OF RATES AND FEES EFFECTIVE JULY 1, 2016 IN ORDER TO HAVE A SINGLE DOCUMENT FOR ALL FEES IN THE MATANUSKA-SUSITNA BOROUGH.

AGENDA OF: MARCH 15, 2016

Assembly Action:  
*RS 16-023 was amended & adopted without objection 3/15/16*

MANAGER RECOMMENDATION: Present to the Assembly for consideration.

APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:

Route To:	Department/Individual	Initials	Remarks
	Originator	<i>[Signature]</i>	
	Capital Projects Director	<i>[Signature]</i>	
	Public Works Director	<i>TDL</i>	<i>26 Feb 16</i>
	Planning and Land Use Director	<i>[Signature]</i>	
	Community Development Director	<i>EP</i>	
	Emergency Services Director	<i>[Signature]</i>	<i>26 Feb 16</i>
	Finance Director	<i>[Signature]</i>	
	Borough Attorney	<i>[Signature]</i>	
	Borough Clerk	<i>[Signature]</i>	<i>2/7/16</i>

ATTACHMENT (S): Fiscal Note: YES  NO  Resolution Serial No. 16-023 (pp) FY17 Schedule of Rates and Fees 30 (pp)

SUMMARY STATEMENT: The Matanuska-Susitna Borough is in need of an all-encompassing, easy to read rates and fees schedule for the public. This schedule covers all rates and fees in the Matanuska-Susitna Borough and will be reviewed for changes and/or increases on an annual basis.



# Matanuska-Susitna Borough FY17 Schedule of Rates and Fees

(As adopted by Resolution No. 16-023)

Cover Page

## Table of Contents

### FY17 Schedule of Rates and Fees

1. Administration
  - a) Public Record Requests
2. Animal Care & Regulation
3. Community Development
  - a) Big Lake Boat Launch
  - b) Borough Gymnasium
  - c) Brett Memorial Ice Arena
  - d) Commercial Concessionaire Permit
  - e) Community Enrichment Classes
  - f) Field Use Permits
  - g) Fish Creek Park
  - h) Land Management
  - i) Libraries
  - j) Parks
  - k) Pavilions
  - l) Pools
  - m) Trail Use Permits
  - n) Talkeetna Band Shell
4. Department of Emergency Services
  - a) Fire Service Fees
  - b) Forestry Equip. Rental Rates
  - c) Rescue Service Fees
  - d) Station Rental
5. Elections
6. Finance
  - a) Business Licensing
7. Information Technology (IT)
  - a) Global Information Systems (GIS)
8. Planning Department
  - a) Administrative Fees
  - b) Code Compliance Fines for Infractions
  - c) Health & Welfare Permits
  - d) Platting Fees
  - e) Use Permit Fees
9. Port MacKenzie
10. Public Works
  - a) Solid Waste
  - b) Talkeetna Sewer & Water
11. Quasi-Judicial Fees
  - a) Board of Adjustments and Appeals (BOAA)

### FY17 Schedule of Fines

Fines are a punishment for breaking the Law. See MSB Code/Title 1 for Code Compliance fines and Title 24 for Animal Care Fines

Im16-046  
RS16-023

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
2	Administration	Public Record Requests			
3	Administration		Labor(first 5 hours per requestor per calendar month is free	At Employees Burden Rate	At Employees Burden Rate
4	Administration		CD/DVD/DVD-R	\$7.50	\$7.50
5	Administration		Thumb Drive - 8GB	\$0.00	\$10.00
6	Administration		Thumb Drive - 16GB	\$0.00	\$15.00
7	Administration		Thumb Drive - 32GB	\$0.00	\$20.00
8	Administration		Thumb Drive - over 32 GB	\$0.00	\$25.00
9	Administration		B/W Copies (reg)	\$0.20	\$0.20
10	Administration		B/W Copies (large)	\$0.25	\$0.25
11	Administration		Color Copies (reg)	\$1.00	\$1.00
12	Administration		Color Copies (large)	\$1.75	\$1.75
13	Administration		B/W, Plats	\$5.00	\$5.00
14	Administration		B/W Oversized maps (11 x 17)	\$8.00	\$8.00
15	Administration		Color Oversized Maps (11 x 17)	\$15.00	\$15.00
16	Administration		Printing	Misc	\$10.00
17	Administration		Mailing	Misc	\$0.00
18	Administration		GIS LIDAR Imagery	\$150.00	\$150.00
19	Administration		Certified Tax Roll	\$75.00	\$75.00
20	Administration		Fire Report	\$5.00	\$5.00
21	Animal Care & Regulation				
22	AC&R		Animal Care Services for Wasilla	\$20,298.00	\$20,298.00
23	AC&R		Animal Care Services for Palmer	\$20,298.00	\$20,298.00
24	AC&R		Compliance Inspection Fee	\$100.00	\$100.00
25	AC&R		Mushing Facility License	\$150.00	\$150.00
26	AC&R		3-year Animal License for a surgically altered cat or dog	\$15.00	\$15.00
27	AC&R		3-year Animal License for an un-altered cat or dog	\$30.00	\$30.00
28	AC&R		Lifetime license for a surgically altered, microchipped cat or dog	\$30.00	\$30.00
29	AC&R		Lifetime license for an un-altered, microchipped cat or dog	\$60.00	\$60.00
30	AC&R		3-year kennel or cattery license	\$75.00	\$75.00
31	AC&R		Annual inspection fee for animals classified Level 3 or 4	\$100.00	\$100.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
32	AC&R		Application fee for Removal, Reduction, or Modification of Classification	\$35.00	\$35.00
33	AC&R		Filing fee to appeal a classification determination with the Animal Care Board	\$100.00	\$100.00
34	AC&R		Adoptions ( range \$27-\$145)	\$50.00	\$50.00
35	Office of the Clerk	Elections			
36	Office of the Clerk		Election Recount/per precinct and absentee/question	\$100.00	\$150.00
37	Office of the Clerk		Candidate Filing	\$25.00	\$25.00
38	Community Development	Big Lake Boat Launch			
39	Comm Dev		Annual Pass - Includes Parking - Per Vehicle	\$100.00	\$100.00
40	Comm Dev		Day Use Pass - Includes Parking - Per Vehicle	\$15.00	\$15.00
41	Comm Dev	Borough Gymnasium			
42	Comm Dev		Hourly Rental	\$27.50	\$27.50
43	Comm Dev	Brett Memorial Ice Arena			
44	Comm Dev		Public Skating-General	\$5.00	\$5.00
45	Comm Dev		Public Skating - Kids and Seniors	\$4.00	\$4.00
46	Comm Dev		Family Skate - Up to 4	\$15.00	\$15.00
47	Comm Dev		Add'l family member	\$3.00	\$3.00
48	Comm Dev		Group Rate 11-29	\$3.00	\$3.00
49	Comm Dev		Group Rate 30-49	\$2.75	\$2.75
50	Comm Dev		Group Rate 50+	\$2.50	\$2.50
51	Comm Dev		Skate Rental	\$3.00	\$3.00
52	Comm Dev		Locker Rental - Annual	\$25.00	\$25.00
53	Comm Dev		Single Skate Sharpening/Next Day Pickup	\$6.00	\$6.00
54	Comm Dev		Single Skate Sharpening/Same Day Pickup	\$9.00	\$9.00
55	Comm Dev		Skate Sharpening Punch Card- 60 value	\$54.00	\$54.00
56	Comm Dev		Skate Repair/Blade Change/Rivet Replacement	\$5.00	\$5.00
57	Comm Dev		Skate Pass - 10 - 5 and under	\$32.00	\$32.00
58	Comm Dev		Skate Pass - 10 - 6 to Adult	\$40.00	\$40.00

IM16-046  
RS16-023

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
59	Comm Dev		Skate Pass - 10 - Senior	\$32.00	\$32.00
60	Comm Dev		Skate Rental Card (10)	\$27.00	\$27.00
61	Comm Dev		Figure Skating per Hour	\$10.00	\$10.00
62	Comm Dev		Figure Skating 5 Visit Punch Card	\$45.00	\$45.00
63	Comm Dev		Figure Skating 10 Visit Punch Card	\$90.00	\$90.00
64	Comm Dev		Skatefest - Single	\$55.00	\$55.00
65	Comm Dev		Skatefest - Addt'l Entries	\$15.00	\$15.00
66	Comm Dev		Skatefest - Family Entry -2 members	\$70.00	\$70.00
67	Comm Dev		Addt'l Members	\$15.00	\$15.00
68	Comm Dev		Production Team Event - Per Skater	\$10.00	\$10.00
69	Comm Dev		Team Event - Per Skater	\$5.00	\$5.00
70	Comm Dev		Late Fee - First Event	\$10.00	\$10.00
71	Comm Dev		Late Fee - Addt'l Events	\$5.00	\$5.00
72	Comm Dev		Field Trip - Includes Skate Rental 1- 35	\$4.00	\$4.00
73	Comm Dev		Field Trip - Includes Skate Rental 36-45	\$3.00	\$3.00
74	Comm Dev		Field Trip - Includes Skate Rental 46+	\$2.00	\$2.00
75	Comm Dev		Arena Sponsored Skating Shows - Per Skater	\$25.00	\$25.00
76	Comm Dev		Arena Sponsored Skating Shows - Per Family	\$5.00	\$5.00
77	Comm Dev		Hourly Private Ice Rental/Prime- time (Sept 1-March 31)	\$225.00	<del>\$225.00</del> \$225.00
78	Comm Dev		Hourly Private Ice Rental/Nonprime-time (April 1- Aug 31)	\$180.00	<del>\$180.00</del> \$180.00
79	Comm Dev		Hourly Private Ice Rental/Paid Gate/Prime-time (Sept 1-March 31)	\$250.00	<del>\$250.00</del> \$250.00
80	Comm Dev		Hourly Private Ice Rental/Paid Gate/Nonprime-time (April 1-Aug 31)	\$200.00	<del>\$200.00</del> \$200.00
81	Comm Dev		Hourly Outdoor Ice Rental	\$50.00	<del>\$50.00</del> \$50.00

\$50.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
82	Comm Dev		Individual Learn to Skate	\$120.00	\$120.00
83	Comm Dev		Individual Learn to Skate - 15 min. learn to skate/15 min instruction	\$85.00	\$85.00
84	Comm Dev		Group Learn to Skate/7 lesson package/1st Family member and comes with a 4 punch Public Skate Card	\$75.00	\$75.00
85	Comm Dev		2nd Family Member	\$70.00	\$70.00
86	Comm Dev		Each Addt'l Member	\$65.00	\$65.00
87	Comm Dev		Group Learn to Skate/14 lesson package/1st Family member and comes with a 4 punch Public Skate Card	\$140.00	\$140.00
88	Comm Dev		Group Learn to Skate/21 lesson package/1st Family member and comes with a 4 punch Public Skate Card	\$205.00	\$205.00
89	Comm Dev		Single Learn to Skate Lesson	\$13.00	\$13.00
90	Comm Dev		ISI Membership	\$13.00	\$13.00
91	Comm Dev		Learn-to-Skate Combo (Ice Stance, Power, and Freestyle) 1 day 3 Lessons	\$30.00	\$30.00
92	Comm Dev		7 Lesson Pack	\$75.00	\$75.00
93	Comm Dev		14 Lesson Pack	\$140.00	\$140.00
94	Comm Dev		21 Lesson Pack	\$205.00	\$205.00
95	Comm Dev		Skate and Swim 1 Session (Includes Skate Rental)	\$9.00	\$9.00
96	Comm Dev		Package (Instruction, Skate Rental and Free time)	\$50.00	\$50.00
97	Comm Dev		Public Hockey 1 Session	\$10.00	\$10.00
98	Comm Dev		Public Hockey 5 Sessions	\$45.00	\$45.00
99	Comm Dev		Public Hockey 10 Sessions	\$90.00	\$90.00
100	Comm Dev		Adult Learn to Play Hockey Class 1 hour	\$10.00	\$10.00
101	Comm Dev		Adult Learn to Play Hockey Class 5 Session Punch Card	\$45.00	\$45.00
102	Comm Dev		Adult Learn to Play Hockey Class 10 Session Punch Card	\$90.00	\$90.00
103	Comm Dev		Youth Learn-to-Play Hockey Program	\$110.00	\$110.00
104	Comm Dev		Goalie Program/Per Hour	\$12.00	\$12.00
105	Comm Dev		Goalie Program/10 Lessons	\$108.00	\$108.00
106	Comm Dev		Ice Camp 3 Hours/1 Day	\$30.00	\$30.00
107	Comm Dev		Ice Camp 6 Lessons	\$160.00	\$160.00
108	Comm Dev		Ice Camp 12 Lessons	\$325.00	\$325.00
109	Comm Dev		Ice Camp 18 Lessons	\$485.00	\$485.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
110	Comm Dev		Summer Fun Hockey Mites-Bantams Package	\$120.00	\$120.00
111	Comm Dev		Summer Fun Hockey U16-U18 Package	\$120.00	\$120.00
112	Comm Dev		Party Package-Includes 1 hour Private Locker Room and 10 Skaters	\$100.00	\$100.00
113	Comm Dev		Each Addt'l Hour	\$25.00	\$25.00
114	Comm Dev		Each Addt'l Skater	\$5.00	\$5.00
115	Comm Dev		Advertising - 30"x96" Dasher Board- 1st Year	\$1,200.00	\$1,200.00
116	Comm Dev		Advertising - 30"x96" Dasher Board- Addt'l Year	\$900.00	\$900.00
117	Comm Dev		Advertising-4'x8' Banner-1st Year	\$1,300.00	\$1,300.00
118	Comm Dev		Advertising-4'x8' Banner-Addt'l Year	\$1,000.00	\$1,000.00
119	Comm Dev		Advertising-4'x4' Banner-1st Year	\$650.00	\$650.00
120	Comm Dev		Advertising-4'x8' Banner-Addt'l Year	\$450.00	\$450.00
121	Comm Dev		Advertising - 36"x96" In-Ice Logo Annual Fee	\$900.00	\$900.00
122	Comm Dev		Advertising - Center Ice Circle Logo	\$1,500.00	\$1,500.00
123	Comm Dev		Advertising - (2) 6'x2' Zamboni Ad - 1st Year	\$2,000.00	\$2,000.00
124	Comm Dev		Advertising - (2) 6'x2' Zamboni Ad - Addt'l Year	\$1,700.00	\$1,700.00
125	Comm Dev		NOTE: All Banner Ads, Dasher Board Ads, and In-Ice Logos User Supplied (Upon Approval)	\$0.00	\$0.00
126	Comm Dev	Commercial Concessionaire Permit			
127	Comm Dev		1-5 Vendors/Day	\$100.00	\$100.00
128	Comm Dev		6 or more Vendors/Day	\$200.00	\$200.00
129	Comm Dev	Community Enrichment Classes			
130	Comm Dev		Administrative Registration Fee per Participant per Class - Classes up to \$50	\$5.00	\$5.00

**FY17 Schedule of Rates and Fees**

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
131	Comm Dev		Administrative Registration Fee per Participant per Class - Classes over \$50	\$10.00	\$10.00
132	Comm Dev	Field Use Permits			
133	Comm Dev		Alcantra Soccer and Ball Field - Half Day - Per Field	\$25.00	\$25.00
134	Comm Dev		Alcantra Soccer and Ball Field - Full Day - Per Field	\$35.00	\$35.00
135	Comm Dev	Fish Creek Park			
136	Comm Dev		Float Plane Access	\$25.00	\$25.00
137	Comm Dev	Land Management			
138	Comm Dev		Application & Processing Fee	\$500.00	\$500.00
139	Comm Dev	Designated Special Use Management Area Permit	Deshka Seasonal Camp	\$75.00	\$75.00
140	Comm Dev		Christiansen Lake Float Plane Dockage/Sealed Bid	\$500.00	\$500.00
141	Comm Dev	Commercial Land Use Permits	Commercial 7-12 month permit	\$1,000.00	\$1,000.00
142	Comm Dev		Seasonal (6 months or less)	\$500.00	\$500.00
143	Comm Dev		One Round-Trip Crossing	\$250.00	\$250.00
144	Comm Dev		One Round-Trip Crossing-Per person Per Day (in addition to R/T crossing fee of \$250)	\$2.00	\$2.00
145	Comm Dev	Non-Commercial Personal Use Permits	1-12 month permit	\$500.00	\$500.00
146	Comm Dev		Individual Permit	\$25.00	\$25.00
147	Comm Dev		Firewood Per Cord (10 cord max) in addition to the Individual Permit Fee	\$25.00	\$25.00
148	Comm Dev		Earth Materials/Gravel & Peat Per Cubic Yard in addition to the Individual Permit Fee	\$3.00	\$3.00
149	Comm Dev	Commercial Contracts Timber/Vegetation/ Earth Material Extraction	Timber Contract	FMV	FMV

*Im116-046  
RS116-023*

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
150	Comm Dev		Timber Contract Extension	\$500.00	\$500.00
151	Comm Dev		Earth Materials Contract	FMV	FMV
152	Comm Dev		Earth Materials Contract Extension	\$300.00	\$500.00
153	Comm Dev		Harvest of Natural Vegetation & Non Wood Forest Products Contract	\$0.00	FMV
154	Comm Dev		Harvest of Natural Vegetation & Non Wood Forest Products Contract Extension	\$300.00	\$500.00
155	Comm Dev	Easement Fees	Public Use Easement (ROW)	\$0.00	\$0.00
156	Comm Dev		Private Easement	FMV	FMV
157	Comm Dev	Utility Facilities	Utility to service borough facility/land	\$0.00	\$0.00
158	Comm Dev		Transmission Distribution-For Easement across Borough land to service private non-Borough property	\$0.00	FMV or 125% of assessed value of easement area
159	Comm Dev		Private Utility Easement Across Borough Land	FMV	FMV
160	Comm Dev	A.D.L. Lease Document Fees	Alaska Division of Lands	\$250.00	\$250.00
161	Comm Dev	Libraries (Sutton, Willow and Talkeetna)			
162	Comm Dev		Resident Library Card	Free	Free
163	Comm Dev		Non-Resident Library Card - Annual	\$35.00	\$35.00
164	Comm Dev		Temp. Non-Resident Library Card - 4 months	\$10.00	\$10.00
165	Comm Dev		B/W Photo Copies - 1 Side	\$0.25	\$0.25
166	Comm Dev		B/W Photo Copies - 2 Sided	\$0.50	\$0.50
167	Comm Dev		Color Photo Copies	\$1.00	\$1.00
168	Comm Dev		Copy from Printers Per Page	\$0.25	\$0.25
169	Comm Dev		Scan Documents - Every 5 Pages	\$1.00	\$1.00
170	Comm Dev		Fax - Per Page	\$1.00	\$1.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
171	Comm Dev		Overdue Fees - Per Day, Per Item	\$0.25	\$0.25
172	Comm Dev		Laminate - Wallet Size	\$0.75	\$0.75
173	Comm Dev		Laminate - 8.5x11	\$1.25	\$1.25
174	Comm Dev		Laminate - Legal Size	\$1.25	\$1.25
175	Comm Dev		Rolled Per Foot	\$1.25	\$1.25
176	Comm Dev		Damaged Items	\$5.00	\$5.00
177	Comm Dev		Destroyed Items	Cost of Replacement plus 5.00 fee	Cost of Replacement plus 5.00 fee
178	Comm Dev		Facility Use / hour (during business hours)	\$0.00	\$0.00
179	Comm Dev		Facility Use / hour (after business hours)	\$40.00	\$40.00
180	Comm Dev	<b>Parks</b>			
181	Comm Dev	Matanuska River Park Campground	Camp Site-2 tents/2 vehicles - Per Night	\$15.00	\$15.00
182	Comm Dev		Camp Site with Electric Hookup	\$25.00	\$25.00
183	Comm Dev		Group Encampment (MRP-F)- Includes First 20 People	\$55.00	\$55.00
184	Comm Dev		Group Encampment (MRP-F)-Each Additional Person	\$0.50	\$0.50
185	Comm Dev		RV Dump - Per Use	\$5.00	\$5.00
186	Comm Dev		Bundle of Firewood	\$5.00	\$5.00
187	Comm Dev		Showers (10 min)	\$2.00	\$2.00
188	Comm Dev	Jim Creek / Sunshine Creek	Camp Sites (6 person limit)	\$15.00	\$15.00
189	Comm Dev		Camp Sites (weekly)	\$90.00	\$90.00
190	Comm Dev	Deshka Campground	Camp Sites (6 person limit)	\$15.00	\$15.00
191	Comm Dev		Camp Sites (weekly)	\$90.00	\$90.00
192	Comm Dev		Primitive Camp Sites	\$15.00	\$15.00
193	Comm Dev		Boat Storage (annually)	\$50.00	\$50.00
194	Comm Dev	Talkeetna River Park Campground	Camp Site-2 tents/2 vehicles - Per Night	\$15.00	\$15.00
195	Comm Dev	<b>Pavilions</b>			
196	Comm Dev		Matanuska River Park - Half Day	\$30.00	\$30.00
197	Comm Dev		Matanuska River Park - Full Day	\$50.00	\$50.00
198	Comm Dev		Volunteer Park - Half Day	\$30.00	\$30.00
199	Comm Dev		Volunteer Park - Full Day	\$50.00	\$50.00
200	Comm Dev		Jordan Lake - Half Day	\$30.00	\$30.00

Im16-046  
RS16-023

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
201	Comm Dev		Jordan Lake - Full Day	\$50.00	\$50.00
202	Comm Dev		Christensen Lake - Half Day	\$30.00	\$30.00
203	Comm Dev		Christensen Lake - Full Day	\$50.00	\$50.00
204	Comm Dev		Crevasse Moraine - Half Day	\$30.00	\$30.00
205	Comm Dev		Crevasse Moraine - Full Day	\$50.00	\$50.00
206	Comm Dev		Alcantra- Half Day	\$30.00	\$30.00
207	Comm Dev		Alcantra- Full Day	\$50.00	\$50.00
208	Comm Dev	<b>Pools</b>			
209	Comm Dev		Open Swim - PreSchool	Free	Free
210	Comm Dev		Open Swim - Youth 4-17	\$5.00	\$5.00
211	Comm Dev		Open Swim - Adult 18-54	\$6.00	\$6.00
212	Comm Dev		Open Swim - Senior 55+	\$5.00	\$5.00
213	Comm Dev		Open Swim - Disabled	\$5.00	\$5.00
214	Comm Dev		Open Swim - Up to 4	\$15.00	\$15.00
215	Comm Dev		Add'l Members	\$3.00	\$3.00
216	Comm Dev		10 Visit Punch Card - Youth	\$50.00	\$50.00
217	Comm Dev		10 Visit Punch Card - Adult	\$60.00	\$60.00
218	Comm Dev		10 Visit Punch Card - Senior	\$50.00	\$50.00
219	Comm Dev		10 Visit Punch Card - Disabled	\$50.00	\$50.00
220	Comm Dev		30 Day Pass - Youth	\$50.00	\$50.00
221	Comm Dev		30 Day Pass - Adult	\$70.00	\$70.00
222	Comm Dev		30 Day Pass - Senior	\$50.00	\$50.00
223	Comm Dev		30 Day Pass - Disabled	\$50.00	\$50.00
224	Comm Dev		30 Day Pass - Family	\$95.00	\$95.00
225	Comm Dev		One Year Pass - Youth	\$379.00	\$379.00
226	Comm Dev		One Year Pass - Adult	\$483.00	\$483.00
227	Comm Dev		One Year Pass - Senior	\$379.00	\$379.00
228	Comm Dev		One Year Pass - Disabled	\$379.00	\$379.00
229	Comm Dev		One Year Pass - Family	\$990.00	\$990.00
230	Comm Dev		Party Package and Hourly Rental/1-35 ppl	\$125.00	\$125.00
231	Comm Dev		Party Package and Hourly Rental/36-70 ppl	\$150.00	\$150.00
232	Comm Dev		Party Package and Hourly Rental/71-105 ppl	\$175.00	\$175.00
233	Comm Dev		Party Package and Hourly Rental/1-20 ppl SHARED	\$60.00	\$60.00
234	Comm Dev		Party Package and Hourly Rental/21-35 ppl SHARED	\$70.00	\$70.00
235	Comm Dev		Swim Club Daily Admission/One Time	\$2.50	\$2.50
236	Comm Dev		Swim Club Daily Admission/Annual	\$379.00	\$379.00
237	Comm Dev		Swim Club Daily Admission/Annual Family	\$990.00	\$990.00
238	Comm Dev		Classes/Aerobics	\$7.00	\$7.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
239	Comm Dev		Classes/Aerobics 10 Visit Punch Card	\$55.00	\$55.00
240	Comm Dev		Parent/Child Swim Punch Card 5 each	\$40.00	\$40.00
241	Comm Dev		PreSchool Lessons 8 @ 30 min	\$55.00	\$55.00
242	Comm Dev		Red Cross Lessons 8 @ 45 min	\$60.00	\$60.00
243	Comm Dev		After School Swim Lessons	\$70.00	\$70.00
244	Comm Dev		CPR Class Recertification	\$75.00	\$75.00
245	Comm Dev		Lifeguard Recertification	\$100.00	\$100.00
246	Comm Dev		Lifeguard Training	\$225.00	\$225.00
247	Comm Dev		Water Safety Instructor Training	\$225.00	\$225.00
248	Comm Dev		Padlock Rental	\$3.00	\$3.00
249	Comm Dev		Swim Diaper	\$3.00	\$3.00
250	Comm Dev		Administrative Refund Fee - All Facilities	\$5.50	\$5.50
251	Comm Dev	Trail Use Permits			
252	Comm Dev		Events under 20 people, no entry fee to participate	\$10.00	\$10.00
253	Comm Dev		Events under 20 people, entry fee to participate	\$25.00	\$25.00
254	Comm Dev		Events with 21-50 people fee or no fee (must name the borough as an additional insured)	\$50.00	\$50.00
255	Comm Dev		Events with 51-100 people fee or no fee (must name the borough as an additional insured, and provide 1 porta-can)	\$100.00	\$100.00
256	Comm Dev		Events with over 100 people fee or no fee (must name the borough as an additional insured, and provide and initial 2 porta-cans and 1 additional porta-can per every additional 100 attendees)	\$250.00	\$250.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
257	Comm Dev		Any commercial event regardless of size or pay to enter (must name the borough as an additional insured, and provide a minimum of one porta-can per every 100 attendees)	\$250.00	\$250.00
258	Comm Dev		Filming production permits (need a two week minimum lead time. The borough must also be named as an additional insured.)	\$500.00	\$500.00
259	Comm Dev	Trail Fees			
260	Comm Dev		Day Use Pass - Per Vehicle	\$5.00	\$5.00
261	Comm Dev		Annual Day Use Pass - Per Vehicle	\$40.00	\$40.00
262	Comm Dev		Add'l Passes Issued to Same Family/Same Address	\$30.00	\$30.00
263	Comm Dev	Lazy Mountain, Crevasse Moraine, Ayshire Road, Talkeetna Lake, Downtown Talkeetna, Gov't Peak Nordic Ski Area, Point MacKenzie, Matanuska Peak, Jim Creek, Alcantra Winter Use, Christiansen Lake, Coyote Lake Park, Sunshine Creek, Gov't Peak mile 10.6		\$0.00	\$0.00
264	Comm Dev		Remote Property Owner Annual Parking Pass - Up to 2 Vehicles/per vehicle	\$20.00	\$20.00
265	Comm Dev		Trailhead Parking violation (price includes annual day use parking pass for CY2015&2016 only	\$0.00	\$40.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
		Talkeetna Band Shell			
266	Comm Dev				
267	Comm Dev		Half Day - Includes Electric	\$30.00	\$30.00
268	Comm Dev		Full Day - Includes Electric	\$50.00	\$50.00
	Department of Emergency Services	Ambulance Rates			
269					
270	DES		Basic Life Support (BLS)	\$820.00	\$820.00
271	DES		(BLS) Non-Emergency	\$690.00	\$690.00
272	DES		Advanced Life Support (ALS)	\$920.00	\$920.00
273	DES		ALS Level 2	\$975.00	\$975.00
274	DES		Per Loaded Patient Mileage	\$20.00	\$20.00
275	DES		Ambulance Rates/Standby	\$150.00	\$150.00
		Fire Service Fees			
276	DES				
277	DES		First False Alarm	\$0.00	\$0.00
278	DES		Second False Alarm	\$150.00	\$300.00
279	DES		Third False Alarm	\$175.00	\$350.00
280	DES		Each Addt'l	\$25.00	\$100.00
281	DES		Each False Alarm in Excess of 10	\$400.00	\$400.00
282	DES		Fire Response Level 1 (Purposely)	\$275.00	\$300.00
			Fire Response Level 2 (Plus Engine)	\$470.00	\$470.00
283	DES			\$470.00	\$470.00
284	DES		Engine-Cost for First Hour	\$220.00	\$300.00
285	DES		Engine-Cost for Each Addt'l Half Hour	\$110.00	\$150.00
286	DES		Tanker-Cost for First Hour	\$110.00	\$160.00
287	DES		Tanker-Cost for Each Addt'l Half Hour	\$55.00	\$80.00
288	DES		Hazmat/Rescue-Cost for First Hour	\$300.00	\$400.00
289	DES		Hazmat/Rescue-Cost for Each Addt'l Half Hour	\$150.00	\$200.00
290	DES		Command Vehicle-Cost for First Hour	\$70.00	\$70.00
291	DES		Command Vehicle-Cost for Each Addt'l Half Hour	\$35.00	\$35.00
292	DES		Ladder-Cost for First Hour	\$300.00	\$300.00
293	DES		Ladder-Cost for Each Addt'l Half Hour	\$150.00	\$150.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
294	DES	Forestry Equip. Rental Rates/Area Wide			
295	DES		Director Vehicles/Single Shift	\$695.00	\$695.00
296	DES		Director Vehicle/Vehicle Only	\$175.00	\$175.00
297	DES		Maintenance Trucks/Single Shift	\$1,360.00	\$1,360.00
298	DES		Maintenance Trucks/Double Shift	\$2,420.00	\$2,420.00
299	DES		Impact Vehicles/Single Shift	\$730.00	\$730.00
300	DES		Impact Vehicles/Vehicle Only	\$210.00	\$210.00
301	DES		Field Comm 1/Single Shift	\$1,775.00	\$1,775.00
302	DES		Field Comm 1/Double Shift	\$2,565.00	\$2,565.00
303	DES	FSA Vehicle Rates	Command Vehicles/Single Shift	705-770	705-770
304	DES		Command Vehicle Only	190-250	190-250
305	DES		Support Vehicles - Single Shift	680-1020	680-1020
306	DES		Support Vehicles - Double Shift	1065-1600	1065-1600
307	DES		Support Vehicle Only	200-250	200-250
308	DES		Engines/Single Shift	2550-2840	2550-2840
309	DES		Engines/Double Shift	4005-4455	4005-4455
310	DES		Tankers/Single Shift	1235-1550	1235-1550
311	DES		Tankers/Double Shift	1940-2430	1940-2430

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
312	DES		Brush/Single Shift	820-2675	820-2675
313	DES		Brush/Double Shift	1290-3800	1290-3800
314	DES		Boats/Single Shift	\$740.00	\$740.00
315	DES		ATV/Argo Only	100-300	100-300
316	DES	Misc. FSA Equipment Rates	Trailer Only	35-55	35-55
317	DES		Mobile Repeater-Per Day	\$200.00	\$200.00
318	DES		Trash Pump/Single Shift	\$100.00	\$100.00
319	DES	Rescue Service Fees			
320	DES	Command Vehicle and Incident Commander	Initial Response & First Hour	\$100.00	\$100.00
321	DES		Each Addt'l Hour	\$50.00	\$50.00
322	DES	Motor Vehicle accident w/extensive extraction	Initial Response & First Hour- Apparatus Charge	\$300.00	\$300.00
323	DES		Each Addt'l Hour	\$150.00	\$150.00
324	DES		Initial Response & First Hour - Heavy Hydraulics	\$200.00	\$200.00
325	DES		Each Addt'l Hour	\$0.00	\$0.00
326	DES		Initial Response & First Hour-Use of Lifting Airbags	\$200.00	\$200.00
327	DES		Each Addt'l Hour	\$0.00	\$0.00
328	DES	Low Angle Rescue/less than 60 degrees	Initial Response & First Hour- Apparatus Charge	\$300.00	\$300.00
329	DES		Each Addt'l Hour	\$150.00	\$150.00
330	DES		Initial Response & First Hour-Use of Ropes and Pulleys	\$200.00	\$200.00
331	DES		Each Addt'l Hour	\$0.00	\$0.00
332	DES	Off Road Vehicle (ATV & Snowmachine)	Initial Response & First Hour- Apparatus Charge	\$300.00	\$300.00
333	DES		Each Addt'l Hour	\$150.00	\$150.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
334	DES		Initial Response & First Hour- Apparatus Charge-Tow Vehicle/Trailer	\$300.00	\$300.00
335	DES		Each Addt'l Hour	\$150.00	\$150.00
336	DES	Search & Rescue/Ability to Waive in Certain	Personnel Only	\$150.00	\$150.00
337	DES		Each Addt'l Hour	\$0.00	\$0.00
338	DES	Hazardous Materials Incident	Initial Response & First Hour- Support for Explosives Team	\$300.00	\$300.00
339	DES		Command Vehicle	\$100.00	\$100.00
340	DES		Decontamination Trailer	\$200.00	\$200.00
341	DES		Initial Response & First Hour- Support for Chemical Spill Team	\$300.00	\$300.00
342	DES		Each Addt'l Hour	\$150.00	\$150.00
343	DES		Initial Response & First Hour- Support for Biohazard Team	\$300.00	\$300.00
344	DES		Each Addt'l Hour	\$150.00	\$150.00
345	DES	Water/Ice/Mud Rescue	Initial Response & First Hour- Apparatus Charge	\$300.00	\$300.00
346	DES		Each Addt'l Hour	\$150.00	\$150.00
347	DES		Initial Response & First Hour-Tow Vehicle/Boat	\$200.00	\$200.00
348	DES		Each Addt'l Hour	\$150.00	\$150.00
349	DES		Initial Response & First Hour-Tow Vehicle/Air Boat	\$300.00	\$300.00
350	DES		Each Addt'l Hour	\$150.00	\$150.00
351	DES		Fire Code Fee Schedule-Valuation Rates from 2006 International Building Chart	various	various
352	DES	Station 6-1 Rental			
353	DES		Training Room 1- Half Day	\$150.00	\$200.00
354	DES		Training Room 1- Full Day	\$250.00	\$400.00
355	DES		Training Room 1 - Evening	\$125.00	\$400.00
356	DES		Training Room 2 - Half day	\$450.00	\$200.00
357	DES		Training Room 2- Full Day	\$250.00	\$400.00
358	DES		Training Room 1 & 2- Half Day	\$200.00	\$400.00
359	DES		Training Room 1 & 2- Full Day	\$300.00	\$800.00
360	DES		Refundable Key Deposit if Key is Returned	\$20.00	\$20.00
361	DES		Excessive Cleaning Fee	\$35.00	\$100.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
362	DES		Training Room 1- Half Day - Non profit	\$75.00	\$150.00
363	DES		Training Room 1- Full Day - Non profit	\$125.00	\$300.00
364	DES		Training Room 2 - Half day - Non profit	\$75.00	\$150.00
365	DES		Training Room 2- Full Day - Non profit	\$125.00	\$300.00
366	DES		Training Room 1 & 2- Half Day - Non profit	\$100.00	\$300.00
367	DES		Training Room 1 & 2- Full Day - Non profit	\$150.00	\$300.00
368	DES		Audio/Visual Equipment - DVD Player- Full Day - Non profit	\$7.50	\$7.50
369	DES	<b>Station 6-5 Rental</b>			
370	DES		Training Room 1- Half Day	\$100.00	\$150.00
371	DES		Training Room 1- Full Day	\$150.00	\$300.00
372	DES		Training Room 2 - Half day	\$100.00	\$100.00
373	DES		Training Room 2- Full Day	\$150.00	\$150.00
374	DES		Training Room 1 & 2- Half Day	\$150.00	\$300.00
375	DES		Training Room 1 & 2- Full Day	\$200.00	\$600.00
376	DES		Training Room 1 & 2- Evening - Non profit	\$200.00	\$600.00
377	DES		Training Room 1- Half Day - Non profit	\$50.00	\$112.50
378	DES		Training Room 1- Full Day - Non profit	\$75.00	\$225.00
379	DES		Training Room 2 - Half day - Non profit	\$50.00	\$112.50
380	DES		Training Room 2- Full Day - Non profit	\$75.00	\$225.00
381	DES		Training Room 1 & 2- Half Day - Non profit	\$75.00	\$225.00
382	DES		Training Room 1 & 2- Full Day - Non profit	\$100.00	\$450.00
383	DES		Excessive Cleaning Fee	\$35.00	\$100.00
384	DES		Refundable Key Deposit-If Key is Returned	\$20.00	\$20.00
385	Finance	<b>Business Licensing</b>			
386	Finance		Biennial Borough Business License (est 6500)	\$100.00	\$100.00
387	Information Technology (IT)	<b>Geographic Information Systems (GIS)</b>			

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
388	IT		Plotted Color Parcel Map - Small	\$5.00	\$10.00
389	IT		Plotted Color Parcel Map - Large	\$10.00	\$15.00
390	IT		1986 Topo Map, Blackline	\$5.00	\$10.00
391	IT		Voting Precinct Maps	\$12.00	\$15.00
392	IT		Misc. Plotted Maps - per Linear Foot (3'x4' typical)	\$3.00	\$5.00
393	IT		Tax Parcel Map Viewer CD-ROM	\$75.00	\$75.00
394	IT		GIS Shapefile Data CD-ROM	\$75.00	\$75.00
395	IT		CAD Drawing Files CD-ROM - Tax Maps	\$75.00	\$75.00
396	IT		CAD Drawing Files CD-ROM - Topo Maps	\$75.00	\$75.00
397	IT		LIDAR Imagery	\$150.00	\$150.00
398	Planning Department	Administrative Fees			
399	Planning		Color Maps	\$5.00	\$12.00
400	Planning		Black & White Copies (per page)	\$0.25	\$0.25
401	Planning		Color Copies (per page)	\$1.00	\$1.00
402	Planning		11x17 Color Copies (per page)	\$1.75	\$1.75
403	Planning		Thumb Drive - 8GB	\$10.00	\$10.00
404	Planning		Thumb Drive - 16GB	\$15.00	\$15.00
405	Planning		Thumb Drive - 32GB	\$20.00	\$20.00
406	Planning	Health & Welfare Permits	Title 8		
407	Planning		Temporary Noise Permit	\$0.00	\$500.00
408	Planning		Public Display of Fireworks	\$25.00	\$25.00
409	Planning		Liquor License Alaska Alcoholic Beverage Control Board Referrals for Matanuska-Susitna Borough Review of Issuance, renewal, or transfer (location, owner)	\$100.00	\$100.00
410	Planning		Special Events Permit (500 - 1000 Attendees)	\$500.00	\$500.00
411	Planning		Special Events Permit (1000+ Attendees)	\$1,000.00	\$1,000.00
412	Planning		Special Events Permit Site Monitor Fee/Per Day	\$300.00	\$300.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
413	Planning	Health & Welfare Permits	Title 11		
414	Planning		Driveway Permit	\$50.00	\$50.00
415	Planning		Construction Permit	\$200.00	\$200.00
416	Planning		Utility Permit	\$100.00	\$100.00
417	Planning		Encroachment Permit	\$150.00	\$150.00
418	Planning	Platting Fees	Title 43		
419	Planning		Pre-Application Conference Fee	\$50.00	\$50.00
420	Planning		Regular Plat (1 - 12 lots)	\$1,000.00	\$1,000.00
421	Planning		Regular Plat (per lot over 12)	\$100.00	\$100.00
422	Planning		Forty-Acre Exemption	\$300.00	\$300.00
423	Planning		Abbreviated Plat	\$500.00	\$500.00
424	Planning		Final Plat - 1-12 Lots (for Regular Plats only)	\$500.00	\$500.00
425	Planning		Final Plat - per lot over 12 (for Regular Plats only)	\$50.00	\$50.00
426	Planning		Third Final Plat Review	\$0.00	\$100.00
427	Planning		Waiver Subdivision	\$300.00	\$300.00
428	Planning		Elimination of a Common Lot Line on a Recorded Plat	\$300.00	\$300.00
429	Planning		Elimination /Modification of Utility, Drainage, Sanitation, and Screening Easement (No fee if submitted with a Regular Plat)	\$500.00	\$500.00
430	Planning		Vacation of Dedicated Right-of- Way (and Regular Plat fee).	\$250.00	\$250.00
431	Planning		Vacation of Public Use Easement (PUE) - Stand Alone. There is no additional fee for more than one vacation.	\$500.00	\$500.00
432	Planning		Vacation of Public Use Easement (PUE) with Regular Plat fee	\$250.00	\$250.00
433	Planning		Vacation of Section Line Easement (SLE) or RS 2477 - Stand Alone. There is no additional fee for more than one vacation.	\$500.00	\$500.00
434	Planning		Vacation of Section Line Easement (SLE) or RS 2477 with Regular Plat fee	\$250.00	\$250.00
435	Planning		Right-of-Way Acquisition Plats	\$500.00	\$500.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
436	Planning		Variance - Stand alone (Platting)	\$500.00	\$500.00
437	Planning		Variance with Regular Plat fee	\$250.00	\$250.00
438	Planning		Public Hearing or Public Use Easement (PUE) - Stand Alone	\$500.00	\$500.00
439	Planning		Public Hearing Continuance	\$200.00	\$200.00
440	Planning		Street Name Changes	\$0.00	\$250.00
441	Planning		Road Inspection fee (1% of construction cost estimate with, a minimum fee of \$500)	\$500.00	\$500.00
442	Planning		Appeals of Platting Officer Decision	\$200.00	\$200.00
443	Planning	Planning Dept. - Use Permit Fees			
444	Planning		Mandatory Land Use Permit (Residential Non-habitable)	\$25.00	\$25.00
445	Planning		Mandatory Land Use Permit (Commercial/Industrial)	\$150.00	\$150.00
446	Planning		Nancy Lake Special Land Use District Conditional Use Permit (CUP)	\$1,000.00	\$1,000.00
447	Planning		Electrical Generating & Delivery Facility Application	\$500.00	\$500.00
448	Planning		Hay Flats Special Land Use District Exception Application	\$1,000.00	\$1,000.00
449	Planning		Denali State Park Conditional Use Permit (CUP)	\$1,000.00	\$1,000.00
450	Planning		Chickaloon Special Land Use District Conditional Use Permit (CUP)	\$1,000.00	\$1,000.00
451	Planning		Glacier View Special Land Use District CUP	\$1,000.00	\$1,000.00
452	Planning		Port MacKenzie Development Permit	\$1,000.00	\$1,000.00
453	Planning		Talkeetna Conditional Use Permit (CUP)	\$1,000.00	\$1,000.00
454	Planning		Talkeetna Conditional Use Permit - Variance	\$1,000.00	\$1,000.00
455	Planning		Sutton Special Land Use District Conditional Use Permit (CUP)	\$1,000.00	\$1,000.00
456	Planning		Interim Materials District (IMD)	\$2,000.00	\$2,000.00
457	Planning		Flood Damage Prevention Development Permit	\$100.00	\$100.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
458	Planning		Flood Damage Prevention Development Permit - Variance	\$500.00	\$500.00
459	Planning		Earth Materials Extraction Administrative Permit	\$500.00	\$500.00
460	Planning		Earth Materials Extraction Conditional Use Permit (CUP)	\$1,000.00	\$1,000.00
461	Planning		Residential Planned Unit Development Application - Concept Plan - Up to 50 Lots	\$500.00	\$500.00
462	Planning		Residential Planned Unit Development Application - Additional Lots or Tracts being created - Per Lot	\$100.00	\$100.00
463	Planning		Mobile Home Park Permit Application	\$500.00	\$500.00
464	Planning		Residential Land Use District Application (Rezone)	\$1,000.00	\$1,000.00
465	Planning		Conditional Use Permit (CUP) Application	\$1,000.00	\$1,000.00
466	Planning		Shoreline Setback Exemption Application	\$300.00	\$300.00
467	Planning		Conditional Use Permit (CUP) Application	\$1,000.00	\$1,000.00
468	Planning		Commercial/Industrial Core Area Conditional Use Permit	\$1,000.00	\$1,000.00
469	Planning		Coal Bed Methane Conditional Use Permit for	\$1,000.00	\$1,000.00
470	Planning		Racetracks	\$1,000.00	\$1,000.00
471	Planning		Variance (Planning)	\$1,000.00	\$1,000.00
472	Planning		Tall Structures Network Improvement Permit	\$100.00	\$100.00
473	Planning		Tall Structures Administrative Permit	\$500.00	\$500.00
474	Planning		Tall Structures Conditional Use Permit (CUP)	\$1,000.00	\$1,000.00
475	Planning		Regulation of Alcoholic Beverage use Permit Application	\$1,000.00	\$1,000.00
476	Planning		Multi-Family Land Use Permit	\$500.00	\$500.00
477	Planning		Multi-Family Land Use Permit - add \$25 for each additional unit beyond 5 units	\$25.00	\$25.00
478	Planning		Single-Family Residential Land Use District Conditional Use Permit (CUP)	\$1,000.00	\$1,000.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
479	Planning		Large Lot Single-Family Residential Land Use District Conditional Use Permit (CUP) Application	\$1,000.00	\$1,000.00
480	Planning		Nonconforming Structures (Amnesty)	\$500.00	\$500.00
481	Planning		Nonconforming Structures - Pre- Existing Legal Nonconforming (Grandfather)	\$200.00	\$200.00
482	Planning		Regulation of Adult Businesses Conditional Use Permit (CUP)	\$500.00	\$1,000.00
483	Port MacKenzie	Dockage Rates			
484	Port MacKenzie		Berthing of ships at Dock. Rates are charged daily, per foot, based on overall length of vessel.	\$0.60 - \$1.20	\$0.60 - \$1.20
485	Port MacKenzie		Up to 200 ft	\$0.60	\$0.60
486	Port MacKenzie		201 to 300ft	\$0.80	\$0.80
487	Port MacKenzie		301 to 400 ft	\$1.00	\$1.00
488	Port MacKenzie		over 400 ft	\$1.20	\$1.20
489	Port MacKenzie	Wharfage Rates			
490	Port MacKenzie		Accommodations provided at wharf for the loading, unloading, or storage of goods.	Rates are charged dollar per ton or 40 cubic feet.	
491	Port MacKenzie	Commodity	Freight N.O.S.	\$2.50/ton	2.50/ton
492	Port MacKenzie		Bulk Commodities (grain, peat, rock, gravel, salt, sand, dry)		
493	Port MacKenzie		*conveyor or pipeline	\$1.25/ton	\$1.25/ton
494	Port MacKenzie		*trucks	\$2.00/ton	\$2.00/ton
495	Port MacKenzie		Cement		
496	Port MacKenzie		* Bulk through pipelines to/from shoreside storage tanks	\$1.00/ton	\$1.00/ton
497	Port MacKenzie		* Conveyor to/from bluff	\$1.25/ton	\$1.25/ton
498	Port MacKenzie		*Trucks	\$2.00/ton	\$2.00/ton
499	Port MacKenzie		Coal	Negotiated	Negotiated
500	Port MacKenzie		Explosives and Ammunition	\$12.00/ton	\$12.00/ton
501	Port MacKenzie		Fowl (crated)	\$5.00/ton	\$5.00/ton
502	Port MacKenzie		Livestock (horses, cattle, hogs, sheep, goats, N.O.S.	\$5.00/head	\$5.00/per head

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
503	Port MacKenzie		Iron or Steel Articles (angles, bars, beams, channels, joists, piling, pipe, structural, tanks, trusses)	\$3.00/ton	\$3.00/ton
504	Port MacKenzie		Petroleum/Petroleum Products	Negotiated	Negotiated
505	Port MacKenzie		Timber/Timber Products (conveyor from approved shoreside storage sites)		
506	Port MacKenzie		*First 200,000 green tons/yr	\$1.25/ton	\$1.25/ton
507	Port MacKenzie		*Next 100,000 green tons/yr	\$1.00/ton	\$1.00/ton
508	Port MacKenzie		*Excess over 300,000 green tons/yr	\$0.60/ton	\$0.60/ton
509	Port MacKenzie		*Trucks	\$2.00/ton	\$2.00/ton
510	Port MacKenzie		Vans or Containers		
511	Port MacKenzie		*Trucks	\$2.00/ton	\$2.00/ton
512	Port MacKenzie		*Empty	\$6.00/each	\$6.00/each
513	Port MacKenzie		Vehicles (and other articles, empty self-propelled or nonself-propelled)		
514	Port MacKenzie		*Automobiles, including pickups with or w/o camper bodies attached, chassis, freight trailers and semi-trailers, camper bodies, agricultural, earth moving or materials handling equipment	\$5.00/ton	\$5.00/ton
515	Port MacKenzie		*Trailers, houses or vacation homes, or buildings, (mobile or modular)	\$5.50/ton	\$5.50/ton
516	Port MacKenzie	Wharf Demurrage Rates			
517	Port MacKenzie		Assessed against cargo remaining in or on terminal facilities after the expiration of free time, unless arrangements have been made for storage.	Rates are charged daily by ton	
518	Port MacKenzie	Commodity	All Freight		
519	Port MacKenzie		*First three days	\$0.75/ton	\$0.75/ton
520	Port MacKenzie		*After three days	\$1.50/ton	\$1.50/ton
521	Port MacKenzie	Search and Rescue			

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
522	Port MacKenzie		Assessed for search, towing or rescue services.		
523	Port MacKenzie		*First hour	\$125.00	\$125.00
524	Port MacKenzie		*After first hour	150% of the MSB's actual costs	150% of the MSB's actual costs
525	Port MacKenzie	Storage			
526	Port MacKenzie		Assessed for storage of vehicles, commodities or heavy equipment on port property.	Rates are charged monthly at \$0.08/sq ft	Rates are charged monthly at \$0.08/sq ft
527	Port MacKenzie	Office Space			
528	Port MacKenzie		Rent for office space.	\$618.75/mo	\$618.75/mo
529	Public Works	Solid Waste			
530	Public Works		Municipal Solid Waste Disposal at Central Landfill per Ton (Household Waste) In borough	\$120.00	\$125.00
531	Public Works		Municipal Solid Waste Disposal at Central Landfill per Ton (Household Waste) Outside borough	\$220.00	\$250.00
532	Public Works		C & D (Construction & Demolition Debris) per ton Inside the Borough	\$95.00	<del>\$100.00</del> \$125.00
533	Public Works		C & D (Construction & Demolition Debris) per ton Outside the Borough	\$160.00	<del>\$200.00</del> \$250.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
534	Public Works		Scrap Metal	\$20.00	\$50.00
535	Public Works		Fine for Placing Non-C&D in C&D Cell per Occurrence (over Special Handling fee for clean up costs)	\$100.00	\$100.00
536	Public Works		Vehicle/Trailer Weight Ticket	\$5.00	\$10.00
537	Public Works		Salvager/Vehicle Weight Ticket	\$5.00	\$10.00
538	Public Works		Unsecured Load Fee (residential)	\$12.00	\$12.00
539	Public Works		Unsecured Load Fee (commercial)	\$36.00	\$50.00
540	Public Works		<b>Hazardous and Special Waste (CLF - Only)</b>		
541	Public Works		Conditionally Exempt Small Quantity Generator (CESQG) Hazardous Waste per lb.(first 40	\$1.00	\$1.00
542	Public Works		<b>Household HazWaste (All Sites)</b>		
543	Public Works		Used Motor Oil / gal (Household (HH) 5 Gal Free)	\$1.00	\$1.00
544	Public Works		Latex Paint /gal (HH 5 Gal Free)	\$1.00	\$1.00
545	Public Works		Oil Based Paint /gal - LB (HH 5 Gal Free)	\$1.00	\$1.00
546	Public Works		Battery (Car or larger) 12 v (HH 5 Free)	\$5.00	\$5.00
547	Public Works		Battery (Car or larger) 24v	\$5.00	\$10.00
548	Public Works		Propane bottles (HH 1 35 lb Free)	\$5.00	\$5.00

Im16-046  
RS16-023

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
549	Public Works		Antifreeze (1st gal free)	\$5.00	\$5.00
550	Public Works		Cooking Oil (5 gal free)	\$1.00	\$1.00
551	Public Works		Special Waste - CLF Only		
552	Public Works		Commercial Refrigerators - Freon Removal	\$54.00	\$54.00
553	Public Works		Refrigerators - Freon Removal (All Sites)	\$24.00	\$24.00
554	Public Works		Fluorescent Lamps	\$1.00	\$1.00
555	Public Works		Electronics As measured corner to corner diagonally Under 30"	\$5.00	\$5.00
556	Public Works		TV/Monitor over 30"	\$0.00	\$30.00
557	Public Works		Cathode Ray Tubes (Excess of 1)	\$30.00	\$30.00
558	Public Works		Asbestos from Inside the Borough per ton	\$100.00	<del>\$120.00</del> \$125.00
559	Public Works		Asbestos from Outside the Borough per ton	\$200.00	<del>\$220.00</del> \$250.00
560	Public Works		Contaminated Soil from Inside the Borough per ton	\$100.00	<del>\$120.00</del> \$125.00
561	Public Works		Contaminated Soil from Outside the Borough per ton	\$200.00	<del>\$220.00</del> \$250.00
562	Public Works		Special handling fee per 1/2 hr	\$65.00	\$65.00
563	Public Works		Disposal by Volume (cubic Yards):	Limited loads to 5 cu yds	Limited loads to 5 cu yds
564	Public Works		33-gal. or less garbage bag/can=1-2 bags/cans (2 bag per day limit)	\$2.00	\$2.00

## FY17 Schedule of Rates and Fees

	B	C	D	E	F	
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT	FY18
565	Public Works		Up to 1 Cu yd any vehicle (or any portion thereof and up to 1.5)	\$13.00	<del>\$14.00</del>	\$15.00
566	Public Works		2 Cubic Yards (1.6-2.5)	\$26.00	<del>\$28.00</del> <del>\$26.00</del>	\$30.00
567	Public Works		3 Cubic Yards (2.6-3.5)	\$32.00	<del>\$34.00</del> <del>\$39.00</del>	\$36.00
568	Public Works		4 Cubic Yards (3.6-4.5)	\$45.00	<del>\$48.00</del> <del>\$52.00</del>	\$51.00
569	Public Works		5 Cubic Yards (4.6-5)	\$60.00	<del>\$64.00</del> <del>\$65.00</del>	\$68.00
570	Public Works		Recycling/bag	Free	Free	
571	Public Works		Community CleanUp			
572	Public Works		Towing including special handling fee	\$100.00	\$100.00	
573	Public Works		Storage (Hauled directly to towing company)	\$10.00	\$10.00	
574	Public Works		Tarps	actual costs	actual costs	
575	Public Works		Billing			
576	Public Works		Late Fees (after 90 days past due)	1%	5%	
577	Public Works	Talkeetna Sewer & Water				
578	Public Works		Residential Sewer service	\$47.00	\$53.50	
579	Public Works		Commercial Sewer Service	\$89.00	\$101.00	
580	Public Works		Failure to Connect Penalty - Residential	\$35.94	\$35.94	
581	Public Works		Failure to Connect Penalty - Commercial	\$69.00	\$69.00	

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
582	Public Works		Contractor w/Deposit for As-Built Drawings: Stub-Out Connection	\$500.00	\$500.00
583	Public Works		Contractor w/Deposit for As-Built Drawings: Mainline Tap connection	\$750.00	\$750.00
584	Public Works		Mainline Sewer Tap Connection Permit Fee	\$248.73	\$248.73
585	Public Works		Residential Water Service	\$50.00	\$62.50
586	Public Works		Commercial Water Service	\$56.00	\$70.00
587	Public Works		Commercial per 1,000 gallons over minimum-Metered	\$7.00	\$8.75
588	Public Works		Late charge	\$10.00	\$12.50
589	Public Works		Temporary Off Site Construction Service - Bulk Sales: Hydrant Meter Deposit	\$161.81	\$161.81
590	Public Works		Temporary Off Site Construction Service - Bulk Sales: Service from Fire Hydrant- Per 1,000 Gallons	\$6.09	\$6.09
591	Public Works		Temporary Construction Service: 3/4"	\$59.86	\$59.86
592	Public Works		Temporary Construction Service: 1"	\$105.78	\$105.78
593	Public Works		Temporary Construction Service: 1 1/2"	\$235.29	\$235.29
594	Public Works		Temporary Construction Service: 2"	\$419.26	\$419.26
595	Public Works		Temporary Construction Service: Larger than 2"- By Special Agreement		

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
596	Public Works		Bulk Sales - Per 1,000 gallons	\$5.80	\$5.80
597	Public Works		Interrupted Service/Stand by Fee	\$33.00	\$41.25
598	Public Works		Water turn on/off fee - During Business Hours	\$55.00	\$68.75
599	Public Works		Water turn on/off fee - During Non-Business Hours	\$82.90	\$137.50
600	Public Works		Hydrant Use: Wrench Deposit	\$24.88	\$24.88
601	Public Works		Hydrant Use: Meter Deposit	\$207.26	\$207.26
602	Public Works		Water Stub Out Connection Fee	\$94.00	\$94.00
603	Public Works		Sewer Stub Out Connection Fee	\$94.00	\$94.00
604	Public Works		Water Main Line Connection Fee	\$282.00	\$282.00
605	Public Works		Sewer Main Line Connection Fee	\$282.00	\$282.00
606	Public Works		Application for Utility Account	\$385.00	\$385.00
607	Public Works		Refundable Deposit - 2 Months at current rate		
608	Public Works		Call-Out During Business Hours	\$41.45	\$68.75
609	Public Works		Call-Out During Non-Business Hours	\$82.90	\$137.50

## FY17 Schedule of Rates and Fees

	B	C	D	E	F
1	DEPARTMENT	LOCATION, TYPE, or PURPOSE	FEE DESCRIPTION	FY16 AMOUNT	FY17 AMOUNT
610	Public Works		Returned Check Fee	\$30.00	\$30.00
611	Public Works		Sewer - Commercial Account Unauthorized Connection - Monthly Charge from date of connection plus 25%	\$111.00	\$127.00
612	Public Works		Sewer - Residential Account Unauthorized Connection - Monthly Charge from date of connection plus 25%	\$59.00	\$67.00
613	Public Works		Water - Commercial Account Unauthorized Connection - Monthly Charge from date of connection plus 25%	\$70.00	\$87.50
614	Public Works		Water - Residential Account Unauthorized Connection - Monthly Charge from date of connection plus 25%	\$63.00	\$78.00
615	Public Works		Unauthorized Turn-On and Turn-Off	\$99.50	\$99.50
616	Public Works		Meter Test 3/4" through 2" Meter	\$41.45	\$41.45
617	Public Works		Key Box Locate: During Business Hours	\$41.45	\$68.75
618	Public Works		Shut-Off Delinquency Notice & Delivery Fee	\$30.00	\$30.00
619	Public Works		Key Box Locate: During Non-Business Hours	\$82.90	\$137.50
620	Quasi-Judicial Fees	Board of Adjustments and Appeals			
621	Quasi-Judicial Fees		Filing Fee	\$500.00	\$1,000.00
622	Quasi-Judicial Fees		Transcript Fee	\$500.00	\$500.00
623	Quasi-Judicial Fees	Animal Care & Regulation Classification Appeals			
624	Quasi-Judicial Fees		Filing Fee	\$100.00	\$500.00
625	Quasi-Judicial Fees	Office of Administrative Hearings			
626	Quasi-Judicial Fees		Animal Forfeiture Appeals	\$75.00	\$500.00
627	Quasi-Judicial Fees		Contract Bid Appeals	\$75.00	\$1,500.00

Amended: 03/15/16

Adopted: 03/15/16

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-023**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY TO ADOPT THE FISCAL YEAR 2017 SCHEDULE OF RATES AND FEES EFFECTIVE JULY 1, 2016, IN ORDER TO HAVE A SINGLE DOCUMENT FOR ALL RATES AND FEES IN THE MATANUSKA-SUSITNA BOROUGH.

---

WHEREAS, the Matanuska-Susitna Borough is committed to an open and transparent government; and

WHEREAS, the Borough does not have all of its rates and fees disclosed in one document for the public; and

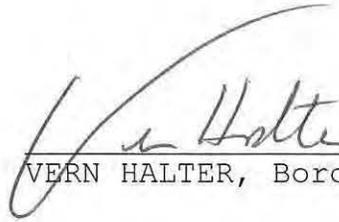
WHEREAS, the fiscal year 2017 schedule of rates and fees has every rate and fee charged in the Borough listed; and

WHEREAS, this document will make rate and fee updates and changes more consistent during the annual budget preparation; and

WHEREAS, the Assembly and Borough staff need to be able to see projected revenues from rates and fees prior to approval of the annual budget.

NOW, THEREFORE, BE IT RESOLVED, that the Assembly: 1) adopts the fiscal year 2017 schedule of rates and fees to take effect on July 1, 2016,; and 2) makes all rates and fees available on one document.

ADOPTED by the Matanuska-Susitna Borough Assembly this  
15 day of March, 2016.

  
VERN HALTER, Borough Mayor

ATTEST:

  
LONNIE R. McKECHNIE, CMC, Borough Clerk  
(SEAL)

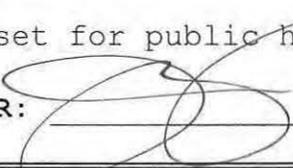
PASSED UNANIMOUSLY: Sykes, Beck, Colligan, Mayfield, Doty, and  
Kowalke

**SUBJECT:** Accepting, appropriating, and amending the budget for the September 2012 South-Central Flood disaster relief monies with an additional amount of \$336,640 from the Alaska State Division of Homeland Security and Emergency Management (DHS&EM) and the Federal Emergency Management Agency (FEMA) to fund 445, project no. 55017.

**AGENDA OF:** May 3, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator	ep	
	Finance Director	RLC	04/19/16
	Borough Attorney	NS	
	Borough Clerk	JRM	4/25/16

**ATTACHMENT (S) :** Fiscal Note: YES X NO  
 Ordinance Serial No. 16-053 (3 pp)  
 Resolution Serial No. 16-043 (3 pp)

**SUMMARY STATEMENT:** In September 2012, due to heavy rains in the area, the Matanuska-Susitna Borough sustained borough-wide flood damages. At the time of the disaster, a disaster declaration was issued by the Mayor and the Borough Manager. Since the occurrence was also declared a disaster by President Obama, a large portion of the costs incurred during the disaster were determined as eligible for state and federal funding assistance.

On July 16, 2013 the Assembly accepted, appropriated, and approved the scope of work for disaster relief monies in the amount of \$691,691 by Ordinance Serial No. 13-085 and Resolution Serial No. 13-076. At this time, an appeal that addressed cost overruns and work that was initially denied had already been filed with Alaska State Division of Homeland Security and

Emergency Management (DHS&EM) and the Federal Emergency Management Agency (FEMA).

On October 9, 2013 DHS&EM and FEMA awarded \$188,456 for repairs to Kenny Blvd and Kelly Circle. As a result of the approved appeal, \$392,153 was awarded to the borough on June 27, 2014 for a total of \$580,609 in additional funds. The Assembly approved the amended budget adding the additional funds for the flood disaster relief project no. 55017 for a total of \$1,272,300 on August 26, 2014 by Ordinance Serial No. 14-102 and Resolution Serial No. 14-069.

On April 5, 2016 DHS&EM and FEMA awarded \$182,718 for the Talkeetna Dike and \$153,922 for the Yoder Revetment for a total of \$336,640 in additional funds for the design and engineering phase. Upon completion of this phase, DHS&EM and FEMA will issue additional versions of the agreement for each phase until the work is completed. Therefore, if approved, the amended budget for the flood disaster relief project no. 55017 will be \$1,608,940.

**RECOMMENDATION OF ADMINISTRATION:** Respectfully request adoption of the legislation to accept, appropriate, and amend the budget for the September 2012 South-Central Flood disaster relief monies from the Alaska State Division of Homeland Security and Emergency Management (DHS&EM) and the Federal Emergency Management Agency (FEMA) for project no. 55017, fund 445.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: May 3, 2016

SUBJECT: Accepting, appropriating, and amending the budget for the September 2012 South-Central Flood disaster relief monies with an additional amount of \$336,640 from the Alaska State Division of Homeland Security and Emergency Management (DHS&EM) and the Federal Emergency Management Agency (FEMA) to fund 445, project no. 55017.

ORIGINATOR: Finance/Accounting

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <input checked="" type="radio"/> YES <input type="radio"/> NO
AMOUNT REQUESTED \$336,640	FUNDING SOURCE STATE AND FEDERAL FUNDS
FROM ACCOUNT # 445.000.000 4xx.xxx	PROJECT # 55017
TO ACCOUNT : 445.000.000 3xx.xxx	PROJECT # 55017
VERIFIED BY: <i>Barbara Sawyer</i>	CERTIFIED BY:
DATE: <i>4/11/16</i>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	336.6					
---------	-------	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds	336.6					
Other						
TOTAL	336.6					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: *[Signature]* DATE: *4/19/16*

IM No. 16-079  
 Ordinance Serial No. 16-053  
 Resolution Serial No. 16-043

NON-CODE ORDINANCE

Sponsored By: Borough Manager  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-053**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ACCEPTING AND APPROPRIATING SEPTEMBER 2012 SOUTHCENTRAL FLOOD DISASTER RELIEF MONIES IN THE AMOUNT OF \$336,640 FROM THE ALASKA STATE DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT (DHS&EM) AND THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) TO FUND 445, PROJECT NO. 55017.

---

WHEREAS, in September of 2012, due to heavy rains in the area, the Matanuska-Susitna Borough sustained borough-wide flood damages; and

WHEREAS, a disaster declaration was issued by the Mayor and the Borough Manager; and

WHEREAS, the occurrence was also declared a disaster by President Obama and a large portion of the costs incurred during the disaster were determined as eligible for state and federal funding assistance; and

WHEREAS, on July 16, 2013, the Assembly accepted, appropriated, and approved the scope of work for disaster relief monies in the amount of \$691,691 by Ordinance Serial No. 13-085 and Resolution Serial No. 13-076; and

WHEREAS, an appeal that addressed cost overruns and work that was initially denied had already been filed with DHS&EM and FEMA; and

WHEREAS, on October 9, 2013, DHS&EM and FEMA awarded \$188,456 for repairs to Kenny Blvd and Kelly Circle; and

WHEREAS, as a result of the appeal, DHS&EM and FEMA approved \$392,153 on June 27, 2014, for a total of \$336,640 in additional funds; and

WHEREAS, the Assembly approved the amended budget adding the additional funds for the flood disaster relief project no. 55017 for a total of \$1,272,300 on August 26, 2014, by Ordinance Serial No. 14-102 and Resolution Serial No. 14-069; and

WHEREAS, on April 5, 2016, DHS&EM and FEMA awarded \$182,718 for the Talkeetna Dike and \$153,922 for the Yoder Revetment for a total of \$336,640 in additional funds for design and engineering.

BE IT ENACTED:

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

Section 2. Acceptance and appropriation source. The Matanuska-Susitna Borough Assembly does hereby authorize the acceptance of and appropriates the September 2012 Southcentral Flood disaster relief monies in the amount of \$336,640 from the Alaska State Division of Homeland Security and Emergency Management (DHS&EM) and the Federal Emergency Management Agency (FEMA).

Section 3. Effective date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

Action:

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-043**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING THE BUDGET FOR THE SEPTEMBER 2012 SOUTH-CENTRAL FLOOD DISASTER RELIEF MONIES, PROJECT NO. 55017.

---

WHEREAS, in September of 2012, due to heavy rains in the area, the Matanuska-Susitna Borough sustained borough-wide flood damages; and

WHEREAS, a disaster declaration was issued by the Mayor and the Borough Manager; and

WHEREAS, the occurrence was also declared a disaster by President Obama and a large portion of the costs incurred during the disaster were determined as eligible for state and federal funding assistance; and

WHEREAS, on July 16, 2013, the Assembly accepted, appropriated, and approved the scope of work for disaster relief monies in the amount of \$691,691 by Ordinance Serial No. 13-085 and Resolution Serial No. 13-076; and

WHEREAS, an appeal that addressed cost overruns and work that was initially denied had already been filed with DHS&EM and FEMA; and

WHEREAS, on October 9, 2013, DHS&EM and FEMA awarded \$188,456 for repairs to Kenny Blvd and Kelly Circle; and

WHEREAS, as a result of the appeal, DHS&EM and FEMA approved \$392,153 on June 27, 2014, for a total of \$580,609 in additional funds; and

WHEREAS, the Assembly approved the amended budget adding the additional funds for the flood disaster relief project no. 55017 for a total of \$1,272,300 on August 26, 2014, by Ordinance Serial No. 14-102 and Resolution Serial No. 14-069; and

WHEREAS, on April 5, 2016 DHS&EM and FEMA awarded \$182,718 for the Talkeetna Dike and \$153,922 for the Yoder Revetment for a total of \$336,640 in additional funds for design and engineering.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly hereby approves the following amended budget for the September 2012 South-Central Flood disaster relief monies, project no. 55017, fund 445.

**PREVIOUS BUDGET**

Alaska State Division of Homeland Security and	
Emergency Management (DHS&EM)	\$318,075
Federal Emergency Management Agency (FEMA)	<u>\$954,225</u>
<b>Total</b>	<b><u>\$1,272,300</u></b>

**AMENDED BUDGET**

Alaska State Division of Homeland Security and  
Emergency Management (DHS&EM) (25% SHARE) \$402,235  
Federal Emergency Management Agency (FEMA) (75%) \$1,206,705  
**Total** **\$1,608,940**

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

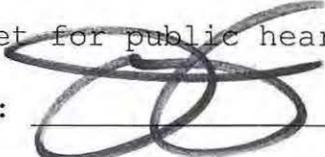
(SEAL)

**SUBJECT:** An ordinance of the Matanuska-Susitna Borough Assembly appropriating \$150,000 from Fund 203, Fund Balance to Fund 480, Project No. 20283, for future engineering and possible relocation of the Veterans Memorial Wall of Honor.

**AGENDA OF: June 7, 2016**

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator/S. Colligan	RR for SC	
	Community Development Director		
	Finance Director	JW	05/26/16
	Borough Attorney	NS	
	Borough Clerk	JMM	5/27/16

**ATTACHMENT (S):** Fiscal Note: YES  NO   
 Ordinance Serial No. 16-072 (3 pp)

**SUMMARY STATEMENT:** In January 2016, the Matanuska-Susitna Borough sold Tract B with purchase conditions regarding the Veterans Memorial Wall of Honor. The appropriation of \$150,000 from these sale proceeds in Fund 203, Fund Balance to Fund 480, Project No. 20283 will be used for future engineering and possible relocation of the Veteran's Memorial Wall of Honor.

**RECOMMENDATION OF ADMINISTRATION:** Respectfully requests the adoption of this legislation.

MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE

Agenda Date: June 7, 2016

ORIGINATOR: Rachael Richardson

SUBJECT: An ordinance of the Matanuska-Susitna Borough Assembly appropriating \$150,000 from Fund 203, Fund Balance to Fund 480, Project No. 20283 for future engineering and possible relocation of the Veterans Memorial Wall of Honor.

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <input checked="" type="radio"/> YES <input type="radio"/> NO
AMOUNT REQUESTED <b>\$150,000</b>	FUNDING SOURCE <b>Land Mgt Fund Balance</b>
FROM ACCOUNT # <b>203 272.000</b>	PROJECT #
TO ACCOUNT: <b>480.000.000.3XX.KXX</b>	PROJECT # <b>20283</b>
VERIFIED BY: <b>Barbara Baumgartner</b>	CERTIFIED BY:
DATE: <b>5/16/16</b>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL			<b>150</b>			
---------	--	--	------------	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other			<b>150</b>			
TOTAL			<b>150</b>			

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) **Estimated remaining fund balance \$15,740**

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: **[Signature]** DATE: **5/26/16**

NON-CODE ORDINANCE

Sponsored By:  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-072**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROPRIATING \$150,000, FROM THE SALE PROCEEDS OF TRACT B IN FUND 203, FUND BALANCE TO FUND 480, PROJECT NO. 20283, FOR FUTURE ENGINEERING AND POSSIBLE RELOCATION OF THE VETERANS MEMORIAL WALL OF HONOR.

---

WHEREAS, on January 25, 2016 the Matanuska-Susitna Borough sold a parcel (Tract B) to Spring Creek Enterprises with the purchase conditions stated in Ordinance Serial No. 15-133; and

WHEREAS, the deed conveying the property will contain a restriction that the land be used for such a purpose, which will include additional use for a Veterans Memorial Wall of Honor site; and

WHEREAS, the Veterans Memorial Wall of Honor and associated memorial improvements now located on Tract B are planned to stay in place at this time and the current management agreement between the Borough and the Areawide Community Service Council, who oversees management of the memorial site, will either be terminated or assigned as a condition of the sale of the property; and

WHEREAS, the lot sold (Tract B) is oddly shaped and has some topographic constraints and the memorial sits within the

prime building area of the lot so reconfiguring the memorial to a more suitable location will be required; and

WHEREAS, the new owner will work closely with local veterans, and specifically with those individuals who have family and time invested in the memorial site, as to the memorials future location and management either on site or another location.

BE IT ENACTED:

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

Section 2. Appropriation Source. There is hereby appropriated by the Matanuska-Susitna Borough Assembly \$150,000 from Fund 203, Fund Balance to Fund 480, Project No. 20283 for future engineering and possible relocation of the Veteran's Memorial Wall of Honor to a site outside of Tract B. The appropriation may be expended by the Borough Manager for the purpose of a plan to relocate off site, and actual memorial wall facilities move. An agreement amongst the Matanuska-Susitna Veterans groups may be submitted to the Borough Manager requesting the offsite move must occur before any and all expenditures.

Section 3. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this  
\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** ACCEPTING AND APPROPRIATING \$30,000 FROM THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DIVISION OF WATER, REAPPROPRIATING \$20,000 FROM THE FISCAL YEAR 2015 AREAWIDE GRANT MATCH APROPRIATION TO FUND 480, PROJECT NO. 47514, APPROVING THE SCOPE OF WORK AND BUDGET, AND AUTHORIZING THE MANAGER TO ENTER INTO THE NECESSARY AGREEMENT WITH THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DIVISION OF WATER FOR THE PURPOSE OF CONDUCTING A STORMWATER ANALYSIS ON COTTONWOOD CREEK.

**AGENDA OF: June 7, 2016**

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator Mike Campfield		
	Capital Projects Director Jude Bilafer	<i>JB</i> 5/26/16	
	Finance Director	<i>glee</i>	5/26/16
	Borough Attorney	<i>NS</i>	Form Only
	Borough Clerk	<i>JRM</i>	<i>J</i> 5/27/16

**ATTACHMENT (S) :** Fiscal Note: YES    x    NO  
 Ordinance Serial No. 16-073 (3 pp)  
 Resolution Serial No. 16-053 (2 pp)

**SUMMARY STATEMENT:**

The Matanuska-Susitna Borough has been awarded a grant in the amount of \$30,000 from the State of Alaska, Department of Environmental Conservation, Division of Water for the purpose of conducting a stormwater analysis on Cottonwood Creek. This grant from DEC is a continuation of funding for the same Stormwater Analysis accepted and appropriated in FY16 by Assembly Resolution 16-022. This funding is for work in FY17.

In the Fiscal Year 2015 capital projects budget, the Assembly appropriated \$190,000 in Areawide funds for Grant Matches; it is our intention to use \$20,000 of this funding to fulfill the required match for this grant.

In order to proceed, the Borough must now accept the grant and appropriate the funds. The scope of work and budget were identified in the grant application and are reflected in the resolution.

**RECOMMENDATION OF ADMINISTRATION:**

Staff respectfully recommends Assembly adoption of the legislation accepting and appropriating \$30,000 from the State of Alaska, Department of Environmental Conservation, Division of Water, reappropriating \$20,000 from the Fiscal Year 2015 Areawide Grant Match Appropriation to fund 480, project no. 47514, approving the scope of work and budget, and authorizing the manager to enter into the necessary agreement with the State of Alaska, Department of Environmental Conservation, Division of Water for the purpose of conducting a stormwater analysis on Cottonwood Creek.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

**SUBJECT:** ACCEPTING AND APPROPRIATING \$30,000 FROM THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DIVISION OF WATER, REAPPROPRIATING \$20,000 FROM THE FISCAL YEAR 2015 AREAWIDE GRANT MATCH APPROPRIATION TO FUND 480, PROJECT NO. 47514, APPROVING THE SCOPE OF WORK AND BUDGET, AND AUTHORIZING THE MANAGER TO ENTER INTO THE NECESSARY AGREEMENT WITH THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DIVISION OF WATER FOR THE PURPOSE OF CONDUCTING A STORMWATER ANALYSIS ON COTTONWOOD CREEK

ORIGINATOR: Mike Campfield

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> NO
AMOUNT REQUESTED <u>\$ 50,000</u>	FUNDING SOURCE <u>DEC Grant, AW Grant Match</u>
FROM ACCOUNT # <u>\$20,000 480.000.000.4XX.XXX</u>	PROJECT # <u>99999</u>
TO ACCOUNT : <u>480.000.000.3XX.XXX</u>	PROJECT # <u>47514</u>
VERIFIED BY: <u>[Signature]</u>	CERTIFIED BY:
DATE: <u>5/26/16</u>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	<u>50</u> →					
---------	-------------	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds	<u>30</u> →					
Other	<u>20</u> →					
TOTAL	<u>50</u> →					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: [Signature] DATE: 5/26/16

IM No. 16-106  
 Resolution Serial No. 16-053  
 Ordinance Serial No. 16-073

NON-CODE ORDINANCE

Sponsored By:  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH**  
**ORDINANCE SERIAL NO. 16-073**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ACCEPTING AND APPROPRIATING \$30,000 FROM THE STATE OF ALASKA, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DIVISION OF WATER, AND REAPPROPRIATING \$20,000 FROM THE FISCAL YEAR 2015 AREAWIDE GRANT MATCH APPROPRIATION TO FUND 480, PROJECT NO. 47514, FOR THE PURPOSE OF CONDUCTING A STORMWATER ANALYSIS ON COTTONWOOD CREEK.

WHEREAS, Cottonwood Creek is an important waterbody within the Matanuska-Susitna Borough (MSB); and

WHEREAS, Cottonwood Creek has been impacted by rapid development within the Borough; and

WHEREAS, Cottonwood Creek has been identified as an Impaired Waterbody due to fecal coliform bacteria by the Alaska Department of Environmental Conservation (ADEC) due to urban runoff and urban development; and

WHEREAS, the Matanuska-Susitna Borough has been awarded a grant in the amount of \$30,000.00 from the State of Alaska, Department of Environmental Conservation, Division of Water for the purpose of conducting a stormwater analysis on Cottonwood Creek; and

WHEREAS, in the fiscal year 2015 Capital Projects' budget the Assembly appropriated \$190,000 in Areawide funds for grant matches; and

WHEREAS, it is our intention to use \$20,000 of this funding to fulfill the required match for this grant; and

WHEREAS, the Matanuska-Susitna Borough Assembly must pass an ordinance formally accepting and appropriating the funds.

BE IT ENACTED:

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

Section 2. Grant Acceptance and Appropriation. The Matanuska-Susitna Borough Assembly does hereby accept and appropriate grant funds in the amount of \$30,000 from the State of Alaska, Department of Environmental Conservation, Division of Water to fund 480, project no. 47514, for the purpose of conducting a stormwater analysis on Cottonwood Creek.

Section 3. Reappropriation Source. There is hereby reappropriated by the Assembly funds from the Fiscal Year 2015 Areawide Grant Match appropriation in the amount of \$20,000 to fund 480, project no. 47514.

Section 4. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this  
\_\_ day of \_\_\_\_\_, 2016.

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

Action:

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-063**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE SCOPE OF WORK AND BUDGET AND AUTHORIZING THE MANAGER TO ENTER INTO A GRANT AGREEMENT WITH THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION, DIVISION OF WATER, FOR THE PURPOSE OF CONDUCTING A STORMWATER ANALYSIS ON COTTONWOOD CREEK.

WHEREAS, the Matanuska-Susitna Borough has been awarded a grant in the amount of \$30,000 from the Department of Environmental Conservation, Division of Water for the purpose of conducting a stormwater analysis on Cottonwood Creek; and

WHEREAS, funds must be accepted and appropriated prior to expenditures; and

WHEREAS, in the Fiscal Year 2015 Capital Projects' budget the Assembly appropriated \$190,000 in Areawide funds for grant matches; and

WHEREAS, it is our intention to use \$20,000 of this funding to fulfill the required match for this grant; and

WHEREAS, these funds were accepted and appropriated with Ordinance Serial No. 16-\_\_\_; and

WHEREAS, the Assembly must approve the scope of work and budget for the project prior to expenditure of said funds.

NOW, THEREFORE, BE IT RESOLVED, that the Assembly hereby approves the following scope of work and budget:

**SCOPE OF WORK**

Conduct a stormwater analysis on Cottonwood Creek.

**BUDGET**

FY2017 Department of Environmental Conservation, Division of Water grant	\$30,000.00
FY2015 Areawide grant match appropriation	<u>\$20,000.00</u>
PROJECT TOTAL	\$50,000.00

BE IT FURTHER RESOLVED, that the Matanuska-Susitna Borough Assembly does hereby authorize the Manager to enter into the necessary agreement with the Department of Environmental Conservation, Division of Water for the purpose of conducting a stormwater analysis on Cottonwood Creek.

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE REMOVAL OF SPECIFIC DOLLAR AMOUNTS FOR RATES AND FEES FROM CODE AND REPLACING THEM WITH REFERENCE TO THE ASSEMBLY'S POWER TO SET RATES AND FEES.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Present to the assembly for consideration.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** \_\_\_\_\_

Route To:	Department/Individual	Initials	Remarks
	Originator	EE for Hays	
	Public Works Director	TDL	6/24/16 FY17 Schedule NOT Adopted
	Planning and Land Use Director	Ⓟ for E. Ribusco	
	Animal Care Director	KKV	
	Community Development Director	q	
	Emergency Services Director	N/A	AA
	Finance Director	see	
	Borough Attorney	NS	
	Borough Clerk	JAM	Ⓟ 5/27/16

**ATTACHMENT(S):** Fiscal Note: Yes \_\_\_\_\_ No X  
 Ordinance Serial No. 16-074 (3 p.p.)

**SUMMARY STATEMENT:** As the Borough FY17 Schedule of Rates and Fees has been <sup>proposed to be</sup> adopted, code cleanup is necessary for any rate or fee referenced in code. These specific amounts will be replaced with the words "set by ~~the~~ <sup>resolution</sup> Assembly". In the future, all rates and fees will be adopted or amended by resolution.

**RECOMMENDATION OF ADMINISTRATION:** Respectfully request the adoption of this legislation.

CODE ORDINANCE

Sponsored by:  
Introduced:  
Public Hearing:  
Action:

MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-074

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE REMOVAL OF SPECIFIC DOLLAR AMOUNTS FOR RATES AND FEES FROM CODE AND REPLACING THEM WITH REFERENCE TO THE ASSEMBLY'S POWER TO SET RATES AND FEES BY RESOLUTION.

---

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Amendment of section MSB 24.07.030 (F) is hereby amended as follows: The mushing facility license fee shall be [\$150] set by Assembly resolution.

Section 3. Amendment of section MSB 24.10.070 (A) (1) The license fee for a dog or cat shall be [\$15] set by Assembly resolution if the animal is spayed or neutered. For animals that are not spayed or neutered the license fee shall be [\$30] set by Assembly resolution. The license tag shall remain current for three years. If the animal is spayed or neutered and microchipped, the lifetime licensing fee shall be [\$30] set by Assembly resolution. For animals that are microchipped but are not spayed or neutered the lifetime licensing fee shall be [\$60] set by Assembly resolution.

(2) The licensing fee for an animal that is newly adopted from the animal care and regulation shelter shall be [\$15] set by Assembly resolution. The license tag shall be current for the life of the animal since the animal is microchipped before leaving the shelter.

(3) To license five or more dogs or five or more cats housed in the same location, a kennel or cattery license is required. The fee for licensing of the kennel or cattery shall be [\$75] set by Assembly resolution. There is no charge for licensing each animal listed under a kennel or cattery license. The kennel or cattery license shall last for three years.

Section 4. Amendment of section MSB 24.26.050 (D)

(2) There shall be an [\$100 per year] annual inspection fee imposed as a condition of release for animals classified as Level 3 or 4 set by Assembly resolution.

Section 5. Amendment of section MSB 24.26.070 (B) For Level 3 or 4 classifications, said property shall be inspected at a minimum of every six months during the life of the classification with the owner being responsible for the costs of said inspection as a condition of release. The Level 3 or 4 annual classification inspection fee shall be [set at \$100] set by Assembly resolution.

Section 6. Amendment of section MSB 24.26.080 (A) An owner of a classified animal, including an animal classified

under a repealed classification scheme, may apply to the chief animal care and regulation officer, in writing, to have the classification reduced, modified, or removed in accordance with this section upon payment of outstanding fees, including a review fee [of \$35] set by Assembly resolution, and showing that:

Section 7. Amendment of section MSB 24.26.080 (C) Requests for termination, modification, or reduction of a classification may be submitted to the chief animal care and regulation officer upon proof of compliance with requirements in MSB 24.26.070(A), but no more than once each year. All requests for termination, modification, or reduction shall be accompanied by a review fee [of \$35] set by Assembly resolution.

Section 8. Effective date. This ordinance shall take effect July 1, 2016.

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

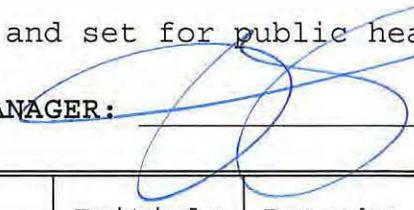
(SEAL)

**SUBJECT:** The sale of certain borough-wide real property acquired through tax and special assessment foreclosure for delinquent real property tax years 2006 and prior, 2008 and prior, 2009 and prior, 2010 and prior, and special assessment for 2011 and prior, and not needed for public purpose.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
1	Originator	JM	
2	Community Development Manager	GP	
3	Finance Director	JWC	5/19/16
4	Borough Attorney	AS	
5	Borough Clerk	JMM	5/27/16

**ATTACHMENT(S):** Fiscal Note: Yes X No \_\_\_\_\_  
 Attachments: Sale parcel listing(2 pp)  
 Exhibit "A" (12 pp)  
 Ordinance Serial No. 16-075 (6 pp)

**SUMMARY STATEMENT:**

The Land and Resource Management Division propose conducting its 20<sup>th</sup> annual tax & special assessment (LID) foreclosure sale (TS034). TS034 will consist of properties described in Ordinance Serial No. 16-075 Exhibit A that have been foreclosed upon for taxes and special assessments for which the borough has held clerk's deed for more than two years. To be removed from this sale, all delinquencies and costs must be paid.

Title ownership to these parcels was transferred by the Superior Court to the borough by Clerk's Deed. All of the proposed sale properties belong to the borough, not the former record owners. The borough has owned these parcels for at least two years.

When the borough became the owner, every right, title and interest of a person in the tax-foreclosed property was forfeited forever to the borough subject only to repurchase rights of the former owner; that is, the borough may sell the property back to the former owner for delinquent taxes, plus interest, costs of foreclosure and sale, and costs of maintaining and managing the property.

The owners had several opportunities to stop the foreclosure process prior to the borough receiving title to the property. First, the owners are notified of a potential foreclosure action by a pre-foreclosure courtesy notice mailed about 2 months prior to the borough filing its petition in court. This was the easiest and least expensive time to stop foreclosure. Next, legal process began.

The borough presented a petition to the court for judgment and a certified copy of the foreclosure list for taxes that had been delinquent for at least two years, and special assessment that had been delinquent for at least one year. At this time the last known owner of each property was mailed a notice advising of the foreclosure proceeding. The foreclosure list was also published for four consecutive weeks in the local newspaper. This was the second opportunity for owners to stop foreclosure and keep their property.

After sixty days, the court signed the judgment and decree of foreclosure on those properties remaining unpaid, which was recorded at the state recorders' offices. The right of redemption period began when the borough had to hold delinquent properties for at least one year. This did not affect the property owner's right to possession during this time.

At least thirty days before the one-year right of redemption period ends, the borough is required to publish in the newspaper, a redemption period notice and send a copy of the notice by certified mail to each record owner. The notice states that unless redeemed all properties shall be deeded to the Matanuska-Susitna Borough immediately on expiration of the period of redemption, and that every right or interest of a person in the properties will be forfeited forever to the Matanuska-Susitna Borough, subject only to repurchase rights. This is the last opportunity to stop the borough from becoming permanent owner of the property.

Upon receipt of the deeds from the clerk of the court, the borough now owns the property and the "former owner's right to possession" allowed during the redemption period ceases. However owners have the right to repurchase within 10 years and before the sale or contract of sale.

Two years after clerk's deed is received the borough offers for sale those properties approved by ordinance. The borough has not evicted anyone occupying these borough-owned properties despite the potential risk to the borough during this time, nor has the borough acted as landlord by collecting rent on these tax-foreclosed properties.

On August 18, 2015, seven parcels were removed from the competitive sale by the assembly. One of the seven parcels was repurchased by the former owner, three parcels received a partial payment and no money was received on three of the parcels.

The tax sale is scheduled to be held on October 29, 2016, in the borough building. The sale will be conducted according to Alaska State Statutes (AS29.45.460-480) and Matanuska-Susitna Borough Code (23.10.220). The minimum bid for each property is the sum of the delinquent taxes and special assessments, penalties, interest owed through the date of the sale, costs of the foreclosure(s) through clerk's deed(s) and the costs incurred by the borough to sell the properties. The properties will first be offered by sealed bid, followed by an outcry auction for parcels that did not receive a sealed bid.

Properties that do not sell in Tax & LID Foreclosure Sale TS034 may be offered in subsequent over-the-counter tax and LID foreclosure sales on a first come, first served basis until sold, or until the 10-year repurchase rights expire. At such time as the 10-year repurchase rights expire and the former record owner loses all right to the property, the properties may be sold at fair market value.

**RECOMMENDATION OF ADMINISTRATION:**

Adoption of Ordinance 16-075 authorizing tax and LID Foreclosure Sale TS034 and the sale of properties described in the accompanying Exhibit A.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 21, 2016

ORIGINATOR: Community Development

SUBJECT: The sale of certain borough-wide real property acquired through tax and special assessment foreclosure for delinquent real property tax years 2006 & prior, 2008 & prior, and 2009 & prior, and 2010 & prior, and delinquent special assessment for 2011 & prior, and not needed for public purpose.

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT (YES) NO
AMOUNT REQUESTED *	FUNDING SOURCE <u>Land Sale Revenue</u>
FROM ACCOUNT #	PROJECT #
TO ACCOUNT: <u>203.000.000.3xx,xxx</u>	PROJECT #
VERIFIED BY: <u>Barbara Baumgardner</u>	CERTIFIED BY:
DATE: <u>5/19/14</u>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	*					
---------	---	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
<u>Land Mgmt</u>	*					
TOTAL	*					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) \* Amount cannot be determined at this time as it is dependant on the price of the land.

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: [Signature] DATE: 5/19/14

## Tax Sale 34 Tentative Sale Date 10/29/2016

Tax Sale	Tax ID No.	LID	Improvement	Assessed Value	Sum of all improvements (includes well/septic/other)			
					Building / Structure Value	Well / Septic	Other	
TS34-01	56586000T00F		no	\$ 3,600.00				
TS34-02	52049B03L003		no	\$ 9,300.00				
TS34-03	53378B04L006		no	\$ 6,000.00				
TS34-04	51997B02L010		no	\$ 8,000.00				
TS34-05	51997B02L011		no	\$ 8,000.00				
TS34-06	56505000T00E		no	\$ 12,500.00				
TS34-07	53402000T00B		no	\$ 8,600.00				
TS34-08	56070000L0036		yes	\$ 4,600.00	\$ 100.00	\$ 100.00	\$ -	\$ -
TS34-09	56070000L0037		yes	\$ 3,900.00	\$ 100.00	\$ 100.00	\$ -	\$ -
TS34-10	56070000L0038		no	\$ 3,800.00				
TS34-11	56070000L0311		no	\$ 2,500.00				
TS34-12	56070000L0067		no	\$ 3,800.00				
TS34-13	56070000L0461		no	\$ 4,500.00				
TS34-14	56070000L0484		no	\$ 3,000.00				
TS34-15	56070000L0624		no	\$ 2,500.00				
TS34-16	56070000L0654		no	\$ 3,800.00				
TS34-17	56070000L0888		yes	\$ 8,500.00	\$ 3,500.00	\$ -	\$ 3,500.00	\$ -
TS34-18	56070000L1206		no	\$ 3,800.00				
TS34-19	53401000T00B		no	\$ 20,000.00				
TS34-20	222N04W29B015		yes	\$ 22,600.00	\$ 8,500.00	\$ -	\$ 8,500.00	\$ -
TS34-21	51855B01L006		no	\$ 7,500.00				
TS34-22	51855B01L005		no	\$ 7,500.00				
TS34-23	56274000L056		no	\$ 3,800.00				
TS34-24	56274000L018		no	\$ 4,000.00				
TS34-25	56563000L069		no	\$ 3,000.00				
TS34-26	51563000T00B		yes	\$ 48,600.00	\$ 33,900.00	\$ 29,200.00	\$ 3,500.00	\$ 1,200.00
TS34-27	56027B01L011		no	\$ 1,200.00				
TS34-28	56027B11L004		no	\$ 1,000.00				
TS34-29	56096000T00C		no	\$ 1,000.00				
TS34-31	52980B01L006		no	\$ 14,200.00				
TS34-32	51758B01L005		yes	\$ 29,850.00	\$ 16,350.00	\$ 16,100.00	\$ -	\$ 250.00
TS34-33	219N04W34A001		no	\$ 56,100.00				
TS34-34	56473B05L010		no	\$ 500.00				
TS34-35	56319B01L030		yes	\$ 17,700.00	\$ 11,700.00	\$ 11,700.00	\$ -	\$ -
TS34-36	56020B01L002		yes	\$ 41,500.00	\$ 9,500.00	\$ -	\$ 8,500.00	\$ 1,000.00
TS34-38	52939B01L001		yes	\$ 177,200.00	\$ 145,200.00	\$ 136,700.00	\$ 8,500.00	\$ -
TS34-39	51096B06L038	Road	no	\$ 20,000.00				
TS34-40	51247B02L011A		yes	\$ 131,300.00	\$ 99,300.00	\$ 90,800.00	\$ 8,500.00	\$ -
TS34-41	51220B02L007		no	\$ 32,000.00				
TS34-42	51069B05L030		yes	\$ 37,500.00	\$ 25,500.00	\$ 17,000.00	\$ 8,500.00	\$ -
TS34-43	52944B03L001		yes	\$ 34,500.00	\$ 14,500.00	\$ -	\$ 8,500.00	\$ 6,000.00
TS34-44	56429B04L025		no	\$ 18,000.00				

## Tax Sale 34 Tentative Sale Date 10/29/2016

Tax Sale	Tax ID No.	LID	Improvement	Assessed Value	Sum of all improvements (includes well/septic/ other)			
					Building / Structure Value	Well / Septic	Other	
TS34-45	56103B02L022		no	\$ 9,500.00				
TS34-46	56103B02L023		no	\$ 9,500.00				
TS34-47	56184B05L001		no	\$ 9,800.00				
TS34-48	56025B05L006		no	\$ 16,000.00				
TS34-49	56124B09L005		no	\$ 8,000.00				
TS34-52	51565B04L006		yes	\$ 48,100.00	\$ 28,100.00	\$ 19,100.00	\$ 8,500.00	\$ 500.00
TS34-53	56412B06L003		no	\$ 48,000.00				
TS34-54	52846B07L008		yes	\$ 75,600.00	\$ 57,600.00	\$ 49,100.00	\$ 8,500.00	\$ -
TS34-55	56516B06L007		yes	\$ 27,200.00	\$ 9,700.00	\$ 1,200.00	\$ 8,500.00	\$ -
TS34-56	217N03W19C024		no	\$ 2,400.00				
TS34-58	56254B03L002		no	\$ 17,500.00				
TS34-59	217N04W27D020		no	\$ 43,900.00				
TS34-60	216N03W08A003		yes	\$ 271,900.00	\$ 205,300.00	\$ 196,800.00	\$ 8,500.00	\$ -
TS34-61	52362B01L001	Gas	yes	\$ 37,000.00	\$ 20,000.00	\$ 11,500.00	\$ 8,500.00	\$ -
TS34-62	51632B01L003		no	\$ 25,000.00				
TS34-63	52251B02L020-1		no	\$ 7,900.00				
TS34-64	56234000L003		yes	\$ 148,600.00	\$ 78,400.00	\$ 67,400.00	\$ 8,500.00	\$ 2,500.00

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 1

Exhibit A, page 1 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56586000T00F	TS034-01	ROWE PEGGY S	CH 15	CHASE AREA
Alaska State Land Survey 74-074, Tract F, according to Plat No. 1975-16, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				
52049B03L003	TS034-02	HERBST MARVIN EUGENE	PV 33	PETERSVILLE AREA
Alaska State Land Survey 79-242, Trapper Creek Glen Subdivision, Block 3, Lot 3, according to Plat No. 1980-119, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				
53378B04L006	TS034-03	MILLER EARL EST	TA 6	TALKEETNA AREA
Country Manor Estates Subdivision, Addition No. 1, Block 4, Lot 6, according to Plat No. 1987-39, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				
51997B02L010	TS034-04	HEDGES JOHN R JR	TA 8	0
Alaska State Land Survey 79-143, Tract A, Bartlett Hills Alaska Subdivision, Block 2, Lot 10, according to Plat No. 1980-127, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				
51997B02L011	TS034-05	HEDGES JOHN R JR	TA 8	0
Alaska State Land Survey 79-143, Tract A, Bartlett Hills Alaska Subdivision, Block 2, Lot 11, according to Plat No. 1980-127, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 2

Exhibit A, page 2 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56505000T00E	TS034-06	WHITESIDE MARY S E CARSON PRESTON E	PV 49	PETERSVILLE AREA
Alaska State Land Survey 72-71, Tract E, according to Plat No. 1974-8T, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				
53402000T00B	TS034-07	FIGLEY STEPHEN	SH 16	SHULIN LK AREA
Alaska State Land Survey 85-337, Tract B, according to Plat No. 1987-26, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				
56070000L0036	TS034-08	GIFFELI MICHAEL A	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 36, according to Plat 1968-10, located in Palmer Recording District, Third Judicial District, State of Alaska.				
56070000L0037	TS034-09	GIFFELI MICHAEL A	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 37, according to Plat 1968-10, located in Palmer Recording District, Third Judicial District, State of Alaska.				
56070000L0038	TS034-10	GIFFELI MICHAEL A	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 38, according to Plat 1968-10, located in Palmer Recording District, Third Judicial District, State of Alaska.				
56070000L0311	TS034-11	ALASKA XTREME LLC	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 311, according to Plat No. 1968-10, located in the Palmer Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 3

Exhibit A, page 3 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56070000L0067	TS034-12	GIFFELI MICHAELA	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 67, according to Plat 1968-10, located in Palmer Recording District, Third Judicial District, State of Alaska.				
56070000L0461	TS034-13	WIKOFF KAREN L REV TR WIKOFF KAREN LUTHER TRE	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 461, according to Plat No. 1968-10, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56070000L0484	TS034-14	BAUMHOGGER THEODORE	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 484, according to Plat No. 1968-10, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56070000L0624	TS034-15	M & H ENTERPRISES INC	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 624, according to Plat No. 1968-10, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56070000L0654	TS034-16	M & H ENTERPRISES INC	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 654, according to Plat No. 1968-10, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56070000L0888	TS034-17	DAVIS STEPHANIE	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 888, according to Plat No. 1968-10, located in the Palmer Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 4

Exhibit A, page 4 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56070000L1206	TS034-18	MIKELL WILLIAM J	CA 1	CASWELL AREA
Caswell Lakes Subdivision, Lot 1206, according to Plat No. 1968-10, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
53401000T00B	TS034-19	BURROW WILBERT E % ODESSA D BURROW	BL 7	BULCHITNA LK AREA
Alaska State Land Survey 85-331, Tract B, according to Plat No 1987-34, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				
222N04W29B015	TS034-20	SOUNDARA VANNAPHONE	CA 7	CASWELL AREA
That portion of the South one-half of the North one-half of the Northwest one-quarter of the Northwest one-quarter (S1/2 N1/2 NW1/4 NW1/4) lying West of the centerline of the Willow Cantwell Highway, Section 29, Township 22 North, Range 4 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
51855B01L006	TS034-21	HEDGES ELLEN L	CA 10	CASWELL AREA
Kashwitna Landing Estates, Block 1, Lot 6, according to Plat No. 1980-8, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
51855B01L005	TS034-22	HEDGES ELLEN L	CA 10	CASWELL AREA
Kashwitna Landing Estates, Block 1, Lot 5, according to Plat No. 1980-8, located in the Palmer Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 5

Exhibit A, page 5 of 10

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56274000L056	TS034-23	MILLER RONALD H	CA 14	CASWELL AREA
Rustic Wilderness Subdivision, Division No. 1, Lot 56, according to Plat No. 1972-67, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56274000L018	TS034-24	TAYLOR MARY S IRREV ASSET SMITH CRYSTAL TRE & TAYLO R FRANK EST	CA 14	CASWELL AREA
Rustic Wilderness Subdivision, Division No. 1, Lot 18, according to Plat No. 1972-67, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56563000L069	TS034-25	WAGNER GEORGE & MYRTLE G	CA 14	CASWELL AREA
Rustic Wilderness, Division 2, Lot 69, according to Plat 1975-28, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
51563000T00B	TS034-26	REDICK RUSSELL K& RONDA L	KO 18	KROTO CRK AREA
Alaska State Land Survey 76-160, Tract B, according to Plat 1977-56, located in the Talkeetna Recording District, Third Judicial District, State of Alaska.				
56027B01L011	TS034-27	HENDRICKSON D WAYNE	CN 6	CHICKALOON AREA
Bestline Park Subdivision, Block 1, Lot 11, according to Plat No. 1969-2, located in the Palmer Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 6

Exhibit A, page 6 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56027B11L004	TS034-28	RUMSEY JERRY	CN 6	CHICKALOON AREA
Bestline Park Subdivision, Block 11, Lot 4, according to Plat No. 1969-2, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56096000T00C	TS034-29	BURNER ROBERT L & ROSALIE	WI 10	WILLOW AREA
Deception Creek Subdivision, Tract C, according to Plat No. 1960-31, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
52980B01L006	TS034-31	TOWNSEND SHIRLEY & KALLMA KALLMAN WAYNE L & KALLMA N JAMES H	SU 10	SUTTON AREA
Alaska State Land Survey 84-012, Pinnacle Mountain Subdivision, Block 1, Lot 6, according to Plat No. 1985-58, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
51758B01L005	TS034-32	LITTLETON ROBERT B	WI 15	WILLOW AREA
Seclusion Shores Subdivision, Block 1, Lot 5, according to Plat No. 1979-416, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
219N04W34A001	TS034-33	DEVER TRUST	WI 16	NANCY LK AREA
U.S. Government Lots 11 and 12, Section 34, Township 19 North, Range 4 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 7

Exhibit A, page 7 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56473B05L010	TS034-34	BEAUREGARD JOHNNY ALBERT	WI 16	NANCY LK AREA
Nancy Creek Estates Subdivision, Block 5, Lot 10, according to Plat No. 1974-41, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56319B01L030	TS034-35	MURRAY LECHIA D	HO 8	MEADOW LKS AREA
Treasure Island Subdivision, Block 1, Lot 30, according to Plat No. 1971-33, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56020B01L002	TS034-36	SHUGAK MARK ALLEN	WA 7	BOGARD RD AREA
Barry's Meadows Subdivision, Block 1, Lot 2, according to Plat No. 1974-7, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
52939B01L001	TS034-38	NELSON SHANE	WA 6	WASILLA-FISHHOOK RD AREA
CHIPPEWA ESTATES, PHASE 1, BLOCK 1, BLOCK 1, ACCORDING TO PLAT NO. 85-22, LOCATED IN THE PALMER RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA				
51096B06L038	TS034-39	WASHBURN MOLLIE K ROBERTS BERTHA M	WA 6	SCHROCK RD AREA
Memory Lake Estates, Unit II, Block 6, Lot 38, according to Plat No. 1973-44, located in the Palmer Recording District, Third Judicial, State of Alaska.				

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 8

Exhibit A, page 8 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
51247B02L011A	TS034-40	SMITH MINOR C	WA 6	WASILLA-FISHHOOK RD AREA
Replat of Village Park Estates, Block 2, Lot 11A, according to Plat No. 1976-98, located in the Palmer Recording District, Third Judicial District, State of Alaska, EXCEPTING THEREFROM that portion conveyed to the State of Alaska, Department of Transportation & Public Facilities by Warranty Deed, recorded October 13, 2004 as Reception No. 2004-029011-0.				
51220B02L007	TS034-41	FANNIE MAE	WA 5	WASILLA AREA
Emerald Hills Estate Subdivision, Block 2, Lot 7, according to Plat No. 2001-48, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
51069B05L030	TS034-42	NORCUTT TRUDIE	WA 11	BOGARD RD AREA
Williwaw Subdivision No. 2, Block 5, Lot 30, according to Plat No. W-76, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
52944B03L001	TS034-43	PARTLOW RON NICHOLAS MICHELLE	HO 9	MEADOW LKS AREA
Country Pleasure Subdivision, Block 3, Lot 1, according to Plat No. 1985-17, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56429B04L025	TS034-44	WEIDNER PHILLIP P FAM LT ALEUTIAN GANDER LLC	HO 10	MEADOW LKS AREA
Rainbow Park Estates, Block 4, Lot 25, according to Plat 1973-32, located in Palmer Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 9

Exhibit A, page 9 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56103B02L022	TS034-45	SOWELL ROGER E	HO 10	HOUSTON-PARKS HWY AREA
End of the Rainbow Subdivision, Block 2, Lot 22, according to Plat No. 1970-23, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56103B02L023	TS034-46	SOWELL ROGER E	HO 10	HOUSTON-PARKS HWY AREA
End of the Rainbow Subdivision, Block 2, Lot 23, according to Plat No. 1970-23, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56184B05L001	TS034-47	DEAN EDWARD A ELLISON RENEE L	HO 12	BEAVER LKS AREA
Lazy Lakes Subdivision, Block 5, Lot 1, according to Plat No. 1972-65, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56025B05L006	TS034-48	COGO VALLERY A	HO 12	BEAVER LKS AREA
Beaver Lakes Subdivision, Block 5, Lot 6, according to Plat No. 1962-30, located in the Palmer Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 10

Exhibit A, page 10 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
56124B09L005	TS034-49	ENSMINGER CURT LITTLE DONNA L	HO 12	BEAVER LKS AREA
Freeman Subdivision Addition No. 1, Block 9, Lot 5, according to Plat No. 1971-34, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
51565B04L006	TS034-52	ROWSEY PENNY W CRAWFORD PENNY W	HO 9	HOUSTON-PARKS HWY AREA
Delta Heights Subdivision, Block 4, Lot 6, according to Plat No. 1978-152, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56412B06L003	TS034-53	GAGNON JASON P & RACHEL L	WA 10	MIDWAY AREA
Wilderness East Subdivision, Block 6, Lot 3, according to Plat No. 1973-2, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
52846B07L008	TS034-54	WELCH SHARON	HO 10	HOUSTON-PARKS HWY AREA
Potter Place Subdivision, Phase III, Block 7, Lot 8, according to Plat No. 1984-234, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
56516B06L007	TS034-55	HOUGHTALING BERT W	HO 11	BIG LK AREA
Big Lake Heights Subdivision, Addition No. I, Block 6, Lot 7, according to Plat No. 1974-38, located in the Palmer Recording District, Third Judicial District, State of Alaska.				

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 11

Exhibit A, page 11 of 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
217N03W19C024	TS034-56	MCCORMACK TODD E	HO 13	BIG LK AREA

That portion of Lot 52, Section 19, Township 17 North, Range 3 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Commencing at the Southwest corner of said Lot 52, a point of beginning of the lot to be described; thence East along the South line of said lot a distance of 566 feet, more or less to the shore line of Big Lake; thence Northerly along the meander line of Big Lake 50 feet; thence West a distance of 566 feet to the West line of said lot; thence South along the West line 50 feet to the point of beginning, EXCEPTING THEREFROM the following:

That portion of Lot 52, Section 19, Township 17 North, Range 3 West, Seward Meridian, Alaska, more particularly described as follows:

Commencing at the Southwest corner of said Lot 52; thence East along the South line of said lot a distance of 406.0 feet to the point of beginning; thence continue East along the South line of said lot a distance of 160.0 feet more or less to the meander line of Big Lake; thence Northerly along the meander line of Big Lake to a point of 160.0 feet more or less East of and 50 feet North of the point of beginning; thence West 160.0 feet more or less to a point 50 feet North of the point of beginning; thence South 50 feet to the point of beginning, located in the Palmer Recording District, Third Judicial District, State of Alaska.

---

56254B03L002	TS034-58	STUMPF ISABELLE ESTATE STUMPF RAMONA	HO 15	KNIK-GOOSE BAY AREA
--------------	----------	---	-------	---------------------

Ptarmigan - Village, Unit No. 1, Block 3, Lot 2, according to Plat No 1972-20, located in the Palmer Recording District, Third Judicial District, State of Alaska.

---

217N04W27D020	TS034-59	BRESSER JASON	LS 16	BIG LK AREA
---------------	----------	---------------	-------	-------------

A lot on Big Lake described as 24C, which is the third lot from the Southeast corner of Lot 24, Section 27, Township 17 North, Range 4 West, Seward Meridian, Alaska, bound on the South by a line to Point "B" running 117.6 feet on a bearing of 89°56' West from the Southeast corner of Lot 24, bound on the East by a line running from Point "A" to the shoreline of Big Lake on a bearing of 4 feet East, bound in the North Northeast by Big Lake, bound on the West by a line running from Point "B" to the shoreline of Big Lake, on a bearing of 4 feet East, located in the Palmer Recording District, Third Judicial District, State of Alaska.

Ordinance Serial No. 16-075  
 IM No. 16-113

Matanuska-Susitna Borough - Tax/LID Sale Listing - TS034  
 5/16/2016 / 4:10:53PM / Page 12

<u>Tax Account</u>	<u>Sale ID</u>	<u>Former Record Owner</u>	<u>Map</u>	<u>Location</u>
216N03W08A003	<b>TS034-60</b>	BOGERT MARGUERITE MAGNUSON ESTHER COLE	GB 2	BURMA RD AREA
The Northwest one-quarter of the Northeast one-quarter (NW1/4 NE1/4), Section 8, Township 16 North, Range 3 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State Of Alaska.				
52362B01L001	<b>TS034-61</b>	JOHNSON LARRY ARVID	OC 4	KNIK-GOOSE BAY AREA
Knik Royal Estates Subdivision, Block 1, Lot 1, according to Plat No. 1982-125, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
51632B01L003	<b>TS034-62</b>	MATHEWS LINDA T	OC 4	KNIK-GOOSE BAY AREA
Borealis Heights Subdivision, Phase I, Block 1, Lot 3, according to Plat No. 1979-315, located in the Palmer Recording District, Third Judicial District, State of Alaska.				
52251B02L020-1	<b>TS034-63</b>	HENDERSHOTT MARGARET J	FH 22	FLAT HORN AREA
Alaska State Land Survey No. 80-133, Dinglishna Hill Alaska Subdivision, Block 2, Lots 20 & 21, according to Plat 1981-281, Anchorage Recording District, Third Judicial District, State of Alaska.				
56234000L003	<b>TS034-64</b>	WINTERROWD RALPH KERMIT 2	GB 8	KNIK-GOOSE BAY AREA
Old Knik Harbor Subdivision, Lot 3, according to Plat No. 61-38, located in the Palmer Recording District, Third Judicial District, State of Alaska.				

Exhibit A, page 12 of 12

Ordinance Serial No. 16-075  
IM No. 16-113

NON-CODE ORDINANCE

By: Borough Manager  
Introduced: 06/07/16  
Public Hearing: 06/21/16  
Adopted:

MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-075

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY PROVIDING FOR THE SALE OF CERTAIN BOROUGH-WIDE REAL PROPERTY ACQUIRED THROUGH TAX FORECLOSURE FOR DELINQUENT REAL PROPERTY TAX YEARS 2006 AND PRIOR, 2008 AND PRIOR, AND 2009 AND PRIOR, 2010 AND PRIOR, AND DELINQUENT SPECIAL ASSESSMENT FOR THE YEAR 2011 AND PRIOR, AND NOT NEEDED FOR PUBLIC PURPOSE.

---

WHEREAS, the Matanuska-Susitna Borough proposes a sale of properties acquired through foreclosure for taxes and special assessments for which the borough has held clerk's deed for more than two years and which are not needed for a public purpose; and

WHEREAS, those properties listed in the attached Exhibit A have been transferred by court order to the Matanuska-Susitna Borough due to delinquent real property taxes for the years 2006 and prior, 2008 and prior, 2009 and prior, 2010 and prior, and delinquent special assessment for 2011 and prior; and

WHEREAS, those properties listed in Exhibit A have not been repurchased by the former record owner or any party allowed by law to acquire their interest.

BE IT ENACTED:

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

Section 2. Properties for sale. The foreclosed properties

authorized for sale by this ordinance are described in Exhibit A.

Section 3. Procedures. The following procedures are established for the sale of certain real property acquired through tax and special assessment foreclosure.

(A) Approval of sale. The Matanuska-Susitna Borough Assembly approves the sale of real properties described in attached Exhibit A, by sealed bid submitted to the Borough Manager, by outcry auction if the properties do not receive a responsive sealed bid, or by subsequent over-the-counter sales on a first come, first served basis until sold or the 10-year repurchase rights expire. Sealed bids shall be opened on October 25, 2016. Successful bidders will be announced on Saturday, October 29, 2016, at the Dorothy Swanda Jones Building, 350 East Dahlia Avenue, Palmer, Alaska, followed immediately by the outcry auction at the same location.

(B) Minimum sale price. The Borough Manager shall publish a list of properties for sale to include the minimum bid price for each property, in accordance with AS 29.45.470(a) (1-4). The minimum bid price shall not be less than the sum of:

(1) the full amount applicable under the judgement and decree plus interest as specified therein from the date of entry of the judgement of foreclosure to the date of repurchase; and

(2) delinquent taxes and special assessments assessed

and levied against the property as though it had continued in private ownership; and

(3) penalties and interest associated with such delinquent taxes and special assessments; and

(4) costs of foreclosure, management, maintenance, and sale incurred by the Borough applicable to the property. The costs of sale may include:

(a) title reports, review, and due diligence; and  
(b) notice letters and schedule of fees; and  
(c) newspaper display advertisements and postal card mailings; and

(d) property inspections, photographs, and posting notices; and

(e) personnel costs associated with the sale including custodial, security, and facility costs; and

(f) deed preparation and recording fee.

(C) Conditions of sale. Property profiles and packets containing bid information will be available for review at the Matanuska-Susitna Borough Administration building on business days during regular borough business hours September 30, 2016, through October 28, 2016. Sealed bids will be accepted during regular borough business hours beginning September 30, 2016, and ending October 24, 2016 at 2 p.m. Outcry bid cards may be purchased

during regular borough business hours beginning September 30, 2016, and ending October 28, 2016 at 12 noon.

(D) Properties that do not sell may be offered in subsequent over-the-counter tax and special assessment foreclosure sales on a first come, first served basis until sold or the 10-year repurchase rights expire.

(E) Terms of sale. All sales shall be on the following terms:

(1) A bid deposit in the form of a certified check, cashier's check, or money order in an amount based on the bid price as stated in the brochure.

(2) The successful bidder shall sign a promissory note for the balance due, to be paid by certified check, cashier's check, or money order not later than three borough business days after the date of the tax and special assessment foreclosure sale. After the payment in full has been received, the Borough Manager shall execute a Tax and LID Foreclosure Sale Deed in favor of the purchaser.

(3) A bidder shall forfeit the down payment to the borough if a property is offered to the bidder and the bidder fails to fully comply with the terms and conditions of the sale. In the event of forfeiture, the property will be offered to the next highest bidder.

(4) All successful bidders or their agents are required to be present on Saturday, October 29, 2016, at 9 a.m., to accept the property and sign the promissory note. Low or non-responsive bids will be returned to the unsuccessful bidders on the day of the sale or may be picked up at the borough offices during borough business hours after the sale date.

(5) The date and time each bid is received shall be date & time stamped. In the event of a tie bid, the bid received first will be the successful bid.

(F) Outcry auction. Those properties not receiving a sealed bid will be offered at outcry auction immediately following the signing of the promissory notes for the sealed bids.

(1) All outcry bidders must purchase a bid card.

(2) Bid cards may be purchased for \$350.

(G) Qualification of bidders. A bidder shall meet the qualifications of MSB 23.10.090.

(H) Authority of the manager. The Assembly directs the Borough Manager to publish such sale procedures, as he shall deem advisable. All bidders must comply with said procedures to be considered responsive bidders. The Borough Manager shall have the sole discretion to determine if a bidder has complied with bid and sale procedures. The Borough Manager is hereby authorized to sell the properties described in Exhibit A, to disburse the funds

received as required by AS 29.45.480, and if in the best interest of the Borough, reserve the right to withdraw any property from the sale.

Section 4. Effective date. This ordinance shall take effect upon adoption by the Matanuska-Susitna Borough Assembly.

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

---

Vern Halter, Borough Mayor

ATTEST:

---

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** An ordinance of Matanuska-Susitna Borough Assembly reappropriating \$55,000 from the Land and Resource Management Division fiscal year 2016 operating budget, Fund 203, Land Management Fund to Fund 480, Non-Lapsing/Non-Capital Projects, Project No. 15013 Parks and Rec Comprehensive Plan, reappropriating \$ 16,000 from the Community Development Department fiscal year 2016 operating budget, Fund 100, Areawide Fund to Fund 440, Cultural and Recreational Capital Projects for Project 15015, Trail Development, authorizing the borough manager to enter into a grant agreement with the Talkeetna Community Council, a grant to the Mat-Su Trails and Parks Foundation, and a resolution approving the scopes of work and budgets for said projects.

**AGENDA OF: June 7, 2016**

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** \_\_\_\_\_

Route To:	Department/Individual	Initials	Remarks
	Originator	EK	
	Community Development Director	EP	
	Finance Director	JW	5/26/16
	Borough Attorney	NS	
	Borough Clerk	JMM	5/27/16

**ATTACHMENT(S):** Fiscal Note: YES X NO  
 Ordinance Serial No. 16-076 (5 pp)  
 Resolution Serial No. 16-054 (6 pp)

**SUMMARY STATEMENT:**

The borough has received an increasing number of applications for new recreational amenities at the Government Peak Recreation Area each year. There is no site layout guidance provided by the existing plans for the area. A master plan will provide layout

drawings for the next 15 years. The layout drawings will help to minimize potential conflicts between recreational uses and increase efficiencies in space utilization by maximizing the recreational amenities that can be accommodated in the limited space near the chalet. A public process will help ensure all interest groups have an opportunity to represent their recreational needs for the area.

Funds are currently available within the Land and Resource Management Division's fiscal year 2016 operating budget to provide for this master plan; however the project will not be completed within this fiscal year.

The Ridge Trail is an important asset for the community of Talkeetna. It is both a recreation trail for residents and visitors as well as an important transportation corridor for many people living outside the community. Improving the Ridge trail is a community priority, so much so that it was Talkeetna's primary request for inclusion in the upcoming recreation bond.

Whether the Rec bond is successful or not, the community has a desire to come up with a plan for this trail system to guide management/use, investment and protect this important community resource. The community has secured \$10,000 in grant money towards the planning effort, and another \$15,000 is required to complete the plan. The Land Management Division, with nearby natural resources, desires to work cooperatively with the community to complete the plan. Land Management has funds available in its fiscal year 2016 operating fund to assist the community, and would like to transfer \$15,000 from this fund to a Ridge Trail Plan Project No. 15013.

The Mat Su Trails and Parks Foundation (Foundation) mission is to fund a connected trails and parks system to promote healthy lifestyles, enrich residents' quality of life and provide economic value by enhancing recreation, tourism, and business opportunities for all. Towards these ends, the Foundation has directly funded \$165,343 in parks and trails projects in the borough over the past two years which have netted an additional \$667,558 in match for improving parks and trails in the Borough.

The Foundation's primary funding source in the past (and into the future) is the Mat-Su Health Foundation (MSHF) who has shown a strong financial commitment to the Trails and Parks Foundation. In addition, the Foundation has received a grant from the Rasmussen Foundation to support its efforts. Any Borough funds contributed will be leveraged at more than 1:1 by MSHF.

The Borough has been a partner with the Foundation since it was founded in May, 2011, and the Borough actually provided \$100,000 in seed money to assist in getting the Foundation started. The Borough has contributed no funding since the initial funding was provided in November of 2011.

Mat Su Trails and Parks Foundation has now requested funding in the amount of \$16,000 from the Borough to help the organization take its fund raising and grant making efforts to the next level. The funds will help with more active marketing and management of the Chalet at Government Peak including IT/software infrastructure improvements, development of a more comprehensive website, and improve the foundation's ability to carry out its core grant making program.

Since all Foundation funds are expended in the Mat-Su Borough on projects directly benefiting Borough residents and the Foundation has been successful in augmenting the limited funding the Borough has available to enhance parks and trails, the Community Development department is supportive of the Foundation's request. Community Development proposes a \$16,000 grant to the Foundation to be taken from the Community Development Departments's fiscal year 2016 operating funds, fund 100, Areawide Fund.

**RECOMMENDATION OF ADMINISTRATION:** It is respectfully requested that the Matanuska-Susitna Borough Assembly reappropriate \$55,000 from the Land and Resource Management Division fiscal year 2016 operating budget, Fund 203, Land Management Fund to Fund 480, Non-Lapsing/Non-Capital Projects, Project No. 15013 Parks and Rec Comprehensive Plan, reappropriating \$ 16,000 from the Community Development Department fiscal year 2016 operating budget, Fund 100, Areawide Fund to Fund 440, Cultural and Recreational Capital Projects for Project 15015, Trail Development, authorizing the borough manager to enter into a grant agreement with the Talkeetna Community Council, a grant to the Mat-Su Trails and Parks Foundation, and a resolution approving the scopes of work and budgets for said projects.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

ORIGINATOR: Community Development

**SUBJECT:** An ordinance of Matanuska-Susitna Borough Assembly reappropriating \$55,000 from the Land and Resource Management Division fiscal year 2016 operating budget, Fund 203, Land Management Fund to Fund 480, Non-Lapsing/Non-Capital Projects, Project No. 15013 Parks and Rec Comprehensive Plan, reappropriating \$ 16,000 from the Community Development Department fiscal year 2016 operating budget, Fund 100, Areawide Fund to Fund 440, Cultural and Recreational Capital Projects for Project 15015, Trail Development, authorizing the borough manager to enter into a grant agreement with the Talkeetna Community Council, a grant to the Mat-Su Trails and Parks Foundation, and a resolution approving the scopes of work and budgets for said projects.

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <input checked="" type="radio"/> YES <input type="radio"/> NO
AMOUNT REQUESTED \$ 71,000	FUNDING SOURCE <i>Land Mgt &amp; Comm Dev Oper Budgets</i>
FROM ACCOUNT # 203.170.141.429.900, 100.170.145.426.900	PROJECT #
TO ACCOUNT: <i>480/440.000.000.4xx.xx</i>	PROJECT # <i>15013, 15015</i>
VERIFIED BY: <i>Barbara Baumgartner</i>	CERTIFIED BY:
DATE: <i>5/24/16</i>	DATE:

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	<i>71</i>					
---------	-----------	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

General Fund						
State/Federal Funds						
Other	<i>71</i>					
TOTAL	<i>71</i>					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: *J. E. C. [Signature]* DATE: *5/26/16*

IM No. 16-114  
Ordinance Serial No. 16-*076*  
Resolution Serial No. 16-*054*

NON-CODE ORDINANCE

By: Borough Manager  
Introduced:  
Public Hearing:  
Action:

MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-076

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY REAPPROPRIATING \$55,000 FROM LAND AND RESOURCE MANAGEMENT DIVISION, FISCAL YEAR 2016 OPERATING BUDGET, FUND 203, LAND MANAGEMENT FUND, TO FUND 480, NON-LAPSING/NON-CAPITAL PROJECTS, PROJECT 15013, PARKS AND REC COMPREHENSIVE PLAN, REAPPROPRIATING \$ 16,000 FROM THE COMMUNITY DEVELOPMENT DEPARTMENT FISCAL YEAR 2016 OPERATING BUDGET, FUND 100, AREAWIDE FUND TO FUND 440, CULTURAL AND RECREATIONAL CAPITAL PROJECTS FOR PROJECT 15015, TRAIL DEVELOPMENT, AUTHORIZING THE BOROUGH MANAGER TO ENTER INTO A GRANT AGREEMENT WITH THE TALKEETNA COMMUNITY COUNCIL FOR THE RIDGE TRAIL PLAN AND A GRANT TO THE MAT-SU TRAILS AND PARKS FOUNDATION.

---

WHEREAS, the borough has received an increasing number of applications for new recreational amenities at the Government Peak Recreation Area each year; and

WHEREAS, there is no site layout guidance provided by the existing plans for the area; and

WHEREAS, a master plan will provide layout drawings for the next 15 years to minimize potential conflicts between recreational uses and increase efficiencies in space utilization by maximizing the recreational amenities that can be accommodated in the limited space near the chalet; and

WHEREAS, a public process will help ensure all interest groups have an opportunity to represent their recreational needs for the area; and

WHEREAS, the Ridge Trail is an important asset for the community of Talkeetna; and

WHEREAS, it is both a recreation trail for residents and visitors as well as an important transportation corridor for many people living outside the community; and

WHEREAS, the community has a desire to come up with a plan for this trail system to guide management/use, investment and protect this important community resource; and

WHEREAS, the community has secured \$10,000 in grant money towards the planning effort, and another \$15,000 is required to complete the plan;

WHEREAS, the Land Management Division, with nearby natural resources, desires to work cooperatively with the community to complete the plan; and

WHEREAS, Land Management has funds available in its fiscal year 2016 operating fund to assist the community; and

WHEREAS, Community Development Department proposes a \$15,000 grant to the Talkeetna Community Council to complete the funding for a Ridge Trail Management Plan; and

WHEREAS, the Mat-Su Trails and Parks Foundation (MSTPF) mission is to fund a connected trails and parks system to promote healthy lifestyles, enrich residents' quality of life and provide economic value by enhancing recreation, tourism, and business opportunities for all; and

WHEREAS, towards these ends, the Foundation has directly funded \$165,343 in parks and trails projects in the borough over the past two years which have netted an additional \$667,558 in match for improving parks and trails in the Borough; and

WHEREAS, the Foundation's primary funding source in the past (and into the future) is the Mat-Su Health Foundation (MSHF) who has shown a strong financial commitment to the Parks and Trails Foundation; and

WHEREAS, in addition, the Mat Su Trails and Parks Foundation has received a grant from the Rasmussen Foundation to support its efforts; and

WHEREAS, any Borough funds contributed will be leveraged at more than 1:1 by Mat-Su Health Foundation; and

WHEREAS, the Borough has been a partner with the Mat Su Trails and Parks Foundation since the Foundation was founded in May, 2011, and the Borough actually provided \$100,000 in seed money to assist in getting the Mat Su Trails and Parks Foundation started, and

WHEREAS, the Borough has contributed no funding since the initial funding was provided in November of 2011; and

WHEREAS, since all Mat-Su Trails and Parks Foundation funds are expended in the Mat-Su Borough on projects directly benefiting Borough residents and Mat-Su Trails and Parks Foundation has been successful in augmenting the limited funding

the Borough has available to enhance parks and trails, the Community Development Department is supportive of the Foundation's request. Community Development proposes a \$16,000 grant to the Foundation to be taken from the Community Development Department's fiscal year 2016 operating funds, fund 100, Areawide Fund.

BE IT ENACTED:

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

Section 2. Re-appropriation source. There is hereby reappropriated by the Matanuska-Susitna Borough Assembly \$55,000 from the Land and Resource Management Division fiscal year 2016 operating budget, Fund 203, Land Management Fund to Fund 480, Non-Lapsing/Non-Capital Projects, with \$40,000 for the Government Peak Recreation Area Master Plan, and \$15,000 for the Ridge Trail Management Plan within Project No. 15013 Parks and Rec Comprehensive Plan, reappropriating \$16,000 from the Community Development Department fiscal year 2016 operating budget, Fund 100, Areawide Fund to Fund 440, Cultural and Recreational Capital Projects for Project 15015, Trail Development.

Section 3. Authorization. There is hereby approved by the Matanuska-Susitna Borough Assembly authorizing the borough manager to enter into a grant agreement with the

Talkeetna Community Council for the Ridge Trail Management Plan,  
and a grant to the Mat-Su Trails and Parks Foundation.

Section 4. Effective date. This ordinance shall take  
effect upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this  
\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

Action:

MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-054

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE SCOPES OF WORK AND BUDGETS FOR THE GOVERNMENT PEAK RECREATION AREA MASTER PLAN, THE RIDGE TRAIL MANAGEMENT PLAN, PROJECT 15013, AND FOR TRAIL DEVELOPMENT, PROJECT 15015.

---

WHEREAS, the Assembly reappropriated \$55,000 from the Land and Resource Management Division fiscal year 2016 operating budget with the adoption of Ordinance Serial No. 16-076; and

WHEREAS, the Assembly reappropriated \$16,000 from the Community Development Department fiscal year 2016 operating budget with the adoption of Ordinance Serial No. 16-076; and

WHEREAS, the borough has received an increasing number of applications for new recreational amenities at the Government Peak Recreation Area each year; and

WHEREAS, there is no site layout guidance provided by the existing plans for the area; and

WHEREAS, a master plan will provide layout drawings for the next 15 years to minimize potential conflicts between recreational uses and increase efficiencies in space utilization by maximizing the recreational amenities that can be accommodated in the limited space near the chalet; and

WHEREAS, a public process will help ensure all interest groups have an opportunity to represent their recreational needs for the area; and

WHEREAS, the Ridge Trail is an important asset for the community of Talkeetna; and

WHEREAS, it is both a recreation trail for residents and visitors as well as an important transportation corridor for many people living outside the community; and

WHEREAS, the community has a desire to come up with a plan for this trail system to guide management/use, investment and protect this important community resource; and

WHEREAS, the community has secured \$10,000 in grant money towards the planning effort, and another \$15,000 is required to complete the plan; and

WHEREAS, the Land Management Division, with nearby natural resources, desires to work cooperatively with the community to complete the plan; and

WHEREAS, Land Management has funds available in its fiscal year 2016 operating fund to assist the community; and

WHEREAS, Community Development Department proposes a \$15,000 grant to the Talkeetna Community Council to complete the funding for a Ridge Trail Management Plan; and

WHEREAS, the Mat-Su Trails and Parks Foundation (Foundation) mission is to fund a connected trails and parks system to promote healthy lifestyles, enrich residents' quality of life and provide economic value by enhancing recreation, tourism, and business opportunities for all; and

WHEREAS, towards these ends, the Foundation has directly funded \$165,343 in parks and trails project in the borough over the past two years which have netted and additional \$667,558 in match for improving parks and trails in the Borough; and

WHEREAS, the Foundation's primary funding source in the past (and into the future) is the Mat-Su Health Foundation (MSHF) who has shown a strong financial commitment to the Mat-Su Trails and Park Foundation; and

WHEREAS, in addition, the Foundation has received a grant from the Rasmussen Foundation to support its efforts; and

WHEREAS, any Borough funds contributed will be leveraged at more than 1:1 by Mat-Su Health Foundation; and

WHEREAS, the Borough has been a partner with the Mat-Su Trails and Parks Foundation since the Foundation was founded in May, 2011, and the Borough actually provided \$100,000 in seed money to assist in getting the Mat-Su Trails and Parks Foundation started; and

WHEREAS, the Borough has contributed no funding since the initial funding was provided in November of 2011; and

WHEREAS, since all Mat-Su Trails and Parks Foundation funds are expended in the Mat-Su Borough on projects directly benefiting Borough residents and Mat-Su Trails and Parks Foundation has been successful in augmenting the limited funding the Borough has available to enhance parks and trails, the Community Development Department is supportive of the Foundation's request. Community Development proposes a \$16,000 grant to the foundation to be taken from the Community Development Department's fiscal year 2016 operating funds, fund 100, Areawide Fund; and

WHEREAS, no expenditures can be made until a scope of work and budget has been approved by the Assembly.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly hereby approves the following scope of work and budget for the Government Peak Recreation Area Master Plan.

#### SCOPE OF WORK

Development of the Government Peak Recreation Area Master Plan.

BUDGET

Government Peak Recreation Area Master  
Plan  
Project 15013  
Land and Resource Management Division  
Fiscal Year 2016 Operating Budget \$ 40,000.00

SCOPE OF WORK

Grant to Talkeetna Community Council for the Ridge  
Trail Master Plan.

BUDGET

Ridge Trail Master Plan  
Project 15013  
Land and Resource Management Division \$ 15,000.00  
Fiscal Year 2016 Operating Budget

SCOPE OF WORK

Grant to Mat-Su Trails and Parks Foundation for trail  
development and marketing.

BUDGET

Mat-Su Trails and Parks Foundation  
Project 15015  
Areawide Community Development \$ 16,000.00  
Department Fiscal Year 2016 Operating  
Budget

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** AN ORDINANCE AMENDING MSB 5.25.028 AND PLACING ON THE BALLOT OF THE OCTOBER 4, 2016, REGULAR BOROUGH ELECTION THE ANNEXATION OF A PARCEL INTO THE LAZY MOUNTAIN ROAD SERVICE AREA

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator	LRM	
	Finance Director	<i>Jue</i>	05/26/16
	Borough Attorney	<i>NS</i>	
	Borough Clerk	<i>Sam</i>	<i>(S)</i> 5/27/16

**ATTACHMENT (S) :** Fiscal Note: YES  NO  
 Ordinance Serial No. 16-077 (4 pp)  
 Resolution Serial No. 16-055 (2 pp)  
 Recommendation from the Lazy Mountain Road Service Area Board of Supervisors (\_\_\_ pp)  
*Annexation map(1pp)*

**SUMMARY STATEMENT:**

The Clerk has certified a petition for the annexation of the parcel located at the end of T & T Lane on Lee Circle to be annexed into the Lazy Mountain Road Service Area.

- Tax ID of the parcel to be annexed - 18N02E25A003.
- The assessed or estimated value of all taxable property within the area to be annexed is as follows:
  - o Real property: \$272,400
  - o Personal property: \$0

- The estimated cost of the proposed services for the first year expressed in mills and dollar amount for the area to be annexed:
  - o RSA mill levy: 2.51
  - o Cost of services: \$251 per \$100,000 of assessed value
- The estimated population of the proposed annexation area is 3.
- The estimated cost of services to the residents of the proposed annexation area would be 2.51 mills to assessed and adjusted annually.

**RECOMMENDATION OF ADMINISTRATION:** It is recommended that the Assembly adopt the proposed ordinance and resolution and submit the question of the annexation to the qualified voters of the existing service area and the qualified voters in the area of annexation.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: 06/07/16

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 5.25.028 AND PLACING ON THE BALLOT OF THE OCTOBER 4, 2016, REGULAR BOROUGH ELECTION, THE ANNEXATION OF A PARCEL INTO THE LAZY MOUNTAIN ROAD SERVICE AREA.

ORIGINATOR: L. McKechnie

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> NO
AMOUNT REQUESTED <u>\$684</u>	FUNDING SOURCE <u>Tax revenue</u>
FROM ACCOUNT #	PROJECT #
TO ACCOUNT: <u>275.000.000.3xx.xxx</u>	PROJECT #
VERIFIED BY: <u>B. Bauman</u>	CERTIFIED BY:
DATE: <u>5/24/16</u>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	<u>684</u>	<u>*</u>	<u>—————&gt;</u>	<u>—————&gt;</u>	<u>—————&gt;</u>	<u>—————&gt;</u>
---------	------------	----------	------------------	------------------	------------------	------------------

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other	<u>684</u>	<u>*</u>	<u>—————&gt;</u>	<u>—————&gt;</u>	<u>—————&gt;</u>	<u>—————&gt;</u>
TOTAL	<u>684</u>	<u>*</u>	<u>—————&gt;</u>	<u>—————&gt;</u>	<u>—————&gt;</u>	<u>—————&gt;</u>

POSITIONS:

Full-Time						
Part-Time						
Temporary						

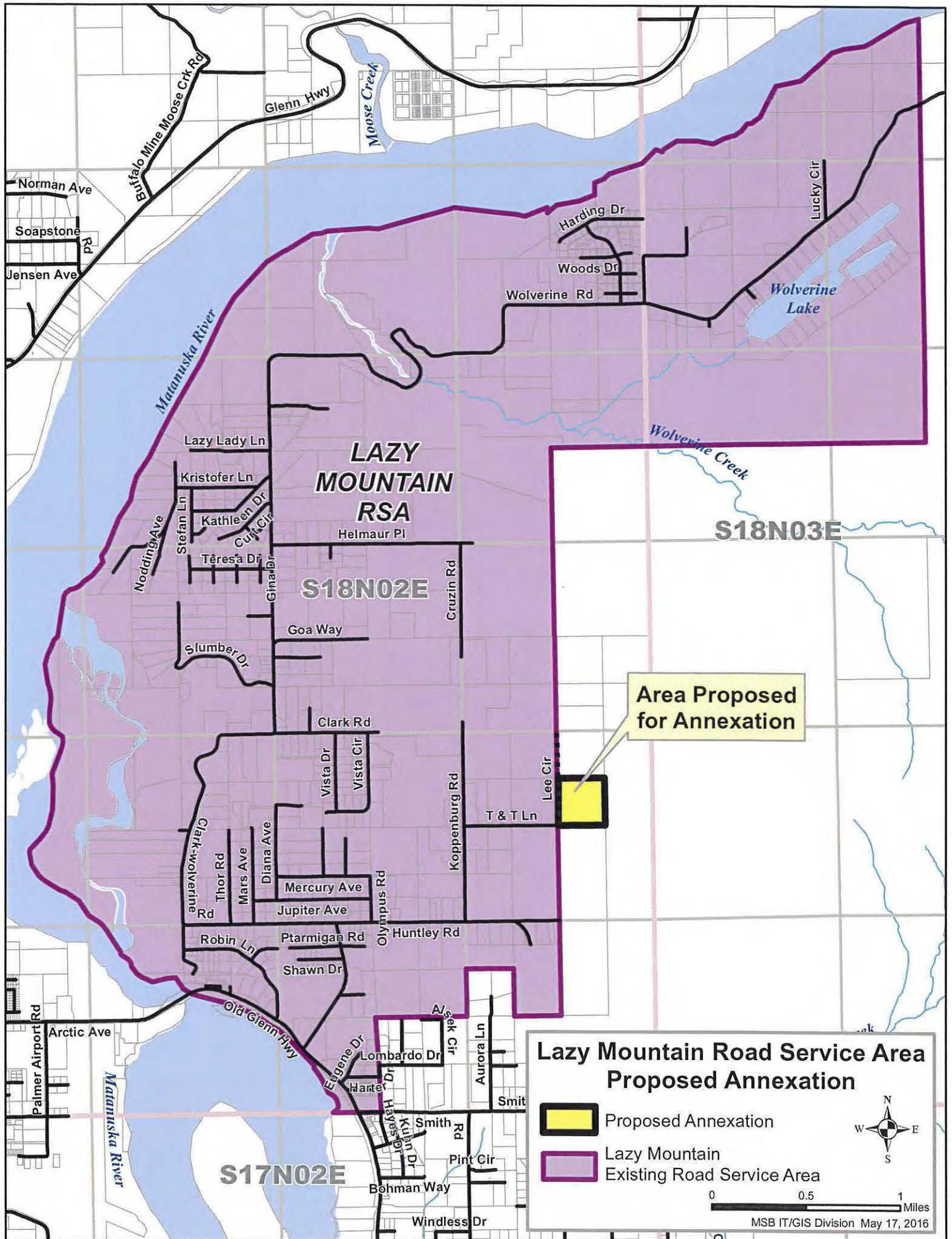
ANALYSIS: (Attach a separate page if necessary) \* Future years' revenue dependant on mill rate

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: [Signature] DATE: 5/26/16

IM No. 16-116  
Ordinance Serial No. 16-077  
Resolution Serial No. 16-055



RS 16-055

CODE ORDINANCE

Sponsored by: Assemblymember Beck

Introduced:

Public Hearing:

Action:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-077**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 5.25.028 AND PLACING ON THE BALLOT OF THE OCTOBER 4, 2016, REGULAR BOROUGH ELECTION, THE ANNEXATION OF A PARCEL INTO THE LAZY MOUNTAIN ROAD SERVICE AREA.

---

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Amendment of section. MSB 5.25.028 is hereby amended as follows:

(A) There is established Matanuska-Susitna Borough Service Area No. 19, known as the Lazy Mountain Road Service Area, whose boundaries are described in Ord. 16-077, 13-088, 81-47, 81-31 and 78-7 and on the official service area map.

(B) Services provided within this service area include the construction, reconstruction and maintenance of roads, streets, sidewalks and related drainage facilities.

Section 3. Ballot proposition for voters residing within the existing service area. A proposition in

substantially the following form shall be placed on the October 4, 2016, regular election ballot and be submitted to the qualified voters who reside in the existing service area.

PROPOSITION NO. \_\_\_\_\_

PROPOSED ANNEXATION OF A PARCEL INTO THE LAZY

MOUNTAIN ROAD SERVICE AREA NO. 19

[THIS PROPOSITION IS FOR THE EXISTING

PROPERTIES OF THE SERVICE AREA.]

Shall a parcel located at the end of East T & T Lane on Lee Circle, as show on the map in the polling location and attached to IM No. 16-116, be annexed into the Lazy Mountain Road Service Area No. 19?

This ballot proposition is not expected to add an additional cost to the existing properties of the service area for the first year.

Service shall commence July 1, 2017.

\_\_\_\_\_ Yes

\_\_\_\_\_ No

Section 4. Ballot proposition for voters who reside in the area proposed for annexation. A proposition in substantially the following form shall be placed on the

October 4, 2016, regular election ballot and be submitted to the qualified voters living within the area proposed for annexation.

PROPOSITION NO. \_\_\_\_\_

PROPOSED ANNEXATION OF A PARCEL INTO THE LAZY

MOUNTAIN ROAD SERVICE AREA NO. 19

[THIS PROPOSITION IS FOR THE PROPERTY TO

BE ANNEXED INTO THE SERVICE AREA.]

Shall a parcel located at the end of East T & T Lane on Lee Circle, as show on the map in the polling location and attached to IM No. 16-116, be annexed into the Lazy Mountain Road Service Area No. 19?

The anticipated cost of the services for the property to be annexed the first year is not expected to exceed 2.51 mills or \$251 per \$100,000 of the assessed valuation.

Service shall commence July 1, 2017.

\_\_\_\_\_ Yes

\_\_\_\_\_ No

Section 3. Effective date. This ordinance shall take effect upon adoption.

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

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

Sponsored by: Assemblymember Beck  
Action:

**MATANUSKA-SUSITNA BOROUGH**  
**RESOLUTION SERIAL NO. 16-055**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY FINDING THE ANNEXATION OF A PARCEL LOCATED AT THE END OF EAST T & T LANE ON LEE CIRCLE INTO THE LAZY MOUNTAIN ROAD SERVICE AREA NO. 19 SERVES THE PUBLIC INTEREST AND PLACING IT BEFORE THE VOTERS IN THE OCTOBER 4, 2016, REGULAR BOROUGH ELECTION.

---

WHEREAS, a petition has been certified by the Clerk requesting annexation of a parcel located on Lee Circle at the end of East T & T Lane into the Lazy Mountain Road Service Area No. 19; and

WHEREAS, the Lazy Mountain Road Service Area Board of Supervisors has reviewed the request and their recommendation is attached to IM No. 16-116; and

WHEREAS, the Manager finds that the public interest will be served by the annexation of this parcel into the Lazy Mountain Road Service Area No. 19; and

WHEREAS, State Statute and Borough code require that that this type of annexation go to the voters within the existing service area and to the voters in the proposed service area; and

WHEREAS, the annexation will be placed before the voters within the existing service area and in the area to be annexed at the October 4, 2016, regular Borough election.

NOW, THEREFORE, BE IT RESOLVED, that the Assembly approves

the annexation of the property located at the end of T & T Lane on Lee Circle into the Lazy Mountain Road Service Area No. 19, finds that the public interest will be served, and for the questions to be placed on the October 4, 2016, regular election ballot to the qualified voters of the existing road service area and the area to be annexed.

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

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** CLASSIFICATION OF BOROUGH LAND AS GENERAL PURPOSE LANDS AND LEASE OF BOROUGH-OWNED REAL PROPERTY TO CONSTRUCT, INSTALL, MAINTAIN, REPAIR, OPERATE, AND MANAGE A COMMUNICATION SITE. (MSB007139)

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** \_\_\_\_\_

Route To:	Department/Individual	Initials	Remarks
	Originator	OS	
	Community Development Director	g	
	Finance Director	Joe	5/26/16
	Borough Attorney	BS	
	Borough Clerk	JMM	5/27/16

**ATTACHMENT(S):** Fiscal Note: NO \_\_\_ YES X  
 Best Interest Finding and Public Comments (19 pp)  
 Lease and Exhibits (25 pp)  
 Ordinance Serial No. 16-078 (3 pp)

**SUMMARY STATEMENT:**

An application has been submitted by the MTA Communications, LLC (MTA), pursuant to MSB 23.10.080, for a lease of borough-owned property. The purpose of lease is to construct, install, maintain, repair, operate, and manage a communication site with a tower ≥ 200 feet in height. A tower of this height requires a conditional use permit (CUP); however, the applicant must have a legal interest in the property to apply for the CUP. Additionally, classification of land is required pursuant to MSB 23.10.080 prior to leasing.

Thus, classification of land and lease approval is requested to allow application for a conditional use permit to proceed.

**DISCUSSION:**

Due to demand for additional communication services and service area updates and expansion by MTA Communications, in and around the Talkeetna area, MTA applied to the borough to lease approximately 2 acres in a ten (10) acre parcel, with a driveway to be constructed from Talkeetna Spur Road to the communication site and a tower, cabinet, and other structures necessary for a communication site to be constructed and a tower installed that will be managed by MTA Communications, LLC. The driveway is to be located in the north 20 feet of the south 30 feet in an approximately 20 acre parcel that abuts Talkeetna Spur. The driveway would be included in the site lease and gated for controlled ingress and egress.

The land is currently not classified. Notwithstanding MSB 23.10.030(B) Unless otherwise provided by ordinance or this title, no borough-owned real property may be sold, leased for a term of ten years or longer, or exchanged until the same has been classified in accordance with the provisions of Title 15 of the borough code, staff are requesting a land classification within the lease ordinance of General Purpose pursuant to MSB 23.05.100(A)(4).

An NRCS soil survey was performed and show the soils to be about 50% Class IV, which are farmable in Alaska; however, due to the topography and location this property is more likely to be used for commercial or utility purposes. MTA has indicated, and borough mapping concurs, no access is available to this site except to create a driveway across the adjacent borough-owned parcel. Driveway access to be constructed by MTA

Public notice was provided in the Frontiersman, by mail to surrounding residents, community council, required boards and assembly members, and was posted on the Borough web site. Following this notice, several public comments were received. The comments and staff response are included partially in the Best Interest Finding narrative and fully in a spreadsheet attachment to the Best Interest Finding. The actual comments are also included as received.

**Authority:**

MSB 23.05.030(G) requires that a Best Interest Finding shall be completed when disposing of, exchanging, or otherwise conveying an interest in real property at less than fair market value.

MSB 23.10.030(C) requires Assembly approval by Ordinance of any lease greater than 10 years in length.

MSB 23.10.080 Application. All applications for purchase or use of borough-owned real property shall be filed with the manager according to the procedures adopted by assembly resolution. Each application shall be accompanied by the appropriate fee.

**RECOMMENDATION OF ADMINISTRATION:**

Classify borough-owned land to allow entering into a lease. Enter into a less than fair market value lease with MTA Communications, LLC for the proposed communication tower site so that MTA Communications, LLC may apply for the required Conditional Use Permit. Continuation of the lease is contingent upon their application and receipt of the required conditional use permit.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

ORIGINATOR: Community Development

SUBJECT: CLASSIFICATION OF BOROUGH LAND AS GENERAL PURPOSE LANDS AND LEASE OF BOROUGH-OWNED REAL PROPERTY TO CONSTRUCT, INSTALL, MAINTAIN, REPAIR, OPERATE, AND MANAGE A COMMUNICATION SITE. (MSB007139)

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <b>(YES)</b> NO
AMOUNT REQUESTED *	FUNDING SOURCE <i>Lease revenue</i>
FROM ACCOUNT #	PROJECT #
TO ACCOUNT : <i>203.000.000.3xx.xxx</i>	PROJECT #
VERIFIED BY: <i>Barbara Savinone</i>	CERTIFIED BY:
DATE: <i>5/24/16</i>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE		*	<i>—————</i>	<i>—————</i>	<i>—————</i>	<i>—————</i>
---------	--	---	--------------	--------------	--------------	--------------

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other		*	<i>—————</i>	<i>—————</i>	<i>—————</i>	<i>—————</i>
TOTAL		*	<i>—————</i>	<i>—————</i>	<i>—————</i>	<i>—————</i>

POSITIONS:

Full-Time						
Part-Time						
Temporary		<i>* Revenue subject</i>				

ANALYSIS: (Attach a separate page if necessary) *to lease agreement, for monthly rental rate and tax base revenue will increase annually*

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: *[Signature]* DATE: *5/26/16*

**BEST INTEREST FINDING  
For the  
Disposition of Borough-owned Land**

**I. Summary of Proposed Action**

Lease agreement with MTA Communicatons, LLC, for a tower site on borough-owned land.

**II. Property Site Factors**

A. **Location:** Township 25 North, Range 4 West, Section 19

B. **Legal Descriptions:** Two parcels:

Parcel 1:

Township 25 North, Range 4 West, Seward Meridian

Section 19: SE1/4SE1/4NW1/4, SW1/4SW1/4NE1/4.

Containing 20 acres, more or less,

According to the official U.S. Survey Plat of a portion of Township 25 North, Range 4 West, Seward Meridian, examined and approved by the U.S. Surveyor General's Office in Juneau, Alaska on January 15, 1919.; and

Parcel 2:

Township 25 North, Range 4 West, Seward Meridian

Section 19: SW1/4SW1/4NE1/4

Containing 10 acres, more or less,

According to the official U.S. Survey Plat of a portion of Township 25 North, Range 4 West, Seward Meridian, examined and approved by the U.S. Surveyor General's Office in Juneau, Alaska on January 15, 1919.

C. **Land Status:** Patent from the State of Alaska, Patent No. 17306, September 13, 1999.  
Patent from the State of Alaska, Patent No. 5281, August 11, 1981.

D. **Restrictions:**

1. Land Classification – This property is not classified at this time. Due to time constraints with the need to apply for conditional use permit and after consideration of possible uses, staff will request a land classification of General Purpose pursuant to MSB 23.05.100(A)(4).
2. Land Use Plans – This property is outside the Spur Road South special use district.
3. Title Restrictions –  
*Federal patent* reserves from the lands granted a right-of-way thereon for ditches or canals constructed by the authority of the United States and a right-of-way for the construction of railroads, telegraph, and telephone lines in accordance with the Act of March 12, 1914.

*State patent* is subject to valid existing trails, roads, and easements, reservation of a 50 foot wide perpetual public access easement along each body of water. ADL33042, a public access easement for parcels being sold by the state, not issued in Section 19 prior to conveyance to the Borough.

ADL32991, a public easement 10 feet in width, north-south direction, for construction and maintenance of an electric utility.

ADL21221, a right-of-way 25 feet on either side of the center line of "Willow-Talkeetna Road" for electrical distribution.

State patent further reserves all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials and fossils, right of entry for the same.

4. Covenants – None.
  5. Zoning – None.
  6. Easements & Other Reservations – See above, state and federal.
- E. **Current Land Use:** Currently vacant land
- F. **Surrounding Land Use:** Vacant, residential, Spur Road commercial.
- G. **Existing Infrastructure:** None.
- H. **Soils & Terrain:** Utilizing the NRCS web soil survey and the NRCS prime and important farm land matrix for Mat-Su, the property includes a mixture of Benka silt loam, Nancy silt loam, sloping, and Nancy silt loam, undulating. Approximately 4 acres are identified as farmland of local importance. Approximately 50% of the property is Class IV soils, which can still be utilized in Alaska depending on the capability subclass, but this area is much more likely to be used for residential or commercial use than agriculture.
- I. **Coastal Management:** No longer required.
- J. **Resources:** Trees.
- K. **Assessment:** The 2016 assessed value of Parcel 1 is \$80,500 or \$4,752 per acre and of Parcel 2 is \$40,500 or \$4,050 per acre.

### **III. Public and Board and Commission Comments**

Public notice placed in the Frontierman, on the borough's web site, and mailed out based on addresses obtained from the Borough property database, mailed to community council, appropriate boards, and assembly members. Following this notice, several comments were

received by phone, e-mail, and USPS mail. A spreadsheet is attached with the comments and response.

#### **IV. Analysis & Discussion**

Title to real property is held subject to matters of record, which usually include reservations and exceptions in federal and state patents and easements plus liens and encumbrances, if any. Review of matters of record for this property include federal and state title restrictions and state and borough land use case files for this area.

All comments are in the spreadsheet included. The main concerns are:

- A public use easement which could not be gated and thus encourage trespass, trash, vandalism, etc. There actually isn't a public use easement reserved at this time and a driveway will be part of the agreement on the condition it will be gated.
- Leasing of the only borough property left in Talkeetna when it should be reserved in case Talkeetna needs to use it. Leaving the land vacant does not guarantee it would be available for a town proposed use nor does leasing the property convey all of the rights of title.
- Colocation with other communication equipment. MTA Communications, LLC has stated they have explored the option of colocation and that other towers are not able to accept more equipment, not tall enough, or not located so the coverage and connectivity with other MTA towers is optimized.
- Potential health issues from electromagnetic exposure. Pursuant to the Telecommunications Act of 1996: No State or local government or instrumentality thereof may regulate the placement, construction, and modification of personal wireless service facilities on the basis of the environmental effects of radio frequency emissions to the extent that such facilities comply with the Commission's regulations concerning such emissions.

Lease of the property and development of access would provide benefit to borough residents through additional communication site coverage and better access to borough-owned property. Although comments have been made that would seem to indicate a tower is not a compatible use within this area, the site is outside of the special use district. Additionally, the permitted uses inside the SPUD include, but are not limited to, residential, commercial, retail, hotels, motels, campgrounds, parking lots, and utility facilities with the caveat that structures exceeding the maximum building height or building footprint development standards within this district are subject to a conditional use permit. Even though this tower site is outside the special use district, a conditional use permit is still required due to tower height.

MTA is a local co-op owned by residents of the borough. This best interest finding was completed with regard to a less than fair market value lease of the property to a utility cooperative.

#### **V. Recommendation**

Approval of a less than fair market value, 20-year lease, for a communication site and driveway access.

MSB007139 Public Notice Comments	Commenter	Comment	Response
2/2/2016	Cultural Resources	No objection.	
4/10/2016	Bill Stearns	I own D&S Road Services and have a road maintenance contract with MSB. I frequently fly low in the company helicopter to inspect roads and the like around the project. Accordingly, I am requesting that the proposed tower include provisions for top down aviation hazard illumination.	MTA Communications will be required to apply for a conditional use permit and the lease is conditioned upon approval of that permit. MTA is required to have a legal interest in the property prior to apply. The lease approval, contingent upon CUP, provides that interest. To the best of my knowledge tower parameters and illumination, etc., are addressed in the CUP process.
4/12/2016	Talkeetna Community Council	Public notice lacking in particulars of tower itself and "too close" to the SPUD boundary where tower height is limited to 100 feet.	Particulars of the tower fall under the Conditional Use Permit (CUP) process. The lease, contingent upon successful application for a CUP, is necessary to provide MTA Communications a legal interest in the property so they may apply for the CUP. The property for the tower site is outside of the SPUD boundary and is particularly geographically compatible with a tower site. Property inside the SPUD would only contain a driveway.
		Concerned that the tower height proposed will adversely affect the viewshed along a long stretch of Spur Road	The proposed tower site clearing is minimal but the tower may be required to have aviation hazard illumination.
		Fish Lake, 1/2 mile north, is a busy seasonal float plane lake. Concern a tower will have a safety risk to nearby aviation activities.	The MSB Aviation Advisory Board is notified as a part of Tall Tower CUP process.
		With our chartered interest in ensuring that the community values expressed in the SPUD are maintained, we encourage the colocation of equipment on shared towers.	MTA Communication and MSB discussed other area towers. They have investigated other cell towers in the area. This will likely be further delineated in the CUP.
		Proposed tower site is a very small parcel set back only 300 feet from adjoining private properties.	The proposed tower "site" is approximately 1.5 acres of the 10 acre parcel.

Im110-117  
OR110-078

MSB007139 Public Notice Comments	Commenter	Comment	Response
4/13/2016 4/13/2016 4/16/2016	Cathy Teich Randy/Kimberly Cummins Talkeetna Community Council	If tower is necessary, encourage the Borough to encourage colocation or lease larger parcel with greater setbacks at a greater distance from float plane base and SPUD boundary.	Colocation is encouraged. MTA Communications considered other properties prior to the application and found this site to be the best location for communication service and connectivity between towers in this area being upgraded.
4/7/2016 4/12/2016 4/29/2016 5/1/2016 5/4/2016	Deborah Vaughn Talkeetna Community Council Laura Wright Ellen Wolf Paul Button	Concern about construction of an access road on a public use easement that could not be gated as this would encourage trespass and undesirable/illegal activities on borough parcels and those adjoining.	The State originally created several potential access and utility easements in this area while selling properties. After a significant amount of research and discussions with the state, it has been determined that this property was conveyed to the Borough prior to any road PUE being issued. There is only a 20 foot wide utility easement. Land and Resource Management plans to include a 30 foot wide driveway with 20 feet cleared for access and a 10 foot buffer between the property and the private property to the South. Creation of the Vaughn Subdivision and plat did create a 30 foot wide public access easement on that northern property boundary. If a road should be considered necessary in the future, the Borough could grant a public access to allow for a 60 foot road but that is NOT the case at this time. The driveway would be a part of the lease and would be gated.
4/7/2016	Deborah Vaughn	According to EM Watch there is strong evidence that electromagnetic radiation from cell phone towers is damaging to human health.	Pursuant to the Telecommunications Act of 1996: No State or local government or instrumentality thereof may regulate the placement, construction, and modification of personal wireless service facilities on the basis of the environmental effects of radio frequency emissions to the extent that such facilities comply with the Commission's regulations concerning such emissions.

Im 16-117  
 DR 116-078

MSB007139 Public Notice Comments	Commenter	Comment	Response
5/1/2016 5/4/2016	Ellen Wolf Laura Wright	One of few borough properties remaining in Talkeetna and should be saved for use by Talkeetna residents.	While a lease does provide the Lessee with some legal interest in the property, all leases contain stipulations under which the lease expires or may be terminated and is not a permanent conveyance of property.
4/15/2016	John Strassenburgh	RSA29 is concerned about sight distance problem at intersection access road	MTA Communications, LLC, will need to apply to DOT for a driveway permit as Spur Road is a state maintained highway.

Im16-17  
DR16-078



## MATANUSKA-SUSITNA BOROUGH

### Planning and Land Use Department Cultural Resources Division

350 East Dahlia Avenue • Palmer, AK 99645  
Phone (907) 745-9859 • Fax (907) 745-9876

#### MEMORANDUM

**DATE:** 3 February 2016  
**TO:** Glenda Smith, Real Property Analyst  
**FROM:** Sandra Cook, Architectural Historian  
**SUBJECT:** MTA Communications, LLC, Talkeetna area for cell tower site  
**LEGAL:** Section 19, T25N, R04W, SM  
**TAX MAP:** TA 15

#### NO OBJECTION

Cultural Resources Division staff has reviewed the above application and finds there is are no known *recorded* sites on said property. This conclusion was derived through research of the documented sites on file in the Cultural Resources Division of the Matanuska-Susitna Borough and sites documented in Alaska Heritage Resource files at the State Office of History and Archaeology.

While we have no objection to the proposed action on the said property, and our records are not complete, we recommend caution during construction or related activities in the event cultural remains may come to light or be recovered. If cultural resources are found as a result of the above mentioned activity we would appreciate the chance to document them to augment our knowledge of local history. Cultural remains may include features such as cache pits, house pits, garbage pits, depressions and/or other non removable indications of human activity, as well as, artifacts, buildings, machinery, etc.

Recording of cultural resources or other remains does not change ownership status of materials found, they belong to the property owner, nor does it prohibit your activity request. If cultural remains are located please contact this office at (907) 861-8655 as soon as possible. This would enable us to photograph and record any cultural materials that may be observed. Thank you for your cooperation. We appreciate you helping us learn more about our past.

Sincerely

Sandra Cook  
Architectural Historian

NOTE§A.S.11.46.482 (a) of the Alaska Statutes states that

A person commits the crime of criminal mischief in the third degree if, having not right to do so or any reasonable grounds to believe the person have such a right...

(3) If a person knowingly

(A) defaces, damages or desecrates a cemetery or the contents of a cemetery or a tomb, grave, or memorial regardless of whether the tomb, grave, or memorial is in a cemetery or whether the cemetery, tomb, grave, or memorial appears to be abandoned, lost, or neglected; (B) removes human remains or associated burial artifacts from a cemetery, tomb, grave, or memorial regardless of whether the cemetery, tomb, grave, or memorial appears to be abandoned, lost or neglected.

To Glenda Smith

April 7, 2016

From Deborah Vaughan

RECEIVED

APR 13 2016

COMMUNITY DEVELOPMENT

Hi Glenda

We spoke on the phone a couple of months ago after I saw the MTA surveyors in my back yard. They were surveying for a new MTA cell site.

I was worried then about loss of privacy. I've since learned two things that trouble me. First, the proposed tower they want to build will be 200 feet tall. Second that if the access road is built on the public easement there cannot be a gate at the driveway. So the privacy issue is huge for us with a road right beside our house. I told you on the phone that we have owned this property since 1970. On the public notice I see an alternate access route which would be better, but would MTA have to lease more property from the borough in order to put a road in there?

I have a cabin on my property that I rent out. I advertise that it is in a quiet spot. The building of a cell tower would definitely impact the quiet, I advertise, during the busiest time of my season.

I asked you why MTA could not use the existing cell tower that is only 1 1/2 miles north from where MTA would like the new tower site, and you said you would ask. That existing tower is only 90 feet tall. That tower is on private property and so is the tower at mile 2 of the Talkeetna Spur Rd. I guess some people don't mind having a tower in their back yard.

Health danger is another serious concern for my family. According to EM Watch "There is strong evidence that electromagnetic radiation from cell phone towers is damaging to human (and animal) health". My 3 year old granddaughter lives here and plays outside every day. My daughter and I have maintained a snow shoe trail every winter for a number of years, around the perimeter of our property, right next to where the proposed cell tower site would be.

I know, we are only one family, but I certainly hope you will consider us when making your decision on whether to lease to MTA for this cell site.

Sincerely,

Deborah Vaughan



Jm16-117  
0216-078

## Glenda Smith

---

**From:** Bill Stearns <wstearns@mtaonline.net>  
**Sent:** Sunday, April 10, 2016 11:43 AM  
**To:** Glenda Smith  
**Subject:** <http://www.matsugov.us/?id=16383:public-notice-mta-lease> MSB007139

Glenda – I own D&S Road Services and which has a road maintenance contract with the MSB. I frequently fly low in the company helicopter to inspect roads and the like around the project. Accordingly, I am requesting that the proposed cell tower include provisions for top down aviation hazard illumination. Thank you.

Bill Stearns  
D&S Road Services  
907-733-2211 office  
907-733-1055 fax  
907-355-2066 cell voice/text



# Talkeetna Community Council, Inc.

A non-profit, community service organization

April 12, 2016

Dear Ms. Smith,

I am writing on behalf of Talkeetna Community Council Inc. (TCCI) with regard to the application by MTA (the Matanuska Telephone Association) to lease Parcel A006 of Section 25N04W19 to erect a cell tower. A copy of the required public notice of this proposed action from the borough was postmarked March 31, 2016 and received by Talkeetna Community Council Inc. shortly thereafter.

By unanimous vote at its April 4 regular monthly meeting, the TCCI Board of Directors wishes to go on the record as opposing the lease of borough land in this location for this purpose. The reasons for this are as follows:

- The public notice is lacking many of the particulars of the tower itself that are necessary to allow an informed judgement to be made, such as the size, type and height of the proposed tower, any technical specifications such as signal strength, lighting requirements, etc., the length of the proposed lease, and the amount of revenue that the borough will realize from this lease. Most if not all of this information must have been provided by the utility to the borough as part of their application and we are mystified as to why it has not been provided with the public notice.
- We have since learned that MTA is proposing to erect a 200-foot high tower on the site. This is about 1000 feet from the Spur Road and only about 250 feet from the eastern boundary of the "Spur Road South" section of the Talkeetna Special Use District (SPUD). We are concerned that a tower of this height will adversely affect viewshed along a long stretch of the Spur Road, and further is entirely too close to the boundary of the SPUD, where the limit on towers is 100 feet in height.
- Fish Lake, approximately ½ mile north of the proposed tower site, is a busy seasonal float plane base. We are concerned that a tower of this

*Talkeetna Community Council, Inc.*

*P.O. Box 608, Talkeetna AK 99676*

Jm16-117  
OR16-078  
685

height may represent a substantial safety risk to the nearby aviation activities.

- If a beacon is required atop the tower, either because of the 200-foot height or the proximity to the float plane base, this will have a further adverse impact on both the viewshed of the Spur Road and the residents living nearby.
- With our chartered interest in ensuring that the community values expressed in the Talkeetna Area SPUD are maintained, we encourage the collocation of this type of communication equipment on shared towers; there is a tower of a similar usage immediately north of Dragonfly Hollow Drive, approximately one mile north of the proposed site. We would urge the borough and MTA to fully explore the possibilities of collocating before allowing erection of a new tower.
- The proposed lease directly affects two borough-owned parcels with a combined assessed value of \$121,000. The Talkeetna area is experiencing sustained growth in population and with this as the case, publicly-owned land with ready access to the Spur Road will continue to increase in value on both a strictly monetary basis and as an asset for the community either as open space or more community-benefitting development. We do not know the amount of the lease payments the borough is expecting to receive from MTA for the use of these parcels, but we question if a long-term lease as a cell tower site this is the best use of a borough asset of this value.
- We are concerned about the construction of an access road along the southern boundary of Parcel B007 and part of the southern boundary of Parcel A006. We understand that this is would be a public easement and as such could not be gated. Without any means of restricting access, we are concerned that this may encourage trespassing and undesirable/illegal activities on not only the borough parcels but those of the adjoining neighbors.
- The proposed tower site is on a very small parcel, set back only about 300 feet from adjoining private properties. The extreme height of the proposed tower structure coupled with the possible lighting requirements will have a deleterious effect on these neighbors, their livelihood (the

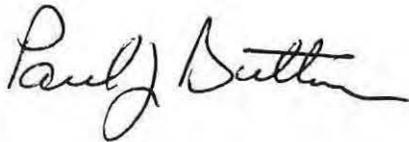
Im16-117  
UR16-078

owners immediately to the south of the tower site run a B&B whose primary selling point is the peace and quiet of a stay in an untrammelled birch forest), and the value of their property.

In conclusion we urge the borough to fully explore all alternatives to granting this lease to MTA as currently described, including but not limited to colocation of communications equipment on an already existing tower structure or leasing a larger parcel, with greater setbacks, at a greater distance from the float plane base, the Talkeetna SPUD boundary, and the Spur Road.

Thank you for providing us the opportunity to review and comment on this proposed action, and we look forward to working with you and MTA to arrive at a solution that meets the needs of all three parties in this matter – the borough, MTA, and the Talkeetna community.

Sincerely,



Paul J. Button  
Member, Board of Directors  
Talkeetna Community Council, Inc.

P. O. Box 155  
Talkeetna, AK 99676  
4-13-16

Glenda Smith  
Mat-Su Borough  
Land Management Division  
350 E. Dahlia Ave.  
Palmer, AK 99645

Dear Ms. Smith:

RE: MSB007139

There are reasons that this lease proposal is not the best possible use for this land:

1. There is a float plane lake less than a mile away. This would add an obstacle for airplane traffic. That's one more hazard to put in the way of pilots/passengers.
2. There is borough owed land (that already has a clearing or building) that already has access: library, transfer site, mile 5 fire station land, Talkeetna Lakes Park parking lot, etc.). This would be less expensive for the lessee, since no road would have to be built. It would be less waste of resources, as well as a more efficient use of resources.

The following is a question for MTA: Is it necessary to go to the maximum 200 ft. with the tower to get the coverage they need for the area? I looked at some information at this website: <http://www.connect802.com/height.htm> and saw this fact quoted:

“An outdoor wireless network system antenna should be installed at it's optimal height. If it's too low then it won't be able to properly 'see' it's partner and the connection will suffer. If it's too high then it's going to 'see' out over the horizon to a greater distance and pick up more environmental background noise and interference. "Higher" is not "better.”

That makes me wonder if they could get by with a shorter tower, which would also cost them less.

I appreciate your considering these things in making your decision on the lease agreement. I would hope that you would choose a spot that already has access, be more efficient for everyone, and would save resources.

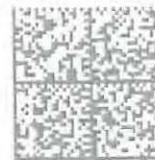
Respectfully,

Cathy Teich  
907-733-2155  
[cathyt@mtaonline.net](mailto:cathyt@mtaonline.net)

cc: MTA



MATANUSKA-SUSITNA BOROUGH  
 Community Development  
 Land Management Division  
 350 East Dahlia Avenue  
 Palmer, Alaska 99645



U.S. POSTAGE PITNEY BOWES  
 ZIP 99645 \$ 000.48<sup>5</sup>  
 02 1W  
 0001399405 MAR 31 2016

RECEIVED

APR 13 2016

Community Development  
 FIRST CLASS

225N04W19C002 6  
 CUMMINS RANDY C & KIMBERLY L  
 PO BOX 235  
 TALKEETNA, AK 99676-0235

# PUBLIC NOTICE

## MATANUSKA-SUSITNA BOROUGH PUBLIC NOTICE

Type: Lease (MSB007139)  
 Tax Map: TA15

Tax ID: 25N04W19B007 and  
 25N04W19A006

The Matanuska-Susitna Borough (MSB), Land & Resource Management Division, has received an application from Matanuska Telephone Association to lease property for an access drive and cell tower site. An access driveway would be in the southern 30 feet of parcel B007 and the proposed tower site in parcel A006. The proposed site pad would be approximately 60 x 60 feet with the total tower site approximately 300 feet x 400 feet to comply with Title 17 requirements.

Supporting material is available for public inspection during normal business hours on the 2<sup>nd</sup> floor of the Matanuska-Susitna Borough building in the Land Management Division. Public comment is invited on this request. If you have any comments please mail or deliver them to the borough offices at the address indicated above, no later than **April 30, 2016**. If you have questions about this application: call Glenda Smith at 861-7864 between 8:00-5:00 or you can send an e-mail to: [glenda.smith@matsugov.us](mailto:glenda.smith@matsugov.us) (PLEASE REFER TO MSB007139 WHEN SUBMITTING COMMENTS).

Comments: Not happy about this - there is another cell tower very close to where this one is to be placed. Makes ya wonder why companies can not be forced to share tower sites. No more northern lights photos from home - there will be flashing lights. Not the reason to live out

Signature: [Handwritten Signature] Phone: 907 841 0125 of town

(If you need more space for comments please attach a separate sheet of paper.)  
 For assistance with your property location, tax or assessment matters please call 861-7801.

MATANUSKA-SUSITNA BOROUGH  
 Community Development  
 Land Management Division  
 350 East Dahlia Avenue  
 Palmer, Alaska 99645

Matanuska-Susitna Borough  
 APR 13 2016  
 RECEIVED



Im 16-117  
 OR 16-078

\*This public notice & request for comments is in compliance with MSB Code 23.05.025  
 PLEASE TAPE CLOSED ON BOTTOM AND RIGHT OF STAMP

NOTE TO FILE MSB007139

FROM: Glenda Smith

DATE: 5/4/2016

Debra Vaughn left message

907-733-2485

Called about equipment cutting trees for "test road," very noisy, unloaded in her driveway. Did not know a decision had been made; hadn't heard from the Borough. Please call.

Called Ms. Vaughn --Discussed that the applicant is clearing for a driveway to locate testing equipment on the proposed tower site. It is not a public use easement. It is an access driveway. MTA has been given a right of entry to clear 20 feet of trees to locate testing equipment on the proposed tower site.

NOTE TO FILE MSB007139

FROM: Glenda Smith

DATE: 5/4/2016

Paul Button, Talkeetna Community Council member

907-233-5970

Call from a constituent regarding landscaping company being present ready to "blow a road in" to the property. Explained to Mr. Button MTA has received an early right of entry to clear a driveway. The property does NOT contain a 30 foot wide public use easement. This has been thoroughly researched and the state did not dedicate a road access on that property prior to conveyance and the issued easement is only for a 20 foot wide utility easement, which will be north of the road. The area to be cleared is to allow MTA to move testing equipment to the site. They need soil samples and they need to set up some type of signal testing equipment to gather data from satellites and other towers in the area, as I understand it. The driveway will be gated if a lease is issued and the borough may need to restrict access in the meantime.

Discussed that the way the Borough code is written, there is a tall tower conditional use permit that will need to be applied for by MTA; however, the rules require that the applicant have the authorized use of the property prior to submitting an application. Thus, the lease application is preceding the CUP application and will be contingent upon the receipt of a tall structure CUP. Due to the lifetime length of a tower, the lease will require Assembly approval which then gives MTA authorization to apply for the conditional use permit.

Mr. Button said he would call his constituent back to provide information. I asked if it was Ms. Vaughn and told him I had spoken with her this morning but we discussed different information than he and I had discussed. He said it was Ms. Vaughn and he would call her back with the information we discussed.

IM16-117  
OR16-078

**Glenda Smith**

---

**From:** John <jsandrw@matnet.com>  
**Sent:** Friday, April 15, 2016 10:46 AM  
**To:** Glenda Smith  
**Cc:** FitzGerald Billy; Johnston Dave; Mike Lachelt  
**Subject:** comments re MSB007139

April 15, 2016

Regarding Public Notice MSB007139 MTA lease Talkeetna Spur Road

Dear Glenda,

At its April 14, 2016 regular meeting, the RSA29 Board of Supervisors discussed Public Notice MSB007139, which asked for comment on an application from MTA to lease borough owned property for an access drive and cell tower site. The subject property fronts the Talkeetna Spur Road, which would provide access to the site. The Board was concerned about potential sight distance problems at the intersection of the proposed access roads and the Spur Road. The sight distance problem is mostly caused by the crest of a hill. The Board recommends that this problem be thoroughly investigated prior to approving any lease.

Thanks for this opportunity to comment.

Sincerely

John Strassenburgh  
RSA29 Primary Supervisor

PO Box 371  
Talkeetna, AK 99676  
May 1, 2016

Glenda Smith  
Mat-Su Borough

Dear Ms. Smith,

I am writing in regard to MSB007139, the Matanuska Telephone Association application to lease Parcel A006 of Section 25N04W19 to erect a cell tower.

I am opposed to the lease of this borough land for this purpose.

The property in question is one of few borough properties remaining in our area; using it for a 200 foot high cell tower makes little sense, especially considering the fact that better locations exist. It makes far more sense to co-locate a new cell tower where existing cell towers are located. The existing cell tower near Dragonfly Hollow Drive is only a mile or so away from this site; MTA should be encouraged to consider this and other locations. While cell towers are here to stay, communities all over the country have grappled with the unsightliness of these towers and gotten creative about minimizing their visual impact.

Many in our community put lots of effort into creating the SPUD because we are concerned about keeping the Spur Road from little by little being degraded by unnecessary development, lights, signs, or clearings, etc. Another problem with this lease would be the construction of yet another access road from the Spur Road, especially one that would be a public easement leading to nowhere. This could encourage undesirable activity with detrimental impacts to not only the property in question but to neighboring properties.

The MSB property in question is too valuable to for this use.

Please deny this lease.

Thank you for your consideration.

Sincerely,

Ellen Wolf  
907 733 1525

Im16-117  
OR16-078

## Glenda Smith

---

**From:** Laura Wright <lauraw@mtaonline.net>  
**Sent:** Friday, April 29, 2016 6:42 PM  
**To:** Glenda Smith  
**Subject:** MSB007139

RE: MSB 007139 - Land Lease to MTA

Hello,

I am strongly against the borough leasing this land to MTA. This is NOT a good use of our land. There is very little borough-owned land in the Talkeetna area and even less that is fairly close to the Spur Road. I would like the folks at the Land Management Division to look back to about 1996 when a 14-acre parcel was included in a land auction. The local residents were successful in getting the parcel pulled from the sale...and that land is now where our library and warm storage facility are! There is another borough parcel that fronts this potentially leased parcel and that is all the more reason to keep the two parcel in the hands of the people...the Borough... and not lease it out. We may not know what we might want this used for that can benefits many residents... it is not a cell tower!

A lease of land for a cell tower....when we already have three... along the Spur Road is not responsible.

Additionally, this lease requires a road to be built. We have enough roads that front the Spur Road. Roads going to nowhere will bring trash and dumped moose carcasses.

Please do not allow this lease to happen.

Sincerely,

Laura Wright, Talkeetna resident  
733-2510



## **MATANUSKA-SUSITNA BOROUGH**

### **Community Development Department**

350 East Dahlia Avenue • Palmer, AK 99645

Phone (907) 861-7869 • Fax (907) 861-8635

E-mail: [lmb@matsugov.us](mailto:lmb@matsugov.us)

### **COMMUNICATION SITE LEASE**

THIS LEASE (the "Lease") is entered into this 21st day of June 2016, by and between:

MATANUSKA SUSITNA BOROUGH (hereinafter "Lessor"), a municipal corporation formed under the laws of the State of Alaska, whose mailing address is 350 E. Dahlia Avenue, Palmer, Alaska 99645;

and

MTA Communications, LLC, a Limited Liability Company (hereinafter "Lessee"); whose mailing address is ATTN: Alisha Naylor, 1740 S Chugach Street, Palmer, Alaska 99645

The parties recite that:

- A. Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, a parcel of land more specifically described and depicted on Exhibit A attached to and for all purposes made a part of this Lease.
- B. The parties desire to adopt this Lease as a complete and final statement of all of the promises, covenants, terms and conditions in effect and binding between them.
- C. Lessor is entering into this Lease as land owner, exercising its power to manage its own lands under Alaska Statute 29.35.010(8), and the applicable provisions of the Matanuska-Susitna Borough Code ("MSB Code") Section 1.10.010(A)(9) and Title 23. The Matanuska-Susitna Borough Community Development Department, Land and Resource Management Division is responsible for management of borough-owned real property, timber, and gravel resources including lease origination, management, oversight, and enforcement, pursuant to Sections 23.05.010, 23.05.050, 23.05.070, 23.10.060, and 23.10.180 of MSB Code.

MSB007139

1

In so acting, Lessor is not waiving, and Lessor is explicitly reserving unto itself, all of its governmental authority, sovereignty and power to enact and enforce laws and regulations governing land use and development, or the conduct of any business or activity, anywhere within the Borough. Nothing in this Lease shall waive or otherwise diminish Lessor's governmental authority, sovereignty and power with respect to leased land or Lessee's use or occupancy of it.

- D. The Matanuska-Susitna Borough cannot, and does not, through this Lease, make any representations, warranties or guarantees as to the future results of any land use permits, applications, or proposals which are governed by Matanuska-Susitna Borough Code. MTA Communications, LLC must obtain a conditional use permit in conjunction with this lease.

NOW, THEREFORE, in consideration of the promises and covenants set out below, the parties agree as follows:

**Section 1. Premises Leased.**

- 1.1 Leased Premises. Lessor, for and in consideration of the rents, covenants and conditions hereinafter specified to be paid, performed and observed by Lessee, leases to Lessee, and Lessee leases from Lessor, land situated Talkeetna Spur Road. The leased land is more particularly described and the site depicted on Exhibit A. Within 180 days of lease effective date Lessee will provide the Borough an Amended Exhibit A with reference to the Record of Survey of the leasehold recorded in the Talkeetna Recording District. At that time, the parties will execute an Amendment to incorporate the Amended Exhibit A into this document. The As-Built Amendment will define the actual acreage of the leasehold. The leased land, together with all rights, easements, privileges and appurtenances attaching or belonging to the described land, but subject to the reservation contained in Section 1.2 below, is referred to hereafter as the "Leased Premises."
- 1.2 Reservation of Minerals and Resources. All oil, gas, coal, other hydrocarbons, geothermal resources, rock, sand, gravel, peat, timber, and minerals of whatever nature on, in or under the above-described land are excluded from the Leased Premises and reserved to Lessor. Lessor may, nevertheless, grant Lessee a permit to make use of the timber, rock, sand, or gravel found on the Leased Premises in Lessee's development of the Leased Premises, which may require Lessee to obtain any required permit. Lessor has not promised or obligated itself to providing any such permit to Lessee. If Lessor mines and/or extracts any of the reserved minerals or resources, Lessor agrees that the mining and/or extraction shall not interfere with Lessee's business and activities on the Leased Premises or its access to the Leased Premises.

**Section 2. Term.**

- 2.1 Lease Term. This Lease shall be and continue in full force and effect for an initial term of twenty (20) years (the "Initial Term") commencing as of June 21, 2016, and expiring at 11:59 p.m. on June 20, 2036, unless earlier terminated as provided in this Lease.

2.2 Option to Renew. Lessee may apply to renew this Lease for up to two (2) additional periods of up to five (5) years each (the "Renewal Term"). To effectively exercise an option to renew, Lessee must not be in default of any of its obligations at the time of the exercise or at the time of the commencement of any Renewal Term. During the Renewal Term(s), all of the provisions of this Lease shall remain in full force and effect, except that the rent Lessee shall pay to Lessor shall be adjusted as is provided for below.

2.2.1 Unless otherwise agreed in writing by lessor and lessee, lessee will apply for lease renewal no more than 180 days prior to lease expiration and no less than 120 days prior to lease expiration. Lease renewal for periods of 5 years may be approved by the Borough Manager.

### **Section 3. Use and Occupancy.**

3.1 Permitted Use. The non-exclusive use of Premises shall be to construct, install, maintain, repair, operate, and manage a communication site, including but not limited to the construction and maintenance of a driveway, a tower 205 feet in height, structural tower base, communications equipment, and an equipment cabinet.

3.1.1 Collocated Communication Equipment. Lessee is encouraged to cooperate with other companies interested in equipment collocation. It is to be noted that collocation of equipment and/or additional collocated cabinets is subject to application for and receipt of an appropriate land use lease from MSB Land and Resource Management Division for surface cabinet space at the site and requires Development Plans from any and all collocators.

3.2 Quiet Enjoyment. Upon Lessee's timely payment of all of rents and other sums required to be paid by Lessee under this Lease, and upon Lessee's full and faithful observance and performance of all of its obligations contained in this Lease, and so long as such observance and performance continues, Lessee shall peaceably hold and enjoy the Leased Premises during the Term without hindrance or interruption by Lessor or anyone lawfully claiming by, through, or under Lessor.

3.3 Repair and Maintenance. Lessee shall, at Lessee's expense and without notice from Lessor at all times during the Term, keep the Leased Premises and all Improvements now existing or hereafter built on the Leased Premises (including but not limited to exterior building walls, windows, doors, fences, signs, landscaping and yard areas, refuse disposal equipment and facilities, pavement, curbs, gutters, exterior lighting, and drainage facilities), in good order, condition, maintenance, operability, and repair and of a neat, clean, and pleasing appearance reasonably satisfactory to Lessor.

3.4 Compliance with Laws. Lessee, at all times during the Term, at its own expense, and with all due diligence, shall observe and comply with all laws, ordinances, rules, and regulations that are now in effect or that may later be adopted by any governmental authority (including Lessor), and that may be applicable to the Leased Premises or any Improvement on it or any use of it.

3.5 Authorized Representative. Immediately after the execution of this Lease, Lessee shall provide Lessor with the name and contact information (including cell phone number and e-mail address) for Lessee's principal point of contact for Lessee's operations on the Leased Premises. Lessor shall be entitled to directly communicate with the named individual for all matters under this Lease. Lessee shall promptly notify Lessor of any change in the person acting as Lessee's Authorized Representative for the Leased Premises.

3.6 Supervision. Lessee shall maintain reasonable and adequate on-site supervision of the Leased Premises to insure that the terms and conditions of this Lease and all applicable federal, state and borough laws, rules, and regulations governing operations within the Leased Premises are enforced.

3.7 Signage. Lessee shall not place on the Leased Premises any signage that is unrelated to any business Lessee is operating on the Leased Premises. Lessee's signage shall conform to the requirements in 17.25 Talkeetna Special Land Use District, if signage is placed on the Talkeetna Spur Road. No electioneering or campaign signs of any kind shall be placed upon the Leased Premises.

3.8 Utilities. Lessee shall pay for all utility services consumed or used on the Leased Premises.

3.9 Waste and Wrongful Use. Lessee shall not commit or suffer any strip or waste of the Leased Premises, or engage in any unlawful activity, or engage in any unauthorized activity that is unsafe, results in any public or private nuisance thereon, or adversely affects the value, character, or utility of Lessor's surrounding property.

3.10 Setbacks. Lessee shall observe all setback requirements applicable to the Leased Premises and shall not construct or maintain any building or other structure whatever between any road or other specified rights-of-way boundary of the Leased Premises and any setback along such boundary, except for fences or walls approved by Lessor. Lessor reserves the right to make use of, and to grant utility easements and other rights to third parties in, the setback areas of the Leased Premises.

3.11 Inspection and Repair. Lessee shall repair, maintain and make good all conditions required under the provisions of this Lease, permit requirements and applicable laws within a time frame provided for curing a default under the terms of this Lease. In the event of an emergency, Lessor's notice may be verbally given and followed after-the-fact by written notice. If Lessee refuses or neglects to provide reasonable and necessary repairs or maintenance for the Leased Premises as required under the terms of this Lease to the reasonable satisfaction of Lessor after written demand, then Lessor, without prejudice to any other right or remedy it has under this Lease or otherwise, may perform such reasonable and necessary maintenance work or make such repairs without liability to Lessee for any loss or damage that may accrue to Lessee's merchandise or other property or Lessee's business by reason thereof. Upon completion of any such repair or maintenance, and no later than thirty (30) days after presentation of an invoice therefore, Lessee shall pay as additional rent Lessor's reasonable costs for making such necessary repairs or performing such maintenance, plus fifteen percent (15%) of the repair cost to cover Lessor's overhead.

3.11.1 Condition of Premises. Lessee has had an opportunity to inspect Premises and enters into this lease solely in reliance on lessee's own examination and not by reason of any representation by the Borough. Lessee accepts the Premises in present condition "AS IS WHERE IS". No reliance shall be placed on any opinion, material, or information provided by or through Borough, and Lessee does so at its own risk, cost, and expense.

#### **Section 4. Rent.**

Rent for the initial five years of the lease shall be determined by as-built survey acreage at a less than fair market value negotiated rate of \$150 per acre per month as outlined in 4.1.1.1.

4.1 Rent. Rent may be based on a combination of rent for the land and rent for any other collocated authorized users (collectively referred to as "Authorized Users"). Prior to collocation of ground or air structures by another company as an Authorized User they shall obtain a land use lease through Land and Resource Management Division, for cabinet or other structure location.

4.1.1.1 Land Rent. Based on the site plan and acreage, Lessee shall pay in advance the land rent of \$250.00 a month during the time necessary to obtain a Tall Tower Conditional Use Permit and for the construction phase. The construction phase includes the access driveway and entire parcel of the tower site. Upon conclusion of construction, Lessee will obtain and record, at Lessee's cost, a Record of Survey for the communication tower site and driveway with a separate acreage shown for the tower site and the driveway. A conformed copy of the Record of Survey will be provided to the Lessor and Lessee shall pay to the Borough \$150 per acre per month.

4.1.1.1.1 Land rent will be increased by 2.5% or CPI, Anchorage, whichever is higher, each July 1.

4.2 Taxes. Lessee shall pay all taxes imposed by MSB on Premises and improvements thereon or any other taxes relating to its operations during the term of the Lease.

4.3 Assessments. Lessee shall pay its pro rata share of assessments charged against Premises. Borough will send a written notice with a detailed explanation of any assessments pertaining to Premises to Lessee. Lessee shall pay assessment within thirty (30) days of receipt of written notice from Borough.

4.4 Failure to Pay. If Borough must pay any tax, assessment, penalty, or interest because of the failure of Lessee to pay such taxes, assessments, penalties, or interest, such obligations shall be considered a debt to Borough.

4.5 Late Charge. In the event Lessee fails to make any payment of rent or any other payments due hereunder upon the date due, Borough shall be entitled to collect from Lessee a late charge equal to six percent (6%) of the amount of the delinquent payment or \$50.00, whichever is greater.

4.6 Interest Charge. Failure to pay rent or any other payments due under the Lease on the date due shall be subject to interest at the rate of 10.5% per annum.

## **Section 5. Special Requirements.**

5.1 Electrical Power. Lessee shall pay for all electric power and other charges or expenses incurred for Premises to supply the electric power.

5.2 Compliance with Laws. Lessee shall conform with all local, state, and federal applicable laws and regulations of public authority affecting Premises and the use thereon and assume, at Lessee's sole expense, any costs of such compliance including any fines or penalties. Lessee shall obtain all federal, state, and local permits and licenses necessary to operate under this lease, including but not limited to compliance with Federal Communication Commission (FCC) requirements, Federal Aviation Administration (FAA) requirements, Title 47 CFR, National Telecommunications and Information Administration (NTIA), ANSI/NFPA 70.

5.3 Minerals and Valuable Materials. Lessee shall not remove or sell valuable materials, held by the Borough, including but not limited to gravel and timber without written consent of Borough.

5.3.1 Lessee will reimburse MSB for any gravel from the Premises utilized in construction of the access road or construction site at FMV. Authorization for same may be obtained by providing an application to Resource Specialist, Land and Resource Management Division, (907) 861-8572.

5.3.2 Lessee will make timber removed for construction that is  $\geq$  4-inch diameter at breast height (DBH) available to the Lessor through notification of the Resource Manager, Land and Resource Management Division, (907) 861-7863.

5.4 Fire. To the extent possible, Lessee shall protect Premises from fire and shall report any fires on Premises to Borough, by phone, as soon as possible, at the phone number shown on the signature page.

5.5 FCC License. Lessee shall operate its equipment and units in compliance with the rules and regulations of the Federal Communications Commission or Lessee's license authority. Within thirty (30) days prior to the beginning of operation and any subsequent collocation, Lessee shall furnish Borough with a copy of its current license and subsequent renewal license to: Matanuska Susitna Borough, Land and Resource Management Division, MSB007139, 350 East Dahlia Avenue, Palmer, Alaska, 99645.

5.6 Hazardous, Toxic, or Harmful Substances.

5.6.1 Deleterious Material. Lessee shall not make, or suffer to be made, any filling in of Premises or any deposit of rock, earth, ballast, refuse, garbage, waste matter, chemical,

5.6 Hazardous, Toxic, or Harmful Substances.

5.6.1 Deleterious Material. Lessee shall not make, or suffer to be made, any filling in of Premises or any deposit of rock, earth, ballast, refuse, garbage, waste matter, chemical, biological, or other wastes, hydrocarbons, any other pollutants, or other matter within or upon Premises, except as approved in writing by Borough. If Lessee fails to remove all non-approved fill material, refuse, garbage, wastes, or any other of the above materials from Premises, Lessee agrees that Borough may, but is not obligated to, remove such materials and charge Permittee for the cost of removal and disposal.

5.6.2 Hazardous, Toxic, or Harmful Substances. For the purposes of this Lease, the term "Hazardous Material" means any hazardous or toxic substances, material, or waste, including but not limited to oil, petroleum products and byproducts, gasoline, diesel fuel, stove oil, kerosene, and other hydrocarbons; those substances, materials and wastes listed in U.S. Department of Transportation Hazardous Materials table (49 CFR Part 172.101) or by the U.S. Environmental Protection Agency as hazardous substances (40 CFR Part 302), and amendments thereto; all materials the release of which must be reported under Title 46 of Alaska Statutes; and any such other substance, materials, and wastes that are or become regulated under any applicable local, state, or federal law.

5.6.2.1 Lessee or any authorized users shall not keep on or about Premises, any substances now or hereinafter designated as or containing components now or hereinafter designated as hazardous, toxic, dangerous, or harmful (and/or which are subject to regulation as hazardous, toxic, dangerous, or harmful) by any federal, state, or local law, regulation, statute, or ordinance (hereinafter collectively referred to as "Hazardous Substances") unless such are necessary to carry out Lessee's permitted use under Section 3 and unless Lessee fully complies with all federal, state, and local laws, regulations, statutes, and ordinances now in existence or as subsequently enacted or amended. Any substances designated as hazardous, toxic, dangerous, or harmful that are necessary to carry out Lessee's permitted use will be reported to Lessor, in writing, and copies of required permits will be provided to Lessor.

5.6.2.2 Lessee shall immediately notify Borough of any of the following:

5.6.2.2.1 all spills or re-permits of any Hazardous Substance in, on, or adjacent to Premises,

5.6.2.2.2 all failures to comply with any federal, state, or local law, regulation, or ordinance, as now enacted or as subsequently enacted or amended,

5.6.2.2.3 all inspections of Premises by, or any correspondence, orders, citations, or notifications from any regulatory entity concerning Hazardous Substances affecting Premises,

5.6.2.2.4 all regulatory orders or fines, or all response or interim cleanup actions taken by or proposed to be taken by any government entity or private party concerning Premises.

5.6.2.2.5 on request, Lessee shall provide copies to Borough of any and all correspondence, pleadings, and/or reports received by or required of Lessee or issued or written by Lessee or on Lessee's behalf with respect to the use, presence, transportation, or generation of Hazardous Substances in, on, about, or adjacent to Premises.

5.6.2.3 Lessee shall be fully and completely liable to Borough, and, to the full extent permitted by law, shall indemnify, defend, and hold harmless Lessor and its elected and appointed officials, employees, officers, and agents with respect to any and all damages, costs, fees (including attorney's fees and costs), penalties (civil and criminal), and cleanup costs assessed against or imposed as a result of Lessee or authorized user's use, disposal, transportation, generation, and/or sale of Hazardous Substances or that of Lessee's employees, agents, assigns, contractors, subcontractors, licensees, or invitees.

5.7 Non-Ionizing Electromagnetic Radiation (NIER). Lessee shall comply with standards or requirements in effect for non-ionizing electromagnetic radiation levels as established by the Environmental Protection Agency (EPA) or other governing agencies.

5.8 Weed Control. Weed control shall be approved in writing by Borough prior to beginning such activities. No aerial spraying without prior approval by Borough is allowed.

5.9 Survey. Lessee shall submit a recorded Record of Survey for the Premises within thirty (30) days of completion of the construction phase, stamped by a licensed surveyor or engineer.

## **Section 6. Assignment, Insurance, and Indemnity**

6.1 Assignment. Lessee shall not hypothecate, mortgage, assign, subpermit, transfer, or otherwise alienate this lease ("Assignment"), or any interest therein, without the prior written consent of Borough, which consent shall be at the sole discretion of Borough; however, the Borough will not unduly withhold consent. The consent of Borough to any one assignment shall not constitute a waiver of Borough's right to consent to subsequent assignments, nor shall consent of Borough to any one assignment relieve any party previously liable as Lessee from any obligations under this Lease. The acceptance by Borough of the payment of rent following an assignment shall not constitute consent to any assignment and Borough's consent shall be evidenced only in writing.

Name Change. If during the term of this Agreement Lessee changes its name, Lessee shall provide Borough with documentation legally supporting the name change within 60 days of the effective date

of the change. Lessee may contact Matanuska-Susitna Borough, Land and Resource Management Division for a list of acceptable documentation.

## 6.2 Lessee's Assumption of Liability, and Liability and Casualty Insurance

6.2.1 Assumption of Liability. Borough shall have no responsibility with respect to any aspect of Premises or any activity conducted thereon from and after the effective date of the lease. Lessee shall indemnify and save Borough harmless from any and all liability, damage, expense (including attorney fees and costs), cause of action, suits, claims, or judgments by any reason whatsoever caused or arising out of the use, occupation, and control of Premises by Lessee, Collocated Lessees, invitees, agents, employees, licensees, or permittees except as may arise solely out of the willful act or gross negligence of Borough or Borough's officers, agents, or employees.

6.2.2 Evidence of Insurance. Lessee must furnish evidence of insurance in the form of a Certificate of Insurance satisfactory to Borough, executed by a duly authorized representative of each insurer showing compliance with the insurance requirements set forth below. The Certificate of Insurance must reference the Matanuska Susitna Borough as a certificate holder and shall contain the MSB Agreement number. Before implementing this Agreement, Lessee must provide proof of coverage.

6.2.3 Cancellation. The Certificate(s) of Insurance must provide 45 days written notice to Borough before the cancellation, non-renewal, or material change of any insurance coverage included therein. Notices must be sent to Borough via certified mail.

6.2.4 Minimum Coverage Requirements. The Minimum Coverage Requirements set forth the minimum limits of insurance Lessee must purchase to secure a contract with the Borough. These limits may not be sufficient to cover all liability losses and related claim settlement expenses. Purchase of these minimum limits of coverage does not relieve Lessee from liability for losses and settlement expenses greater than these amounts.

During the term of this Agreement, Lessee must purchase and maintain, and shall require all authorized collocated lessees or independent contractors to maintain while performing work on Premises, the minimum insurance coverages and limits in Exhibit C, which may be increased by Borough at its sole discretion:

The Lessee waives all rights against the Borough for the recovery of damages to the extent they are covered by business auto liability or commercial umbrella liability insurance.

6.3 Self-Insurance. In lieu of the coverages required under Exhibit B Insurance "Minimum Coverage Requirements," Borough at its sole discretion, may accept evidence of self-insurance by Lessee, provided Lessee provides the following:

6.3.1 Lessee shall provide a statement by a CPA or actuary; satisfactory to the Borough that demonstrates Lessee's financial condition is satisfactory to self-insure any of the required insurance coverages.

6.3.2 Borough may require Lessee to provide the above yearly to ensure Lessee's continuing ability to self-insure. If at any time Lessee does not satisfy the self-insurance requirement, Lessee shall immediately purchase insurance as set forth under "Minimum Coverage Requirements".

6.3.4 Aside from any "self-insurance" guaranteed by the Lessee, it is the responsibility of Lessee to ensure that its contractors, agents, employees, guests, invitees, Collocated Authorized Users, or affiliates in, on, under, or above Premises, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of Premises, meet minimum insurance requirements described above.

## **Section 7. Indemnity**

7.1 Lessee assumes all responsibility, risk, and liability for its activities and use of or contact with the Leasehold. The Lessee shall defend, indemnify, save, and hold harmless the Borough, its elected and appointed officials and officers, agents, and employees, from and against any and all demands, causes of action (whether in the nature of an action for damages, indemnity, contribution, government cost recovery, hazardous materials or otherwise), fines, judgments, suits, claims, actions, proceedings, losses, costs (including full reasonable attorney's fees and costs), expenses, charges, forfeitures, liens, liabilities, settlements, penalties, and damages of any kind or nature whatsoever, including, but not limited to those alleging personal injury, wrongful death, nuisance property damage, economic loss, damages, violation of statutes, ordinances, constitutions, or other laws, rules, or regulations, contractual claims, environmental contamination (including any disposal, release, spill or discharge or any threatened disposal, release, spill, or discharge of, or contamination by hazardous materials), and environmental noncompliance (including the Lessee's failure to provide all information, make all submissions, and take all steps required by the authority under the environmental laws or any other law concerning any spill, discharge, or contamination), or any other kind of loss, tangible or intangible, sustained by any person, or property arising out of, in connection with, directly or indirectly from, or otherwise incident to Lessee's, Lessee's officers, agents, employees, partners, attorneys, suppliers, and subcontractors' Leasehold activities or performance related to this lease in any way whatsoever or use of or contact with the Leasehold, except to the extent the sole legal cause of injury or damage is the negligence or willful misconduct of the Lessor or anyone acting on the Lessor's behalf. This defense and indemnification responsibility includes claims alleging acts or omission by the Lessor or its agents which are said to have contributed to the losses, failure, violations, or damage. However, the Lessee shall not be responsible for any damages

or claim arising from the sole negligence or willful misconduct of the Lessor, its agents, or employees.

7.1.1 The obligations of the Lessee to indemnify the Lessor under the terms of this lease shall survive transfer, assignment, or other disposition of an interest in this lease as well as the expiration, forfeiture, relinquishment, abandonment, or other termination of this lease.

7.1.2 The Lessee shall name the Lessor as an additional insured on all insurance policies obtained and maintained by the Lessee. Any insurance purchased by the Lessee under this section will not be construed to limit in any way the Lessee's liabilities or responsibilities under this lease.

7.2 If any portion of this clause is voided by law or a court of competent jurisdiction the remainder of the clause shall remain enforceable.

## **Section 8. Default and Termination.**

8.1 Breach by Lessee. In the event of any breach of any provision of this Lease by Lessee, the breach, whether material or not, shall be deemed a default entitling Borough to cancel this Lease and seek any other remedies set forth in this Lease or otherwise available at law or equity, after Borough has delivered to Lessee notice of the breach and a demand that the same be remedied immediately. Lessee shall not be in default if the breach pertains to the payment of money and Lessee cures the breach within twenty (20) days of receipt of the notice, or if the breach pertains to a matter other than the payment of any monies due under this lease, and Lessee promptly commences to cure the breach and cures the breach within forty-five (45) days after receipt of the notice.

8.2 Re-entry. In the event of any default by Lessee, Borough shall have the right, with or without canceling the Lease, to re-enter the Premises and remove all persons and property from Premises and take whatever actions may be necessary or advisable to relet, protect or preserve the Premises. Borough shall not be responsible for any damages or losses suffered by Lessee as a result of such re-entry, removal, storage, or other disposition, and no such action shall be construed as an election to terminate this Lease unless a written notice of termination is given to Lessee.

8.3 Termination of Agreements. Borough may terminate this lease for default by Lessee and subject to any non-disturbance and attornment agreements, if any, Borough shall have a right to terminate any and all subpermits, licenses, concessions, or other arrangement for possession affecting Premises.

8.4 Right to Cure. If Lessee fails to perform any undertaking or promise contained herein, Borough shall have the right but not the obligation to make such performance thirty (30) days after expiration of the notice to cure defaults stated above. Borough's expenditures to correct Lessee's failure to perform shall be reimbursed by Lessee.

8.5 Remedies Cumulative. The specified remedies to which Borough or Lessee may resort under the terms of this permit are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Borough or Lessee may lawfully be entitled in case of any breach or threatened breach by Borough or Lessee of any provision of this permit.

8.6 Insolvency. If a receiver or trustee is appointed to take possession of all or substantially all of the assets of Lessee; or if any action is taken or suffered by Lessee pursuant to an insolvency, bankruptcy or reorganization act; or if Lessee makes a general assignment for the benefit of its creditors; and if such appointment, action or assignment continues for a period of thirty (30) days, it shall, at Borough's option, constitute a material breach by Lessee.

8.7 Termination Upon Notice. Lessor or Lessee may terminate this agreement for any reason or for no reason upon 180 days prior written notice.

## **Section 9. Access and Driveway Maintenance.**

9.1 Access. Provisions for access to Premises are as follows:

9.1.1 No Access. Access to this site will be from Talkeetna Spur Road. Lessee is solely responsible for constructing legal driveway access to Premises. All driveway construction will be in compliance with current Matanuska Susitna Borough road construction standards. Lessee is responsible for obtaining any necessary permits for driveway construction. Such access must contain a provision that entitles Borough to use the access as a licensee to the extent necessary to administer this lease.

9.1.2 Restricting Access. Lessee will, at its sole expense, restrict public access to the Premises and Tower by construction of at least a 6-foot chain link gated fence around the cell tower site. Access to borough property and tower site property outside the fence will be limited by a locked, gated driveway.

9.2 Driveway Repair/Maintenance. Lessee shall repair or cause to be repaired at its sole cost and expense that damage to said driveway.

9.3 Improvements. Lessee shall construct no improvements to roads where access has been provided by Borough without the prior written consent of Borough, which shall not be unreasonably withheld. Unless Borough agrees to share in the cost of the improvement in writing, the improvements shall be at the sole cost of the improver.

9.4 Insurance. The provisions under Section 6 – Assignment, Insurance, and Indemnity- shall apply to Lessee's use of roads or driveways authorized herein.

9.5 Time Restrictions. Road or driveway maintenance shall take place after June 15 and prior to October 15 of each year. Lessee shall provide Borough with a driveway or road (for any borough

roads involved) maintenance plan to be accepted by Borough prior to June 1 of each year. MTA Communications, LLC plans to use snowmachines for winter access, as needed.

## **Section 10. Improvements.**

10.1 Site Plan. Lessee has submitted and Borough has accepted a site plan, which is attached as Exhibit C. Lessee shall not construct any improvement unless such improvements are authorized in an approved site plan. The plan shall not be changed without prior written acceptance by Borough.

10.2 Utilities. Prior to excavation, clearing, or construction, Lessee will employ a utility locator service, at no cost to Borough, to check the permit area for buried utilities.

10.3 Unauthorized Improvements. All improvements made on Premises without the written consent of Borough are unauthorized and shall, at the option of Borough, be removed by Lessee, be removed by Borough at the cost to Lessee, or become the property of Borough.

10.4 Maintenance and Repair of Improvements. Lessee shall maintain and repair all improvements owned by Lessee, at its own cost.

10.5 Removal of Improvements. Lessee shall remove all Lessee owned improvements, including fixtures, from Premises within sixty (60) days from the Termination Date unless otherwise provided herein. In the event Borough authorizes Lessee owned improvements to remain past the sixty-day period, Lessee shall pay to Borough the contract rent then in effect from the Termination Date until the improvements are removed. If Lessee fails to remove the improvements at the end of the sixty day period where no extension has been granted or at the end of such other period authorized by Borough, Lessee shall be in trespass, and such improvements shall be deemed unauthorized improvements subject to disposition as set forth in Section 9.3.

10.6 As-Built Drawing. Within 30 days after the completion of construction, Lessee shall provide Borough with an 8-1/2 x 11 inch as-built drawing of the site stamped by a licensed surveyor or engineer. As-built drawing must establish the location and dimensions of all improvements constructed or installed, including tower, tower footings, surface structures (cabinets), fences, and utilities, and must provide bearings and distances to an established survey point in a form consistent with generally accepted professional standards and any special survey instructions issued. This As-Built is in addition to the required Record of Survey for the site.

## **Section 11. Miscellaneous.**

11.1 No Partnership. Borough is not a partner nor a joint venturer with Lessee in connection with the business carried on under this permit and shall have no obligation with respect to Lessee's debts or other liabilities.

11.2 Non-Waiver. Waiver by either party of strict performance or any provisions of this permit shall not be a waiver of nor prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

11.3 Venue and Choice of Law. Any dispute arising out of this Lease shall be governed by the laws of the State of Alaska. Venue for resolving such disputes shall be in State of Alaska, Third Judicial District at Palmer and not elsewhere.

11.4 Interpretation and Numbering. This lease has been submitted to the scrutiny of all parties hereto and their counsel if desired, and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having been drafted by any party hereto or its counsel. Section numbers or titles are not to be considered in interpreting this permit.

11.5 Notices.

11.5.1 Any notice given under this lease shall be deemed received when delivered by hand or three (3) days after deposit in the United States mail with proper first class postage affixed addressed to the parties authorized representatives.

11.5.2 Changes of address may be given in accordance with this section. Lessee shall notify Borough within seven (7) calendar days of any change of address, business name, contact person's name or other changes that may affect the permit.

11.6 Liens. Lessee shall not suffer nor permit any lien to be filed against Lessee's interest in Premises or any improvement thereon by reason of work, labor, services or materials performed or supplied to Lessee or anyone holding Premises or any part thereof under the lease. If any such lien is filed against Lessee's interest or any improvements thereon, Lessee shall cause the same to be discharged of record within thirty (30) days after the date of filing the same unless other arrangements are authorized in writing by Borough. Lessee shall indemnify Borough for any costs, damages or expenses (including attorneys' fees) incurred as a result of the filing of such liens or in obtaining their discharge whether such costs, damages or expenses were incurred prior or subsequent to permit termination.

11.7 Force Majeure. Borough's or Lessee's failure to perform any of its obligations under this lease shall be excused if due to causes beyond its control and without the fault or negligence of Borough or Lessee, including but not restricted to acts of God, acts of the public enemy, vandalism, fires, lightning, floods, epidemics or labor strikes.

11.8 Preservation of Markers. Any legal land subdivision survey corners, reference points or monuments are to be preserved. If such are destroyed or disturbed by Lessee, Lessee shall re-establish them by a licensed land surveyor in accordance with U. S. General Land Office standards at their own expense. Corners, reference points, or monuments that must necessarily be disturbed or destroyed in the process of carrying out the operations allowed by this lease must be adequately

referenced and/or replaced. Such references must be approved by Borough prior to removal of said corners, reference points, or monuments.

11.9 Condemnation. If all of Premises is taken by any public authority under the power of eminent domain, this lease shall terminate as of the date possession was taken by said public authority pursuant to such condemnation. If any part of Premises is so taken and, in the opinion of either Borough or Lessee, it is not economically feasible to continue this lease in effect, either party may terminate this lease. Such termination by either party shall be made by notice to the other given not later than thirty (30) days after possession is so taken, the termination to be effective as of the later of thirty (30) days after said notice or the date possession is taken. If part of Premises is so taken and neither Borough nor Lessee elects to terminate this lease, or until termination is effective, as the case may be, the rental shall be abated in the same proportion as the portion of Premises so taken bears to the whole of Premises. All damages awarded for the taking or damaging of all or any part of Premises, or Borough-owned improvements thereon, shall belong to and become the property of Borough and Lessee hereby assigns to Borough any and all claims to such award. However, Borough shall not claim any interest in or to personal property or authorized improvements belonging to Lessee.

11.10 Discriminatory Acts Prohibited. Lessee in its use or occupancy of the Leased Premises, shall not discriminate against any person or class of persons by reason of sex, race, color, creed, or national origin and shall comply with all federal regulations and laws in regard to discrimination.

11.11 Recordation of Lease. This Lease shall be recorded, along with all Exhibits and attachments therefrom, and which recording expense shall be borne by the Lessee.

11.12 Proprietary Information/Public Disclosure. Materials or information submitted as required in this Agreement shall become public records within the meaning MSB 1.50.030 and A.S. 40.25.110.

Any submitted materials or information that the Lessee claims as exempt from disclosure under the provisions of MSB 1.50.040 and A.S. 40.25.110 must be clearly designated. The page must be identified and the particular exemption from disclosure upon which the Lessee will rely upon in making the claim for exemption must be identified. Making the entire submitted materials or information exempt from disclosure is not acceptable unless warranted.

The Borough will consider a Lessee's request for documents to be exempt from disclosure; however, the Borough will make an independent decision on the applicability of any claimed exemption. If a public records request is made regarding materials that the Lessee has requested be exempt, the affected Lessee will be given notice of the request and allowed to seek a court injunction against the requested disclosure prior to the Borough fulfilling the public records request.

**Section 12. Exhibits.** This Lease is subject to the terms and conditions of exhibits referenced herein, which are attached hereto and by this reference, made a part hereof.

**List of Exhibits**

Exhibit A	Legal Description
Exhibit B	Driveway and Site
Exhibit C	Insurance
Exhibit D	Record of Survey to Amend Exhibit A

IN WITNESS WHEREOF, Lessor and Lessee have duly executed and acknowledged this Lease for on the dates indicated below.

MATANUSKA-SUSITNA BOROUGH

\_\_\_\_\_  
 John Moosey  
 Borough Manager

STATE OF ALASKA                    )  
   )ss.  
 THIRD JUDICIAL DISTRICT        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 2016, by John Moosey, the Manager of MATANUSKA-SUSITNA BOROUGH, on behalf of the municipal corporation.

\_\_\_\_\_  
 Notary Public in and for Alaska  
 My Commission Expires: \_\_\_\_\_

MTA COMMUNICATIONS, LLC

\_\_\_\_\_  
MICHAEL C. BURKE  
MANAGER, MTA COMMUNICATIONS LLC

STATE OF ALASKA                    )  
  )ss.  
THIRD JUDICIAL DISTRICT        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June 2016, by Michael C. Burke, the authorized representative of MTA Communications, LLC, on behalf of the limited liability company.

\_\_\_\_\_  
Notary Public in and for Alaska  
My Commission Expires: \_\_\_\_\_

Im16-117  
OR16-078

EXHIBIT A

The Leased Premises are legally described as follows:

Parcel 1:

Township 25 North, Range 4 West, Seward Meridian

Section 19: SE1/4SE1/4NW1/4, SW1/4SW1/4NE1/4.

Containing 20 acres, more or less,

According to the official U.S. Survey Plat of a portion of Township 25 North, Range 4 West, Seward Meridian, examined and approved by the U.S. Surveyor General's Office in Juneau, Alaska on January 15, 1919.; and

Parcel 2:

Township 25 North, Range 4 West, Seward Meridian

Section 19: SW1/4SW1/4NE1/4

Containing 10 acres, more or less,

According to the official U.S. Survey Plat of a portion of Township 25 North, Range 4 West, Seward Meridian, examined and approved by the U.S. Surveyor General's Office in Juneau, Alaska on January 15, 1919.

MSB007139

EXHIBIT D – RECORD OF SURVEY TO AMEND EXHIBIT A

MSB007139

NON-CODE ORDINANCE

Sponsored By:  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH**  
**ORDINANCE SERIAL NO. 16-078**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY TO CLASSIFY BOROUGH LAND AS GENERAL PURPOSE LANDS AND ENTER INTO A LEASE OF BOROUGH-OWNED REAL PROPERTY TO CONSTRUCT, INSTALL, MAINTAIN, REPAIR, OPERATE, AND MANAGE A COMMUNICATION SITE. (MSB007139)

---

WHEREAS, the Matanuska Telephone Association has applied for a lease of property from Matanuska-Susitna Borough; and

WHEREAS, Pursuant to MSB 23.10.080 Application, all applications for purchase or use of borough-owned real property shall be filed with the manager according to the procedures adopted by assembly resolution.

WHEREAS, MSB 23.05.030(G) requires that a Best Interest Finding shall be completed when otherwise conveying an interest in real property at less than fair market value; and

WHEREAS, MSB 23.10.030(B) requires the property be classified by ordinance prior to leasing; and

WHEREAS, MSB 23.10.030(C) requires Assembly approval by Ordinance of any lease greater than 10 years in length.

THEREFORE BE IT ENACTED:

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

Section 2. Land Classification. The Matanuska-Susitna Borough Assembly does hereby approve the land classification of "general purpose lands" for borough-owned land, as follows:

Parcel 1 25N04W19B007  
Township 25 North, Range 4 West, Seward Meridian  
Section 19: SE1/4SE1/4NW1/4, SW1/4SW1/4NE1/4.  
Containing 20 acres, more or less,  
According to the official U.S. Survey Plat of a portion of Township 25 North, Range 4 West, Seward Meridian, examined and approved by the U.S. Surveyor General's Office in Juneau, Alaska on January 15, 1919.

Parcel 2 25N04W19A006  
Township 25 North, Range 4 West, Seward Meridian  
Section 19: SW1/4SW1/4NE1/4  
Containing 10 acres, more or less,  
According to the official U.S. Survey Plat of a portion of Township 25 North, Range 4 West, Seward Meridian, examined and approved by the U.S. Surveyor General's Office in Juneau, Alaska on January 15, 1919.

Section 3. Acceptance and Authorization. Subject to conditions and stipulations outlined in the Lease Agreement between Matanuska Susitna Borough and MTA Communications, LLC the Assembly authorizes the Borough Manager to finalize and

enter into the lease agreement for a period not to exceed twenty (20) years with options for two renewals of five years each.

Section 4. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** Issuance of Central Mat-Su Fire Service Area Public Safety Building, 6-2, Lease Certificates of Participation, 2016B and related documents.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** \_\_\_\_\_

Route To:	Department/Individual	Initials	Remarks
	Originator - T. Clayton	out	
	Central Mat-Su FSA Chief	AS	
	Public Safety Director	PLB	5/27/16
	Finance Director	pl	05/26/16
	Borough Attorney	NS	
	Borough Clerk	ymw	5/27/16

**ATTACHMENT (S):** Fiscal Note: Yes  No   
 Ordinance Serial No. 16-079 (8 pp)  
 Exhibit A, Description of Property (1pp)  
 Draft Preliminary Official Statement (70 pp)  
 Draft Purchase Agreement (22 pp)  
 Draft Public Safety Building Lease (15 pp)  
 Draft Public Safety Building Lease Purchase Agreement and Trust Indenture (64 pp)  
 Draft Deed of Trust (2 pp)  
 Draft Continuing Disclosure Certificate (3 pp)

**SUMMARY STATEMENT:**

The Central Mat-Su Fire Service Area and the Department of Emergency Services have identified the need for the construction of a new public safety building.

The new facility will be approximately 38,000 square feet. It

will be located on an existing parcel which the Central Mat-Su Fire Service Area currently utilizes for emergency response and training activities. The parcel is approximately 79 acres in size and located at 6778 West Cruiser Drive off of Vine Road. The property is also accessed via the adjoining property purchased by the Fire Service Area located at 4568 South Knik Goose Bay Road. The facility will include a Fire Station to respond to the needs of the community and will accommodate an aerial apparatus in the Knik Goose Bay response area. It will also include a training facility to meet the needs of the Department including training rooms, training labs, instructor offices and preparation space. Additionally, it will include a warehouse to provide storage and inventory control to meet the needs of the Department.

The proceeds of the Lease Certificate of Participation will be used to design and construct the fully furnished and equipped multi-use facility. The design and construction efforts shall include all work required to provide and install all systems and components for the structure both internal and external as required for a fully functioning structure.

Following approval of issuance of the Lease Certificates of Participation, the documents will be prepared for a proposal. Purchasing will release the proposal in August or September. Following a selection of the successful proposal the Lease Certificates of Participation will be issued. It is estimated that from that date it will take approximately fifteen months to design and complete construction.

On May 12, 2016, the Assembly approved the Fiscal Year 2017 Operating and Capital Budget. Included in that budget was a capital appropriation from the Central Mat-Su Fire Service Area in the amount of \$3,300,000. This will supplement the Certificate proceeds for the construction of Station 6-2.

Now before you is an ordinance authorizing the issuance of Certificates of Participation in the principal amount not to exceed \$5,000,000 for the design and construction of the Central Mat-Su Public Safety Building, Station 6-2. That amount does not include issuance costs. Issuance costs will be paid from the premium on the sale of the Certificates of Participation. That will include underwriter's discount, bond council and other costs. It will also cover a portion of the debt service reserve.

The public hearing and adoption of this ordinance is scheduled for June 21, 2016. The first payment on the Certificates of Participation is currently scheduled for six months after closing. Annual Debt Service is estimated at \$480,000 per year

or approximately .11 mills. That amount was included and approved in the fiscal year 2017 budget. The annual debt service payment and all other expenses related to this building will be paid by the Central Mat-Su Fire Service Area.

In order to proceed, approval of the Assembly is necessary to authorize the issuance and sale of the Central Mat-Su Fire Service Area Public Safety Building, Station 6-2, Lease Certificates of Participation, 2016B.

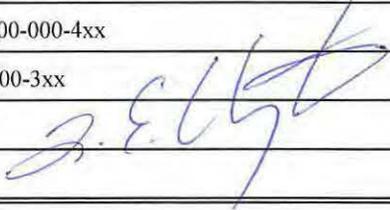
**RECOMMENDATION OF ADMINISTRATION:** Respectfully request the approval of the ordinance authorizing the issuance of the Central Mat-Su Fire Service Area Public Safety Building, Station 6-2, Lease Certificates of Participation 2016,B.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

SUBJECT: Issuance of Central Mat-Su Fire Service Area Public Safety Building, 6-2, Lease Certificates of Participation, 2016B and related documents.

ORIGINATOR: Tammy E. Clayton, Director of Finance

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> NO
AMOUNT REQUESTED 5,000,000	FUNDING SOURCE Certificate Proceeds
FROM ACCOUNT # 405-000-000-4xx	PROJECT #
TO ACCOUNT : 405-000-000-3xx	PROJECT #
VERIFIED BY: 	CERTIFIED BY:
DATE:	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	5,000	→				
---------	-------	---	--	--	--	--

REVENUE	5,000					
---------	-------	--	--	--	--	--

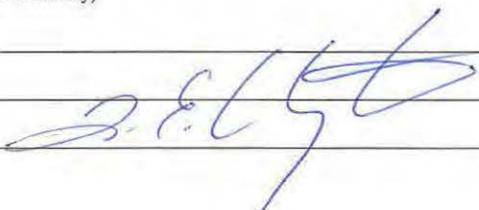
FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
FSA	240	480	480	480	480	480
TOTAL		480	480	480	480	480

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY:  DATE: 5/26/16

NEW ISSUE

S&P RATING: [ ]

In the opinion of Foster Pepper PLLC, Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the Date of Issue of the 2016 Certificates, interest evidenced and represented by the 2016 Certificates (the "Interest") is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. While Interest also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, Interest received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, Interest received by certain S corporations may be subject to tax, and Interest received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of Interest may have other federal tax consequences for certain taxpayers. Interest is free from taxation by the State of Alaska, except for transfer, estate and inheritance taxes. See "TAX MATTERS."

\$ \_\_\_\_\_ \*

**CERTIFICATES OF PARTICIPATION, 2016**

consisting of

\$ \_\_\_\_\_ \* [Fire Services] Lease, 2016A

\$ \_\_\_\_\_ \* [Fleet Maintenance] Lease, 2016B

\$ \_\_\_\_\_ \* Animal Care Facility Lease (Refunding), 2016C



**Evidencing Undivided Proportionate Interests  
in Payments of Base Rent to be made by the  
MATANUSKA-SUSITNA BOROUGH, ALASKA**

**Dated: Date of Delivery**

**Due: [October 1], as shown on the inside cover**

The [Fire Services] Lease Certificates of Participation, Series 2016A (the "2016A Certificates"), the [Fleet Maintenance] Lease Certificates of Participation, Series 2016B (the "2016B Certificates") and the Animal Care Facility Lease (Refunding) Certificates of Participation, Series 2016C (the "2016C Certificates" and together with the 2016A Certificates and the 2016B Certificates, the "2016 Certificates"), each of the Matanuska-Susitna Borough, Alaska (the "Borough"), will be executed and delivered as fully registered certificates under a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the 2016 Certificates. Individual purchases of interests in the 2016 Certificates will be made in book-entry form only, in principal components of \$5,000 or any integral multiple thereof. The interest components of the 2016 Certificates are payable on [October 1, 2016] and semiannually thereafter on [April 1] and [October 1] of each year. The 2016A Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "2016A Indenture"), by and between the Borough and U.S. Bank National Association, as trustee (the "Trustee"). The 2016B Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "2016B Indenture"), by and between the Borough and the Trustee. The 2016C Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the "Original Animal Care Indenture"), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the "First Supplemental Animal Care Indenture" and together with the Original Animal Care Indenture, the "Animal Care Indenture"), each by and between the Borough and the Trustee. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the "Indentures" and each an "Indenture." Each series of 2016 Certificates are subject to optional, extraordinary optional and mandatory sinking fund redemption as described herein.

The payments of applicable Base Rent due under each Indenture are payable from legally available funds of the Borough. The availability of funds to make payments of Base Rent and the obligation of the Borough to make payments of Base Rent are subject to annual appropriations by the Borough Assembly. If sufficient funds are not appropriated to make payments of Base Rent pursuant to an Indenture, then the Lease Term with respect to the applicable Project will terminate and the Borough will not be obligated to make payments of Base Rent beyond the last fiscal year for which funds have been appropriated for payments of Base Rent. The Borough's obligation to make payments of Base Rent is not a general obligation of the Borough, and neither the full faith and credit nor the taxing power of the Borough is pledged to the payment of Base Rent or the 2016 Certificates.

**See the Inside Cover for Maturity Schedule**

The 2016 Certificates are offered when, as and if executed and delivered and received by the Underwriter, subject to the approving legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Underwriter by Katten Muchin Rosenman LLP, of Chicago, Illinois. Acacia Financial Group, of Anchorage, Alaska, is serving as financial advisor to the Borough. It is expected that the 2016 Certificates will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about \_\_\_\_\_, 2016.

**RBC Capital Markets**

Dated: \_\_\_\_\_, 2016

\* Preliminary, subject to change.

IM16-118  
OR 16-079

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## MATURITY SCHEDULE\*

\$ \_\_\_\_\_ \* [Fire Services] Lease, 2016A

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ \* [Fleet Maintenance] Lease, 2016B

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ \* Animal Care Facility Lease (Refunding), 2016C

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\* Preliminary, subject to change.

# **MATANUSKA-SUSITNA BOROUGH**

350 East Dahlia Avenue  
Palmer, Alaska 99645  
(907-745-4801)

## **MAYOR**

Vern Halter

## **BOROUGH ASSEMBLY**

Matthew Beck (Deputy Mayor)  
Steve Colligan

Jim Sykes  
Dan Mayfield  
Randall Kowalke

George McKee  
Barbara Doty

## **APPOINTED OFFICIALS**

Borough Manager  
Director of Finance  
Clerk  
Assessor  
Attorney  
Assistant Manager  
Director of Public Works  
Director of Emergency Services  
Director of Information Technology  
Director of Community Development  
Director of Planning  
Director of Capital Projects

John Moosey  
Tammy E. Clayton  
Lonnie R. McKechnie  
Brad Pickett  
Nicholas Spiropoulos  
George Hays  
Terry Dolan  
Bill Gamble  
Eric Wyatt  
Eric Phillips  
Eileen Probasco  
Jude Bilafer

## **BOND COUNSEL**

Foster Pepper PLLC  
Seattle, Washington

## **FINANCIAL ADVISOR**

Acacia Financial Group  
Anchorage, Alaska

## **TRUSTEE**

U.S. Bank National Association  
Seattle, Washington

No dealer, salesman or any other person has been authorized by the Borough or the Underwriter to give any information or to make any representation with respect to the 2016 Certificates other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2016 Certificates by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Borough and other sources which the Borough believes to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

Neither this Official Statement nor any statement which may have been made orally or in writing (other than the Ordinances referred to herein) is to be construed as a contract with the owners of any of the 2016 Certificates.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2016 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED, AND IF DISCONTINUED THEN RECOMMENCED, AT ANY TIME.

THE 2016 CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2016 CERTIFICATES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2016 CERTIFICATES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2016 CERTIFICATES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement is submitted by the Borough in connection with the sale of the 2016 Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

**TABLE OF CONTENTS**

	Page
INTRODUCTION.....	1
Purpose of Issue.....	1
Plan of Finance and Refunding .....	2
Sources and Uses of Funds.....	3
DESCRIPTION OF THE PROJECTS.....	4
DESCRIPTION OF THE 2016 CERTIFICATES .....	4
General Description.....	4
Optional Redemption.....	4
Extraordinary Optional Redemption .....	5
Mandatory Sinking Fund Redemption .....	5
Notice of Redemption.....	7
SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES .....	7
Sources of Payment .....	7
Appropriation of Rent.....	8
Effect of Failure to Appropriate Rent.....	8
Deeds of Trust .....	9
Reserve Fund.....	9
Additional Certificates.....	9
2016 CERTIFICATES DEBT SERVICE SCHEDULE .....	10
BOROUGH INDEBTEDNESS .....	10
Debt Limitation .....	11
GENERAL OBLIGATION DEBT STATEMENT.....	12
Direct and Overlapping Debt.....	12
Future General Obligation Bond Financing .....	13
CAPITAL LEASE OBLIGATIONS .....	14
STATE PRISON LEASE REVENUE BONDS.....	14
OTHER INDEBTEDNESS.....	15
STATE DEBT REIMBURSEMENT PROGRAMS .....	15
School Debt Reimbursement Program .....	15
Borough School Debt Reimbursement Entitlement .....	16
Municipal Capital Project Debt Reimbursement Program .....	17
STATE OPERATING AID FOR EDUCATION.....	17
ASSESSED VALUATION AND PROPERTY TAXATION .....	18
Property Tax and Tax Limitations.....	18
Assessed Valuation and Tax Collections.....	18
EXCISE TAXES .....	19
BOROUGH FINANCIAL MATTERS .....	20
General .....	20
Budgeting .....	20
Labor Relations .....	20
Retirement Plans.....	20
Risk Management.....	22

Self-insurance Coverage.....	23
Cash Management and Investment Policy.....	23
Revenues and Expenditures.....	24
Resource Sales and Conveyances.....	27
<b>BOROUGH GOVERNMENT .....</b>	<b>27</b>
Powers .....	27
School District.....	28
Borough Administration.....	28
School District Administration.....	29
<b>GENERAL AND ECONOMIC DATA .....</b>	<b>29</b>
Description of Borough.....	29
Population.....	29
Employment .....	31
Military Bases.....	32
New Construction.....	32
Bank Deposits.....	33
Port MacKenzie Development .....	33
Economic Development .....	34
<b>CERTAIN VERIFICATIONS .....</b>	<b>36</b>
<b>CONTINUING DISCLOSURE .....</b>	<b>36</b>
<b>LITIGATION AND REGULATORY PROCEEDINGS .....</b>	<b>37</b>
<b>CERTAIN LEGAL MATTERS .....</b>	<b>38</b>
<b>FINANCIAL ADVISOR.....</b>	<b>39</b>
<b>UNDERWRITING.....</b>	<b>39</b>
<b>RATING.....</b>	<b>40</b>
<b>TRUSTEE .....</b>	<b>40</b>
<b>TAX MATTERS .....</b>	<b>40</b>
Tax Exemption of the 2016 Certificates.....	40
Certain Other Federal Tax Consequences .....	42
<b>MISCELLANEOUS.....</b>	<b>43</b>
<b>APPENDICES</b>	
A    Basic Financial Statements For the Fiscal Year Ending June 30, 2015	
B    Proposed Form of Opinion of Bond Counsel	
C    Book Entry System	
D    Form of Continuing Disclosure Certificate	
E    Summaries of the Indentures, Leases and Deeds of Trust	

## SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. The offering of the hereinafter-defined 2016 Certificates by the Matanuska-Susitna Borough, Alaska (the "*Borough*") to potential investors is made only by means of this entire Official Statement, including the Appendices hereto. No person is authorized to detach this Summary Statement from this Official Statement or otherwise to use it without this entire Official Statement, including the Appendices hereto.

### The Borough

**[To be updated.]** The Borough is a municipal corporation of the State of Alaska located in southcentral Alaska, approximately 40 miles northeast of the business district of Anchorage. The Borough encompasses approximately 25,265 square miles and had an official U.S. Census 2010 population of 88,995 and a 2014 estimated population of 98,063. As of January 1, 2014, the certified assessed valuation of taxable property in the Borough is \$9,004,077,191 (as compared to the assessed valuation of \$8,702,239,019, as of January 1, 2013).

The Borough operates under an Assembly-Manager form of government. Policy-making and legislative authority are vested in a governing assembly consisting of a mayor and seven assembly members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Borough Manager, Attorney and Clerk. The Borough Manager is responsible for carrying out the policies and ordinances of the Borough, for overseeing the day-to-day operations of the Borough and for appointing the heads of the various departments.

The Borough is empowered to levy a property tax on both real and personal property located within its boundaries. State law mandates that the Borough provide certain services on an areawide basis. The Borough exercises the following areawide powers: general administration, education, property assessment and collection of taxes, planning and zoning, parks and recreation, ports, emergency medical services, transportation and historic preservation. The Borough is financially accountable for a legally separate school district.

### Purpose of Issue

2016A Project. The Borough's [Fire Services] Lease Certificates of Participation, Series 2016A (the "*2016A Certificates*"), are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "*2016A Indenture*"), by and between the Borough and U.S. Bank National Association, as trustee (the "*Trustee*"), to provide funds to \_\_\_\_\_ (the "*2016A Project*") for use by the Borough. Proceeds of the 2016A Certificates will also be used to fund the 2016A Reserve Fund under the 2016A Indenture and to pay costs of issuance of the 2016A Certificates.

2016B Project. The Borough's [Fleet Maintenance] Lease Certificates of Participation, Series 2016B (the "*2016B Certificates*") are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "*2016B Indenture*"), by and between the Borough and the Trustee, to provide funds to \_\_\_\_\_ (the "*2016B Project*") for use by the Borough. Proceeds of the 2016B Certificates will also be used to fund the 2016B Reserve Fund under the 2016B Indenture and to pay costs of issuance of the 2016B Certificates.

Animal Care Project and 2016C Refunding. The Borough's Animal Care Facility Lease (Refunding) Certificates of Participation, Series 2016C (the "*2016C Certificates*") and together with the

2016A Certificates and the 2016B Certificates, the “2016 Certificates”) are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the “*Original Animal Care Indenture*”), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the “*First Supplemental Animal Care Indenture*” and together with the Original Animal Care Indenture, the “*Animal Care Indenture*”), each by and between the Borough and the Trustee, to provide funds to advance refund \$2,390,000 of the Borough’s \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the “*2008 Certificates*,” such principal component to be refunded being referred to herein as the “*Prior Certificates*” and the refunding of such Prior Certificates being referred to herein as the “*Refunding*”). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the “*Animal Care Project*” and together with the 2016A Project and the 2016B Project, the “*Projects*” and each a “*Project*”), as well as fund a Reserve Fund under the Original Animal Care Indenture and pay costs of issuance of the 2008 Certificates. Proceeds of the 2016C Certificates will also be used to pay costs of issuance of the 2016C Certificates. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the “*Indentures*” and each an “*Indenture*.”

### **Plan of Finance and Refunding**

2016A Certificates. Pursuant to Ordinance Serial No. 16-\_\_ (the “*2016A Ordinance*”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016A Project. The 2016A Project will be constructed on real property owned by the Borough (the “*2016A Property*”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the “*2016A Lease*”), the Borough will lease the 2016A Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016A Certificates. The proceeds will be used by the Borough to construct the 2016A Project. To provide for the repayment of the 2016A Certificates, the Trustee will sublease the 2016A Property to the Borough under the 2016A Indenture for Base Rent sufficient to pay the principal and interest components of the 2016A Certificates.

2016B Certificates. Pursuant to Ordinance Serial No. 16-\_\_ (the “*2016B Ordinance*”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016B Project. The 2016B Project will be [constructed] on real property owned by the Borough (the “*2016B Property*”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the “*2016B Lease*”), the Borough will lease the 2016B Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016B Certificates. The proceeds will be used by the Borough to [construct] the 2016B Project. To provide for the repayment of the 2016B Certificates, the Trustee will sublease the 2016B Property to the Borough under the 2016B Indenture for Base Rent sufficient to pay the principal and interest components of the 2016B Certificates.

2016C Certificates. Pursuant to Ordinance Serial No. 16-\_\_ (the “*2016C Ordinance*” and together with the 2016A Ordinance and the 2016B Ordinance, the “*Ordinances*”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the Refunding. The Animal Care Project was constructed on real property owned by the Borough (the “*Animal Care Property*”). Pursuant to the Lease dated as of May 1, 2008 (the “*Original Animal Care Lease*”), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Upon issuance of the 2016C Certificates, the Borough will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the “*First Amendment to Animal Care Lease*” and together with the Original Animal Care Lease, the “*Animal Care Lease*”), [which will amend payments of rent under the Original Animal Care Lease to account for the 2016C Certificates]. The proceeds will be used by the Borough to advance refund the Prior Certificates. To provide for the repayment of the 2016C Certificates, the Trustee will sublease the Animal Care Property to the Borough under the Animal Care

Indenture for Base Rent sufficient to pay the principal and interest components of the 2008 Certificates and the 2016C Certificates.

### Security

The payments of Base Rent due under each Indenture are payable from legally available funds of the Borough. The availability of funds to make payments of Base Rent and the obligation of the Borough to make payments of Base Rent are subject to annual appropriations by the Borough Assembly. If sufficient funds are not appropriated to make payments of Base Rent, then the Lease Term with respect to the applicable Project will terminate and the Borough will not be obligated to make payments of Base Rent beyond the last fiscal year for which funds have been appropriated for payments of Base Rent. The Borough's obligation to make payments of Base Rent is not a general obligation of the Borough, and neither the full faith and credit nor the taxing power of the Borough is pledged to the payment of Base Rent or the 2016 Certificates.

The Borough has granted to the Trustee security interests with the power of sale and right of entry and possession as follows: (i) with regard to the Series 2016A Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "2016A Deed of Trust"); (ii) with regard to the Series 2016B Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "2016B Deed of Trust"); and (iii) with regard to the Animal Care Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the "Original Animal Care Deed of Trust") and amended by the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Deed of Trust" and together with the Original Animal Care Deed of Trust, the "Animal Care Deed of Trust").

Pursuant to each Indenture, the Borough is required to establish and maintain Reserve Funds in an amount equal to the respective Reserve Requirement pursuant to the applicable Indenture. As of the Date of Issue of the 2016 Certificates, the amount of the Reserve Requirement will be: (i) with respect to the 2016A Indenture, \$ \_\_\_\_\_; (ii) with respect to the 2016B Indenture, \$ \_\_\_\_\_; and (iii) with respect to the Animal Care Indenture, \$ \_\_\_\_\_. With respect to the 2016A Indenture and 2016B Indenture, such amounts will be deposited in the applicable Reserve Fund from the proceeds of sale of the 2016A Certificates and 2016B Certificates. With respect to the Animal Care Indenture, \_\_\_\_\_.

# OFFICIAL STATEMENT

\$ \_\_\_\_\_ \*  
**CERTIFICATES OF PARTICIPATION, 2016**

consisting of  
\$ \_\_\_\_\_ \* [Fire Services] Lease, 2016A  
\$ \_\_\_\_\_ \* [Fleet Maintenance] Lease, 2016B  
\$ \_\_\_\_\_ \* Animal Care Facility Lease (Refunding), 2016C

**Evidencing Undivided Proportionate Interests  
in Payments of Base Rent to be made by the  
MATANUSKA-SUSITNA BOROUGH, ALASKA**

## INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, Summary Statement, and Appendices attached hereto, is furnished by the Matanuska-Susitna Borough, Alaska (the "*Borough*") to provide information regarding the Borough and (i) \$ \_\_\_\_\_ \* aggregate principal component of [Fire Services] Lease Certificates of Participation, 2016A (the "*2016A Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016A Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "*2016A Indenture*") by and between the Borough and U.S. Bank National Association, as trustee (the "*Trustee*"); (ii) \$ \_\_\_\_\_ \* aggregate principal component of [Fleet Maintenance] Lease Certificates of Participation, 2016B (the "*2016B Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016B Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "*2016B Indenture*") by and between the Borough and the Trustee and (iii) \$ \_\_\_\_\_ \* aggregate principal component of Animal Care Facility Lease (Refunding) Certificates of Participation, 2016C (the "*2016C Certificates*") and together with the 2016A Certificates and the 2016B Certificates, the "*2016 Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016C Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the "*Original Animal Care Indenture*"), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the "*First Supplemental Animal Care Indenture*" and together with the Original Animal Care Indenture, the "*Animal Care Indenture*"), each by and between the Borough and the Trustee. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the "*Indentures*" and each an "*Indenture*."

### Purpose of Issue

2016A Project. The 2016A Certificates are being executed and delivered to provide funds to \_\_\_\_\_ (the "*2016A Project*") for use by the Borough. Proceeds of the 2016A Certificates will also be used to fund the 2016A Reserve Fund under the 2016A Indenture and to pay costs of issuance of the 2016A Certificates.

\* Preliminary, subject to change.

2016B Project. The 2016B Certificates are being executed and delivered to provide funds to \_\_\_\_\_ (the “2016B Project”) for use by the Borough. Proceeds of the 2016B Certificates will also be used to fund the 2016B Reserve Fund under the 2016B Indenture and to pay costs of issuance of the 2016B Certificates.

2016C Refunding. The 2016C Certificates are being executed and delivered to provide funds to advance refund \$2,390,000 of the Borough’s \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the “2008 Certificates,” such principal component to be refunded being referred to herein as the “Prior Certificates” and the refunding of such Prior Certificates being referred to herein as the “Refunding”). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the “Animal Care Project” and together with the 2016A Project and the 2016B Project, the “Projects” and each a “Project”), as well as fund a Reserve Fund under the Original Animal Care Indenture and pay costs of issuance of the 2008 Certificates. Proceeds of the 2016C Certificates will also be used to pay costs of issuance of the 2016C Certificates.

The Prior Certificates consist of the March 1, 2023 maturity of the 2008 Certificates. The Borough will redeem the Prior Certificates on March 1, 2018 (the “Redemption Date”) at par. On the date of issuance of the 2016C Certificates, a portion of the proceeds of the 2016C Certificates will be deposited in an irrevocable escrow fund established to refund the Prior Certificates. The escrow fund will be held by U.S. Bank National Association, as refunding trustee (the “Refunding Trustee”) under the Refunding Trust Agreement by and between the Borough and the Refunding Trustee. The moneys held in the escrow fund will be invested in noncallable direct obligations of the United States of America (the “Government Obligations”) that will mature at such times and in such amounts, and will bear interest payable at such times and in such amounts so that sufficient moneys will be available, together with an initial cash deposit, to make full and timely payment of the redemption price of the Prior Bonds on the Redemption Date, and the interest due on the Prior Bonds on each interest payment date to and including the Redemption Date. The sufficiency of the deposit made to the escrow fund will be verified by [Causey Demgen & Moore P.C.], as verification agent. See “CERTAIN VERIFICATIONS” herein

Upon issuance of the 2016C Certificates and refunding of the Prior Certificates, \$[795,000] of the 2008 Certificates will remain outstanding (the “Outstanding 2008 Certificates”). The 2016C Certificates are being executed and delivered as Additional Certificates pursuant to the Animal Care Indenture on a parity with the Outstanding 2008 Certificates.

## **Plan of Finance and Refunding**

2016A Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016A Project. The 2016A Project will be constructed on real property owned by the Borough (the “2016A Property”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the “2016A Lease”), the Borough will lease the 2016A Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016A Certificates. The proceeds will be used by the Borough to construct the 2016A Project. To provide for the repayment of the 2016A Certificates, the Trustee will sublease the 2016A Property to the Borough under the 2016A Indenture for Base Rent sufficient to pay the principal and interest components of the 2016A Certificates.

2016B Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016B Project. The 2016B Project will be [constructed] on real property owned by the Borough (the “2016B Property”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the “2016B Lease”), the Borough will lease the 2016B Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016B Certificates. The proceeds will be used by the Borough to

[construct] the 2016B Project. To provide for the repayment of the 2016B Certificates, the Trustee will sublease the 2016B Property to the Borough under the 2016B Indenture for Base Rent sufficient to pay the principal and interest components of the 2016B Certificates.

2016C Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the Refunding. The Animal Care Project was constructed on real property owned by the Borough (the “Animal Care Property”). Pursuant to the Lease dated as of May 1, 2008 (the “Original Animal Care Lease”), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Upon issuance of the 2016C Certificates, the Borough will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the “First Amendment to Animal Care Lease” and together with the Original Animal Care Lease, the “Animal Care Lease”), [which will amend payments of rent under the Original Animal Care Lease to account for the 2016C Certificates]. The proceeds will be used by the Borough to refund the Prior Certificates. To provide for the repayment of the 2016C Certificates, the Trustee will sublease the Animal Care Property to the Borough under the Animal Care Indenture for Base Rent sufficient to pay the principal and interest components of the 2008 Certificates and the 2016C Certificates.

**Sources and Uses of Funds**

The following table shows the estimated sources and uses of funds in connection with the execution and delivery of the 2016 Certificates.

SOURCES OF FUNDS	2016A	2016B	2016C	Total
Principal Component.....				
Plus: [Net] Original Issue Premium .....				
Total Sources of Funds.....				
<b>USES OF FUNDS</b>				
Project Costs.....			--	
Refunding of Prior Certificates .....	--	--		
Deposit to Reserve Fund .....				
Costs of Issuance (1) .....				
Total .....				

(1) Includes Underwriters’ discount, legal, rating agency, financial advisory, accounting, printing and other fees and expenses associated with the execution and delivery of the 2016 Certificates.

This Official Statement includes descriptions of the Borough and the security for the 2016 Certificates. All references herein to agreements and documents are qualified in their entirety by references to the definitive forms thereof, and all references to the 2016 Certificates are further qualified by references to the information with respect thereto contained in the Indentures. Certain terms used in this Official Statement, and not otherwise defined herein, are defined in APPENDIX E, “SUMMARIES OF THE INDENTURES, LEASES AND DEEDS OF TRUST.” In this Official Statement, the term “Certificates” refers to the 2016 Certificates and any Additional Certificates executed and delivered pursuant to the respective Indentures, and the term “Rent” includes both “Base Rent” and “Additional Rent” pursuant to the applicable Indenture. Any statements or information indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

IM 16-118  
OR 16-079

## DESCRIPTION OF THE PROJECTS

2016A Project. [Description of Fire Services Project to come.]

2016B Project. [Description of Fleet Maintenance Project to come.]

Animal Care Project and 2016C Refunding. The Animal Care Project consists of an addition to the animal care center and renovation of the facility to create usable space. The Animal Care Project involved the renovation of the then-existing 7,650 square feet structure and addition of approximately 13,858 square feet in space. The Animal Care Project was completed in \_\_\_\_\_ 20\_\_\_. The Animal Care Property houses administrative functions, reception areas, limited veterinarian functions, kennels and vehicular/storage areas. In addition to the base facility, included is a large animal area to replace the then-existing barn, the addition of approximately 80 exterior canine kennel runs, paving and steel roofing.

## DESCRIPTION OF THE 2016 CERTIFICATES

### General Description

Each series of 2016 Certificates will be dated as of their Date of Issue, will mature on the maturity dates and in the principal components shown on the inside cover page hereof. Interest components of each series of the 2016 Certificates are payable on [October 1, 2016] and semiannually thereafter on [October 1] and [April 1] in each year, at the rates per annum set forth on the inside cover page hereof. U.S. Bank National Association, at its corporate trust office in Seattle, Washington, as Trustee, is the paying agent and registrar for the 2016 Certificates.

The 2016 Certificates will be executed and delivered only as fully registered certificates and when executed and delivered will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. So long as DTC, or its nominee, Cede & Co., is the registered owner of all the 2016 Certificates, all payments on the 2016 Certificates will be made directly to DTC. Individual purchases of interests in the 2016 Certificates will be made in book-entry form only in principal components of \$5,000 or any integral multiple thereof within a single maturity. Purchasers will not receive certificates representing their interests in the 2016 Certificates purchased. For additional information concerning the DTC book-entry system, see APPENDIX C, “BOOK ENTRY SYSTEM.”

### Optional Redemption

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date.

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date.

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date.

**Extraordinary Optional Redemption**

Each series of the 2016 Certificates are subject to extraordinary optional redemption prior to their respective maturities at the option of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the 2016 Certificates to be redeemed, plus accrued interest to the redemption date, if (i) the applicable Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the applicable Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain. See, APPENDIX E, "SUMMARY OF INDENTURE — Damage to or Destruction of Project."

**Mandatory Sinking Fund Redemption**

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

If 2016A Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such 2016A Certificates the principal component of the 2016A Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016A Certificates so redeemed or purchased.

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price

equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

Year	Amount
(maturity)	\$

The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

Year	Amount
(maturity)	\$

If 2016B Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such 2016B Certificates the principal component of the 2016B Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016B Certificates so redeemed or purchased.

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

Year	Amount
(maturity)	\$

The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

Year	Amount
(maturity)	\$

If 2016C Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such 2016C Certificates the principal component of the 2016C Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or

purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016C Certificates so redeemed or purchased.

### **Notice of Redemption**

For so long as all outstanding 2016 Certificates of a series are in fully immobilized form, the Borough, or the Trustee on behalf of the Borough, will provide notice to DTC of the intention to redeem such 2016 Certificates in the manner specified in the Letter of Representations entered into by the Borough and DTC. Notice of redemption will be given by DTC to the Direct Participants (see, APPENDIX C, "BOOK ENTRY SYSTEM") by mailing such notice not less than 20 days nor more than 60 days prior to the redemption date.

In the event that a series of the 2016 Certificates are no longer registered in fully immobilized form, notice of any such redemption shall be given by the Trustee on behalf of the Borough by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days before the redemption date to the respective registered owners of any such series of 2016 Certificates designated for redemption at their addresses shown on the Register on the date such notice is mailed.

The notice requirement of the respective Indenture will be satisfied when notice in accordance therewith is mailed as provided therein regardless of whether such notice is actually received by the registered owners of the applicable series of 2016 Certificates. Failure to mail notice of any mandatory sinking fund redemption as provided in the applicable Indenture will not affect the validity of the proceedings for such mandatory sinking fund redemption.

In the case of an optional redemption, the notice may state that the Borough retains the right to rescind the redemption notice and the related optional redemption of applicable 2016 Certificates by giving a notice of rescission to the affected registered owners at any time on or prior to the redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and the 2016 Certificates for which the notice of optional redemption has been rescinded will remain Outstanding.

## **SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES**

### **Sources of Payment**

Each series of 2016 Certificates represent undivided proportionate interests in Base Rent to be paid by the Borough under each Indenture, as applicable. Base Rent pursuant to each respective Indenture, components of which are designated as principal and interest, is to be paid from appropriated and legally available funds of the Borough.

The Base Rent pursuant to each Indenture and the applicable series of 2016 Certificates evidencing rights to receive such Base Rent are payable solely from payments to be received by the Trustee from the Borough pursuant to each Indenture, as applicable.

Pursuant to each Indenture and subject to annual appropriation, the Borough is also obligated to pay Additional Rent pursuant to such Indenture. "*Additional Rent*" in each Indenture means all costs and expenses of maintenance, insurance premiums, taxes, governmental, and other charges that lawfully may be assessed or levied against or with respect to the applicable Property, and all other payments with respect to such Property (it being understood that each Indenture is intended to be an absolute net lease) and all costs and expenses associated with each series of Certificates, including Costs of Issuance,

ongoing fees and expenses of the Trustee, and payments required under each Indenture to restore the amount in the applicable Reserve Fund to the applicable Reserve Requirement.

**The 2016 Certificates do not constitute a general obligation of the Borough, and neither the faith and credit nor the taxing power of the Borough is pledged to the payment of the 2016 Certificates. The payment of Base Rent is subject to annual appropriation by the Borough. Principal and interest components of each series of 2016 Certificates shall be payable solely from the Base Rent paid by the Borough under the applicable Indenture and other funds held by the Trustee under such Indenture as provided therein.**

The Indentures and the 2016 Certificates do not constitute moral obligations of the Borough. The Trustee is obligated only to pass through payments of Base Rent from the Borough to the registered owners of the Certificates in accordance with their relative interests.

The Indentures provides that the Borough's obligation to pay Rent is absolute and unconditional, subject to annual appropriation, and that Rent is payable without any right to set-off or counterclaim regardless of any contingencies and whether or not the Borough uses the Property (as defined in each Indenture).

### **Appropriation of Rent**

The obligation of the Borough to pay Rent is subject to annual appropriation by the Borough Assembly and does not constitute a debt of the Borough within the meaning of any constitutional or statutory debt limit or restriction and does not constitute an obligation for which the Borough has levied or pledged any form of taxation. **Because payments of Base Rent are not bond debt service, property taxes available to be appropriated for payments of Base Rent are subject to certain limitations. See, "Assessed Valuation and Property Taxation – Property Tax and Tax Limitations."**

The Borough has covenanted in each Indenture, prior to the commencement of each fiscal year during which Rent payments are payable from Borough appropriations, to include such Rent in its annual budget request to the Assembly. The Borough has agreed to use any appropriation legally available for the Rent in such fiscal year and to promptly encumber available appropriations for such payments prior to allocating or encumbering funds for projects or costs for which no legal obligation to pay exists.

### **Effect of Failure to Appropriate Rent**

In the event that the Borough Assembly does not appropriate funds for the payment of Rent related to a series of 2016 Certificates in any fiscal year, the Borough would have no liability for any additional Base Rent or Additional Rent related to such series of 2016 Certificates. The Borough is required to vacate the Property subject to the applicable Lease and deliver possession of such Property to the Trustee at the beginning of the fiscal year for which funds have not been appropriated. The Trustee would be permitted to re-lease such Property to other lessees. In the event of non-appropriation, the Trustee also may foreclose its lien on the applicable Property under the related Deed of Trust through exercise of the power of sale granted by such Deed of Trust, or through a judicial foreclosure proceeding.

If the Borough does not appropriate funds for the payment of Rent related to a series of 2016 Certificates, there can be no assurance that the related Property can be re-leased or sold, or if re-leased or sold that there will be sufficient funds received to pay the outstanding principal and interest components of such 2016 Certificates, and no assurance that any amounts so received that are allocable to the interest components of such 2016 Certificates will be excluded from gross income for federal income tax purposes.

## Deeds of Trust

The Borough, as grantor, has granted to Mat-Su Title Agency, LLC, deed of trust trustee (the “*Deed of Trust Trustee*”), for the Trustee, as beneficiary, securities interests with the power of sale and right of entry and possession pursuant to: (i) with respect to the 2016A Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*2016A Deed of Trust*”); (ii) with respect to the 2016B Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*2016B Deed of Trust*”); and (iii) with respect to the Animal Care Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the “*Original Animal Care Deed of Trust*”) as amended by the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*First Amendment to Animal Care Deed of Trust*” and together with the Original Animal Care Deed of Trust, the “*Animal Care Deed of Trust*”). The 2016A Deed of Trust, the 2016B Deed of Trust and the Animal Care Deed of Trust are referred to herein as the “*Deeds of Trust*” and each as a “*Deed of Trust*.”

The rights under each respective Deed of Trust may be exercised by the Trustee upon an event of default under the related Deed of Trust. These events of default include an Event of Default under the related Indenture. (See APPENDIX E, “SUMMARIES OF THE INDENTURES, LEASES AND DEEDS OF TRUST”). Pursuant to each Indenture, the Trustee has agreed to exercise its rights as beneficiary under the related Deed of Trust. The remedies provided under each Deed of Trust, including the remedy of foreclosure, may require judicial action, which is often subject to discretion and delay. Accordingly, there is no assurance that the Trustee will be able to obtain timely possession of the related Property.

## Reserve Fund

Pursuant to each Indenture, the Borough covenants to establish and maintain the related Reserve Fund with the Trustee in an amount equal to the related Reserve Requirement. Under each Indenture, the Reserve Requirement is an amount equal to the least of (a) Maximum Annual Debt Service with respect to all applicable Certificates then Outstanding, (b) 125% of average Annual Debt Service with respect to all applicable Certificates then Outstanding, or (c) 10% of the original principal amount of the applicable Initial Certificates plus any applicable Additional Certificates executed and delivered to finance Costs of the applicable Project.

Upon the execution and delivery of the 2016 Certificates, the Reserve Requirement will be: (i) with respect to the 2016A Indenture, \$\_\_\_\_\_; (ii) with respect to the 2016B Indenture, \$\_\_\_\_\_; and (iii) with respect to the Animal Care Indenture, \$\_\_\_\_\_. With respect to the 2016A Indenture and 2016B Indenture, such amounts will be deposited in the applicable Reserve Fund from the proceeds of sale of the 2016A Certificates and 2016B Certificates. With respect to the Animal Care Indenture, \_\_\_\_\_. If, at any time, the amount held in a Reserve Fund is less than the applicable Reserve Requirement, then the Borough is obligated to cure such deficiency by the payment of Additional Rent. The Borough’s obligation to pay Additional Rent is subject to appropriation by the Borough.

## Additional Certificates

Additional Certificates may be executed and delivered under an Indenture on a parity with the applicable 2016 Certificates to complete the applicable Project and to refund applicable Outstanding Certificates. The aggregate principal component of Additional Certificates executed and delivered to complete a Project may not exceed 10% of the principal component of the related series of 2016 Certificates. Additional Certificates may be executed and delivered to refund Outstanding Certificates

only if the Annual Debt Service in each fiscal year will not be increased by virtue of such execution and delivery.

The 2016C Certificates are being executed and delivered as Additional Certificates pursuant to the Animal Care Indenture to refund certain 2008 Certificates. The 2016C Certificate are being executed and delivered on a parity with the remaining Outstanding 2008 Certificates.

### 2016 CERTIFICATES DEBT SERVICE SCHEDULE

Fiscal Year Ending June 30	2016A Certificates			2016B Certificates			2016C Certificates			Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2016	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2017										
2018										
2019										
2020										
2021										
2022										
2023										
2024										
2025										
2026										
2027										
2028										
2029										
2030										
2031										
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

### BOROUGH INDEBTEDNESS

[To be updated.] The Borough has various types of outstanding indebtedness including unlimited tax general obligation debt, capital lease obligations, lease revenue bonds and loans payable to the State. For additional information concerning Borough indebtedness see the information under the headings “General Obligation Debt Statement,” “Capital Lease Obligations” and “Other Indebtedness” and in APPENDIX A – BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2015.

#### Summary of Borough Indebtedness

Type	Principal Amount
Unlimited Tax General Obligation Bonds.....	\$
Capital Leases.....	(1)
State Loans .....	
Total Indebtedness.....	\$ (2)

(1) Includes 2016 Certificates.

(2) Excludes \$[197,880,000] in Lease Revenue Bonds related to the Goose Creek Correctional Facility payable solely by lease payments made by the State of Alaska Department of Administration. See, “State Prison Lease Revenue Bonds.”

Im16-118  
OR 16-079

## **Debt Limitation**

There are no constitutional or statutory debt limitations under State law. The Borough can issue general obligation bonds without limitation, upon approval of a bond authorization proposal by the qualified voters of the Borough. Voter approval is not required for the issuance of revenue debt and general obligation refunding bonds. On December 20, 1983, the Borough Assembly adopted Ordinance No. 83-85, which as a matter of current Borough policy limits the outstanding general obligation debt of the Borough to seven percent of the total assessed valuation of taxable property in the Borough.

## GENERAL OBLIGATION DEBT STATEMENT

### Direct and Overlapping Debt

The following table sets forth the direct and overlapping general obligation debt applicable to the Borough after the execution and delivery of the 2016 Certificates and the refunding of the Prior Certificates. The table excludes obligations of the Borough that have previously been refunded, capital leases, and lease revenue bonds. (See, "Capital Lease Obligations" and "State Prison Lease Revenue Bonds"). **[To be revised.]**

Direct Debt	Principal Amount Outstanding
2004 Series D Bonds .....	\$ 6,880,000
2005 Series A Bonds .....	1,255,000
2006 Series A Bonds .....	2,070,000
2006 Series B Bonds .....	1,935,000
2007 Series A Bonds .....	33,505,000
2007 Series B Bonds .....	1,970,000
2009 Series A Bonds .....	15,720,000
2011 Series A Bonds .....	30,085,000
2012 Series A Bonds .....	81,925,000
2012 Series B Bonds .....	7,665,000
2012 Series C Bonds .....	5,250,000
2012 Series D Bonds .....	10,735,000
2013 Series A Bonds .....	12,350,000
2014 Series A Bonds .....	17,280,000
2014 Series B Bonds .....	28,580,000
2015 Series A Bonds .....	37,350,000
2015 Series B Bonds .....	55,195,000
2015 Series C Bonds .....	1,560,000
Total Direct Debt (1) .....	\$ 351,310,000
Overlapping Debt:	
City of Palmer .....	\$1,010,000
City of Wasilla .....	1,540,000
Total Overlapping Debt .....	\$2,550,000
Total Direct and Overlapping Debt .....	\$ 353,860,000
<b>Bonded Debt Ratios</b>	
January 1, [2016] Certified Taxable Assessed Value .....	\$9,004,077,191
2016 Estimated Borough Population .....	98,063
Ratio of:	
Direct Debt to [2016] Certified Taxable Assessed Value .....	3.90%
Direct and Overlapping Debt to [2016] Certified Taxable Assessed Value .....	3.93%
Per Capita:	
[2016] Certified Taxable Assessed Value .....	\$91,819
Direct Debt .....	\$3,582
Direct and Overlapping Debt .....	\$3,608
Debt Amortization:	
Within 5 years .....	28%
Within 10 years .....	55%

(1) Except for the 2007 Series B Bonds, the 2012 Series C Bonds, the 2012 Series D Bonds, the 2014 Series A Bonds and the 2015 Series C Bonds, all of the above issues are school bonds. See "State Debt Reimbursement Programs – School Debt Reimbursement Program." The 2012 Series C Bonds are eligible for debt service reimbursement. See "State Debt Reimbursement Programs – Municipal Capital Project Debt Reimbursement Program."

Source: Borough records.

IM16-118  
OR16-079

**General Obligation Debt Service Schedule**

Fiscal Year Ending 6/30	Outstanding General Obligation Debt Service (1)
2017	\$
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
TOTAL	\$

**Future General Obligation Bond Financing**

Authorization by the qualified voters of the Borough is required before general obligation bonds (other than refunding bonds) may be issued.

On October 7, 2008, the voters of the Borough approved a bond proposition (the “2008 Transportation Bond Proposition”) authorizing the issuance of \$15,000,000 aggregate principal amount of general obligation bonds of the Borough for specified transportation projects. The bonds authorized by the 2008 Transportation Bond Proposition may be issued only if and when 70% matching funds are received from the State, which to date has not occurred.

On October 4, 2011, the voters of the Borough approved a bond proposition (the “2011 School Bond Proposition”) authorizing the issuance of \$214,495,000 aggregate principal amount of general obligation bonds of the Borough for school construction projects. The 2012 Series A Bonds, the 2013 Series A Bonds, the 2014 Series B Bonds and the 2015 Series B Bonds were issued pursuant to the 2011 School Bond Proposition. \$2,465,000 principal amount of general obligation bonds remain authorized and unissued under the 2011 School Bond Proposition.

On October 1, 2013, the voters of the Borough approved a bond proposition (the “2013 Transportation Bond Proposition”) authorizing the issuance of \$16,215,000 aggregate principal amount of general obligation bonds of the Borough for transportation projects. The bonds authorized by

IM16-118  
UR16-079

the 2013 Transportation Bond Proposition may be issued only if and when 50% matching funds are received from the State. To date, the State has appropriated \$1,600,000 of matching funds. The 2015 Series C Bonds were issued pursuant to the 2013 Transportation Bond Proposition. \$14,615,000 principal amount of general obligation bonds remain authorized and unissued under the 2013 Transportation Bond Proposition.

## CAPITAL LEASE OBLIGATIONS

In March of 2008, the Borough caused the issuance of the 2008 Certificates. Upon issuance of the 2016C Certificates and the refunding of the Prior Certificates, \$[795,000] outstanding principal amount of the 2008 Certificates is payable in the years 2017 and 2018. In October of 2013, the Borough caused the issuance of \$8,585,000 Public Safety Building Lease Certificates of Participation, 2013, for the purpose of financing the acquisition and construction of a public safety building. The \$[7,770,000] outstanding principal amount of these Certificates of Participation is payable in the years 2016 to 2028.

The payment obligations of the Borough with respect to Certificates of Participation are subject to annual appropriation of the required sums by the Borough Assembly. Neither the full faith and credit nor the general taxing power of the Borough is pledged to pay the principal or interest evidenced by Certificates of Participation.

## STATE PRISON LEASE REVENUE BONDS

In January of 2009, the Borough issued \$244,285,000 principal amount of State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) (the "*Series 2008 Lease Revenue Bonds*") for the purpose of financing the Goose Creek Correctional Facility (the "*Facility*") pursuant to a "triple net" Lease Purchase Agreement by and between the Borough, as lessor, and the State of Alaska Department of Administration (the "*DOA*"), as lessee. In April of 2015, the Borough issued \$105,720,000 principal amount of State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project) (the "*Series 2015 Lease Revenue Refunding Bonds*") for the purpose of advance refunding \$101,850,000 of the then-outstanding Series 2008 Lease Revenue Bonds. [In \_\_\_\_\_ of 2016, the Borough issued \$ \_\_\_\_\_ principal amount of State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) (the "*Series 2016 Lease Revenue Refunding Bonds*") and together with the Series 2008 Lease Revenue Bonds and the Series 2015 Lease Revenue Refunding Bonds, the "*Lease Revenue Bonds*") for the purpose of advance refunding \$ \_\_\_\_\_ of the remaining outstanding Series 2008 Lease Revenue Bonds.]

The lease payments to be made by the DOA are designed to provide for the punctual payment of the principal of and interest on the Lease Revenue Bonds. The \$[30,095,000] outstanding principal amount of Series 2008 Lease Revenue Bonds are payable in the years [2016] to 2019. The \$[104,390,000] outstanding principal amount of Series 2015 Lease Revenue Refunding Bonds are payable in the years 2026 to 2032. The \$[\_\_\_\_\_] outstanding principal amount of Series 2016 Lease Revenue Refunding Bonds are payable in the years 20\_\_ to 20\_\_. The Lease Revenue Bonds are limited obligations of the Borough payable solely from the lease payments to be made by the DOA. Neither the full faith and credit nor the taxing power of the Borough is pledged for the payment of the Lease Revenue Bonds.

## OTHER INDEBTEDNESS

In addition to the general obligation bonds, certificates of participation and lease revenue bonds described above, as of [January 1, 2016], the Borough had outstanding \$[4,346,366] in solid waste revenue indebtedness under the State Clean Water Fund Loan Program. See Note [8] in APPENDIX A, "BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

## STATE DEBT REIMBURSEMENT PROGRAMS

### School Debt Reimbursement Program

Alaska Statute 14.11.100 provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse debt service on bonds issued by municipalities to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities.

Funds to provide reimbursement under Alaska Statute 14.11.100 must be appropriated annually by the State Legislature. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to make appropriations to fund the payments authorized.

The percentage of debt service payments that the State will reimburse depends on whether the project has been approved or reviewed by the Commissioner of Education and Early Development ("*Commissioner*"). The requirement of approval or review, as the case may be, applies to the educational specifications, schematic designs, and final contract documents for the project. Where approval of a school construction project is required, State and school district officials must agree on design, projected enrollment and distribution of space in the school to the various required uses.

The school construction debt service reimbursement program provides generally that the State will reimburse:

- For debt authorized for projects approved by the Commissioner, 70% of debt service payments made during the current fiscal year; and
- For debt authorized for projects reviewed by the Commissioner, 60% of debt service payments made during the current fiscal year.

All costs of financing and acquiring, constructing, enlarging, repairing, remodeling, equipping, or furnishing public elementary and secondary schools are eligible for reimbursement, including the cost of all necessary studies, surveys, plans and specifications, architectural, engineering, or other services; site acquisition, preparation and development; an allocable portion of the administrative and operating expenses of the issuer; insurance; and the cost of financing the project, including bond interest, legal fees, fees and expenses of trustees, depositories, financial advisors, underwriters and paying agents. Costs for most single-purpose sports or recreational facilities and costs that are paid from State or federal funds are excluded.

For the Borough to obtain reimbursement it first must submit to the Department of Education and Early Development a request for an allocation of funds for reimbursement not later than October 15 of the fiscal year before the fiscal year for which the request is made. The State makes a reimbursement payment to the Borough upon receipt of a notice of payment by the Borough from the paying agent for the Borough's bonds. Only cash disbursements from locally-generated funds are eligible for reimbursement.

There is no guarantee that the State Legislature will make appropriations to fund at any level the payments authorized. In the event funds are not available to fully fund the State school debt reimbursement program, the funds that are available will be distributed pro rata among the eligible local governments. The following table shows total Statewide entitlements and actual State aid payments made to the Borough reported by the Alaska Department of Education and Early Development for the State fiscal years ended June 30, 2016 to 2015. Since 1993, the State has fully funded all entitlements under the school debt reimbursement program.

**ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
STATEWIDE DEBT SERVICE REIMBURSEMENT**

<u>Fiscal Year Ended June 30</u>	<u>Statewide Entitlement Payments</u>	<u>Borough Entitlement Payments</u>
2015	\$ _____	\$ _____
2014	109,800,821	19,679,679
2013	113,539,996	18,932,007
2012	100,907,833	14,105,642
2011	99,594,456	12,280,710
2010	96,507,492	11,237,576
2009	94,017,490	11,239,989
2008	91,764,563	11,216,715
2007	88,474,622	9,218,981
2006	81,117,673	9,124,439

*Source: Alaska Department of Education and Early Development*

**Borough School Debt Reimbursement Entitlement**

The Borough has 13 series of outstanding school bonds eligible for State reimbursement under the school debt reimbursement program. The following table shows the outstanding balance, final payment date, and reimbursement eligibility for each series.

**OUTSTANDING BOROUGH SCHOOL BONDS**

<u>Series</u>	<u>Outstanding Balance</u>	<u>Final Maturity</u>	<u>Debt Service Reimbursement Eligibility</u>
2004 Series D	\$ 6,880,000	4/1/15	69.1%
2005 Series A	1,255,000	4/1/15	60.0
2006 Series A	2,070,000	2/1/17	70.0
2006 Series B	1,935,000	2/1/17	60.0
2007 Series A	33,505,000	4/1/25	64.0
2009 Series A	15,720,000	7/1/29	70.0
2011 Series A	30,085,000	4/1/31	70.0
2012 Series A	81,925,000	3/1/32	70.0
2012 Series B	7,665,000	3/1/24	63.3
2013 Series A	12,350,000	3/1/33	70.0
2014 Series B	28,580,000	11/1/34	70.0
2015 Series A	37,350,000	2/1/26	66.7
2015 Series B	55,195,000	11/1/34	70.0

Jm16-118  
UR16-079

If the State appropriates funds for debt service reimbursement at less than the full entitlement, the Borough's local share will increase accordingly. The Borough received \$ \_\_\_\_\_ in reimbursement in fiscal year 2015 or 100 percent of annual debt service reimbursement entitlement in that fiscal year. Its local share was \$ \_\_\_\_\_.

### **Municipal Capital Project Debt Reimbursement Program**

Alaska Statute 29.60.700 provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse debt service on bonds issued by municipalities to pay costs of specified capital projects. The statute provides for the State to reimburse 100% of the costs paid by an eligible municipality during the immediately preceding fiscal year for the principal of and interest on outstanding debt for a specified project. The statute includes an authorization to reimburse payments by the Borough to retire up to \$10,000,000 in debt incurred for the Port MacKenzie Project. The Borough's General Obligation Port Refunding Bonds, 2012 Series C (the "2012C Bonds") were issued to finance the Port MacKenzie Project. See "General and Economic Data – Port MacKenzie Development."

This debt reimbursement program is administered by the State Department of Transportation and Public Facilities, which has confirmed that the 2012C Bonds are eligible for debt reimbursement under the program.

Full appropriations for reimbursement of debt service on the 2012C Bonds were made in the fiscal years ending June 30, 2013 to [2015], both inclusive.

Funds to provide State debt reimbursement under Alaska Statute 29.60.700 must be appropriated annually by the State Legislature. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to make appropriations to fund the payments authorized. There is no guarantee that the State Legislature will make appropriations to fund at any level the payments authorized.

## **STATE OPERATING AID FOR EDUCATION**

The State is required under the State constitution to establish and maintain a system of public schools. Each public school district in the State is funded through three primary sources: State aid, a required local contribution and eligible federal impact aid. In addition to aid for school construction, the State also provides aid to local school districts for the payment of operating expenses under the public school foundation program. The purpose of the foundation program is to provide a uniform system of public school aid throughout the State.

State aid to boroughs and cities is subject to annual appropriations. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to continue these aid programs at the same levels.

In November 2014, a trial court in the First Judicial District in Ketchikan, Alaska, ruled in a challenge by the Ketchikan Gateway Borough that the State's required local contribution violates the State constitutional prohibition against dedicated funds. The Alaska Supreme Court has stayed that decision pending an appeal. If the decision is upheld on appeal, it is unclear if or how the decision would impact the Borough.

## ASSESSED VALUATION AND PROPERTY TAXATION

The assessed valuation of the taxable property within the Borough, except property described below, is determined as of January 1 each year by the Borough Assessor (the "Assessor"). The Assessor is required to complete the assessment roll of all taxable property as of January 1 of each year, from which he prepares the abstract of assessment. The abstract is reviewed by the State Property Tax Administration. If necessary, the Borough Board of Equalization orders the Assessor to adjust the assessments on appeal, which may be subject to further appeal in the State courts. Under provisions of State law, the Assessor assesses all taxable property in the Borough at its full and true value. Taxes are levied on July 1 and are payable in two installments in August and February.

Property used in exploration, production or pipeline transportation of gas or unrefined oil is assessed by the State Department of Revenue as authorized by the State Legislature in 1973. The State levies a 20 mill tax on such property. Local governments and service areas may levy and collect a property tax based on the State's assessed valuation of those properties within the local jurisdiction. Payments made to local jurisdictions are allowed as a credit toward payments due the State.

### Property Tax and Tax Limitations

State law imposes no limitation on the rate or amount of taxes which may be levied for debt service on general obligation bonds. Ad valorem taxes levied by an Alaska municipality for purposes other than debt service on general obligation bonds are limited by State statute (Alaska Statute 29.45.090) to an amount equal to 3% of the assessed valuation of taxable property in the municipality. Accordingly, this limitation applies to the payments of Base Rent evidenced and represented by the 2016 Certificates. All property on which an ad valorem tax is levied must be taxed at the same rate during the year. In addition, a municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may not levy ad valorem taxes for purposes other than debt service on general obligation bonds (a) that will result in tax revenues from all sources exceeding \$1,500 a year for each person residing within the municipality or (b) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 375% of the average per capita assessed valuation of all taxable property in the State multiplied by the number of residents in a municipality, such as the Borough, that does not levy a tax on oil and gas property under Alaska Statute 43.56.010 in excess of 18 mills.

In 2005, the Borough adopted an ordinance (the "2005 Ordinance") limiting substantially all Borough taxes to the previous year's tax levy increased by the consumer price index for the preceding year and average population growth or loss over the last five years. Taxes required to fund additional services mandated by voter approved ballot issues are excluded from the limit. **As payments of Base Rent are not general obligation bond debt service, taxes levied to pay Base Rent and other expenditures of the Borough are limited by the 2005 Ordinance. In the event that Borough expenditures, including the payments of Base Rent, exceed Borough revenues, the Borough may reduce expenditures, which may include not appropriating funds for the payment of Base Rent. By ordinance, the Borough may levy taxes in excess of the limits of, or amend, the 2005 Ordinance.**

### Assessed Valuation and Tax Collections

The certified assessed valuation of the taxable property in the Borough for the fiscal year ending June 30, 2015 is \$ \_\_\_\_\_. This represents an increase of approximately \_\_\_ percent over the prior year's assessed valuation.

## Historical Assessed Valuation and Tax Collection Record

Fiscal Year Ending June 30	Assessed Valuation (All Property)	% Increase in Assessed Valuation From Previous Year	Areawide Tax Rate (Mills) (1)	Net Tax Levy (2)	Tax Collections on Current Levy		Collections Subsequent Years	Total Collections to Date	
					Amount	%		Amount	%
2016	\$	%		\$	\$		(4)	(4)	
2015	9,004,077,191	3.5	9.662	\$114,328,576	\$		(4)	\$	
2014	8,702,239,019	2.0	9.852	109,986,586	106,109,708	96.5	\$	106,109,708	96.5
2013	8,533,064,317	1.8	9.691	106,069,979	102,321,617	96.5	1,138,009	103,459,626	97.5
2012	8,384,028,066	2.1	10.051	106,116,574	101,881,857	96.0	2,311,732	104,193,589	98.2
2011	8,209,692,603	1.7	9.956	102,459,539	98,954,998	96.6	2,394,130	101,349,128	98.9
2010	8,071,844,601	1.4	9.980	100,736,350	97,109,667	96.4	2,940,021	100,049,688	99.3
2009	7,957,521,667	3.9	10.326	100,433,204	96,318,045	95.9	3,655,116	99,973,161	99.5
2008	7,657,858,482	10.5	9.644	91,367,040	87,627,539	95.9	3,436,819	91,064,358	99.7
2007	6,928,664,332	22.1	9.644	81,798,328	77,652,943	94.9	3,907,644	81,560,587	99.7
2006	5,674,980,225	24.5	10.880	74,154,906	71,450,048	96.4	2,606,474	74,056,522	99.9

- (1) Areawide rate; does not include Service Areas or Non-Areawide rates.
- (2) Tax Levy after adjustment for senior citizens and disabled veterans' levy reductions mandated under State law. Includes Non-Areawide and Service Areas levies.
- (3) Includes collections on prior year's levies and penalty payments. Interest rate on delinquent taxes is currently 5.25% per annum.
- (4) Not available.

Source: 2015 Comprehensive Annual Financial Report of the Borough and Borough records.

### Ten Largest Taxpayers

Taxpayer	Nature of Business	[2014] Assessed Valuation (1)	Percentage of Borough's [2014] Assessed Valuation
Mat-Su Regional Medical Center	Medical Facilities	\$102,515,900	1.13%
Enstar Natural Gas	Private Utility	42,382,000	.47
Alaska Hotel Properties	Hotel	41,309,200	.45
Fred Meyer Stores, Inc.	Retail Store	39,408,610	.43
Wal-Mart Stores, Inc.	Retail Store	29,114,166	.32
GCI/GCI Cable/Alaska Digitel	Telecommunications	27,961,937	.31
Cook Inlet Region, Inc./CIRI Land Development Co.	Real Estate Rental, Leasing and Management	27,222,894	.30
Global Finance/Gary Lundgren	Real Estate, Rental/Leasing	25,777,900	.28
DBC, LLC/Target	Property Development/Retail	20,918,015	.23
Alaska Pipeline Co.	Gas Transmission Lines	16,695,700	.18
Total		\$373,306,322	4.15%

(1) Reflects certified data of the Borough as of [July 1, 2014]. Includes real and personal property.

## EXCISE TAXES

There is no Borough sales tax. The Borough levies an excise tax of 0.114 cents per cigarette and 55% of the wholesale price of other tobacco products. The excise tax revenue for fiscal year [2014] was \$7,326,269. The Borough levies a 5.00% tax on rentals for hotel and motel accommodations. The bed tax revenue for fiscal year [2014] was \$1,113,368. The City of Palmer levies a 3.00% sales tax, the City of Wasilla levies a 2.00% sales tax and the City of Houston levies a 3.00% sales tax. There is no State sales tax or personal income tax.

## **BOROUGH FINANCIAL MATTERS**

### **General**

The Borough's accounting records are maintained on a modified accrual basis in conformity with generally accepted accounting principles. Alaska law requires that an annual independent audit be made of the books of account and financial records and transactions of the Borough by a public accountant. The Borough has complied with this requirement, and the auditor's report for the fiscal year ended June 30, 2015 is included herein as APPENDIX A. The Government Finance Officers Association of the United States and Canada has awarded to the Borough its Certificate of Achievement for Excellence in Financial Reporting for the past [30] years.

The State Department of Education and Early Development promulgates the basis of accounting and reporting for schools, including the School District. These procedures must be adhered to for eligibility for State revenues under the public school foundation program. See "State Operating Aid for Education." The Education Operating Fund is utilized to account for all education related revenues and expenditures. The School District maintains detailed departmental accounting records for operating budget and reports to the State.

### **Budgeting**

Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All departments and service areas submit budgets to the Borough Manager on or about January 31 of each year. The Borough Manager uses these requests for developing a proposed budget. The Borough Manager submits the proposed budget to the Assembly on the third Tuesday of April. The Assembly is required to hold public hearings on the proposed budget and to adopt the budget by May 31.

The School District is required by Borough Code to submit its annual budget including capital expenditures to the Borough Assembly for approval. All educational capital outlay expenditures are made directly by the School District with budgetary control and detailed accounting records maintained by the Borough Finance Department. The Borough Finance Department is responsible for the issuance of budgetary status and general ledger reporting. The School District does not have the authority to engage in direct treasury activity.

### **Labor Relations**

As of March 1, [2015], the Borough employed 298 people on a full-time basis in general government positions and approximately 2,001 full time equivalent employees in school operations. Borough officials consider employee relations to be satisfactory. General government employees of the Borough are represented by the Matanuska-Susitna Borough Employees Association and have a three year contract with the Borough that extends through [December 31, 2015]. There have been no strikes by Borough employees in recent years. Most employees of the School District are represented by the Matanuska-Susitna Borough Education Association. The current contract with the School District extends through June 30, 2017.

### **Retirement Plans**

Permanent employees of the Borough participate in the Alaska Public Employees Retirement System ("PERS") and the Supplemental Benefits System ("SBS"), and teachers of the School District participate in the Alaska Teachers Retirement System ("TRS").

State legislation passed in 2005 affected retirement benefits for new employees under PERS and TRS. The legislation requires all new eligible employees hired on or after July 1, 2006 to be participants in newly created defined contribution retirement plans. For fiscal year 2016, employees are required to contribute 8% of compensation and employers are required to contribute 8% of compensation for PERS-covered employees and 10% for TRS-covered employees, plus additional amounts for certain medical insurance (1.68% of compensation for PERS-covered employees and 2.04% for TRS-covered employees) and occupational death and disability benefits (1.05% for police and fire and 0.22% for other PERS-covered employees).

Employees hired prior to July 1, 2006 continue to accrue benefits under the existing defined benefit plans and, with respect to those plans, the employer will pay contribution rates set by the Alaska Retirement Management (“ARM”) Board. Pre-July 1, 2006, non-vested employees may elect to switch from the defined benefit to the appropriate defined contribution plan.

As part of the 2005 legislation, the then existing rate-setting and investment boards were eliminated and replaced with the ARM Board on October 1, 2005. The assets of PERS, TRS, and SBS are managed and invested by the ARM Board. The State of Alaska Department of Administration is the administrator of the plans.

In April 2008, the State converted the existing PERS from an agent-multiple employer plan to a cost-sharing plan. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. TRS has been operating as a cost-sharing plan for some time.

PERS requires a uniform employer contribution rate of 22% or less of active member wages, subject to a wage floor, and TRS requires a uniform employer contribution rate of 12.56% or less. The State is required to contribute in the event that the employer contribution rates adopted by the ARM Board, which include a component to amortize past service liability, exceeds those rates. Any such additional contributions are currently recognized by each employer as an on-behalf payment from the State.

In 2014, the State Legislature appropriated \$1 billion to reduce the unfunded actuarial accrued liability of PERS and \$2 billion to reduce the unfunded actuarial accrued liability of TRS. The State Legislature also directed the ARM Board to adopt employer contribution rates for liquidating the past service liability of PERS and TRS using a level percent of pay method over a closed term of 25 years ending in 2039, rather than the level dollar method that had been used by the ARM Board. This change in methodology resulted in significantly lower adopted employer contribution rates for fiscal year 2016. All of the reduction in employer contributions for fiscal year 2016 will be reflected in lower on-behalf payments from the State.

PERS participants first hired before July 1, 2006, participate in a defined benefit plan. Under that plan, employees contribute 6.75% of their annual covered salaries to PERS (7.5% for peace officers and firefighters).

In September 2014, employer contribution rates were set for fiscal year 2016 based on assumptions and projections from the actuary designed to achieve full funding over a closed term of 25 years. The consolidated rate for fiscal year 2016 was set at 27.19% for all PERS employers, compared to 44.03% for fiscal year 2015. Since the consolidated rate exceeds the uniform employer contribution rate of 22%, the State is required to make a 5.19% on-behalf payment for fiscal year 2016, compared to 22.03% for fiscal year 2015.

As of June 30, 2013 (the latest adopted actuarial valuation data), the PERS defined-benefit pension fund showed assets (on an actuarial valuation basis) of \$12.163 billion against total liabilities of \$19.993 billion. Assets as a percent of pension fund obligations are 60.8%, representing system-wide underfunding of \$7.830 billion. If market values for assets were used, assets as a percentage of obligations would be 62.6%. The actuarial valuations for PERS include calculations for the health insurance of retirees which are a contractual obligation of the system.

TRS participants first hired before July 1, 2006, participate in a defined benefit plan. Under that plan, employees contribute 8.65% of their annual covered salaries to TRS.

In September 2014, the employer contribution rates were set for fiscal year 2016 based on assumptions and projections from the actuary designed to achieve full funding over a closed term of 25 years. The consolidated rate for fiscal year 2016 was set at 29.27% for all TRS employers, compared to 70.75% for fiscal year 2015. Since the consolidated rate exceeds the uniform employer contribution rate of 12.56%, the State is required to make a 16.71% on-behalf payment for fiscal year 2016, compared to 58.19% for fiscal year 2015.

As of June 30, 2013 (the latest adopted actuarial valuation data), the TRS defined-benefit pension fund showed assets (on an actuarial valuation basis) of \$4.974 billion against total liabilities of \$9.592 billion. Assets as a percent of pension fund obligations are 51.9%, representing system-wide underfunding of \$4.618 billion. If market values for assets were used, assets as a percentage of obligations would be 53.6%. The actuarial valuations for TRS include calculations for the health insurance of retirees which are a contractual obligation of the system.

The true costs of a defined benefit retirement plan cannot be determined until its future unfolds. The return on fund assets, member termination rates, future salary levels, medical costs, mortality experience, etc. cannot be precisely predicted. Estimates based on experience with similar groups, along with the judgment of the actuary and the plan sponsor, can provide a reasonable approximation of this true cost. However, as actual experience emerges under any retirement plan, it will be necessary to study the continued appropriateness of the techniques and assumptions employed and to adjust the contribution rate as necessary.

The SBS was designed to provide benefits in lieu of those under Social Security when the State withdrew from that system. Certain political subdivisions, including the Borough, also elected to participate in the SBS. The Borough currently contributes 6.13% of an employee's wages up to the current Social Security wage base.

## **Risk Management**

The Borough and School District are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and illness of and injuries to employees, for all of which the Borough and School District carry commercial insurance. Claims on insurance have not exceeded coverages in any of the last three years. The Borough's insurance, including the School District, is on a claims occurred basis except the school leaders' errors and omissions, which is on a claims made basis. Major coverages, which are in effect until June 30, [2017], are as follows:

Type of Major Coverage	Limit of Coverage	Deductible / Retention
Property* .....	\$[1,064,944,584]	\$[100,000]
Excess liability occurrence and aggregate.....	\$[20,000,000]	\$[250,000]

\* Limited to \$50 million per occurrence and annual aggregate and \$25 million earthquake and flood per occurrence and annual aggregate.

### Self-insurance Coverage

The Borough and the School District jointly participate in self-insurance for unemployment claims and for property and casualty coverage.

Unemployment insurance is paid by the Borough and School District on a reimbursement basis to the State when individual claims are filed.

Property and casualty claims within the retention are paid by the Borough and School District on a reimbursement basis. The Borough and School District accrue an estimate for claims incurred but not reported at year end. The Borough and School District have a \$250,000 per occurrence retention for casualty claims.

The Borough (excluding the School District) provides health insurance on a self-insured basis up to \$130,000 each occurrence or \$1 million in aggregate for all medical claims during the fiscal year. Health insurance claims are paid by the Borough on a reimbursement basis. The Borough uses a third party administrator for this fund. Health insurance for the School District is paid on a premium basis.

For the fiscal year ending June 30, [2015], the Borough and the School District are self-insured in their workers' compensation insurance program. All claims reported under the self-insurance retention of \$500,000 are paid by the Borough for all employees except fire responders. The self-insurance retention for fire responders is \$750,000. All claims reported under the self-insurance retention of \$500,000 are paid by the School District. Anything in excess of the limit is covered by an insurance carrier.

### Cash Management and Investment Policy

The Borough's investment policy is to invest public funds in a manner which will provide the highest investment return consistent with the maximum preservation of capital while meeting the daily cash flow demands of the Borough. Investments of the Borough's short-term operating funds (not including bond proceeds) are authorized only in (i) obligations of, or guaranteed by, the United States; (ii) obligations of an agency or instrumentality of the United States; (iii) repurchase agreements and certificates of deposit collateralized with obligations described under (i) and (ii); (iv) money market mutual funds invested only in obligations described under (i) and (ii); (v) taxable general obligations of a state or municipality rated AA or higher by at least two nationally recognized rating agencies; and (vi) the Alaska Municipal League Investment Pool, whose investments are limited to those permitted under Alaska Statutes Chapter 37.23.

As of June 30, [2014], substantially all of the Borough's cash was invested. The amount of interest income for Governmental Fund Types during fiscal year 2014 was \$876,148. In addition, the amount of interest income for Agency Funds during fiscal year 2014 was \$4,264. Total interest income for fiscal year 2014 was \$879,095.

## Revenues and Expenditures

State contributions and property taxes are the major revenue sources for the Borough; general government and school operations accounted for approximately 88% of total expenditures in fiscal year [2014]. The State makes payments to Alaska local governments that operate schools under various programs (for operating, debt service and capital improvement purposes). (See “State Operating Aid For Education” and “State Debt Reimbursement Programs – School Debt Reimbursement Program”). State funds accounted for approximately 72% of the Borough’s educational operating revenues in fiscal year [2014].

Revenues for general governmental functions (which include the General, Special Revenue and Debt Service Funds) totaled \$390.1 million in fiscal year [2014] and \$378.1 million in fiscal year 2013. General property taxes, registration fees and special assessments produced \$122.4 million in fiscal year [2014] and \$115.9 million in fiscal year [2013].

### Fiscal Years 2015 and 2014 Revenues

(Amounts in thousands)

Source	2015		2014	
	Amount (000)	Percent of Total	Amount (000)	Percent of Total
Taxes and Assessments ....	[\$122,419	31%	\$115,956	31%
State and Federal Funds....	254,626	65	251,155	66
Other.....	13,082	4	10,942	3
<b>TOTAL.....</b>	<b>\$390,126</b>	<b>100%</b>	<b>\$378,053</b>	<b>100%</b>

Source: Comprehensive Annual Financial Report of the Borough, June 30, [2015].

Expenditures totaled \$387.8 million during fiscal year [2014] and \$370.1 million during fiscal year [2013] as shown on the following table.

### Fiscal Years 2015 and 2014 Expenditures

(Amounts in thousands)

Source	2015		2014	
	Amount (000)	Percent of Total	Amount (000)	Percent of Total
General Government .....	\$ 25,755	7%	\$ 25,755	7%
Education Operating.....	285,626	74	285,626	74
Education Debt Service..	29,182	8	29,182	8
Other.....	47,328	11	47,328	11
<b>TOTAL.....</b>	<b>\$387,891</b>	<b>100%</b>	<b>\$387,891</b>	<b>100%</b>

Source: Comprehensive Annual Financial Report of the Borough, June 30, [2015].

**General Government Operating Revenues**  
(Amounts in thousands)

Fiscal Year (June 30)	Property Taxes	% of Total	State Funds	% of Total	Federal Funds	% of Total	Other	% of Total	Total
2015	\$	%	\$	%	\$	%	\$	%	\$
2014	122,419	31	232,460	60	22,165	5	13,081	4	390,126
2013	115,956	31	226,921	60	24,234	6	10,942	3	378,053
2012	109,872	31	207,700	60	23,989	6	9,107	3	350,668
2011	113,297	33	187,499	54	35,875	10	10,332	3	347,003
2010	111,422	35	172,653	54	22,821	7	12,028	4	318,924
2009	105,632	35	168,257	55	18,334	6	13,415	4	305,638
2008	96,875	33	165,818	56	16,569	6	15,708	5	294,970
2007	89,773	36	129,145	51	16,365	7	15,744	6	251,027
2006	84,977	37	113,226	50	17,553	7	12,934	6	228,690

Source: Comprehensive Annual Financial Report of the Borough, June 30, [2015].

**General Government Expenditures**  
(Amounts in thousands)

Fiscal Year (June 30)	General Government (1)	% of Total	Education		% of Total	Other (3)	% of Total	Total
			Operating (2)	Debt Service				
2015	\$	%	\$	\$	%	\$	%	\$
2014	25,755	7	285,626	29,182	81	47,328	11	387,891
2013	21,778	6	274,557	28,101	82	45,693	12	370,129
2012	24,031	7	257,683	21,875	81	41,331	12	344,920
2011	23,273	7	244,834	18,750	82	36,586	11	323,443
2010	25,193	8	223,466	17,397	80	35,253	12	301,309
2009	22,742	8	216,112	16,895	80	35,853	12	291,602
2008	20,690	7	207,342	16,858	80	36,414	13	281,304
2007	18,068	8	165,712	14,212	79	29,857	13	227,849
2006	15,499	7	158,726	13,731	81	26,107	12	214,063

Source: Compiled from the Comprehensive Annual Financial Report of the Borough, June 30, [2015].

- (1) Includes General Government, Road Service Areas and Land Management Expenditures, net of Recovery of Expenses from Other Funds.
- (2) Education Operating and Education Special Revenue expenditures.
- (3) Includes Public Safety, Fire Service Area Debt Service, Parks and Indoor Recreation, Matanuska-Susitna College, Libraries, Cultural Resources and Solid Waste Disposal.

**Combined Statement of Revenues, Expenditures and Transfers for All Governmental Funds**  
(Fiscal Years Ended June 30)  
(Amounts in thousands)

	[2015]	2014	2013	2012	2011	2010
Combined Beginning Fund Balance, July 1 ..		\$287,387	\$282,777	\$185,318	\$138,126	\$132,091
<b>Revenues:</b>						
Taxes and Assessments .....		\$122,419	\$115,956	\$109,872	\$113,297	\$111,422
Intergovernmental.....		340,090	295,213	262,760	256,234	213,138
Charges for Services.....		8,340	6,869	5,412	5,899	5,661
Interest Income & Other.....		4,857	4,344	4,044	4,451	11,428
<b>Total Revenues .....</b>		<b>\$475,706</b>	<b>\$422,382</b>	<b>\$382,088</b>	<b>\$379,881</b>	<b>\$341,649</b>
<b>Expenditures:</b>						
General Government.....		\$25,755	\$ 21,778	\$ 24,031	\$ 23,273	\$ 25,192
Public Safety.....		18,499	20,124	18,148	16,533	15,475
Public Services .....		307,713	294,076	276,309	262,937	241,313
Debt Service .....		31,650	29,664	23,303	20,177	18,843
Capital Outlays & Other.....		156,591	80,600	43,848	44,510	34,434
<b>Total Expenditures.....</b>		<b>\$540,208</b>	<b>\$446,242</b>	<b>\$385,639</b>	<b>\$367,430</b>	<b>\$335,257</b>
Excess of Revenues over Expenditures .....		\$(64,502)	\$(23,860)	\$(3,551)	\$12,451	\$6,392
<b>Other Financing Sources (Uses)</b>						
Bond Proceeds.....		61,459	28,620	101,265	34,855	0
Net Transfers & Other .....		5,564	(150)	(255)	(114)	(357)
Excess of Revenues over Expenditures and Other Financing Sources .....		\$2,521	\$4,610	\$97,459	\$47,192	\$6,035
Combined Ending Fund Balance.....		\$289,908	\$287,387	\$282,777	\$185,318	\$138,126
Ending General Fund Balance.....		\$59,768	\$58,579	\$54,032	\$64,964	\$56,939
Ending General Fund Cash Balance.....		\$45,369	\$43,191	\$42,870	\$54,406	\$51,765

Source: Comprehensive Annual Financial Reports of the Borough.

**School District Debt Service Account**  
Year Ended June 30,

	[2015]	2014	2013	2012	2011	2010
Beginning Account Balance....		\$758,042	\$1,004,897	\$986,832	\$267,299	\$774,734
<b>Revenues</b>						
State Reimbursement (1).....		\$19,679,679	\$18,932,007	\$14,105,641	\$12,280,710	\$11,237,576
General Fund Transfers.....		8,843,745	8,717,993	6,919,146	6,832,804	5,652,424
Other Revenues.....		1,268	0	80,906	159	29
<b>TOTAL .....</b>		<b>\$28,524,692</b>	<b>\$27,650,000</b>	<b>\$21,105,693</b>	<b>\$19,113,673</b>	<b>\$16,890,029</b>
<b>Expenditures</b>						
Bond Redemption .....		\$17,515,000	\$16,675,000	\$12,635,000	\$11,035,000	\$9,960,000
Bond Interest.....		11,452,775	11,221,855	8,374,184	7,359,140	7,437,464
Bond Issuance Costs .....		0	0	78,444	0	0
Bond Fees .....		0	0	0	0	0
<b>TOTAL .....</b>		<b>\$28,967,775</b>	<b>\$27,896,855</b>	<b>\$21,087,628</b>	<b>\$18,394,140</b>	<b>\$17,397,464</b>
Ending Account Balance.....		\$314,959	\$758,042	\$1,004,897	\$986,832	\$267,299

Source: Comprehensive Annual Financial Reports of the Borough. The School Debt Service Account is maintained in the Debt Service Fund.

(1) See "State Debt Reimbursement Programs - School Debt Reimbursement Program".

## Resource Sales and Conveyances

Under Alaska Statute 29.65.010, boroughs in Alaska were given the right to select ten percent of “vacant, unappropriated and unreserved” State lands within their boundaries. The State has the right to select certain quantities of land owned by the United States government. Under the State of Alaska Municipal Entitlement Act, the Borough has been granted a land entitlement of 355,210 acres. The Borough has received patent to over 271,009 acres of this entitlement and has management authority for an additional 79,981 acres which must be surveyed before being patented. The Borough has finalized its land selections under the Municipal Land Act and resolved all differences with the State on what land should be conveyed to the Borough.

As part of the Borough’s Municipal Entitlement land from the State, the Borough has received a patent for key tidelands at Port MacKenzie. As well, the Borough is in the process of surveying 4,786 acres at Hatcher Pass. Once the survey is complete there is a Borough Assembly approved land exchange between the Borough and the State of Alaska Department of Natural Resources for an additional 260 acres in the Hatcher Pass Development Area. It is expected that obtaining patent to this parcel will aid in the facilitation of financing by private developers and the Borough obtaining federal and State grants for the ski area resort and residential development planned for this area. See “General and Economic Data – Economic Development.”

Land sales (residential, recreational, commercial and agricultural and natural resource (timber and gravel)) during fiscal year 2013 included three transactions primarily through over-the-counter sales and sealed bids. Properties are offered for cash or terms, requiring 20 percent down payment and amortized over five or ten years. Overall revenue generated from these resource sales for fiscal year 2013 was in excess of \$415,200. Proceeds from land sales, leases, timber, gravel and associated fees are deposited in the Land Management Fund.

Land Management Fund money may be spent as appropriated by the Borough Assembly for the following purposes only: capital improvements (including, but not limited to, school debt service, trails, roads, streets, buildings, port infrastructure, harbors, air fields, park acquisition and development, utilities and land acquisition), and for administration of the Borough land selection and management program.

## BOROUGH GOVERNMENT

The Borough was incorporated as a second class borough on January 1, 1964. The Borough is governed by a seven-member Borough Assembly, elected from single-member districts, and a Mayor, elected at large. The Borough Assembly appoints the Borough Manager, who serves as chief administrator, and an Attorney and Clerk. There is an appointed Planning Commission, Platting Board, Transportation Advisory Board, and several other advisory committees.

### Powers

There are three categories of Borough powers: areawide powers (exercised throughout the Borough), non-areawide powers (not exercised within cities), and powers exercised through a service area (a district in which a tax is levied to finance special services provided within the district). The Borough’s areawide powers include: assessment and collection of taxes; education; planning and zoning; parks and recreation; ports, harbors and wharves; ambulance service; transportation; air pollution control; day care facilities; historic preservation; and transient accommodations taxation.

The Borough exercises the following areawide powers: general administration, education, property assessment and collection of taxes, planning and zoning, parks and recreation, ports, emergency

medical services, transportation and historic preservation. The Borough also exercises the following non-area-wide powers: solid waste, libraries, septage disposal, animal care and regulation and economic development. Additionally, following voter approval, the Borough is responsible for 30 active service areas for water, sewer, flood, water erosion, fire and/or roads. Service area boards of supervisors are appointed by the Borough Assembly to oversee the affairs of each service area.

### School District

The School District is a dependent unit of the Borough, governed by an elected school board. The Borough issues bonds and levies taxes on behalf of the School District. The school system consists of seven high schools; five middle schools; two combined junior/senior high schools; four primary/secondary schools (K-12) and 20 elementary schools and six charter schools and is the second largest school district in the State, after Anchorage.

#### School District Enrollment

Fiscal Year Ending June 30	Average Daily Attendance (K-12)	Average Daily Enrollment	Professional Teaching Staff	Number of Schools
2015	17,751	17,764	1,159	45
2014	16,940	17,479	1,159	45
2013	16,961	17,247	1,133	45
2012	16,766	17,338	1,117	44
2011	16,351	16,962	1,247	44
2010	16,053	16,653	1,211	44
2009	15,954	16,464	1,186	41
2008	15,778	16,115	1,120	40
2007	15,098	15,847	1,089	37
2006	14,514	15,440	1,051	37

Source: School District records.

### Borough Administration

The administration of the Borough government is directed by the Borough Manager. The Director of Finance is responsible for financial matters. Biographical information with respect to the Borough Manager and the Director of Finance is set forth below:

*John Moosey* was appointed the Borough Manager in May 2011. He began his career in local government management within the Borough of Clarion, Pennsylvania in 1985. Including Clarion, Mr. Moosey has served 29 years as Chief Executive/Administrative Officer in the communities of Middlefield, Ohio, Defiance, Ohio, Brewster, Ohio, North Branch, Minnesota and Chisago County, Minnesota. Mr. Moosey holds a Master's Degree of Public Administration from Kent State University. He also holds a membership in the International City County Management Association.

*Tammy E. Clayton* was appointed as the Director of Finance of the Borough in September 1998. From February 1991 until September 1998, she was the Borough Comptroller. Ms. Clayton is a former member of the Executive Board of the Government Finance Officers Association of the United States and Canada. She has also served as the President of the Alaska Government Finance Officers Association. She is on the Board of Directors of the Alaska Municipal League Investment Pool. Ms. Clayton is a Certified Public Accountant in the State of Alaska and previously worked with Coopers & Lybrand for a period of six years. Prior employment experience included several years with a financial institution as

comptroller. Ms. Clayton has a bachelor's degree in business administration from the University of Alaska.

### **School District Administration**

*Dr. Deena M. Paramo* was appointed Superintendent in July 2011. Dr. Paramo became an Alaskan educator in 1991 when she began teaching in interior Alaska. She moved to the Borough in 1993 to teach at the School District. She started her career in school administration in 1996 as an Assistant Principal in two of the District's middle schools. In 2003 she became a Principal. Dr. Paramo became the Assistant Superintendent of Instruction in 2007. Dr. Paramo has a Bachelor of Science Degree, with a specialization in bilingual education, from Texas State University and a Master of Education in Administration from the University of Alaska. She earned her Doctor of Education degree at the University of Oregon.

*Rebecca Wright* was appointed Chief Financial Officer of the School District in March 2012. She has earned a Masters of Business Administration degree and has over 21 years of experience in accounting, payroll, office management, negotiations, contract management, risk management, human resources and customer service. She has held positions in banking, commercial shipping, government and publishing industries, as well as owned and operated a small recruiting business. She is a member of the Government Finance Officers Association, Alaska Government Finance Officers Association, Association of School Business Officials, Alaska Association of School Business Officials, National Institute of Governmental Purchasing and the Society of Human Resources.

## **GENERAL AND ECONOMIC DATA**

### **Description of Borough**

The Borough lies in the heart of southcentral Alaska, encompassing more than 25,000 square miles of rolling low land, mountains, lakes, rivers and streams. The Borough includes portions of the Alaska Range to the northwest; portions of the Chugach Mountains to the southeast; and essentially the entire Talkeetna and Clearwater Ranges in its interior. The Municipality of Anchorage, Upper Cook Inlet, and Knik Arm delineate the Borough's southern boundary.

There are three incorporated cities within the Borough: Palmer, Wasilla, and Houston. Additionally, there are several unincorporated communities and 21 Borough recognized community councils. One unincorporated community, Big Lake, is currently exploring incorporation, though the timing and ultimate approval of such incorporation is presently unknown.

The majority of the Borough's population resides in the "core area," surrounding the cities of Palmer and Wasilla and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites. Two major highways, the Glenn Highway and George Parks Highway, traverse the Borough. Virtually all out-of-state highway traffic travels through the Borough via one of these two highways. The Alaska Railroad's mainline also traverses the Borough connecting southcentral Alaska and Anchorage with interior Alaska.

### **Population**

The estimated population for [2014] for the Borough is 98,063, with an estimated population of 1,965 in the City of Houston, 6,053 in the City of Palmer and 8,275 in the City of Wasilla. The Borough has been Alaska's fastest growing region for the last two decades and is the third most populous

municipality in the State, after Anchorage and Fairbanks. The [2014] estimated population represents an increase of 10% over the 2010 U.S. Census population of 88,995.

The population of the Borough, along with its two largest cities, Palmer and Wasilla, are shown below:

	<b>Population</b>				
	[2015]	2010	2000	1990	1980
Borough .....	98,063	88,995	59,322	39,683	17,816
Wasilla .....	8,275	7,831	5,469	4,028	1,559
Palmer .....	6,053	5,937	4,533	2,866	2,141

Sources: [2015] estimates of Alaska Department of Commerce, Community and Economic Development; 1980, 1990, 2000 and 2010 U.S. Census.

### Population Distribution

Age Groups	[2015] Population	% Total	2005 Population	% Total
Under 25	35,740	36.4%	29,312	39.2%
25-34	13,174	13.4	7,940	10.6
35-44	12,687	12.9	11,961	16.0
45-54	13,673	13.9	13,402	17.9
55-65	13,168	13.5	7,166	9.6
Over 65	9,621	9.9	5,090	6.8
<b>TOTAL</b>	<b>98,063</b>	<b>100.0%</b>	<b>74,871</b>	<b>100.0%</b>

Source: Alaska Department of Labor and Workforce Development.

Originally settled by gold miners in the late 1800's, Palmer is now characterized as the agricultural center of Alaska, due to the Matanuska Valley colony. The federal government took over the local railroad's efforts to attract settlers to Palmer in 1935. A total of approximately 160 families were involved; at the peak there were more than 70 dairy farmers in the Palmer area.

The Matanuska Valley region has been the State's primary agricultural producer since the mid-1930's. Grains and grasses and commercial vegetables are the major crops; total cropland includes approximately 14,000 acres. In recent years, some land previously devoted to agriculture has been converted to residential use.

Residential and recreational land, the subject of development and subdivision since 1970, is one of the most important Borough resources. The southern portion of the Borough provides residential support to Anchorage. The State estimates that 32% of the working population within the Borough commutes on a regular basis to Anchorage and that 12% commutes to areas outside of southcentral Alaska.

Government, transportation, construction, retail trade and other services provide the bulk of employment within the Borough; agriculture also plays an important role in the economy. Tourism and the development of natural resources, primarily coal and forest products, could expand the economic base in the future.

Jm16-118  
OR16-079

## Employment

There has been significant growth in employment in the Borough. From 2000 to 2010, wage and salary employment in the Borough grew more than 60%, compared with 15% growth Statewide. Most of the growth in the Borough was a result of population growth.

The Borough's employment level and major employment categories are detailed in the tables below. The difference in total employment and employment in the Borough reflects the large portion of the labor force that works in the Anchorage area (approximately 32%) or outside of southcentral Alaska (12%). The relatively high unemployment rate in the Borough reflects the fact that a large number of Borough residents are engaged in part time oil related employment on the North Slope or are seasonal workers in the fishing industry.

While unemployment has traditionally been higher in the Borough and income lower when compared to Statewide figures, the long term trends indicate decreasing differentials in unemployment and income between the Borough and the State. The work force has a strong commuter pattern and a strong seasonal pattern and this is reflected in the higher than average unemployment figure. The unemployment rate for December, [2014] was 7.1%.

**Borough Labor Force and Unemployment Rate**

	[2014]	2013	2012	2011	2010	2009	2008	2007
Labor Force .....		43,703	43,764	44,256	44,008	42,425	41,677	39,959
Unemployment Rate.....		7.3%	8.0%	9.0%	9.3%	9.3%	7.3%	7.0%

**Borough Employment by Industry**  
2010 — 2015

	[2015]	2014	2013	2012	2011	2010
<b>Goods – Producing</b> .....		2,914	2,165	1,964	1,896	1,898
Natural Resources & Mining .....		246	159	174	182	160
Construction .....		2,152	1,799	1,594	1,505	1,531
Manufacturing .....		516	207	196	209	207
<b>Service – Providing</b> .....		15,792	14,437	14,202	13,960	13,678
Trade, Transportation & Utilities .....		5,006	4,611	4,504	4,417	4,511
Wholesale Trade .....		125	122	75	99	84
Retail Trade .....		3,901	3,614	3,561	3,528	3,391
Transportation, Warehousing .....		735	671	632	606	846
Utilities .....		218	N/A	236	184	190
Information .....		471	510	596	642	621
Financial Activities .....		794	744	751	738	740
Professional & Business Services .....		1,429	1,243	1,213	1,159	1,094
Educational & Health Services .....		4,048	4,014	3,955	3,707	3,574
Leisure & Hospitality Services .....		3,185	2,520	2,402	2,516	2,341
Other Services .....		749	749	733	743	730
Unclassified establishments .....		110	45	47	38	67
<b>Government — Total</b> .....		4,004	4,800	4,643	4,446	4,267
Federal .....		203	197	210	216	273
State .....		1,549	1,423	1,259	1,185	1,166
Local .....		2,252	3,180	3,174	3,045	2,828
<b>Total</b> .....		<u>22,710</u>	<u>21,402</u>	<u>20,808</u>	<u>20,302</u>	<u>19,843</u>

Source: Alaska Department of Labor.

Wages and income have traditionally been lower in the Borough than the average in the State. In 2012, the average monthly wage and salary job in the Borough earned \$3,194 vs. \$4,175 Statewide. Most of this difference is explained by the employment mix. More jobs in the Borough fall into lower paying industry categories such as retail and services, while fewer are available in the higher-paying industries such as oil.

### Military Bases

Joint Base Elmendorf-Richardson, located in Anchorage, is an important part of the economy of the Anchorage area, including the Borough. In addition to the approximately 13,300 military personnel stationed on the joint base, some 3,300 civilian personnel are employed at the facilities. The annual payroll for military personnel is \$837 million and the annual payroll for civilian employees is \$230 million.

### New Construction

The number of units and the value of non-residential construction and residential construction in the Borough in the years ended 2006 to 2015 are set forth in the following table.

**Value of New Construction**  
2006 — 2015

Year	Nonresidential construction		Residential construction	
	Number of Units	Value	Number of Units	Value
2015	—	\$ _____	—	\$ _____
2014	—	_____	—	_____
2013	29	19,128,900	537	118,562,500
2012	26	11,836,308	659	93,623,700
2011	31	34,434,786	622	82,499,521
2010	25	20,802,400	328	55,930,941
2009	37	19,010,480	547	86,668,220
2008	36	45,761,861	775	114,754,139
2007	97	31,039,000	1,224	233,957,300
2006	186	115,217,400	1,533	258,054,200

*Source: Borough Assessment Department.*

**Bank Deposits**

The value of bank deposits in the Borough for the fiscal years 2006 to 2015 is set forth in the following table.

**Bank Deposits**  
2006 — 2015

Year	Value
2015	\$ _____
2014	_____
2013	1,122,687,000
2012	1,090,639,000
2011	1,063,708,000
2010	763,603,000
2009	707,402,000
2008	594,122,000
2007	566,330,000
2006	544,924,000

*Source: Sheshunoff Information Services, Inc.*

**Port MacKenzie Development**

A portion of the Borough's southern boundary borders Cook Inlet. Port MacKenzie is located on the Knik Arm of Cook Inlet, about two nautical miles, but over 80 road miles, from Anchorage, where over 50% of Alaska's population resides. Based upon the Port MacKenzie Master Plan and the Port MacKenzie Development Project Prefeasibility Study, the Borough began construction of a port facility in 1999. The Port MacKenzie barge dock and access road were completed in 2000. Port MacKenzie has a 500 foot long barge dock (20 feet mean lower low water) and 8,940 acres (14 square miles) of undeveloped land that are wholly owned by the Borough and will be developed as an operational port and industrial area. The barge dock accommodates barges and small cargo and passenger vessels. Port MacKenzie also includes a 1,200 foot deep-draft dock (60 feet at mean low tide) to accommodate Panamax and Cape size vessels. The Borough also has title to 1,240 acres of the adjacent tidelands which will help ensure compatible off-shore development in the Port MacKenzie area.

Jm16-118  
OR16-079

A Special Use District Ordinance for Port MacKenzie to control land uses, facilitate leasing, property site and develop infrastructure, and locate industries has been adopted by the Borough Assembly.

The Borough has executed a Dock Lease and Non-Exclusive Priority Use Right Agreement with NPI LLC, an Alaskan company. The company has developed a woodchip storage and loading facility at Port MacKenzie. Although primarily for wood chips, the loading of other bulk commodities such as sand, gravel, peat, coal and grain is allowed. NPI, LLC has also constructed a 24,000 square foot warehouse and silo to import and distribute cement. Other Port tenants include Alutiiq Manufacturing Contractors, which manufactures HUD housing and pre-fabricated buildings; PacArctic which is a trucking and logistics company; and Central Alaska Energy, which will be constructing a 4.8 million gallon fuel tank farm in 2016.

A 32-mile rail link connecting Port MacKenzie to the main line of the Alaska Railroad is under construction. The link will shorten the distance between the Interior and tidewater, enhancing opportunities for the development of new industries with low transportation costs. Completion of the rail spur is projected for September 2017. Since 2009, the Borough has received \$184 million from the State for this rail spur project.

The Borough secured several federal appropriations from the Department of Transportation's Federal Transit Administration totaling \$22.0 million for the design and construction of ferry terminal facilities at Port MacKenzie and Anchorage. A \$3.6 million ferry terminal building at Port MacKenzie was completed in November 2006. To date, the Municipality of Anchorage has not approved any plan for the construction of the Anchorage terminal facility that would be required for any ferry service. A \$70 million icebreaking ferry funded by the United States Navy Office of Naval Research was completed in 2010. Title to the ferry has been transferred to the Borough. The ferry requires an estimated \$40 million in additional improvements in order to be operational, and such funds have not been allocated to date.

In August 2014, the Federal Transit Administration requested that the Borough repay the Federal Transit Administration in the amount of \$12 million for non-use of the ferry and the ferry terminal facilities. The Borough is engaged in preliminary negotiations for the sale of the ferry. Subject to approval by the Borough Assembly, the Borough also intends to use proceeds from a proposed issuance of Certificates of Participation to finance the purchase of the ferry terminal building. It is intended that these proceeds will be used to repay a portion of the \$12 million reimbursement to the Federal Transit Administration. The Borough further intends to negotiate a reduction in the amount owed to the Federal Transit Administration and pursue a multi-year payment plan for the remaining balance. [Update.]

[A discussion of the ongoing dialogue between the Borough and the Federal Transit Administration is included in the Borough's audited financial statements for the year ended June 30, 2014]. See Note [7] in APPENDIX A, "BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, [2014]."

## **Economic Development**

[Update.] During 2010, the Borough completed an Economic Development Strategic Plan designed to provide a blue print for positioning the Borough for sustainable economic growth and prosperity. The plan placed heavy emphasis on business community involvement and included over 140 business representatives and approximately 40 public entity representatives in the planning process. In 2012, an Economic Development Advisory Council was formed as well as workgroups for each of the 24 strategies in the Economic Development Strategic Plan. The top strategies include Port Development and Marketing, Transportation Infrastructure, and Business Attraction, Retention, and Expansion. These

bodies were formed from many of the same stakeholders that architected the Economic Development Plan.

Since 2013, economic expansion among small- and medium-sized businesses in the Borough has been rapid. Approximately 1,001 new business licenses were issued. This trend is expected to continue as businesses from Fairbanks, Anchorage and outside of Alaska look for locations that offer a business friendly climate and strong potential for growth.

In July 2012 the Goose Creek Correctional Center became fully operational and has resulted in the creation of 345 permanent jobs. This \$260 million facility is a joint project between the Borough and the State, whereby the Borough built the facility and leased it to the State, Department of Corrections under a lease-purchase agreement. Lease payments made by the State are equal to the debt service on the Borough's Lease Revenue Bonds which were issued in January 2009. The State operates the facility, which is located nine miles from Port MacKenzie. The Borough Assembly recently voted to support the creation of a new town site adjacent to the Correctional Center. See "State Prison Lease Revenue Bonds."

The Mat-Su Regional Medical Center, a new 74 bed hospital in the Borough that opened in 2006, has grown faster than expected. This \$110 million acute care facility has credentialed over 130 medical staff members, 85 of whom hold active medical staff privileges. These 85 physicians represent numerous specialties previously unavailable to Borough residents unless they drove to Anchorage. The Medical Center and the nearby Mat-Su College form the nucleus of a medical care and med-tech cluster on the newly completed Trunk Road corridor.

Another major medical facility, Valley Native Primary Care Center, opened August 2012 in the Borough. This new 84,000 square foot facility expands primary care, behavioral health, dietary, radiology and pharmacy services. In August 2013, Phase II was completed which added dental services and 60 new exam rooms and 28 talking rooms. Phase III will provide other services including optometry, audiology, laboratory and expanded behavioral health care. Once complete the facility will employ 200 staff including healthcare professionals.

The Alaska Department of Transportation and Public Facilities has funded over \$500 million in transportation improvements within the Borough in the last 10 years to respond to the Borough's rapid growth in population and resultant increase in vehicle traffic. These transportation improvements and enhancements have reduced the travel time to Anchorage. The Parks Highway now has four lanes through the core population area of the Borough and accommodates over 30,000 vehicles a day. The Parks Highway serves as the gateway to Alaska and is the State's most important commercial corridor, connecting the year-round Port of Anchorage to the Borough, Fairbanks and the oil fields of Prudhoe Bay on the Arctic Ocean.

[The Borough is also currently engaged in additional road paving and upgrade projects throughout the Borough totaling \$64.4 million. The Borough is also carrying out \$116 million in construction projects related to schools throughout the Borough. It is anticipated that the projects will be completed by the fall of 2015.] Since 2004, the Borough has issued \$333 million of bonds for school construction projects, which include nine new schools.

Thirty percent of Denali National Park, which includes Mount McKinley, lies within the Borough. The Borough is one of two major gateways to the Park, which is the principal tourist destination within Alaska. Over 450,000 recreational visitors visit Denali National Park each year. The National Park Service, the State, and the Borough are working together to develop the South Denali Visitor Center in the Borough, which is expected to draw an estimated 250,000 to 300,000 annual

visitors. Alaska State Parks has received \$10 million to design and construct the transportation hub and a road to the transportation hub. Construction of the road was completed during the summer of 2014.

The Borough has been working on a Hatcher Pass ski and recreation area development facility for several years totaling approximately \$6 million. This facility is located in the Hatcher Pass area of the Talkeetna Mountains, approximately 55 miles north of Anchorage. Recent investments in the project have included economic feasibility studies, upgrading access roads, extending electricity to the ski area, and constructing camping facilities, rest stops and viewing areas. Additionally, another access road and parking area was constructed during the summer of 2012. A contract was awarded to design a facility to be utilized as a visitors center and lodge. During the summer and fall of 2013 the parking areas were also expanded. A 4,000 square foot chalet was opened in January 2014 following completion of construction. It is now being upgraded to include a commercial kitchen. Lights are also being installed on the Nordic trails for night skiing.

Since 1995, there has been rapid growth in Borough tourism. The Borough's bed tax revenues have increased over 800% from \$120,607 in 1995 to \$1,099,803 in 2013. A Tourism Infrastructure Needs Study commissioned by the Borough in 2008 identified types of tourism infrastructure, such as refurbished trailheads, road waysides with restroom facilities and additional tourism information that could increase Borough tourism. Each year the Borough Assembly sets aside a portion of the bed tax revenues to address tourism infrastructure needs. This has included the refurbishing of trailheads and the construction of road waysides with restroom facilities and other miscellaneous projects to address tourism needs.

## CERTAIN VERIFICATIONS

Upon delivery of the 2016C Certificates, [Causey Demgen & Moore P.C.], as verification agent, will deliver a report to the Borough and the Underwriter, stating that the firm, at the request of the Borough and the Underwriter, has examined the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to (i) the sufficiency of principal and interest received on Government Obligations to be applied, together with other available funds, to timely pay the principal, redemption premium and interest on the Prior Bonds, and (ii) the actuarial yields on the 2016C Certificates and the Government Obligations irrevocably deposited to accomplish the advance refunding and defeasance of the Prior Bonds.

## CONTINUING DISCLOSURE

For purposes of complying with paragraph (b)(5)(i) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240 § 240.15c2-12) ("*Rule 15c2-12*"), the Borough will execute a Continuing Disclosure Certificate (the "*Disclosure Certificate*") constituting a written undertaking for the benefit of the holders of the 2016 Certificates to provide continuing disclosure. The form of the Disclosure Certificate is attached hereto as APPENDIX D.

The Borough will undertake to provide or cause to be provided to the Municipal Securities Rulemaking Board (the "*MSRB*"), in electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, (i) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to Alaska municipalities, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and

available to the Borough they will be provided, and (ii) the comprehensive annual financial report of the Borough. Such information will be provided to the MSRB not later than the last day of the seventh month after the end of each fiscal year of the Borough (currently, not later than January 31 for a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the Borough's fiscal year ending June 30, [2016].

The Borough will also undertake to provide or cause to be provided to the MSRB timely notice of the occurrence of certain events with respect to the 2016 Certificates as set forth in the Disclosure Certificate attached hereto as APPENDIX D.

No failure by the Borough to comply with its undertaking shall constitute a default in respect of the 2016 Certificates. The sole remedy of any holder of a 2016 Certificate shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Borough to comply with its undertaking. The Borough's undertaking is subject to amendment and termination as set forth in the Disclosure Certificate attached hereto as APPENDIX D.

The Borough has entered into continuing disclosure undertakings with respect to all outstanding series of its general obligation bonds, lease revenue bonds and certificates of participation. With respect to filing of annual financial information: the Borough's CAFR for FY 2013 was not linked by CUSIP numbers to certain of the Borough's outstanding bonds; the Borough's CAFR for FY 2012 was not linked by CUSIP numbers to certain of the Borough's outstanding certificates of participation. [The Borough has subsequently filed all required annual financial information and correctly linked it to all outstanding bonds and certificates of participation for which the Borough was an issuer or obligated person.]

With respect to filing of listed events, the Borough did not file certain notices of rating changes attributable to general recalibrations of ratings by certain rating agencies for certain of its outstanding bonds and certificates of participation. The Borough has adopted procedures to assure future compliance with its continuing disclosure undertakings. Other than as may be described in this section, in the previous five years, the Borough has complied in all material respects with each continuing disclosure undertaking that it has previously entered into pursuant to Rule 15c2-12.

## LITIGATION AND REGULATORY PROCEEDINGS

[To be updated.] In the ordinary course of business, from time to time the Borough has been and is named as a defendant in lawsuits relating to personnel, commercial and environmental matters and as a plaintiff in inverse condemnation proceedings. Although the ultimate effect, if any, of these matters is not presently determinable, the Borough has determined in consultation with counsel that, collectively, such matters will not have a material adverse impact on the finances or operations of the Borough.

The Borough Department of Emergency Services has long used an on-call responder system to staff the various fire and ambulance needs of the department. Under the Borough's collective bargaining agreement, these on-call responders are expressly excluded from receiving benefits and union representation afforded regular employees. On-call responders are paid hourly rates, and different responders work a wide range of differing hours depending on the number and types of emergencies. On January 17, 2014, several plaintiffs filed suit against the Borough seeking eligibility of on-call responders for retirement benefits under PERS, and thereafter, the case was removed to federal court. The suit seeks class action certification and alleges breach of fiduciary duty, breach of contractual duties and breach of constitutional rights and requests declaratory and injunctive relief in addition to retroactive and prospective inclusion in PERS. The Borough answered the complaint and discovery is pending. As a result, the Borough cannot predict the likelihood of success or value of the claim. The Borough does not

expect the claim, if successful, to materially and adversely affect the ability of the Borough to pay the principal of and interest on the 2016 Certificates when due.

The Borough provides certain road maintenance and services through Road Service Areas (“RSAs”). (See “BOROUGH GOVERNMENT – Powers”). The Borough levies an ad valorem property tax on properties within an RSA to finance the services provided. Under State law, the proceeds of property taxes levied in an RSA cannot be used for any other purpose. In 2012, an owner of property in one of the RSAs in the Borough sued the Borough alleging violation of equal protection, due process and statute because the road serving the property owned by the plaintiff is maintained by the State. The plaintiff claims that it is unconstitutional and illegal for the Borough to tax property within an RSA that does not use a road maintained by the RSA. The plaintiff seeks declaratory and injunctive relief mandating that the Borough remove from the RSA all property not using RSA roads. The Borough prevailed at the trial court and the plaintiff appealed to the Alaska Supreme Court. The Borough expects a ruling by summer of 2015. If the Alaska Supreme Court reverses the trial court, the Borough will be forced to re-evaluate and may be required to re-structure its operations with respect to service areas. The Borough does not expect the claim, if successful, to materially and adversely affect the ability of the Borough to pay the principal of and interest on the 2016 Certificates when due.

The Borough secured several federal appropriations from the Department of Transportation’s Federal Transit Administration totaling \$22.0 million for the design and construction of ferry terminal facilities at Port MacKenzie and Anchorage. A \$3.6 million ferry terminal building at Port MacKenzie was completed in November 2006. To date, the Municipality of Anchorage has not approved any plan for the construction of the Anchorage terminal facility that would be required for any ferry service. A \$70 million icebreaking ferry funded by the United States Navy Office of Naval Research was completed in 2010. Title to the ferry has been transferred to the Borough. The ferry requires an estimated \$40 million in additional improvements in order to be operational, and such funds have not been allocated to date.

In August 2014, the Federal Transit Administration requested that the Borough repay the Federal Transit Administration in the amount of \$12 million for non-use of the ferry and the ferry terminal facilities. The Borough is engaged in preliminary negotiations for the sale of the ferry. Subject to approval by the Borough Assembly, the Borough also intends to use proceeds from a proposed issuance of Certificates of Participation to finance the purchase of the ferry terminal building. It is intended that these proceeds will be used to repay a portion of the \$12 million reimbursement to the Federal Transit Administration. The Borough further intends to negotiate a reduction in the amount owed to the Federal Transit Administration and pursue a multi-year payment plan for the remaining balance.

Upon the delivery of the 2016 Certificates, the Borough will furnish a certificate to the effect that, among other things, other than as disclosed in this section of this Official Statement, there is no litigation pending in any court to restrain or enjoin the execution and delivery of the 2016 Certificates, or in any way contesting the validity or enforceability of the 2016 Certificates or the Ordinances.

## CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, execution, delivery and sale of the 2016 Certificates are subject to the legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Katten Muchin Rosenman LLP, of Chicago, Illinois. The proposed form of the opinion of Bond Counsel is included herein as APPENDIX B. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the 2016 Certificates, and Bond Counsel assumes no

obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. Bond Counsel will be compensated only upon the execution, delivery and sale of the 2016 Certificates. From time to time, Bond Counsel serves as counsel to the Underwriter on transactions unrelated to the 2016 Certificates.

The various legal opinions to be delivered concurrently with the delivery of the 2016 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion the attorney does not guarantee a particular result, or become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## FINANCIAL ADVISOR

The Borough has retained the services of Acacia Financial Group, of Anchorage, Alaska, as financial advisor to advise it concerning the terms, timing of sales, and other factors relating to the sale of the 2016 Certificates. The financial advisor has not audited, authenticated or otherwise verified the information in this Official Statement, or other information available to the Borough with respect to appropriateness, accuracy and completeness of that information or any other matter related to that information.

## UNDERWRITING

RBC Capital Markets, LLC (the “*Underwriter*”) has agreed to purchase the 2016 Certificates subject to certain conditions, and has agreed to pay for the 2016 Certificates, a price of \$ \_\_\_\_\_ (reflecting an underwriting discount of \$ \_\_\_\_\_ and [a net] original issue [premium/discount] of \$ \_\_\_\_\_). The Underwriter will be obligated to purchase all the 2016 Certificates, if any 2016 Certificates are purchased.

The prices and other terms respecting the offering and sale of the 2016 Certificates may be changed from time to time by the Underwriter after the 2016 Certificates are released for sale, and the 2016 Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the 2016 Certificates into investment accounts. In connection with the offering of the 2016 Certificates, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the 2016 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Borough. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Borough.

## RATING

Standard & Poor's Ratings Services has assigned the 2016 Certificates a rating of "\_\_\_." No application was made to any other rating agency for the purpose of obtaining an additional rating on the 2016 Certificates. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. The Borough has furnished to the rating agency certain information and materials relating to the 2016 Certificates and the Borough, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Certificates.

## TRUSTEE

The Borough has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The obligations of the Trustee are described in the Indenture. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the 2016 Certificates, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest components of the 2016 Certificates, or any other matter with respect to the execution and delivery of the 2016 Certificates. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy, or completeness of the information included in this Official Statement.

## TAX MATTERS

### Tax Exemption of the 2016 Certificates

**Exclusion from Gross Income.** In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the Date of Issue of the 2016 Certificates, interest evidenced and represented by the 2016 Certificates will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

**Continuing Requirements.** The Borough is required to comply with certain requirements of the Code after the Date of Issue of the 2016 Certificates in order to maintain the exclusion of the interest evidenced and represented by the 2016 Certificates from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of 2016 Certificate proceeds and the facilities financed with 2016 Certificate proceeds, limitations on investing gross proceeds of the 2016 Certificates in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirement to the extent applicable to the 2016 Certificates. The Borough will covenant to comply with those requirements, but if the Borough fails to comply with those requirements, interest evidenced and represented by the 2016 Certificates could become taxable retroactive to the Date

of Issue of the 2016 Certificates. Bond Counsel has not undertaken and does not undertake to monitor the Borough's compliance with such requirements.

**Corporate Alternative Minimum Tax.** While interest evidenced and represented by the 2016 Certificates is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax-exempt interest, including interest evidenced and represented by the 2016 Certificates, received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75 percent of the excess of the corporation's adjusted current earnings (including any tax-exempt interest) over the corporation's alternative minimum taxable income determined without regard to such increase. A corporation's alternative minimum taxable income, so computed, that is in excess of an exemption of \$40,000, which exemption will be reduced (but not below zero) by 25 percent of the amount by which the corporation's alternative minimum taxable income exceeds \$150,000, is then subject to a 20 percent minimum tax.

A small business corporation is exempt from the corporate alternative minimum tax for any taxable year beginning after December 31, 1997, if its average annual gross receipts during the three-taxable-year period beginning after December 31, 1993, did not exceed \$5,000,000, and its average annual gross receipts during each successive three-taxable-year period thereafter ending before the relevant taxable year did not exceed \$7,500,000.

**Tax on Certain Passive Investment Income of S Corporations.** Under Section 1375 of the Code, certain excess net passive investment income, including interest evidenced and represented by the 2016 Certificates, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25 percent of the gross receipts of such S corporation is passive investment income.

**Foreign Branch Profits Tax.** Interest evidenced and represented by the 2016 Certificates may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the 2016 Certificates are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

**Possible Consequences of Tax Compliance Audit.** The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax-exempt obligations, such as the 2016 Certificates, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS would commence an audit of the 2016 Certificates. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the 2016 Certificates could adversely affect the market value and liquidity of the 2016 Certificates until the audit is concluded, regardless of its ultimate outcome.

**Original Issue Discount.** The 2016 Certificates maturing in 2020 with a coupon of 2.50% and maturing in 2022, 2026 and 2028 have been sold at prices reflecting original issue discount ("Discount Certificates"). Under existing law, the original issue discount in the selling price of each Discount Certificate, to the extent properly allocable to each owner of such Discount Certificate, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Certificate over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Certificates of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Certificate during any accrual period generally equals (i) the issue price of such Discount Certificate plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable with respect to such Discount Certificate during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Certificate. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Certificate will be treated as gain from the sale or exchange of such Discount Certificate.

The portion of original issue discount that accrues in each year to an owner of a Discount Certificate may result in certain collateral federal income tax consequences. The accrual of such portion of the original issue discount will be included in the calculation of alternative minimum tax liability as described above, and may result in an alternative minimum tax liability even though the owner of such Discount Certificate will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Certificates in the initial public offering but at a price different from the first offering price at which a substantial amount of those Discount Certificates were sold to the public, or who do not purchase Discount Certificates in the initial public offering, should consult their own tax advisors with respect to the tax consequences of the ownership of such Discount Certificates. Owners of Discount Certificates who sell or otherwise dispose of such Discount Certificates prior to maturity should consult their own tax advisors with respect to the amount of original issue discount accrued over the period such Discount Certificates have been held and the amount of taxable gain or loss to be recognized upon that sale or other disposition of Discount Certificates. Owners of Discount Certificates also should consult their own tax advisors with respect to state and local tax consequences of owning such Discount Certificates.

**Original Issue Premium.** The 2016 Certificates maturing in 2020 with a coupon of 4.00% and maturing in 2014 through 2019, inclusive, 2021, 2023 and 2024 have been sold at prices reflecting original issue premium ("*Premium Certificates*"). An amount equal to the excess of the purchase price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity. The amount of amortizable premium allocable to an interest accrual period for a Premium Certificate will offset a like amount of qualified stated interest evidenced and represented by such Premium Certificate allocable to that accrual period, and may affect the calculation of alternative minimum tax liability described above. As premium is amortized, the purchaser's basis in such Premium Certificate is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Premium Certificates, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Certificates.

### **Certain Other Federal Tax Consequences**

**2016 Certificates Not "*Qualified Tax-Exempt Obligations*" for Financial Institutions.** Section 265 of the Code provides that 100 percent of any interest expense incurred by banks and other financial institutions for interest allocable to tax-exempt obligations acquired after August 7, 1986, will be

disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as “qualified tax-exempt obligations,” only 20 percent of any interest expense deduction allocable to those obligations will be disallowed.

The Borough is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) during the current calendar year and has **not** designated the 2016 Certificates as “qualified tax-exempt obligations” for purposes of the 80 percent financial institution interest expense deduction. Therefore, no interest expense of a financial institution allocable to the 2016 Certificates is deductible for federal income tax purposes.

***Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies.*** Under Section 832 of the Code, interest evidenced and represented by the 2016 Certificates received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15 percent of tax-exempt interest received during the taxable year.

***Effect on Certain Social Security and Retirement Benefits.*** Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest evidenced and represented by the 2016 Certificates into account in determining gross income.

***Other Possible Federal Tax Consequences.*** Receipt of interest evidenced and represented by the 2016 Certificates may have other federal tax consequences as to which prospective purchasers of the 2016 Certificates may wish to consult their own tax advisors.

***Potential Future Federal Tax Law Changes.*** Current and future legislative proposals, if enacted into law, may directly or indirectly cause interest evidenced and represented by the 2016 Certificates to be subject in whole or in part to federal income taxation, prevent the beneficial owners of the 2016 Certificates from realizing the full benefits of the current federal tax status of interest evidenced and represented by the 2016 Certificates, or affect, perhaps significantly, the market value or marketability of the 2016 Certificates. Prospective purchasers of the 2016 Certificates should consult with their own tax advisors regarding the potential impact of any pending or proposed legislation or regulations.

## MISCELLANEOUS

The summaries or descriptions of provisions in the Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions and reference is hereby made to the complete documents relating to such matters for further information, copies of which will be furnished by the Borough on request.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated.

The Borough has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the Borough's Director of Finance on behalf of the Matanuska-Susitna Borough, Alaska.

**MATANUSKA-SUSITNA BOROUGH**

---

Director of Finance

**APPENDIX A**

**Basic Financial Statements  
For the Fiscal Year Ending June 30, 2015  
(with Independent Auditors' Report Thereon)**

**APPENDIX B**

**Proposed Form of Opinion of Bond Counsel**

Im16-118  
OR16-079

[Date of Issue]

B-1

Im 16-118  
OR 16-079

**APPENDIX C**

**Book Entry System**

## BOOK ENTRY SYSTEM

The following information has been provided by The Depository Trust Company, New York, New York (“DTC”). The Borough makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a 2016 Certificate (a “Beneficial Owner”) should therefore confirm the following with DTC or the Participants (as hereinafter defined).

DTC will act as securities depository for the 2016 Certificates. The 2016 Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016 Certificates, in the aggregate principal component of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the “Exchange Act”). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with Direct Participants, “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “SEC”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2016 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Certificates on DTC’s records. The ownership interest of each actual purchaser of each 2016 Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Certificates, except in the event that use of the book-entry system for the 2016 Certificates is discontinued.

To facilitate subsequent transfers, all 2016 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Certificates with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2016 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Certificate documents. For example, Beneficial Owners of the 2016 Certificates may wish to ascertain that the nominee holding the 2016 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Certificates of like maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Certificates unless authorized by a Direct Participant in accordance with DTC's Operational Arrangements and the Issuer/Paying Agent General Operating Procedures ("MMI Procedures"). Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the 2016 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Borough or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Certificates at any time by giving reasonable notice to the Borough or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, 2016 Certificates will be printed and delivered to DTC.

**APPENDIX D**

**Form of Continuing Disclosure Certificate**



**APPENDIX E**

**Summaries of the Indentures, Leases and Deeds of Trust**

Im 16-118  
UR 16-079

## SUMMARY OF THE INDENTURE

### [To be revised by Bond Counsel]

The following is a summary of certain provisions of the Indenture, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Indenture and shall have the same meanings herein as contained therein.

### Grant of Trust Estate

The Borough grants to the Trustee the interest of the Trustee in the Project under the Lease and the Indenture, all right, title and interest of the Borough in the Project, all funds and accounts established under the Indenture, and all money and securities held by the Trustee under the Indenture.

### Indenture Constitutes a Contract

The Indenture constitutes a contract among the Borough, the Trustee and the Owners of the Certificates.

### Certain Definitions

“Additional Certificates” means one or more series of additional parity Certificates executed and delivered pursuant to the Indenture.

“Additional Rent” means all costs and expenses of maintenance, insurance premiums, taxes, governmental and other charges that lawfully may be assessed or levied against or with respect to the Project, and all other payments with respect to the Project (it being understood that the Indenture is intended to be an absolute net lease) and all costs and expenses associated with the Certificates, including costs of issuance, ongoing fees and expenses of the Trustee, and payments required to restore the amount in the Reserve Fund to the Reserve Requirement.

“Annual Debt Service” means the Debt Service in any specified Fiscal Year.

“Base Rent” means the payments to be made by the Borough to the Trustee under the Indenture, which are identified as such in the Indenture.

“Certificates” means the 2016 Certificates and any Additional Certificates executed and delivered pursuant to the Indenture.

“Cost of the Project” means all costs paid or incurred by the Borough in connection with the acquisition and construction of the Project, and the placing of the same in operation, including the interest component of Base Rent during such period as may be fixed in the Indenture; paying or reimbursing the Borough or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of the Project and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of the Project, the financing of the same and the placing of the same in operation.

“Debt Service” means, with respect to any period, the sum of:

(a) The interest component of all Certificates then Outstanding during such period, computed on the assumption that all such Certificates are retired on their maturity dates or at the times and in the amounts of any required sinking fund or other mandatory redemption prior to maturity; and

(b) The principal (or sinking fund or other mandatory redemption prior to maturity) components or deposits required with respect to all Certificates then Outstanding during such period, computed on the assumption that no portion of such Certificates shall cease to be Outstanding during such period except by reason of the application of such scheduled payments.

“Fiscal Year” means the fiscal year of the Borough, which currently is the 12-month period commencing on July 1 and ending the following June 30.

“Government Obligations” means (a) SLGS; (b) other certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

“Lease” means the Lease dated as of October 1, 2013 between the Borough and the Trustee, under which the Borough leases the Project to the Trustee.

“Maximum Annual Debt Service” means, as of any date, the greatest amount of Debt Service in the current or any future Fiscal Year.

“Net Proceeds” means, with respect to any insurance claim, condemnation award or sale under threat of condemnation, the amount remaining from the gross proceeds of the insurance claim, condemnation award, or sale under threat of condemnation after deducting all expenses, including costs and attorneys’ fees, incurred in the collection thereof.

“Owner” means, with respect to any Certificate, the Person named as the registered owner of such Certificate on the Register.

“Rent” means Base Rent and Additional Rent.

“Reserve Requirement” means \$764,450 as of the Date of Issue of the 2016 Certificates, and thereafter an amount equal to the least of (a) Maximum Annual Debt Service with respect to all Certificates then Outstanding, (b) 125% of average Annual Debt Service with respect to all Certificates then Outstanding, or (c) 10% of the original principal amount of the 2016 Certificates plus any Additional Certificates executed and delivered to finance any additional Costs of the Project, any increase in the Reserve Requirement and any additional costs of issuance.

### **Duration of Indenture**

The Indenture shall take effect on the Date of Issue of the 2016 Certificates and shall remain in full force until the earlier of (i) the date as of which the Trustee shall have been paid in full all of the Rent due and payable with respect to the Project, and all sums for interest due and to become due thereon, and (ii) the date that is 10 years after the final maturity date of the Certificates.

### **Obligations Limited**

Rent payments are payable only from legally available appropriations by the Borough.

### **Construction of Project**

The Borough agrees to cause the Project to be acquired and constructed with all reasonable speed and dispatch. Except as otherwise provided in the Indenture, the Borough agrees to achieve substantial completion of the Project not later than February 1, 2015. No change shall be made in the plans and specifications for the Project during acquisition or construction of the Project which shall cause the Cost

of the Project to exceed \$8,000,000, or if such change would delay substantial completion of the Project beyond February 1, 2015, unless funds from additional appropriations or the proceeds of the sale of Additional Certificates: (1) sufficient to pay such excess Costs are deposited in the Construction Fund; and (2) sufficient to pay any additional payments due on the Certificates prior to substantial completion are deposited in the Rent Fund. The Borough shall not be deemed to be in default under the aforesaid covenants if the construction of the Project shall be delayed or made impossible by any event of Force Majeure. The Borough agrees to use its best efforts to cause the execution and delivery of any Additional Certificates necessary to complete the Project.

### **Absolute Net Lease**

The lease of the Project under the Indenture is an “absolute net lease” and except as otherwise expressly provided in the Indenture, the Borough’s obligations to pay Rent and to perform and observe all other covenants and agreements of the Borough shall be absolute and unconditional. All Rent payments shall be made without notice or demand and without any setoff, counterclaim, abatement, deduction or defense whatsoever. The Borough will, at its sole cost and expense, keep and maintain the Project in good repair and condition and in accordance with all applicable laws, rules, regulations, statutes and ordinances.

### **Insurance**

During the Lease Term, the Borough will maintain (i) insurance against loss and/or damage to the Project and the equipment therein, for not less than the replacement Cost of the Project; and (ii) comprehensive general public liability insurance against liability for injuries to persons and/or property with coverage limits not less than, and deductible amounts not greater than, those included in like policies covering other Borough facilities.

### **Payment of Rent**

The Borough shall pay Rent to the Trustee, without any set-off or deduction. The liability of the Borough for payment of each installment of Rent as it becomes due, and each payment of Rent, shall be in consideration of the right of the Borough, whether or not exercised, to occupy and use the Project for the related period.

### **Budget and Use of Appropriations**

The Borough will, prior to the commencement of each Fiscal Year during which Rent is payable from Borough appropriations, include such Rent in its annual budget request to the Assembly. The Borough agrees to use any appropriation legally available for the Rent in such Fiscal Year and to promptly encumber available appropriations for such payments prior to allocating or encumbering funds for projects or costs for which no legal obligation to pay exists.

### **Rent Subject to Appropriation**

The obligation of the Borough to pay Rent is subject to appropriation. If sufficient funds are not appropriated to make payments of Rent, the Lease Term shall terminate and the Borough shall not be obligated to make payments of Rent beyond the last Fiscal Year for which funds have been appropriated for the payment of Rent, and the Trustee shall have all rights and remedies to take possession of the Project.

### **Damage to or Destruction of Project**

If (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person, the Borough will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Project, unless the Borough shall have exercised its option to redeem the Certificates.

### **Additional Certificates**

So long as no Event of Default then exists under the Indenture or the Deed of Trust, the Borough may cause the execution and delivery Additional Certificates to refund any Certificates, or to finance the costs of completing the Project. A series of Additional Certificates may be executed and delivered only upon receipt by the Trustee of (i) for Additional Certificates that are executed and delivered to complete the Project, a certificate of a Borough Representative to the effect that the Project is not complete and cannot be completed with funds available from the proceeds of the 2016 Certificates, and the aggregate principal component of such Additional Certificates does not exceed 10% of the principal component of the 2016 Certificates; or (ii) for Additional Certificates that are executed and delivered to refund any Certificates, a certificate of a Borough Representative indicating that Annual Debt Service in each Fiscal Year following the execution and delivery of such Additional Certificates will not exceed Annual Debt Service in such Fiscal Year prior to the execution and delivery of such Additional Certificates.

### **Extraordinary Optional Redemption**

All Certificates then Outstanding are subject to extraordinary optional redemption prior to their respective maturities at the written request of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the Certificates to be redeemed, plus accrued interest to the Redemption Date, if (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person.

### **Rent Fund**

There is created and established with the Trustee the Rent Fund. The Trustee shall deposit in the Rent Fund all payments of Base Rent from the Borough, and apply amounts in the Rent Fund to pay the principal and interest components of the Certificates.

### **Reserve Fund**

There is created and established with the Trustee the Reserve Fund. On the Date of Issue of any Certificates, there shall be deposited in the Reserve Fund the amount received by the Trustee necessary to cause the balance in the Reserve Fund to be equal to the Reserve Requirement. If 10 Business Days prior to any date on which principal or interest components of the Certificates are due, there shall be a deficiency in the amount in the Rent Fund required to pay such principal or interest components, the Trustee shall transfer from the Reserve Fund to the Rent Fund the amount necessary to cure the deficiency.

## **Construction Fund**

There is created and established with the Trustee a Construction Fund for the payment of the Costs of the Project. The Trustee shall make monthly disbursements from the Construction Fund for Costs of the Project upon receipt of a requisition from the Borough. Upon receipt of a certificate of a Borough Representative of the final completion of the Project, any proceeds of the Certificates deposited in the Construction Fund for that purpose and then remaining in the Construction Fund shall be deposited by the Trustee in the Rent Fund.

## **Tax Covenants**

The Borough shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause the interest component of Base Rent to become subject to federal income taxes in addition to federal income taxes to which such interest component of Base Rent is subject on the Date of Issue. The Borough shall not permit any of the proceeds of the Certificates to be used in any manner that would cause any Certificate to constitute a "private activity bond" within the meaning of Section 141 of the Code.

The Borough will make no investment or other use of the proceeds of the Certificates which would cause the Certificates to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and the Borough will comply with the requirements of such Section and regulations.

## **Events of Default**

Each of the following shall be an Event of Default: (i) payment of Rent is not made when due; (ii) payment of the principal component of any Certificate is not made when it becomes due; (iii) payment of any interest component of any Certificate is not made when it becomes due; (iv) a deposit is not made in the Reserve Fund when required to cause the amount in the Reserve Fund to be equal to the Reserve Requirement; (v) an event of default occurs under the Deed of Trust; or (vi) a default in the performance of any other covenant or condition on the part of the Borough to be performed for a period of 30 days after delivery by the Trustee to the Borough of a written notice specifying a particular default under the Indenture, unless steps to cure the default have been commenced promptly by the Borough and in good faith the Borough continues to prosecute those steps to completion.

## **Remedies of Trustee**

Upon occurrence of an Event of Default in payment of Rent or principal or interest components of the Certificates, the Trustee, at its option, may immediately declare the Borough's rights under the Indenture terminated, and reenter the Project using such force as may be necessary, and repossess itself thereof, as of its former estate, and remove all persons and property from the Project. The Trustee's pursuit of the foregoing reentry remedy shall not preclude its pursuit of any other remedies provided by law. Upon the occurrence of any other Event of Default, the Trustee, at its option, may bring an action to compel specific performance to correct any such Event of Default and/or to recover damages caused by such Event of Default.

## **Defeasance**

Any or all Certificates at any time Outstanding of any one or more series, prior to the maturity thereof, shall be deemed to have been paid and not Outstanding under the Indenture and shall cease to be entitled to any lien, benefit or security of the Indenture and of the Trust Estate, if there shall have been made a deposit, irrevocably and in trust, with the Trustee or another corporate fiduciary qualified to do business in the State, of any combination of money in an amount which shall be sufficient, or noncallable

Government Obligations maturing at such time(s) and bearing such interest to be earned thereon, and without any reinvestment thereof, as will provide a series of payments which shall be sufficient, together with any money initially deposited, to provide for the payment of all of the principal components of, premium, if any, and interest components of such Certificates when due in accordance with their terms or in accordance with the schedule of mandatory redemption pertaining thereto, or upon the earlier redemption or prepayment thereof in accordance with a refunding plan, and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for the purpose of effecting such payment, redemption or prepayment.

### **Modification of Indenture**

The Borough and the Trustee may supplement the Indenture without the consent of any Owner to add covenants and agreements to the Indenture for the protection of the Owners; to cure any ambiguity or correct any defect or inconsistent provision in the Indenture; to subject additional revenues, properties or collateral to the lien of the Indenture; to qualify the Indenture under the Trust Indenture Act of 1939, as amended, or the securities laws of any state; to provide for the execution and delivery of Additional Certificates; to preserve the tax exempt status of the Certificates; or to make any other change which is not materially adverse to the interests of the Trustee, in the judgment of the Trustee, or is not materially adverse to the interests of the Owners of the Certificates then Outstanding.

With the prior written consent of the Owners of not less than a majority in aggregate principal components of Certificates then Outstanding, the Borough and the Trustee may enter into a supplemental Indenture modifying the Indenture in any manner; provided, that without the prior written consent of the Owners of all Certificates then Outstanding, no supplemental indenture shall change the terms of redemption or maturity of the principal component of any Certificate, or of any interest component of any Certificates, shall deprive any Owner of any Certificate at any time Outstanding of the lien or right created by the Indenture; shall give priority to any Certificate over any other Certificate; or shall reduce the percentage of Owners whose consent is required to any action taken under, or for amendment of, the Indenture.

### **SUMMARY OF THE LEASE**

The following is a summary of certain provisions of the Lease, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Lease and shall have the same meanings herein as contained therein.

#### **Lease of Project**

The Borough demises, rents, leases and lets to the Trustee, and the Trustee rents, leases and hires from the Borough, the Project, for a term commencing on the Date of Issue and terminating on the earliest of (i) October 1, 2028; (ii) at the option of the Borough, on any date on which the Lease may be terminated after payment of all Certificates then Outstanding; and (iii) at the option of the Trustee, on any date following the termination of the Lease Term under the Indenture.

#### **Quiet Enjoyment**

The Borough will not take any action, other than upon a default by the Trustee under the Lease, to prevent the Trustee from having quiet and peaceable enjoyment of the Project during the Lease Term and will, at the request of the Trustee, take any action necessary in order that the Trustee may have quiet and peaceable enjoyment of the Project.

## Rent

The Borough reserves and the Trustee covenants and agrees to pay as rent for the use of its interest in the Project an amount equal to the total amount of the proceeds from the sale of the 2016 Certificates. Such rental payment shall be made by the Trustee to the Borough solely by making such deposits and payments of proceeds of the 2016 Certificates as are required by the Indenture.

### SUMMARY OF THE DEED OF TRUST

The following is a summary of certain provisions of the Deed of Trust, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Deed of Trust and shall have the same meanings herein as contained therein.

The Deed of Trust is a deed of trust, assignment of leases and rents and security agreement from the Borough, as grantor, to the Deed of Trust Trustee, for the benefit of the Trustee, as beneficiary.

The Deed of Trust secures the following liabilities: (a) (1) the payment of all sums and the performance of the covenants, obligations and agreements (and the truth of all representations and warranties of the Borough contained and incorporated by reference therein) in the Deed of Trust and in (i) the Indenture; and (ii) the 2016 Certificates (collectively, the "Certificate Documents"); and (2) any supplements or amendments to the Indenture relating to any Additional Certificates (the "Additional Certificate Documents"); and (b) the payment of the Rent and all sums, with interest thereon, advanced under the terms of the Deed of Trust, the Certificate Documents and any Additional Certificate Documents, including all sums advanced by the Trustee to protect the Project.

Under the Deed of Trust, the Borough grants, bargains, sells and conveys to the Deed of Trust Trustee all of its rights, title and interest in the Project, free and clear of all liens and encumbrances other than Permitted Encumbrances. The Deed of Trust requires the Borough to maintain the Project in good condition and state of repair and in such condition as will not impair its operating unity or character. With limited exceptions, the Borough is not permitted to remove, demolish or make any alterations to the Project that change the use of the Project, or lessens its value, without the prior written consent of the Trustee, and the Trustee is authorized to enter upon the Project to inspect it.

The Borough is required to promptly comply with all laws, ordinances and regulations of any governmental authority affecting the Project or use of the Project, and to defend the security of the Deed of Trust. The Borough is required to use its best efforts to comply with all Environmental Laws and may not cause or permit any Hazardous Substance to be brought upon, kept, used or generated in the operation of the Project, unless the use or generation of the Hazardous Substance is necessary for the prudent operation of the Project. The Borough is required to pay when due, directly to the proper payee, all taxes, assessments, rents, insurance premiums, water, sewer or other utility charges or assessments which might become liens on the Project, unless such payments are being contested in good faith in the manner permitted by the Deed of Trust.

Unless and until there is Deed of Trust Default under the Deed of Trust, the Borough is entitled to remain in possession and control of the Project. Although the assignment of leases and rents under the Deed of Trust is a present and absolute assignment, the Borough is given a license to collect the rents until the occurrence of a Deed of Trust Default under the Deed of Trust.

The following constitute Deed of Trust Defaults under the Deed of Trust:

- (1) Except as permitted by the Deed of Trust in the event of a contest of liability in good faith, failure of the Borough within the time required by the Deed of Trust to make any

payment for taxes or assessments, or any other payment necessary to prevent the creation, foreclosure or enforcement of any lien against the Project.

(2) Material breach of any warranty or material untruth of any representation of the Borough contained or incorporated in the Deed of Trust.

(3) The making or suffering by the Borough of a fraudulent transfer under applicable federal or state law; concealment by the Borough of any of its property in fraud of creditors; the making or suffering by the Borough of a voidable preference within the meaning of the Federal Bankruptcy Code; or the imposition of a lien through legal proceedings or distraint upon any of the Project which is not discharged or bonded in the manner required by the Deed of Trust.

(4) The occurrence of an "Event of Default" as defined in the Indenture.

(5) The occurrence of an "Event of Default" as defined in any Additional Certificate Document.

(6) Failure of the Borough to perform any other material obligation contained or incorporated by reference in the Deed of Trust within 30 days after notice from the Trustee specifying the nature of the default or, if the default is curable but cannot be cured within 30 days, failure within such time promptly to commence and thereafter to complete curative action with all possible diligence. No notice of default and no opportunity to cure shall be required if during the prior 12 months the Trustee has already sent a notice to the Borough concerning default in performance of the same obligation.

Upon the occurrence of any Deed of Trust Default, the Trustee may seek the appointment of a receiver (which may be the Trustee or its nominee). The Trustee may revoke the Borough's license to collect the rents from the Project, and may collect the rents itself or through a receiver. The Trustee may also invoke the power of sale, in which case the Deed of Trust Trustee shall have the right to foreclose the Borough's interests in all or any part of the Project by nonjudicial notice and sale. With respect to any of the Project which is personal property, the Trustee may exercise the rights and remedies of a secured party under the Uniform Commercial Code of the State, or such other state in which such personal property is located at any time. The Trustee and the Deed of Trust Trustee shall have any other right or remedy provided in the Deed of Trust, or in any other document or instrument representing or securing the liabilities or available at law or equity. If a receiver or the Trustee takes possession of the Project, the receiver or the Trustee may use, operate, manage, control and conduct business at the Project, make expenditures for the maintenance of the Project, insure or reinsure the Project, collect rents, cancel or terminate any lease, extend or modify any lease or complete any construction in progress at the Project.

All proceeds realized from the exercise of the rights or remedies upon default shall be applied as follows: first, to the cost of exercising such rights and remedies; second, to amounts owed by the Borough and secured by the Deed of Trust; and finally, any surplus shall be paid to the party entitled thereto.

**PURCHASE AGREEMENT**

\$ \_\_\_\_\_  
**CERTIFICATES OF PARTICIPATION, 2016**  
consisting of  
\$ \_\_\_\_\_ [Fire Services] Lease, 2016A  
\$ \_\_\_\_\_ [Fleet Maintenance] Lease, 2016B  
\$ \_\_\_\_\_ Animal Care Facility Lease (Refunding), 2016C

**Evidencing Undivided Proportionate Interests  
in Payments of Base Rent to be made by the  
MATANUSKA-SUSITNA BOROUGH, ALASKA**

\_\_\_\_\_, 2016

Borough Assembly  
Matanuska-Susitna Borough  
350 East Dahlia Avenue  
Palmer, Alaska 99645

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the “Underwriter” or “RBC CM”) acting on its own behalf offers to enter into the following agreement (this “Agreement”) with Matanuska-Susitna Borough, Alaska (the “Borough”) which, upon the Borough’s written acceptance of this offer, will be binding upon the Borough and upon the Underwriter. This offer is made subject to the Borough’s written acceptance hereof on or before 10:00 p.m., Eastern Time, on \_\_\_\_\_, 2016, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Borough at any time prior to the acceptance hereof by the Borough. The Underwriter has been duly authorized to execute this Agreement and to act hereunder. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Official Statement (as defined herein).

**1. Purchase and Sale of the Certificates.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter, hereby agrees to purchase, and you hereby agree to cause the Trustee to sell and deliver to the Underwriter, all (but not less than all) of the \$ \_\_\_\_\_ aggregate principal component of Borough’s [Fire Services] Lease Certificates of Participation, Series 2016A (the “2016A Certificates”), the Borough’s \$ \_\_\_\_\_ aggregate principal component of [Fleet Maintenance] Lease Certificates of Participation, Series 2016B (the “2016B Certificates”) and the Borough’s \$ \_\_\_\_\_ aggregate principal component of Animal Care Facility Lease (Refunding) Certificates of Participation, Series 2016C (the “2016C Certificates” and together with the 2016A Certificates and the 2016B Certificates, the “Certificates”), to be executed and delivered pursuant to the Indentures and having the maturities, bearing interest at the rates and having the further terms as set forth in Schedule I attached hereto.

Jm16-118  
OR 16-079

The purchase price of the Certificates shall be \$ \_\_\_\_\_, plus interest accrued on the Certificates from the dated date of the Certificates to the Closing Date (as hereinafter defined). The aggregate purchase price is allocated by series of Certificates as follows

	2016A	2016B	2016C	Total
Principal Amount	\$	\$	\$	\$
Plus: [Net] Original Issue Premium				
Less: Underwriting Discount				
Purchase Price	\$	\$	\$	\$

**2. Terms of Certificates.** The Series 2016A Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the “*2016A Indenture*”), by and between the Borough and U.S. Bank National Association, as trustee (the “*Trustee*”). The Borough is authorized to enter into the 2016A Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016A Ordinance*”).

The Series 2016B Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the “*2016B Indenture*”), by and between the Borough and the Trustee. The Borough is authorized to enter into the 2016B Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016B Ordinance*”).

The Series 2016C Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the “*Original Animal Care Indenture*”), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the “*First Supplemental Animal Care Indenture*” and together with the Original Animal Care Indenture, the “*Animal Care Indenture*”), each by and between the Borough and the Trustee. The Borough is authorized to enter into the First Supplemental Animal Care Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016C Ordinance*” and together with the 2016A Ordinance and the 2016B Ordinance, the “*Ordinances*”). The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the “*Indentures*” and each an “*Indenture*.”

Prior to the execution and delivery of the Certificates, the Borough will enter into continuing disclosure undertakings (the “*Disclosure Undertakings*” or “*Undertakings*”) meeting the requirements of a continuing disclosure undertaking of an “obligated person” under paragraph (b)(5) of Rule 15c2 12.

Im16-118  
OR16-079

Concurrently with the execution and delivery of the 2016A Certificates, the Borough, as Lessor, will enter into the Lease dated as of \_\_\_\_\_ 1, 2016 (the "2016A Lease") with the Trustee, as Lessee, with respect to the real property (the "2016A Property") constituting the site of the proposed \_\_\_\_\_ (the "2016A Project") and the Borough will enter into the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "2016A Deed of Trust") pursuant to which the Borough, as Grantor, will grant a security interest in the 2016A Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

Concurrently with the execution and delivery of the 2016B Certificates, the Borough, as Lessor, will enter into the Lease dated as of \_\_\_\_\_ 1, 2016 (the "2016B Lease") with the Trustee, as Lessee, with respect to the real property (the "2016B Property") constituting the site of the proposed \_\_\_\_\_ (the "2016B Project") and the Borough will enter into the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "2016B Deed of Trust") pursuant to which the Borough, as Grantor, will grant a security interest in the 2016B Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

The Borough has previously executed and delivered its \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the "2008 Certificates"), and a portion of the 2016C Certificates will be used to provide funds to advance refund a portion of the 2008 Certificates (such principal component to be refunded being referred to herein as the "Prior Certificates" and the refunding of such Prior Certificates being referred to herein as the "Refunding"). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the "Animal Care Project" and together with the 2016A Project and the 2016B Project, the "Projects" and each a "Project"). The Animal Care Project was constructed on real property owned by the Borough (the "Animal Care Property"). Pursuant to the Lease dated as of May 1, 2008 (the "Original Animal Care Lease"), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Concurrently with the execution and delivery of the 2016C Certificates, the Borough, as Lessor, will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Lease" and together with the Original Animal Care Lease, the "Animal Care Lease"), and the Borough will enter into the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Deed of Trust"), amending the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the "Original Animal Care Deed of Trust" and together with the First Amendment to Animal Care Deed of Trust, the "Animal Care Deed of Trust") pursuant to which the Borough, as Grantor, has granted a security interest in the Animal Care Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

**3. Public Offering.** The Underwriter agrees to make a bona fide public offering of all of the Certificates at prices not to exceed the public offering prices (or prices corresponding to the yields) set forth on the inside cover of the Official Statement and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at prices lower than such offering prices.

4. **Liquidated Damages.** In the event that the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Certificates at the Closing as herein provided, the parties hereto agree that the damages to the Borough shall be fixed at an amount equal to One Percent (1%) of the aggregate principal amount of the Certificates (the "*Liquidated Amount*"). Upon such failure of the Underwriter to accept and pay for the Certificates, the Underwriter shall be obligated to pay to the Borough upon demand in immediately available funds the Liquidated Amount as full liquidated damages, and not as a penalty, for such failure and for any defaults hereunder on the part of the Underwriter, and no party will have any further rights against the other hereunder. The Underwriter and the Borough understand that in such event the Borough's actual damages may be greater or may be less than the Liquidated Amount. Accordingly, the Underwriter hereby waives any right to claim that the Borough's actual damages are less than such Liquidated Amount and the Borough's acceptance of this offer shall constitute a waiver of any right the Borough may have to damages in excess of the Liquidated Amount from the Underwriter.

5. **The Official Statement.**

(a) The Borough has heretofore distributed the Preliminary Official Statement dated \_\_\_\_\_, 2016 with respect to the Certificates (the "*Preliminary Official Statement*"). The Preliminary Official Statement, as revised to reflect the terms of sale of the Certificates, is herein called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared by the Borough for use by the Underwriter in connection with the public offering, sale and distribution of the Certificates. The Borough hereby represents and warrants that the Preliminary Official Statement is hereby deemed final by the Borough as of its date, except for the omission of such information which is dependent upon the final pricing of the Certificates for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

(c) The Borough represents that the Borough Assembly has reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement to be used by the Underwriter in connection with the public offering and the sale of the Certificates. The Borough shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Borough's acceptance of this Agreement (but, in any event, not later than within seven business days after the Borough's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*"). The Borough hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the

underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Certificates), the Borough becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Borough will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Borough will forthwith prepare and furnish, at the Borough’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Borough shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriter hereby agrees to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriter, the Borough can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

**6. Representations, Warranties, and Covenants of the Borough.** The Borough hereby represents and warrants to and covenants with the Underwriter that:

(a) The Borough is a municipal corporation of the State of Alaska (the “State”) duly created, organized and existing under the laws of the State, and has full legal right, power and authority under Alaska Statutes Chapter 29.47 (the “Act”) and at the date of the Closing will have full legal right, power and authority under the Act to adopt the Ordinances and under the Act and Ordinances (i) to enter into, execute and deliver this Agreement and the Undertakings and all documents required hereunder and thereunder to be executed and delivered by the Borough (this Agreement, the Ordinances and the Undertakings are hereinafter referred to as the “*Borough Documents*”), (ii) to cause the sale, execution and delivery of the Certificates to the Underwriter as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Borough Documents and the Official Statement, and the Borough has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Borough Documents as they pertain to such transactions;

(b) In connection with the execution and delivery of the Certificates and the execution and delivery of the Indentures, the Leases, the Deeds of Trust and the Refunding Trust Agreement (collectively, the “*Security Documents*”) and the Borough

Documents, the Borough has complied in all respects with the Constitution and laws of the State of Alaska;

(c) By all necessary official action of the Borough prior to or concurrently with the acceptance hereof, the Borough has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinances and the execution, delivery and sale of the Certificates, (ii) the approval, execution and delivery of, and the performance by the Borough of the obligations on its part, contained in the Borough Documents and the Security Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, and the Borough Documents and the Security Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Borough in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(d) The Borough Documents and the Security Documents constitute legal, valid and binding obligations of the Borough, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Certificates, when executed, delivered and paid for, in accordance with the Indentures, the Ordinances and this Agreement, will be validly executed, delivered and outstanding and will evidence proportionate interests of the owners of the applicable Certificates in the applicable Rent payments to be made by the Borough pursuant to the related Indenture;

(e) The Borough is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borough is a party or to which the Borough is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Borough under any of the foregoing; and the execution and delivery of the Certificates, the Borough Documents and the Security Documents and the adoption of the Ordinances and compliance with the provisions on the Borough's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borough is a party or to which the Borough is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borough to be pledged to secure the Certificates or under the terms of any such law, regulation or instrument, except as provided by the Certificates, the Security Documents and the Ordinances;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would

constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Borough of its obligations under the Borough Documents, and the Certificates have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Certificates;

(g) The Certificates and the Security Documents conform to the descriptions thereof contained in the Official Statement under the captions "DESCRIPTION OF THE 2016 CERTIFICATES" and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES;" the proceeds of the sale of the Certificates will be applied generally as described in the Official Statement under the caption "INTRODUCTION – Sources and Uses of Funds" and the Undertakings conform to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE;"

(h) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Borough after due inquiry, threatened against the Borough, affecting the existence of the Borough or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Certificates or the payment of principal and interest components of the Certificates pursuant to the related Indenture or in any way contesting or affecting the validity or enforceability of the Certificates, the Borough Documents, the Security Documents or contesting the exclusion from gross income of the interest components of the Certificates for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Borough or any authority for the execution and delivery of the Certificates, the adoption of the Ordinances or the execution and delivery of the Borough Documents and the Security Documents, nor, to the best knowledge of the Borough, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates or the Borough Documents or the Security Documents;

(i) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) At the time of the Borough's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 5 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 5 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Borough will apply, or cause to be applied, the proceeds from the sale of the Certificates as provided in and subject to all of the terms and provisions of the Security Documents and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest components of the Certificates;

(m) The Borough will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Certificates (provided, however, that the Borough will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Borough of any notification with respect to the suspension of the qualification of the Certificates for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(n) The financial statements of, and other financial information regarding the Borough, in the Official Statement fairly present the financial position and results of the Borough as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Borough. The Borough is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Borough, would have a materially adverse effect on the financial condition of the Borough;

(o) Prior to the Closing the Borough will not offer or issue any bonds, notes or other obligations for borrowed money without the prior approval of the Underwriter; and

(p) Any certificate, signed by any official of the Borough authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Borough to the Underwriter as to the statements made therein.

**7. Closing.**

(a) At 9:00 a.m., Pacific time, on \_\_\_\_\_, 2016, or at such other time and date as shall have been mutually agreed upon by the Borough and the Underwriter (the "*Closing*"), the Borough will, subject to the terms and conditions hereof, cause the delivery of the duly executed Certificates to the Underwriter, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Borough. Payment for the Certificates as aforesaid shall be made at the offices of [the Underwriter in San Francisco, California], or such other place as shall have been mutually agreed upon by the Borough and the Underwriter.

(b) Delivery of the Certificates shall be made to the Trustee as agent of The Depository Trust Company, New York, New York. The Certificates shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Certificate for each maturity of the Certificates, registered in the name of Cede & Co., all as provided in the Indentures, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

**8. Closing Conditions.** The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Borough contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Borough of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Certificates shall be conditioned upon the performance by the Borough of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Borough of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Borough contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Borough shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Borough Documents, the Security Documents and the Certificates shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Borough and the Trustee required to be taken by them shall be performed

in order for Bond Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Borough, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Certificates on the terms and in the manner contemplated in the Official Statement;

(e) The Borough shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(f) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(g) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Borough by its Finance Director, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) The Ordinances with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The Undertakings of the Borough which satisfies the requirements of section (b)(5)(i) of the Rule;

(4) Certified copies of the Original Animal Care Indenture, the Original Animal Care Lease and the Original Animal Care Deed of Trust;

(5) Executed counterparts of the 2016A Indenture, the 2016B Indenture, the First Supplemental Animal Care Indenture, the 2016A Lease, the 2016B Lease, the First Amendment to Animal Care Lease, the 2016A Deed of Trust, the 2016B Deed of Trust, the First Amendment to Animal Care Deed of Trust and the Refunding Trust Agreement;

(6) The approving legal opinion, dated the date of the Closing of Foster Pepper PLLC, Bond Counsel to the Borough, in substantially the form attached to the Official Statement, and addressed to the Borough and the Underwriter or a manually executed copy of such opinion together with a letter of Bond Counsel dated the date of the Closing and addressed to the Underwriter, to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter;

(7) A supplemental opinion of Bond Counsel addressed to the Underwriter, substantially to the effect that:

(i) the Ordinances have been duly adopted by, and the other Borough Documents have been duly executed and delivered by, the Borough, and each of the Borough Documents constitutes a binding agreement in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights;

(ii) the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Borough;

(iii) the Certificates are exempt securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the 1933 Act or to qualify the Ordinances under the Trust Indenture Act;

(iv) the statements and information contained in the Official Statement under the sub-captions "Purpose of Issue" and "Plan of Finance and Refunding" under the caption "INTRODUCTION" and under the captions "DESCRIPTION OF THE 2016 CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "CONTINUING DISCLOSURE" and "TAX MATTERS" and in Appendix B and in Appendix E to the Official Statement are fair and accurate statements or summaries of the matters therein set forth;

(v) the Indentures, the Deeds of Trust, the Leases and the Refunding Trust Agreement have each been duly authorized, executed and delivered by, and each constitutes a binding agreement in accordance with its terms of the parties thereto (but such opinion as to enforceability may be qualified with respect to bankruptcy, insolvency and other laws affecting creditors' rights or remedies);

(vi) based upon their participation in the preparation of the Official Statement as Bond Counsel and (except as expressly set forth in (iv) above), without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and except for financial and statistical statements and data and statements relating to DTC or its book-entry system included therein, as to which no view need be expressed, no information came to the attention of the attorneys providing legal services in connection with the execution and delivery of the Certificates that caused such attorneys to believe that the Official Statement contains any untrue statement of a

material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and

(8) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Certificates are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the 1933 Act and the Indentures need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system, in each case as to which no view need be expressed);

(9) An opinion of the Borough Attorney, addressed to the Underwriter, to the effect that:

(i) there is no litigation or proceeding pending, or to his knowledge after due inquiry threatened, in any way affecting the corporate existence of the Borough, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the execution, sale or delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Certificates, the Security Documents or the Borough Documents, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Borough or its authority with respect to the Certificates or the Borough Documents; and

(ii) based on the examination made by such counsel, such counsel has no reason to believe that the material in the Official Statement under the caption "LITIGATION AND REGULATORY PROCEEDINGS" contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(10) A certificate of the Borough, dated the date of Closing and signed by the Borough Manager or the Borough Finance Director, to the effect that (i) the representations and warranties of the Borough contained in this Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing; (ii) no litigation is pending or, to the signer's knowledge, threatened in any court in any way affecting the existence of the Borough, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the execution, sale or delivery of the Certificates, or the right of the Borough to enter into or perform its obligations under any of the Borough Documents or Security Documents, or in any way contesting or affecting the validity or enforceability of the Certificates, the Ordinances any Borough Document, any Security Document or this Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the Borough or its authority with respect to the Certificates, the Ordinances or this Agreement; (iii) the information contained in the Official Statement (other than information relating to The Depository Trust Company as to which no opinion need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) since June 30, 2015, there has been no material adverse change in the financial position or results of operations of the Borough whether or not arising from transactions in the ordinary course of business, other than as set forth in the Official Statement; and since such date the Borough has not entered into any transaction or incurred any debt or other liability material as to the Borough, except as set forth in the Official Statement; (v) to the best of the signer's knowledge, no event affecting the Borough has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements and information therein not misleading in any material respect; (vi) within the last five years, the Borough has complied with each continuing disclosure undertaking that it has previously entered into pursuant to Rule 15c2-12 except as disclosed in the Preliminary Official Statement; and (vii) the Borough has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

(11) A certificate of the Borough signed by the Borough Finance Director and in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Certificates will be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of her knowledge and belief there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(12) Any other certificates and opinions required by the Indentures for the execution and delivery thereunder of the Certificates;

(13) A letter from BDO USA, LLP, in which consent is given to the use of their report in the Preliminary Official Statement and Official Statement and to the references made to them in the Preliminary Official Statement and the Official Statement;

(14) A letter from Standard & Poor's Ratings Services confirming that the Certificates are rated "\_\_\_";

(15) A copy of a special report prepared by [Causey Demgen & Moore P.C.], independent certified public accountants, addressed to the Borough, Bond Counsel and the Underwriter, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Government Obligations and uninvested cash on hand under the Refunding Trust Agreement to pay, when due, the principal of and interest on the Prior Certificates, and (ii) the computation of the yield with respect to the Government Obligations and the Certificates; and

(16) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Borough's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Borough on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Borough.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Borough shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Borough shall be under any further obligation hereunder, except that the respective obligations of the Borough and the Underwriter set forth in Sections 6 and 11(d) hereof shall continue in full force and effect.

**9. Role of Underwriter.** Inasmuch as this purchase and sale represents a negotiated transaction, the Borough acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Borough and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Borough; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Borough with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the

Underwriter has provided other services or is currently providing other services to the Borough on other matters); (iii) the Underwriter is acting solely in its capacity as underwriter for its own account, and (iv) the Borough has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**10. Termination.** The Underwriter shall have the right to cancel its obligation to purchase the Certificates if, between the date of this Agreement and the Closing, the market price or marketability of the Certificates shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the Alaska Legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Certificates, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under the 1933 Act, or that the an Indenture is not exempt from qualification under the Trust Indenture Act, or that the execution, delivery, offering, or sale of obligations of the general character of the Certificates, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a

general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Certificates or as to obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the validity or enforceability of the Certificates;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred any materially adverse change in the affairs or financial condition of the Borough, except for changes which the Official Statement discloses are expected to occur;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities;

(j) there shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States;

(k) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(l) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Borough's obligations; or

(m) the purchase of and payment for the Certificates by the Underwriter, or the resale of the Certificates by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable federal or State law, governmental authority, board, agency or commission.

## 11. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Borough shall pay all expenses incident to the performance of the Borough's obligations

hereunder, including, but not limited to (i) the cost of preparation and printing of the Certificates, Preliminary Official Statement, Official Statement, the Borough Documents, the Security Documents and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel, Underwriter's Counsel and Borough Counsel; (iii) the fees and disbursements of the Financial Advisor to the Borough; (iv) the fees and disbursements of the Trustee, any engineers, accountants, and other experts, consultants or advisers retained by the Borough, if any; and (v) all fees and expenses in connection with obtaining bond ratings. The Borough shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the execution and delivery of the Certificates, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

(b) The Borough acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the execution and delivery of the Certificates.

(c) Except as provided for above, the Underwriter shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum; (ii) all advertising expenses in connection with the public offering of the Certificates; and (iii) all other expenses incurred by them in connection with the public offering of the Certificates.

(d) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Borough to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Borough shall be unable to perform its obligations under this Agreement, the Borough will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

**12. Notices.** Any notice or other communication to be given to the Borough under this Agreement must be given by delivering the same in writing to the Borough Manager and any notice or other communication to be given to the Underwriter under this Agreement must be given by delivering the same in writing to: RBC Capital Markets, LLC, Two Embarcadero Center, Suite 1200, San Francisco, California 94111, Attention: Tom Yang, Managing Director.

**13. Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Borough and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Borough. All of the Borough's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Certificates pursuant to this Agreement; and (iii) any termination of this Agreement.

**14. Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Borough and shall be valid and enforceable at the time of such acceptance.

**15. Choice of Law.** This Agreement shall be governed by and construed in accordance with the law of the State.

**16. Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

**17. Business Day.** For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

**18. Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

**19. Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

**RBC CAPITAL MARKETS, LLC**

By \_\_\_\_\_  
Tom Yang  
Managing Director

Accepted at \_\_\_\_\_ p.m., \_\_\_\_\_ time, by  
the Matanuska-Susitna Borough, Alaska, this  
\_\_\_ day of \_\_\_\_\_, 2016.

**MATANUSKA-SUSITNA BOROUGH, ALASKA**

By \_\_\_\_\_  
Tammy E. Clayton  
Borough Finance Director

## Schedule I

### CERTIFICATE TERMS

Dated Date: \_\_\_\_\_, 2016

\$ \_\_\_\_\_ [Fire Services] Lease, 2016A

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ [Fleet Maintenance] Lease, 2016B

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ Animal Care Facility Lease (Refunding), 2016C

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_; Priced to Yield \_\_\_\_\_ %

Im16-118  
OR16-079

Mandatory Sinking Fund Redemption Provisions:

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years

shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016C Certificates maturing on [October 1], 20\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

Optional Redemption:

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date.

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date.

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date.

Im 16-118  
OR 16-079

---

\$[\_\_\_\_]

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
FIRE STATION LEASE  
CERTIFICATES OF PARTICIPATION, 2016B**

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
as Lessor**

**to**

**U.S. BANK NATIONAL ASSOCIATION, Trustee  
as Lessee**

**LEASE**

**Dated as of [\_\_\_\_] 1, 2016**

---

This LEASE dated as of [ ] 1, 2016, between the Matanuska-Susitna Borough, Alaska, a municipal corporation organized under the constitution and laws of the State of Alaska (the "Borough"), whose address is 350 East Dahlia Avenue, Palmer, Alaska 99645, as lessor, and U.S. Bank National Association, a national banking association organized under the laws of the United States of America (the "Trustee"), whose address is Global Corporate Trust Services, 1420 Fifth Avenue, 7th Floor, Seattle, Washington 98101, as lessee and as Trustee under a Lease Purchase Agreement and Trust Indenture between the Borough and the Trustee dated as of [ ] 1, 2016 (the "Indenture");

WITNESSETH:

WHEREAS, the Borough has determined that it would be in the best interest of the Borough and in furtherance of the public purposes of the Borough, to construct and acquire a public safety building (the "Project"); and

WHEREAS, the Borough has acquired title to the real property more particularly described in Exhibit A hereto (the "Land") as the site for the Project; and

WHEREAS, the Borough has the power to enter into lease agreements for real property; and

WHEREAS, the Borough has determined to lease to the Trustee the Land, the Project, and all additions, alterations, and modifications made to the Project in accordance with the Indenture (together, the "Property"), in consideration of prepaid rent to be derived from the execution and delivery of the \$[ ] Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates of Participation, 2016B (the "Initial Certificates"); and

WHEREAS, the Trustee agrees to acquire a leasehold interest in the Property pursuant to this Lease, and further agrees to sublease the Property to the Borough pursuant to the Indenture for rent sufficient to pay the principal component of, premium, if any, and interest component of the Certificates; and

WHEREAS, the Trustee acquires a leasehold interest in the Property under this Lease for security purposes only, and assumes no duty as lessee or sublessor of the Property except as expressly provided in this Lease or in the Indenture;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

**ARTICLE I  
DEFINITIONS**

Terms defined in the Indenture shall have the meanings assigned to them therein when they are used herein, unless the context clearly requires otherwise. In addition, the following terms shall have the meanings specified in this Article I, unless the context otherwise requires:

"Asbestos Containing Materials" means material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite

(ricbeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

“Environmental Laws” means all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, *et seq.*) (together with the regulations promulgated thereunder, “CERCLA”), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, *et seq.*) (together with the regulations promulgated thereunder, “RCRA”), the Emergency Planning and Community Right to Know Act, as amended (42 U.S.C. Section 11001, *et seq.*) (together with the regulations promulgated thereunder, “Title III”), the Clean Water Act, as amended (33 U.S.C. Section 1321, *et seq.*) (together with the regulations promulgated thereunder, “CWA”), the Clean Air Act, as amended (42 U.S.C. Section 7401, *et seq.*) (together with the regulations promulgated thereunder, “CAA”), and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, *et seq.*) (together with the regulations promulgated thereunder, “TSCA”), and any state or local similar laws and regulations and any so-called local, state, or federal “superfund” or “superlien” law.

“Hazardous Materials” has the meaning assigned such term in Section 5.9(a).

“Hazardous Substance” means any substance or material now or hereafter defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic, or radioactive substance, or other similar term, by any Environmental Laws.

“Laws and Regulations” has the meaning assigned such term in Section 5.9(a).

“Lease” means this Lease as it may be amended and supplemented from time to time in accordance with its terms.

“Lease Term” means the duration of the leasehold estate created by this Lease as specified in Section 3.1.

“Ordinance” means Ordinance Serial No. 16-[ ] adopted by the Assembly on [ ], 2016.

“Release” has the meaning assigned such term in Section 5.9(a).

## ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Borough. The Borough represents and warrants that:

(a) The Borough is a municipal corporation duly organized and existing under the constitution and laws of the State. Under such constitution and laws, and the Ordinance, the Borough has duly authorized the execution and delivery of this Lease. The Borough agrees that it will do or cause to be done all things necessary to preserve and keep its existence in full force and effect.

(b) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease, conflicts with or results in a material breach of the terms, conditions, or provisions of any agreement, instrument, or governmental order to which the Borough is a party or by which it is bound, or constitutes a default under any of the foregoing.

(c) The Borough has good title and right to the possession of the Property sufficient to enter into this Lease as lessor.

Section 2.2. Representations and Warranties of the Trustee. The Trustee represents and warrants that:

(a) The Trustee is a national banking association duly organized and in good standing under the laws of the United States of America, is authorized to exercise corporate trust powers, is not in violation of any laws material to this transaction or any provision of its articles of association or its by-laws material to this transaction and has power to enter into this Lease.

(b) The Trustee is authorized by the Indenture, and has taken all necessary action, to execute and deliver the Initial Certificates with an aggregate principal component of \$[ ] to provide funds for the acquisition of a leasehold interest in the Property and has agreed to lease the Property from the Borough as hereinafter provided and to enter into a lease purchase of the Property with the Borough as provided in the Indenture.

(c) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease, conflicts with or results in a material breach of the terms, conditions, or provisions of any agreement, instrument, or governmental order to which the Trustee is a party or by which it is bound, or constitutes a default under any of the foregoing.

### ARTICLE III DEMISING CLAUSE

Section 3.1. Demise of the Property. The Borough demises, rents, leases, and lets to the Trustee, and the Trustee rents, leases, and hires from the Borough, subject and subordinate to Permitted Encumbrances and for a rental payment and upon and subject to the terms and conditions herein set forth, the Property, for a term commencing on the Date of Issue and terminating on the earliest of (i) [ ] 1, [ ]; (ii) at the option of the Borough, on any date on which this Lease may be terminated pursuant to Article VIII; and (iii) at the option of the Trustee, on any date following the termination of the Lease Term under the Indenture.

### ARTICLE IV QUIET ENJOYMENT; PROVISION FOR RENTAL PAYMENTS

Section 4.1. Quiet Enjoyment. The Borough hereby covenants and agrees that it will not take any action, other than pursuant to Article VII, to prevent the Trustee from having quiet and peaceable enjoyment of the Property during the Lease Term and will, at the request of the Trustee, take any action necessary in order that the Trustee may have quiet and peaceable enjoyment of the Property.

Section 4.2. Rent. The Borough reserves and the Trustee covenants and agrees to pay as rent for the use of its interest in the Property an amount equal to the total amount of the proceeds from the sale of the Initial Certificates. Such rental payment shall be made by the Trustee to the Borough solely by making such deposits and payments as are required by Article IX of the Indenture.

Section 4.3. Sublease by the Trustee. It is understood and agreed by the Trustee and the Borough that the Trustee and the Borough will enter into the Indenture with respect to the Property.

## ARTICLE V SPECIAL COVENANTS

Section 5.1. Limitation of Warranty. The Borough and the Trustee make no warranties except those warranties or representations expressly made by the Borough or the Trustee, respectively, in this Lease or other documents related to the execution and delivery of the Certificates.

Section 5.2. Further Assurances and Corrective Instruments. The Borough and the Trustee agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property, or for carrying out the intention of or facilitating the performance of this Lease.

Section 5.3. Granting of Easements and Other Rights. The Borough may at any time or times, without the joinder, consent, or approval of the Trustee, grant easements, licenses, rights of way, and other rights or privileges in the nature of easements with respect to any property subject to this Lease, provided that such easements, licenses, rights of way, and other rights or privileges are Permitted Encumbrances. The Borough may take any other action with respect to the Property not inconsistent with the obligations of the Borough to the Trustee under this Lease or under the Indenture.

Section 5.4. Borough Representative. Whenever under the provisions of this Lease the approval of the Borough is required, unless express provisions are otherwise made therefor, or the Trustee is required to take some action at the request of the Borough, such approval or such request shall be given for the Borough by a Borough Representative.

Section 5.5. Release and Indemnification Covenants. The Borough releases the Trustee and all officials and employees of the Trustee from, and covenants and agrees that neither the Trustee nor any official or employee of the Trustee shall be liable for, and agrees to indemnify and hold the Trustee and all officials and employees of the Trustee harmless against, any claims made against the Trustee or any official or employee of the Trustee in or resulting from the Trustee's capacity as lessee under this Lease, including, without limitation, by reason of any loss or damage to property or any injury to or death of any person occurring at or resulting from the Property, except loss, damage, injury, or death attributable to the gross negligence or willful misconduct of the Trustee or such official or employee. In case any action shall be brought against the Trustee or any official or employee of the Trustee in respect of which

indemnity may be sought against the Borough, the Trustee or such official or employee shall promptly notify the Borough in writing and the Borough shall assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses incident to such defense. The Trustee or such official or employee shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Borough. The Borough shall not be liable for any settlement of any such action without its consent but, if any such action is settled with the consent of the Borough or if there be final judgment for the plaintiff of any such action, the Borough agrees to indemnify and hold harmless the Trustee or such official or employee from and against any loss or liability by reason of such settlement or judgment.

Section 5.6. Obligations of the Trustee Limited. The obligation of the Trustee to make payments hereunder is limited to the obligation stated in Section 4.2, which obligation shall be limited solely to payment from the proceeds of the issuance of the Initial Certificates and from the income from the temporary investment thereof, if any.

Section 5.7. Taxes and Governmental Charges. During the Lease Term, the Borough will pay, as the same respectively become due, all taxes, governmental, and other charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Property.

Section 5.8. Operation and Maintenance. The Borough agrees that at all times during the Lease Term it will, at its own expense, maintain, preserve, and keep the Property or cause the Property to be maintained, preserved, and kept with the appurtenances and every part and parcel thereof, in good repair, working order, and condition, in accordance with reasonable standards. The Trustee shall have no responsibility whatsoever with respect to operation, preservation, repair, insurance, or for the making of improvements or additions to the Property.

Section 5.9. Compliance with Laws, Regulations, Etc.

(a) The Borough has, after due inquiry, no knowledge and has not given or received any written notice indicating that the Property or the past or present use thereof or any practice, procedure, or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment, or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Property (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the Borough nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant, or subtenant of any of the Property has, other than as set forth in subsections (a) and (b) of this Section or as may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported, or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCA, CWA, CAA, TSCA, and Title III, and the regulations

promulgated pursuant thereto, and in all other Environmental Laws applicable to the Borough, any of the Property, or the business operations conducted by the Borough thereon (collectively, "Hazardous Materials") on, from, or beneath the Property, (ii) pumped, spilled, leaked, disposed of, emptied, discharged, or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from, or beneath the Property, or (iii) stored any material amount of petroleum products at the Property in underground storage tanks.

(b) Excluded from the representations and warranties in subsection (a) of this Section with respect to Hazardous Materials are those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the operation of a public safety building, the use, treatment, storage, transportation, and disposal of which has been and shall be in compliance with all Laws and Regulations.

(c) None of the Property located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the foundation or support of the improvements to such Property.

#### Section 5.10. Environmental Compliance.

(a) The Borough shall not use or permit the Property or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport, or dispose of, transfer, produce, or process Hazardous Materials, except if, and only to the extent, necessary to maintain the improvements or conduct operations on the Property and then, only in compliance with all Environmental Laws, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee, or agent, the storage, transportation, disposal, or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from, or beneath the Property or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the operation of a fire station, emergency services training and warehouse facility, the use, storage, treatment, transportation, and disposal of which shall be in compliance with all Environmental Laws. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the Borough shall promptly commence and perform, or cause to be commenced and performed, all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials so released, on, from, or beneath the Property or other property, in compliance with all Environmental Laws. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) of this Section and only to the extent necessary to maintain the improvements on the Property.

(b) The Borough shall comply with, and shall use its best efforts to assure that its tenants, subtenants, agents, licensees, employees, contractors, and agents comply with, all Environmental Laws and shall keep the Property free and clear of Hazardous Materials; provided, that notwithstanding that a portion of this covenant is limited to the Borough's use of its best efforts, the Borough shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the Borough's obligations contained in subsection (c) of this Section as provided in subsection (c) of this Section. Upon receipt of any notice from any Person with regard to the Release of Hazardous Materials on, from, or beneath

the Property, the Borough shall give prompt written notice thereof to the Trustee (and in any event, prior to the expiration of any period in which to respond to such notice under Environmental Law).

(c) Irrespective of whether any representation or warranty contained in Section 5.9 is not true or correct, the Borough shall defend, indemnify, and hold harmless the Trustee and the Owners of the Certificates, and their employees, agents, officers, directors, trustees, successors, and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including without limitation, attorneys' fees incurred to enforce the indemnification contained in this Section), consultants' fees, investigation, and laboratory fees, liabilities, or settlements (five Business Days' prior notice of which the Trustee shall have delivered to the Borough), court costs, damages, losses, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to (i) the presence, disposal, Release, threat of Release, removal, discharge, storage, or transportation of any Hazardous Materials on, from, or beneath the Property, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five Business Days' prior notice of which the Trustee shall have delivered to the Borough), or governmental order relating to Hazardous Materials on, from, or beneath any of the Property, (iv) any violation of Environmental Laws or subsection (a) or (b) of this Section by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants, or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the Borough is strictly liable under any Environmental Law, its obligation to the Trustee and the Owners of the Certificates and the other indemnities under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Law which results in liability to any indemnitee. Its obligations and liabilities under this subsection shall survive any foreclosure of the security interest in the Property, or the delivery of any instrument in lieu of foreclosure, and the retirement of all Certificates.

(d) The Borough shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks on the Property, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including without limitation Environmental Laws.

Section 5.11. Power of Condemnation. The Borough hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain Outstanding, the Borough will not exercise the power of condemnation with respect to the Property. The Borough further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the Borough should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if such Certificates are then subject to redemption, the principal and interest components of the Certificates outstanding through the date of their redemption, or (ii) if such Certificates are not then subject to redemption, the amount necessary to defease such Certificates to the first available redemption date in accordance with the Indenture.

**ARTICLE VI**  
**ASSIGNMENT, SUBLEASING, MORTGAGING, AND SELLING**

Except as provided in the Indenture, the Trustee shall not assign this Lease, or sublease, mortgage, sell, assign, transfer, convey, or encumber the Property or its interest therein, as a whole or in part, and any such action or attempted action on the part of the Trustee shall be null and void.

**ARTICLE VII**  
**DEFAULT AND REMEDIES**

Section 7.1. Events of Default Defined. An "Event of Default" shall have occurred hereunder:

(a) Upon the failure by the Trustee to observe and perform any covenant, condition, or agreement on its part to be observed or performed for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Trustee by the Borough, unless the Borough shall agree in writing to an extension of such time prior to its expiration; provided, that if in the opinion of the Borough the failure stated in the notice cannot be corrected within the applicable period, the Borough will consent to an extension of such time if corrective action is instituted by the Trustee within the applicable period and diligently pursued until the default is corrected.

(b) Upon failure of the Borough to observe and perform any covenant, condition, or agreement on its part to be observed or performed for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borough by the Trustee; provided, that if said default be such that it cannot be corrected within the applicable period it shall not constitute an Event of Default if corrective action is instituted by the Borough within the applicable period and diligently pursued until the default is corrected.

(c) The foregoing provisions of this Section are subject to the following limitations: if by reason of Force Majeure, the Borough is unable in whole or in part to carry out any of its agreements on its part herein contained, other than any obligation of the Borough to pay money, it shall not be deemed an Event of Default during the continuance of such inability. The Borough agrees, however, to use all reasonable efforts to remedy with all reasonable dispatch the cause or causes of its failure to carry out its obligations under this Lease; provided, that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the Borough and the Borough shall not be required to make settlement of strikes, lockouts, or other industrial disturbances by acceding to demands of opposing parties when such course is in the judgment of the Borough unfavorable to the Borough.

Section 7.2. Remedies on Default.

(a) Whenever an Event of Default referred to in Section 7.1(a) shall have happened and be continuing, the Borough may bring action to compel specific performance to correct any such Event of Default. In addition, in the event of any such Event of Default and if the Borough shall pay to the Trustee all amounts the Trustee is entitled to receive under the Indenture (which amounts, together with all sums then held by the Trustee under the Indenture, shall be at least

sufficient to pay (i) the principal component of all Certificates then Outstanding plus premium, if any, and the interest component accrued and to accrue to the next date upon which the Certificates may be redeemed pursuant to the Indenture, (ii) all reasonable and necessary fees and expenses of the Trustee and any paying agent accrued and to accrue through final payment of the Certificates, and (iii) all other liabilities of the Borough accrued and to accrue under the Indenture), the Borough may take possession of the Property and upon notice to the Trustee terminate this Lease.

(b) Except as otherwise provided in the Indenture, whenever an Event of Default referred to in Section 7.1(b) shall have happened and be continuing, the remedy shall be an action for damages or to compel specific performance. The Trustee, or the Owners of the Certificates, as provided in the Indenture, shall have the exclusive right to enforce remedies pursuant to this Lease for an Event of Default referred to in Section 7.1(b); provided, that the Trustee on its own behalf may enforce its right to indemnification pursuant to Section 5.5.

Section 7.3. Remedies Exclusive. The remedies conferred upon and reserved to the Borough and the Trustee pursuant to Section 7.2 are intended to be cumulative and exclusive of any other remedy or remedies for Events of Default; provided, that the limitation on remedies for Events of Default shall not preclude the Borough or the Trustee from bringing any action to seek remedy by reason of any misrepresentation or breach of warranty arising out of Article II; and provided further, that no remedy shall be exercised in any manner that will terminate this Lease prior to the full payment of the Certificates (or provision for payment thereof has been made in accordance with the Indenture) or which may impair the payment of the principal component, premium, if any, or the interest component of any of the Certificates. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Borough or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 7.4. No Additional Waiver Implied by One Waiver. In the event a breach by either party of any agreement contained in this Lease should be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.5. Performance of the Trustee. The Trustee shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been directed to do so by the Borough and shall have received the instrument to be executed, and at the Trustee's option shall have received from the Borough indemnification against liability for the action to be taken or instrument to be executed, and assurance satisfactory to the Trustee that the Trustee shall be reimbursed for its reasonable expenses, previously approved by the Borough in writing, incurred or to be incurred in connection with taking such action or executing such instrument or that funds for such purpose shall have been deposited with the Trustee. The Trustee is entering into this Lease solely in its capacity as Trustee under the Indenture, and all provisions of the Indenture relating to the rights, privileges, powers, and protections of the Trustee, including without limitation those set forth in Article XII thereof, shall apply with equal force and effect to all actions taken by the Trustee in connection with this Lease.

**ARTICLE VIII  
RIGHT TO TERMINATE LEASE**

Upon payment in full of the Certificates (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and all fees and expenses of the Trustee and all other liabilities for payment of money to the Trustee incurred by the Borough hereunder or under the Indenture, all references in this Lease to the Certificates, Owners of the Certificates, and the Trustee shall be ineffective, and neither the Trustee nor the Owners of any of the Certificates shall thereafter have any rights with respect to any money payable with respect to the Property, saving and excepting those with respect to money theretofore paid to the Trustee pursuant to the Indenture, and thereupon the Borough shall be entitled to terminate this Lease upon written notice to the Trustee accompanied by a payment from the Borough to the Trustee of \$10. Upon such termination the Trustee shall execute and deliver to the Borough any instruments and take any action that may be reasonably required by the Borough to evidence such termination and the relinquishment of all of the Trustee's rights and interests in the Property granted by this Lease.

**ARTICLE IX  
MISCELLANEOUS**

Section 9.1. Notices to the Trustee and the Borough. All notices required to be given or authorized to be given by any party under this Lease shall be in writing and shall be served personally or sent by registered mail as follows:

Lessee:	U.S. Bank National Association Global Corporate Trust Services 1420 Fifth Avenue, 7th Floor Seattle, Washington 98101 Attention: Carolyn Morrison
Lessor:	Matanuska-Susitna Borough, Alaska Attention: Finance Director 350 East Dahlia Avenue Palmer, Alaska 99645

Each of the above addressees may, by written notice given hereunder to the other, designate any further or different addresses to which subsequent notices shall be sent. In addition, the parties hereto may agree to any other means by which subsequent notices may be sent.

Section 9.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee, the Borough, and their respective successors and assigns, subject however, to the limitations contained in Article VI.

Section 9.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.4. No Merger. Neither this Lease or the Indenture nor any provisions thereof shall be construed to effect a merger of the title of the Borough to the Property and the Borough's subleasehold interest therein under the Indenture. In no event shall the leasehold interest of the Trustee hereunder merge with any estate of the Borough in or to the Property or the leasehold interest of the Borough under the Indenture. In the event the Borough acquires the leasehold interest of the Trustee, such leasehold interest shall not merge with the Borough's fee interest in the Property or the leasehold interest of the Borough under the Indenture, and this Lease and the Indenture shall remain in full force and effect.

Section 9.5. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.6. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of Alaska.

Section 9.7. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit, or describe the scope or intent of any provisions of the Sections of this Lease.

Section 9.8. Parties Interested Herein. Nothing in this Lease, express or implied, is intended or shall be construed to give to any Person, other than the Borough, the Trustee, and the Owners of the Certificates, any right, remedy, or claim under or by reason of this Lease. The covenants, stipulations, and agreements contained in this Lease are and shall be for the sole and exclusive benefit of the Borough, the Trustee, their successors and assigns, and the Owners of the Certificates, each of whom is explicitly recognized as being a third-party beneficiary hereunder and may, subject to the express limitations described herein, enforce any such right, remedy, or claim conferred, given, or granted hereunder.

IN WITNESS WHEREOF, the Borough and the Trustee have caused this Lease to be executed in their respective corporate names all as of the date first above written.

MATANUSKA-SUSITNA BOROUGH, ALASKA

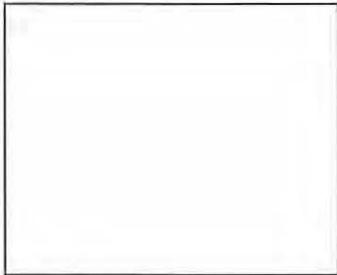
By: \_\_\_\_\_  
John Moosey, Borough Manager

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Ryan Brennan, Trust Officer

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of [\_\_\_\_], 2016, by John Moosey, Borough Manager of the Matanuska-Susitna Borough, Alaska, on behalf of the Borough.



\_\_\_\_\_  
(Signature of Notary)

Notary public for Alaska  
My commission expires \_\_\_\_\_.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Ryan Brennan is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a Trust Officer of U.S. Bank National Association, a national banking association, to be the free and voluntary act of such association for the uses and purposes mentioned in the instrument.

Dated: [\_\_\_\_] \_\_, 2016



\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing  
at \_\_\_\_\_.

My appointment expires \_\_\_\_\_.

**EXHIBIT A  
TO LEASE**

Property Description

[ ]

---

\$[\_\_\_\_\_]

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
FIRE STATION LEASE  
CERTIFICATES OF PARTICIPATION, 2016B**

**LEASE PURCHASE AGREEMENT AND TRUST INDENTURE**

**Dated as of [\_\_\_\_\_] 1, 2016**

---

§[ ]

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
FIRE STATION LEASE  
CERTIFICATES OF PARTICIPATION, 2016B**

**LEASE PURCHASE AGREEMENT AND TRUST INDENTURE**

**TABLE OF CONTENTS**

ARTICLE I DEFINITIONS AND INTERPRETATION ..... 3

    Section 1.01 Definitions..... 3

    Section 1.02 Interpretation..... 11

    Section 1.03 Characteristics of Certificate or Opinion ..... 11

    Section 1.04 Governing Law; Venue..... 12

    Section 1.05 Contract With Owners ..... 12

ARTICLE II GENERAL PROVISIONS ..... 12

    Section 2.01 Duration of Indenture..... 12

    Section 2.02 Obligations of Borough Limited to Certain Resources..... 12

    Section 2.03 Interest of Certificate Owners ..... 12

ARTICLE III CONSTRUCTION, OCCUPANCY, AND MAINTENANCE OF PROJECT..... 13

    Section 3.01 Construction of Project ..... 13

    Section 3.02 Absolute Net Lease ..... 13

    Section 3.03 Operation and Maintenance of Property ..... 13

    Section 3.04 Alterations and Improvements..... 14

    Section 3.05 Compliance with Laws and Regulations..... 14

    Section 3.06 Liens..... 14

    Section 3.07 Borough’s Right to Contest ..... 14

    Section 3.08 Insurance ..... 14

    Section 3.09 Insurers; Policy Forms and Loss Payees..... 15

    Section 3.10 Self-Insurance ..... 15

    Section 3.11 Indemnification of Trustee..... 15

    Section 3.12 Covenant Against Waste..... 15

    Section 3.13 Right of Inspection..... 16

    Section 3.14 Condition of Property ..... 16

ARTICLE IV RENT AND SOURCE OF FUNDS THEREFOR ..... 16

    Section 4.01 Payment of Rent..... 16

    Section 4.02 Covenant to Budget and Seek Appropriation ..... 16

    Section 4.03 Trustee’s Covenant of Quiet Enjoyment..... 16

    Section 4.04 Rent Subject to Appropriation ..... 17

    Section 4.05 New Lease..... 17

*Im 16-118  
OR 16-079*

ARTICLE V MISCELLANEOUS LEASE PROVISIONS .....	17
Section 5.01 Property to Vest in the Borough .....	17
Section 5.02 Prepayment of Base Rent.....	17
Section 5.03 Damage to or Destruction of Property .....	17
Section 5.04 Purchase of Trustee’s Interest in Property .....	18
ARTICLE VI AUTHORIZATION, EXECUTION AND DELIVERY OF CERTIFICATES.....	18
Section 6.01 Authorization and Purpose of Initial Certificates .....	18
Section 6.02 Additional Certificates .....	19
ARTICLE VII DESCRIPTION, FORM, EXECUTION, AND REGISTRATION OF CERTIFICATES.....	21
Section 7.01 Description of Initial Certificates.....	21
Section 7.02 Place, Manner, and Medium of Payment of Initial Certificates .....	22
Section 7.03 Book-Entry System for Initial Certificates .....	22
Section 7.04 Form of Certificates .....	23
Section 7.05 Registration of Certificates .....	24
Section 7.06 Transfer and Exchange of Certificates.....	24
Section 7.07 Time Restrictions on Transfer and Exchange.....	24
Section 7.08 Mutilated, Lost, Stolen, or Destroyed Certificates .....	24
Section 7.09 Cancellation of Certificates.....	24
ARTICLE VIII REDEMPTION.....	25
Section 8.01 Optional Redemption.....	25
Section 8.02 Mandatory Sinking Fund Redemption.....	25
Section 8.03 Extraordinary Optional Redemption.....	26
Section 8.04 Trustee to Undertake Redemptions, Determination of Redemption Dates .....	26
Section 8.05 Notice of Redemption.....	26
Section 8.06 Partial Redemption of Certificates.....	27
Section 8.07 Effects of Redemption of Certificates.....	27
ARTICLE IX CREATION AND OPERATION OF FUNDS .....	28
Section 9.01 Pledge.....	28
Section 9.02 Rent Fund.....	28
Section 9.03 Reserve Fund .....	28
Section 9.04 Construction Fund.....	29
Section 9.05 Investment of Funds.....	30
ARTICLE X COVENANTS AND CONTINUING OBLIGATIONS OF THE BOROUGH.....	31
Section 10.01 Warranties and Covenants of the Borough .....	31
Section 10.02 Compliance with Laws .....	31
Section 10.03 Further Assurances.....	31
Section 10.04 Tax Exemption.....	32
Section 10.05 Certificates Not to Become Arbitrage Bonds .....	32
Section 10.06 Recording.....	32

ARTICLE XI EVENTS OF DEFAULT AND REMEDIES.....	32
Section 11.01 Events of Default Defined .....	32
Section 11.02 Remedies of Trustee .....	33
Section 11.03 Other Remedies.....	33
Section 11.04 Legal Proceedings by Trustee.....	33
Section 11.05 Discontinuance of Proceedings by Trustee.....	34
Section 11.06 Certificate Owners May Direct Proceedings .....	34
Section 11.07 Limitations on Actions By Owners.....	34
Section 11.08 Trustee May Enforce Rights Without Possession of Certificates.....	34
Section 11.09 Delays and Omissions Not to Impair Rights.....	34
Section 11.10 Application of Money in Event of Default .....	34
Section 11.11 Trustee's Right to Receiver .....	35
Section 11.12 Trustee and Owners Entitled to Remedies; Remedies Not Exclusive.....	35
Section 11.13 Waiver of Events of Default .....	35
 ARTICLE XII CONCERNING THE TRUSTEE .....	 36
Section 12.01 Acceptance of Duties of Trust and Prudent Performance Thereof.....	36
Section 12.02 Trustee May Rely Upon Certain Documents and Opinions .....	38
Section 12.03 Trustee Not Responsible for Statements, Validity.....	38
Section 12.04 Limits on Duties and Liabilities of Trustee .....	39
Section 12.05 Funds Held in Trust .....	39
Section 12.06 Costs for Maintenance of Suit; Indemnification.....	39
Section 12.07 Intervention in Judicial Proceedings.....	39
Section 12.08 Trustee to Retain Financial Records.....	40
Section 12.09 Reports of Activities .....	40
Section 12.10 Compensation of Trustee .....	40
Section 12.11 Trustee May Hold Certificates.....	40
Section 12.12 Appointment of Trustee .....	40
Section 12.13 Resignation of Trustee .....	41
Section 12.14 Removal of Trustee.....	41
Section 12.15 Appointment of Successor Trustee .....	41
Section 12.16 Merger of Trustee .....	42
Section 12.17 Transfer of Rights and Property to Successor Trustee.....	42
Section 12.18 Appointment of Co-Trustee .....	42
 ARTICLE XIII CONCERNING THE OWNERS .....	 43
Section 13.01 Execution of Instruments by Owners.....	43
Section 13.02 Waiver of Notice.....	44
Section 13.03 Revocation by Owners.....	44
 ARTICLE XIV DISCHARGE OF LIEN OF INDENTURE .....	 44
Section 14.01 Discharge of Lien of Indenture by Payment of Certificates .....	44
Section 14.02 Discharge of Lien of Indenture by Defeasance.....	44
Section 14.03 Effect of Discharge of Lien of Indenture .....	46

ARTICLE XV SUPPLEMENTAL INDENTURES .....	46
Section 15.01 Modification of Indenture Without Consent of Owners .....	46
Section 15.02 Modification of Indenture With Consent of Majority of Owners .....	47
Section 15.03 Modification of Indenture With Consent of All Owners .....	47
Section 15.04 Execution and Notices of Supplemental Indenture.....	47
Section 15.05 Supplemental Indenture to be Part of Indenture .....	48
 ARTICLE XVI MISCELLANEOUS.....	 48
Section 16.01 Covenants Bind Successors and Assigns .....	48
Section 16.02 Immunity of Officers .....	48
Section 16.03 Parties Interested Herein.....	48
Section 16.04 Execution of Indenture in Counterparts.....	49
Section 16.05 Severability of Indenture Provisions.....	49
Section 16.06 All Obligations Due on Business Days.....	49
Section 16.07 Time of Essence .....	49
Section 16.08 Notices .....	49
Section 16.09 Survival of Trustee's Rights to Receive Compensation, Reimbursement and Indemnification.....	49
Section 16.10 No Merger.....	50

EXHIBITS:

Exhibit A	Description of Property
Exhibit B	Form of Initial Certificate
Exhibit C	Schedule of Base Rent Payments
Exhibit D	Form of Requisition For Costs of the Project

*Im 16-118  
OR 16-079*

## LEASE PURCHASE AGREEMENT AND TRUST INDENTURE

THIS LEASE PURCHASE AGREEMENT AND TRUST INDENTURE (the "Indenture") dated as of [ ] 1, 2016, is made by and between the MATANUSKA-SUSITNA BOROUGH (the "Borough"), an Alaska municipal corporation, and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association with corporate trust powers organized under the laws of the United States of America and having a corporate trust office and place of business in the City of Seattle, Washington, as trustee.

### RECITALS

WHEREAS, the Borough has determined that it would be in the best interest of the Borough and in furtherance of the public purposes of the Borough, to acquire, construct, and equip a fire station, emergency services training and warehouse facility (the "Project") within the Borough; and

WHEREAS, the Borough has title to the real property more particularly described in Exhibit A hereto (the "Land") as the site for the Project; and

WHEREAS, under Ordinance Serial No. 16-[ ], adopted on [ ], 2016, the Borough is authorized to enter into a Lease Purchase Agreement in a principal amount not to exceed \$[ ] for the purpose of constructing and acquiring the Project on the Land; and

WHEREAS, the Borough, as lessor, and the Trustee, as lessee, have entered into a Lease dated as of the date of this Indenture (the "Lease"), under which the Borough leases the Land, the Project, and all additions, alterations, and modifications made to the Project in accordance with this Indenture (together, the "Property") to the Trustee; and

WHEREAS, pursuant to this Indenture, the Trustee shall lease the Property to the Borough, which will permit the Borough to operate essential public functions in the Project; and

WHEREAS, the Project will be used for a public purpose and essential public functions of the Borough; and

WHEREAS, rent payable by the Borough for its use of the Property under this Indenture (the "Base Rent") consists of (i) a principal component and (ii) an interest component; and

WHEREAS, the Borough has determined to cause the sale of participations in the right to receive Base Rent, which participations are evidenced by the instruments authorized herein called "Certificates"; and

WHEREAS, the offer of RBC Capital Markets, LLC (the "Original Purchaser"), to purchase all of the Certificates has been accepted by the Borough; and

WHEREAS, the Borough and the Trustee each have authority to enter into this Indenture, have duly authorized its execution and delivery, and through their duly qualified officers have duly executed and delivered this Indenture; and

WHEREAS, all things necessary to make the Initial Certificates, when executed and delivered as provided in this Indenture, valid, binding, and legal obligations and to constitute this Indenture a valid, binding, and legal instrument for the security of the Certificates, enforceable in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Borough, in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, of the purchase and acceptance of the Certificates by the Owners thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Certificates are to be executed, delivered, secured, and accepted by all Persons who shall from time to time be or become Owners thereof, and in order to secure the payment of the principal and interest components of Base Rent under the Certificates according to their tenor, purport, and effect, and in order to secure the performance and observance of all the covenants, agreements, and conditions therein and herein contained, has executed this Indenture and does hereby grant a security interest in, release, assign, transfer, delegate, grant, and convey unto the Trustee and its successors and assigns forever, without recourse, the property hereinafter described (the "Trust Estate"), namely:

#### GRANTING CLAUSES

The interest of the Trustee as lessee under that certain Lease, dated as of [\_\_\_\_\_] 1, 2016, between the Borough, as lessor, and the Trustee as lessee, for the lease of the Property; and the interest of the Trustee as lessor under this Indenture.

##### I.

The Property and all of the Trustee's rights, title, and interest as lessee under the Lease and as lessor under this Indenture (including the Trustee's right, title, and interest in and to the Rent);

##### II.

All rights, title, and interest of the Borough, if any, whether now or hereafter in effect, respecting all choses in action and all choses in possession now or hereafter existing to the benefit of or arising for the benefit of the Borough with respect to the Property under the Lease or this Indenture and all proceeds of the foregoing;

##### III.

All funds and accounts established under this Indenture and the investments thereof, if any, and money, securities, and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in this Indenture); and

##### IV.

All money and securities from time to time held by the Trustee under the terms of this Indenture and any and all other real or personal property of every name and nature concurrently

herewith or from time to time hereafter by delivery or by writing or of any kind conveyed, mortgaged, pledged, assigned, or transferred as and for additional security hereunder by the Borough or by anyone in its behalf, or with its written consent, to the Trustee, which is hereby authorized and directed to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD all said properties, real, personal, and mixed, tangible and intangible, pledged, assigned, and conveyed by the Borough as aforesaid, or intended so to be, unto the Trustee and its successors in trust and its assigns forever;

IN TRUST, upon the terms and trusts herein set forth, for the protection and benefit of the Owners, from time to time, of the Certificates, equally and ratably, without preference, priority, or distinction of any such Owner over any other such Owner by reason of priority in execution and delivery or acquisition or otherwise, as if all the Certificates at any time Outstanding had been sold, executed, delivered, and negotiated simultaneously with the execution and delivery hereof, and for the protection and benefit of the Trustee, as provided in Section 12.10;

PROVIDED, HOWEVER, that if (1) all of the principal components, premium, if any, and interest components of the Certificates shall be paid at the times and in the manner mentioned therein, or shall be defeased as permitted hereby; and (2) the Trustee and the Borough shall have been paid all sums of money required to be paid to them in accordance with the terms and provisions of this Indenture, then upon such final payments or provision for such payments being made pursuant to the terms and conditions of this Indenture, the lien of this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, that the Borough hereby agrees and covenants with the Trustee for the benefit of the Owners, from time to time, of the Certificates, as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section, when used in this Indenture (including the Recitals and Granting Clauses), shall have the following meanings, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

“Additional Certificates” means one or more series of additional parity certificates of the Borough executed and delivered pursuant to Section 6.02.

“Additional Rent” means all costs and expenses of maintenance, insurance premiums, taxes, governmental, and other charges that lawfully may be assessed or levied against or with respect to the Property, and all other payments with respect to the Property (it being understood that this Indenture is intended to be an absolute net lease) and all costs and expenses associated with the Certificates, including Costs of Issuance, ongoing fees and expenses of the Trustee, and

payments required under Section 9.03(c) to restore the amount in the Reserve Fund to the Reserve Requirement.

“Annual Debt Service” means the Debt Service in any specified Fiscal Year.

“Assembly” means the general legislative authority of the Borough, as the same may be constituted from time to time.

“Authorized Investments” means any of the following:

(a) Government Obligations.

(b) Investments in (1) senior obligations of the Federal Home Loan Bank System, (2) participation certificates (excluding stripped mortgage securities that are purchased at prices exceeding their principal amounts) or senior debt obligations of the Federal Home Loan Mortgage Corporation, (3) mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities that are valued greater than par on the portion of unpaid principal) of the Federal National Mortgage Association, or (4) senior debt obligations of the Student Loan Marketing Association (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(c) Repurchase agreements with primary dealers and/or banks rated, at all times, “AA” or better by S&P, collateralized with Government Obligations held by a third party custodian, having a market value (determined at least once every 14 days) at least equal to the amount so invested. The repurchase agreement shall state and an Opinion of Counsel shall be rendered at the time such collateral is delivered that the holder of the collateral has a perfected first priority security interest in the collateral, any substituted collateral, and all proceeds thereof (in the case of bearer securities, this means the holder of the collateral is in possession). The repurchase agreement shall provide that if during its term the provider’s rating by S&P is withdrawn or suspended or falls below “A-” by S&P, as appropriate, the provider must, at the direction of the Borough or the Trustee, within ten (10) days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Borough or Trustee.

(d) Shares of SEC registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations issued by the U.S. Treasury and repurchase agreements backed by those obligations, including funds for which the Trustee or an affiliate of the Trustee acts as an advisor, and rated in the highest category by S&P.

(e) Certificates of deposit of any bank (including the Trustee), trust company, or savings and loan association whose short term obligations are rated, at all times, “A-1” or better by S&P, provided that such certificates of deposit are fully secured by Government Obligations, the Trustee has a perfected first security interest in the obligations securing the certificates, and the Trustee holds (or shall have the option to appoint a bank, trust company, or savings and loan association as its agent to hold) the obligations securing the certificates.

(f) Certificates of deposit of any bank (including the Trustee), trust company, or savings and loan association having capital and surplus of at least \$5,000,000, which certificates are fully insured by the Federal Deposit Insurance Corporation.

(g) Commercial paper (having original maturities of not more than 270 days) rated, at all times, "A-1+" or better by S&P.

(h) Obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof, which obligations, at all times, are rated by S&P in the highest rating category (without regard to any refinement or graduation of rating category by numerical modifier or otherwise, and without regard to credit enhancement) assigned by S&P to obligations of that nature.

Investments set forth in clauses (a) through (h) of this definition shall constitute "Authorized Investments" only if the following requirements are met, to the extent applicable:

(i) If any of the foregoing investments, during any period of time, constitute:

(1) "certificated securities" or other "instruments" (as defined in the UCC), then during such period of time, such investments shall constitute "Authorized Investments" only if and so long as such investments are in the physical possession of either the Trustee or a third party that holds such instruments (i) as an agent of the Trustee and in such a manner that no creditor, bankruptcy trustee, or other receiver of such third party shall have any claim to or right to recover from such investments either upon the bankruptcy or other insolvency of such third party or otherwise, and (ii) as bailee for the Trustee for purposes of perfection by possession of the Trustee's security interest in such investment; or

(2) "uncertificated securities" (as defined in the UCC), then during such period of time, such investments shall constitute "Authorized Investments" only if and so long as the Trustee is the registered owner of such investments; and

(ii) In all cases and at all times, such investments shall constitute "Authorized Investments" only if and so long as the foregoing investments are held in such a manner that no creditors of the Trustee or any third party holding such investments as agent for the Trustee and no bankruptcy trustee or other receiver of the Trustee or such third party shall have any claim to or right to recover from such investments either upon the bankruptcy or other insolvency of the Trustee or such third party or otherwise.

"Base Rent" means the payments to be made by the Borough to the Trustee under this Indenture that are identified in Exhibit C.

“Beneficial Owner” means the Person that owns a beneficial interest in a Certificate and whose name is recorded as the beneficial owner of such Certificate by the respective systems of DTC and the DTC Participants.

“Bond Counsel” means an attorney or firm of attorneys whose opinion is accepted in the national tax-exempt capital markets as to the issuance and validity of municipal securities and as to the interest paid thereon not being included in gross income for federal income taxation purposes, which attorney or firm has been approved by, selected by, or retained by the Borough from time to time.

“Book-Entry Termination Date” means, with respect to any specified series of Certificates, the fifth Business Day following the date of receipt by the Trustee of the Borough’s request to terminate any book-entry system of registering the beneficial ownership of such series of Certificates.

“Borough” means the Matanuska-Susitna Borough, a municipal corporation of the State.

“Borough Representative” means the Borough Manager of the Borough or any other person designated by duly adopted motion or resolution of the Borough and filed with the Trustee.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which commercial banks in the State, New York, New York, or the place where the principal corporate trust office of the Trustee is located, are authorized or required by law to be closed.

“Certificates” means the Initial Certificates and any Additional Certificates executed and delivered pursuant to this Indenture.

“Code” means the Internal Revenue Code of 1986, as now in existence or hereafter amended, together with all applicable regulations promulgated heretofore or hereafter thereunder.

“Construction Fund” means the fund so designated that is established pursuant to Section 9.04.

“Cost of the Project” means all costs paid or incurred by the Borough in connection with the acquisition and construction of the Project, and the placing of the same in operation, including the interest component of Base Rent during such period as may be fixed herein; paying or reimbursing the Borough or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of the Project and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of the Project, the financing of the same and the placing of the same in operation.

“Costs of Issuance” shall mean all items of expense, directly or indirectly payable or reimbursable by the Borough and related to the authorization, sale, execution and delivery of the Certificates, including printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for

preparation, execution, transportation, and safekeeping of the Certificates, costs and expenses of refunding, premiums for the insurance of the payment of the Certificates, underwriter's discounts, and any other cost, charge, or fee in connection with the original execution and delivery of the Certificates.

"Date of Issue" means, with respect to any series of Certificates, the date on which the Certificates of such series are executed and delivered to the Original Purchaser thereof in return for payment by the Original Purchaser of the purchase price therefor.

"Debt Service" means, with respect to any period, the sum of:

(a) The interest component of all Certificates then Outstanding during such period, computed on the assumption that all such Certificates are retired on their maturity dates or at the times and in the amounts of any required sinking fund or other mandatory redemption prior to maturity; and

(b) The principal (or sinking fund or other mandatory redemption prior to maturity) components or deposits required with respect to all Certificates then Outstanding during such period, computed on the assumption that no portion of such Certificates shall cease to be Outstanding during such period except by reason of the application of such scheduled payments.

"Deed of Trust" means the Deed of Trust, Assignment of Leases and Rents, and Security Agreement, dated as of [ ] 1, 2016, from the Borough as grantor, to Mat-Su Title Agency, LLC, as deed of trust trustee, for the benefit of the Trustee as beneficiary, as originally executed and as it may subsequently be modified, amended, or restated in accordance with its terms.

"Deed of Trust Default" means any of the events described as such in Section 10 of the Deed of Trust.

"Defeasance Deposit" means the irrevocable deposit of money, or noncallable Government Obligations that are not subject to redemption prior to maturity, in order to provide for the payment of all or a portion of the principal components of, premium, if any, and interest components of any Certificates in accordance with, and simultaneously meeting all the requirements of, Section 14.02.

"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.

"DTC Participant" means a trust company, bank, broker, dealer, clearing corporation, or other organization that is a participant of DTC.

"Event of Default" means any of the events described as such in Section 11.01.

"Fiscal Year" means the fiscal year of the Borough, which currently is the 12-month period commencing on July 1 and ending the following June 30.

“Force Majeure” means, without limitation, any of the following: acts of God, strikes, lockouts, or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, landslides, earthquakes, fires, storms, droughts, floods, explosions, breakage, or accident to machinery, transmission pipes, or canals; or any other cause or event not reasonably within the control of the Borough.

“Government Obligations” means (a) SLGS; (b) other certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

“Granting Clauses” means the granting clauses identified as such at the beginning of this Indenture, including any supplements or amendments thereto made in conformity herewith.

“Indenture” means this Lease Purchase Agreement and Trust Indenture, dated as of [\_\_\_\_\_] 1, 2016, by and between the Borough and the Trustee, including any indentures supplemental or amendatory hereto made in conformity herewith.

“Initial Certificates” means the \$[\_\_\_\_\_] original aggregate principal amount Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates of Participation, 2016B, dated [\_\_\_\_], 2016, authorized to be executed and delivered by this Indenture.

“Interest Payment Date” means, with respect to the Initial Certificates, [April 1] and [October 1], and with respect to any series of Additional Certificates, the dates established for the payment of the interest components of such series of Additional Certificates in the supplemental indenture authorizing such series.

“Land” means the real property described as such in the Recitals.

“Lease” means the Lease dated as of [\_\_\_\_\_] 1, 2016, between the Borough and the Trustee, under which the Borough leases the Property to the Trustee.

“Lease Term” means the duration of the lease of the Property to the Borough as set forth in Section 2.01.

“Letter of Representations” means the blanket issuer letter of representations from the Borough to DTC, dated as of November 20, 1998.

“Maximum Annual Debt Service” means, as of any date, the greatest amount of Debt Service in the current or any future Fiscal Year.

“Net Proceeds” means, with respect to any insurance claim, condemnation award, or sale under threat of condemnation, the amount remaining from the gross proceeds of the insurance claim, condemnation award, or sale under threat of condemnation after deducting all expenses, including costs and attorneys’ fees, incurred in the collection thereof.

“Opinion of Bond Counsel” means an opinion in writing of Bond Counsel.

“Opinion of Counsel” means an opinion in writing of a lawyer admitted to practice of law in any state of the United States.

“Original Purchaser” means, with respect to any series of Certificates, the first purchaser of such series of Certificates from the Borough.

“Outstanding” means, as of any particular time, all Certificates, except:

(a) Certificates theretofore canceled by the Trustee, or delivered to the Trustee for cancellation after purchase in the open market or because of payment at, or redemption prior to, maturity; and

(b) Certificates for which a Defeasance Deposit has been made, but only to the extent that the principal components of, premium, if any, and interest components of such Certificates are payable from such Defeasance Deposit; provided, that the Certificates to be paid or redeemed with such Defeasance Deposit shall be deemed to be Outstanding, to the extent applicable, for the purpose of transfers and exchanges under this Indenture or for the purpose of replacement of lost, stolen, mutilated, or destroyed Certificates under this Indenture; and

(c) Mutilated, lost, stolen, or destroyed Certificates for which new Certificates have been executed and delivered, to the extent applicable, pursuant to this Indenture; and

(d) Certificates exchanged, to the extent applicable, for new Certificates pursuant to this Indenture.

“Owner” means, with respect to any Certificate, the Person named as the registered owner of such Certificate on the Register.

“Permitted Encumbrances” means, as of any particular time: (i) liens for taxes, assessments, and other governmental charges not delinquent or which can be paid without penalty or which are being contested in good faith by appropriate proceedings; (ii) all of the following, if they do not individually or in the aggregate materially impair the ability to construct or use the Project or materially detract from the value thereof to the Borough or impair the security granted to the Owners under the Indenture or Deed of Trust: easements, restrictions, mineral, oil, gas, and mining rights and reservations; zoning laws; and defects in title or other encumbrances; and (iii) rights now or hereafter reserved to or vested in any municipality or governmental or other public authority to control or regulate or use, in any manner, any portion of the Property.

“Person” means an individual, corporation, firm, association, partnership, trust, joint venture, joint stock company, unincorporated organization, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof, and also includes executors, administrators, trustees, receivers, or other representatives.

“Project” means the Borough’s fire station, emergency services training and warehouse facility to be constructed on the Land.

“Property” means the Land, the Project, and all additions, alterations, and modifications made to the Project in accordance with this Indenture.

“Rating Agency” means S&P and each other nationally recognized securities rating agency that is maintaining a current rating on any of the Certificates at the request of the Borough.

“Recitals” means, with respect to this Indenture, the paragraphs identified as such at the beginning of this Indenture and any supplement hereto adopted in accordance herewith.

“Record Date” means (a) as to each Interest Payment Date, the 15th day of the calendar month preceding such Interest Payment Date; and (b) as to each Redemption Date, the 15th day preceding the mailing of the applicable redemption notice pursuant to Section 8.05.

“Redemption Date” means, with respect to a series of Certificates, the date upon which any Certificates of such series are to be redeemed, determined as provided in Section 8.04.

“Register” means the registration books maintained by the Trustee that include the names and addresses of the Owners or their nominees.

“Related Documents” means the Deed of Trust and the Lease.

“Rent” means Base Rent and Additional Rent.

“Rent Fund” means the fund of that name created pursuant to Section 9.02.

“Reserve Fund” means the fund of that name that is created pursuant to Section 9.03.

“Reserve Requirement” means, as of the Date of Issue of the Initial Certificates, \$[\_\_\_\_], and thereafter an amount equal to the least of (a) Maximum Annual Debt Service with respect to all Certificates then Outstanding, (b) 125% of average Annual Debt Service with respect to all Certificates then Outstanding, and (c) 10% of the original principal amount of the Initial Certificates plus any Additional Certificates executed and delivered to finance any additional Cost of the Project, any increase in the Reserve Requirement, and any additional Costs of Issuance.

“S&P” means Standard & Poor’s Ratings Services, its successors and assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating organization, any other nationally recognized securities rating organization designated to the Trustee in writing by a Borough Representative.

“State” means the State of Alaska.

“Trustee” means U.S. Bank National Association, as trustee, paying agent, and registrar all in accordance with this Indenture, or any successor to U.S. Bank National Association under this Indenture.

“Trust Estate” means the interest of the Trustee, created by this Indenture, in and to the property described in the Granting Clauses, and all revenues, money, investments, general intangibles, and instruments and the income, interest, and proceeds thereof and thereon.

Section 1.02 Interpretation.

(a) Unless the context requires otherwise, all references herein to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections, or subdivisions of this Indenture, as such Articles, Sections, or subdivisions may be amended from time to time.

(b) The captions or headings of Articles and Sections in this Indenture are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or Sections of this Indenture.

(c) Unless the context requires otherwise, the words “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” “hereinafter,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or subdivision hereof.

(d) Unless the context requires otherwise, the word “heretofore” means before the time this Indenture becomes effective; the word “now” means at the time this Indenture becomes effective; and the word “hereafter” means after the time this Indenture becomes effective.

(e) The word “he” shall be deemed to include the word “she,” the word “him” shall be deemed to include the word “her,” and the word “his” shall be deemed to include the word “hers.”

(f) The word “including” means “including without limitation.”

Section 1.03 Characteristics of Certificate or Opinion.

(a) Every certificate and every Opinion of Counsel or Opinion of Bond Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include a statement that the Person making such certificate or opinion has read such covenant or condition and the definitions relating thereto; a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether such covenant or condition has been complied with, and a statement whether, in the opinion of the signers, such condition or covenant has been complied with.

(b) Any certificate made or given by an officer of the Borough or other Person may be based, insofar as it relates to legal matters, upon an Opinion of Counsel or Opinion of Bond Counsel, unless such Person knows that such opinion is based upon facts or assumptions that are erroneous, or, in the exercise of reasonable care, should have known that the same were erroneous. Any such certificate or Opinion of Counsel or

Opinion of Bond Counsel may be based, insofar as it relates to factual matters and/or information about such matters that is in the possession of the Borough, upon a supporting certificate of an officer or officers of the Borough, unless the signer knows that the supporting certificate with respect to the matters upon which such certificate or opinion may be based is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous.

Section 1.04 Governing Law; Venue. This Indenture is governed by and shall be construed in accordance with the laws of the State and shall be liberally construed so as to carry out the purposes hereof. Except as otherwise required by applicable law, any action under this Indenture shall be brought in the Superior Court of the State for the Third Judicial District at Palmer.

Section 1.05 Contract With Owners. The covenants contained in this Indenture and in the Certificates shall constitute a contract between the Borough and each and every Owner and between the Borough and the Trustee.

## ARTICLE II

### GENERAL PROVISIONS

Section 2.01 Duration of Indenture. This Indenture shall take effect on the Date of Issue of the Initial Certificates and shall remain in full force until the earlier of (i) the date as of which the Trustee shall have been paid in full all of the Rent due and payable with respect to the Property, and all sums for interest due and to become due thereon in accordance with the provisions of Section 4.01, and (ii) the date that is ten (10) years after the final maturity date of the Certificates. Except as this Indenture provides otherwise, this Indenture shall not terminate, nor shall the Borough have any right to terminate this Indenture or to be released or discharged from any obligations or liabilities hereunder for any reason, including damage to or destruction of the Property or the Project, it being the intent of the parties hereto that all Rent payable by the Borough shall continue to be payable in all events in the manner and at the times provided herein unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Indenture.

Section 2.02 Obligations of Borough Limited to Certain Resources. Rent payments are payable only from legally available appropriations by the Borough.

Section 2.03 Interest of Certificate Owners. The Borough acknowledges that Certificates payable under this Indenture will be executed and delivered to provide funds to pay part of the Cost of the Project, satisfying the Reserve Requirement and Costs of Issuance. Accordingly, all of the covenants and agreements of the Borough set forth in this Indenture are hereby declared to be for the benefit of the Owners from time to time of the Certificates.

## ARTICLE III

### CONSTRUCTION, OCCUPANCY, AND MAINTENANCE OF PROJECT

Section 3.01 Construction of Project. The Borough covenants and agrees to cause the Project to be acquired and constructed with all reasonable speed and dispatch. Except as this Section provides otherwise, the Borough agrees to achieve substantial completion of the Project not later than [\_\_\_\_\_].

No change shall be made in the plans and specifications for the Project during acquisition or construction of the Project that would cause the Cost of the Project to exceed \$[\_\_\_\_\_], or if such change would delay substantial completion of the Project beyond [\_\_\_\_\_], unless funds from additional appropriations or the proceeds of the sale of Additional Certificates: (1) sufficient to pay such excess Costs are deposited in the Construction Fund; and (2) sufficient to pay any additional payments due on the Certificates prior to substantial completion are deposited in the Rent Fund.

The Borough shall not be deemed to be in default under the aforesaid covenants if the construction of the Project shall be delayed or made impossible by any event of Force Majeure. The Borough agrees to use its best efforts to cause the execution and delivery of any Additional Certificates necessary to complete the Project.

Upon final completion of the Project, the Property shall be free and clear of all liens and encumbrances of every kind and character that may arise in connection with work of any character performed in connection with the Project, including mechanics', laborers', and materialmens' liens, and other liens of a similar nature.

Section 3.02 Absolute Net Lease. The lease of the Property under this Indenture is an "absolute net lease," and except as otherwise expressly provided in this Indenture, the Borough's obligations to make Rent payments as provided in Article IV and to perform and observe all other covenants and agreements of the Borough contained herein shall be absolute and unconditional. All Rent payments shall be made without notice or demand and without any setoff, counterclaim, abatement, deduction, or defense whatsoever. The Borough assumes the sole responsibility for the condition, use, operation, maintenance, and management of the Property, and the Borough will, at its sole cost and expense, keep and maintain the Property in good repair and condition and in accordance with all applicable laws, rules, regulations, statutes, and ordinances, and will make all structural, non-structural, ordinary, and extraordinary changes, repairs, and replacements that may be required to be made upon or in connection with the Property to keep the same in good repair and condition, reasonable wear and tear and ordinary use excepted.

Section 3.03 Operation and Maintenance of Property. The Borough shall pay all cost and expense of operating and maintaining the Property, including all electric, water, heating, power, steam, sewage, or other utility charges, all taxes, assessments, or governmental charges of whatever kind or nature assessed or imposed by any taxing authority (federal, state, municipal, or other) upon or with respect to the Property or the Trustee's interest therein, all premiums and

charges incidental thereto payable in respect of the insurance coverage maintained or to be maintained pursuant to Section 3.08 or any other insurance related to the Property, and every item of expense (if any) that the Borough during the Lease Term may incur or pay for in connection with maintaining or repairing the Property.

Section 3.04 Alterations and Improvements. During the Lease Term, at its own cost and expense, the Borough may make alterations, changes, additions, and improvements to the Property. Any additions or improvements made, installed, or affixed to the Property or fixtures installed or affixed in such manner as not to be removable without material injury to the Property shall be and become part of the leasehold established hereunder. All other fixtures installed or affixed to the Property by the Borough or any subtenant shall be and remain the property of the Borough or such subtenant and may be removed thereby at any time during the Lease Term or at the termination thereof.

Section 3.05 Compliance with Laws and Regulations. The Borough covenants and agrees that, during the Lease Term, it will promptly comply with, or cause to be complied with, all ordinances, rules, regulations, and requirements of all federal, state, and local governments and agencies and departments thereof that are applicable to the Property and to the Borough in its operation of the Property, whether or not the same require structural repairs or alterations. The Borough will also observe and comply with the requirements of all policies and arrangements of insurance at any time in force with respect to the Property.

Section 3.06 Liens. The Borough shall not create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Property, other than the Deed of Trust, Permitted Encumbrances, and the rights of the Trustee as provided herein. The Borough shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance, or claim if the same shall arise at any time.

Section 3.07 Borough's Right to Contest. The Borough shall have the right to contest, by appropriate legal proceedings, any tax, charge, levy, assessment, lien, or other encumbrance, and/or any law, rule, order, ordinance, regulation, or other governmental requirement affecting the Property, and to postpone payment of or compliance with the same during the pendency of such contest, provided that such contest does not, in the reasonable opinion of the Trustee, adversely affect the interest of the Trustee in and to the Property or its interests or rights under this Indenture.

Section 3.08 Insurance. During the Lease Term, the Borough will maintain at its sole cost and expense the following minimum amounts of insurance coverage:

- (a) Insurance against loss and/or damage to the Project and the equipment therein, including fire and uniform standard extended coverage and vandalism and malicious mischief endorsements. Such insurance shall be for not less than the replacement Cost of the Project and shall have a deductible not exceeding that included in like policies covering other Borough facilities; and

(b) Boiler insurance, including use and occupancy coverage (unless the policy or policies obtained by the Borough pursuant to subsection (a) of this Section contain an endorsement providing substantially identical coverage), with a coverage limit not less than, and a deductible amount not greater than, those customarily included in like policies covering other Borough facilities; and

(c) Comprehensive general public liability insurance against liability for injuries to persons and/or property with coverage limits not less than, and deductible amounts not greater than, those included in like policies covering other Borough facilities.

Section 3.09 Insurers; Policy Forms and Loss Payees. All insurance required by Section 3.08 shall be carried by insurers rated "A" or better by S&P and are financially responsible and capable of fulfilling the requirements of such policies. All policies evidencing insurance will be in the usual form and shall name the Borough as the insured party or loss payee; provided, that the policies required by Section 3.08 shall also name the Trustee, in its capacity as such, as an insured party and loss payee. Each policy shall contain a provision to the effect that the insurer shall not cancel or substantially modify the policy provisions without first giving written notice thereof to the Borough and the Trustee at least 30 days in advance of such cancellation or substantial modification. The Borough may obtain blanket policies that cover any one or more risks required to be insured so long as the minimum coverages required herein are met.

Section 3.10 Self-Insurance. If the Borough has established a self insurance program providing the same coverage for other Borough facilities:

(a) The Borough may self insure no more than the first \$250,000 of any loss for which insurance coverage is required by Section 3.08(a) or 3.08(b).

(b) The Borough may self insure no more than the first \$250,000 of any loss for which insurance coverage is required by Section 3.08(c).

Section 3.11 Indemnification of Trustee. The Borough shall indemnify and save harmless the Trustee and its agents from and against any and all liability and damages, and from any and all actions, claims, and demands of every kind and nature (including counsel fees) by or on behalf of any Person arising out of or in the course of or pertaining in any way to the ownership, operation, or maintenance of the Property, or any accident, injury, or damage, however occurring, which shall or may happen in, on, or about the Property or in, on, or about the streets, sidewalks, curbs, or yards in front of or adjacent to the Property, and from and against any matter or thing growing out of the ownership, condition, maintenance, repair, alteration, use, occupation, or operation of the Property or of the streets, sidewalks, curbs, or yards in front of or adjacent to the Property or arising out of any failure of the Borough to comply with the terms of this Indenture.

Section 3.12 Covenant Against Waste. The Borough covenants not to commit or suffer or permit any waste or damage, disfigurement, or injury to the Property, normal wear and tear excepted, or any public or private nuisance upon the Property.

Section 3.13 Right of Inspection. The Borough covenants and agrees to permit the Trustee and the authorized agents and representatives of the Trustee to enter the Property at all times during usual business hours for the purpose of inspecting the Property; provided, that the Trustee shall have no duty or obligation to inspect the Property.

Section 3.14 Condition of Property. The Trustee makes no representations whatever in connection with the condition of the Property, and the Trustee shall not be liable for any latent or patent defects therein.

## ARTICLE IV

### RENT AND SOURCE OF FUNDS THEREFOR

#### Section 4.01 Payment of Rent.

(a) The Borough shall pay to the Trustee Base Rent, without any set-off or deduction, as follows:

(i) The Borough shall pay each amount of Base Rent shown on Exhibit C on a date that is not less than thirty (30) days before the payment date shown on Exhibit C.

(ii) The Borough shall pay at the time or times required under this Indenture each payment of Additional Rent that is required under this Indenture.

(b) The liability of the Borough for payment of each installment of Base Rent as it becomes due, and each payment of Base Rent shall be in consideration of the right of the Borough, whether or not exercised, to occupy and use the Property for the related period set forth in Exhibit C.

(c) All Rent shall be payable in lawful money of the United States of America that is legal tender for public and private debts at the time of payment. Payment shall be made at such place or places as shall be specified by the Trustee.

(d) Any installment of Rent that is not paid by the Borough on or before the due date thereof shall, from and after such due date, bear interest at the rate of six percent (6%) per annum until paid, time being of the absolute essence of this obligation.

Section 4.02 Covenant to Budget and Seek Appropriation. The Borough will, prior to the commencement of each Fiscal Year during which Rent payments are payable from Borough appropriations, include such Rent in its annual budget request to the Assembly. The Borough agrees to use any appropriation legally available for the Rent in such Fiscal Year and to promptly encumber available appropriations for such payments prior to allocating or encumbering funds for projects or costs for which no legal obligation to pay exists.

Section 4.03 Trustee's Covenant of Quiet Enjoyment. The Trustee covenants that it has full right and lawful authority to enter into this Indenture, and that so long as the Borough shall pay the Rent and shall duly observe all the covenants and agreements herein contained that are

obligatory upon it, the Borough shall have, hold, and enjoy during the Lease Term, peaceful, quiet, and undisputed possession of the Property, and the Trustee shall, at the expense of the Borough, from time to time take all necessary action to that end.

Section 4.04 Rent Subject to Appropriation. The obligation of the Borough to pay Rent is subject to appropriation. If sufficient funds are not appropriated to make payments of Rent, the Lease Term shall terminate and the Borough shall not be obligated to make payments of Rent beyond the last Fiscal Year for which funds have been appropriated for the payment of Rent, and the Trustee shall have all rights and remedies to take possession of the Property. The Borough shall bear all costs of surrender and delivery of the Property. If the Borough fails to deliver possession of the Property to the Trustee upon termination of the Lease Term for non-appropriation, the termination shall nevertheless be effective but the Borough shall be responsible for the payment of damages in an amount equal to the portion of Rent thereafter coming due that is attributable to the number of days after the termination during which the Borough fails to deliver possession and for any other loss suffered by the Owners as a result of the Borough's failure to deliver possession as required.

Section 4.05 New Lease. In the event of termination of the Lease Term under Section 4.04, the Borough will use its best efforts to enter into a new lease of the Property on the same terms and conditions, and providing for the payment of Rent at the same times and in the same amounts, as this Indenture. Immediately upon the execution of the new lease the Borough agrees to reoccupy the Property and the Borough agrees that the new lease will be made by the Trustee for the benefit of the Owners.

## ARTICLE V

### MISCELLANEOUS LEASE PROVISIONS

Section 5.01 Property to Vest in the Borough. After all of the Certificates have ceased to be Outstanding, all of the Trustee's right, title, and interest in and to the lands, improvements, buildings, fixtures, machinery, and equipment constituting the Property shall vest in and become the property of the Borough.

Section 5.02 Prepayment of Base Rent. At or prior to any optional Redemption Date, the Borough shall pay or cause to be paid to the Trustee prepaid Base Rent in an amount sufficient to pay the redemption price and interest components of all Certificates to be redeemed on such date, as well as the proper expenses and charges of the Trustee in connection with such redemption.

Section 5.03 Damage to or Destruction of Property. If (i) the Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Property or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person, the Borough will cause the Net Proceeds of any insurance claim, condemnation award, or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification, or improvement of the Property, unless the Borough shall have exercised its option to redeem the Certificates under Section 8.03. Any balance of the Net Proceeds remaining after such work has

been completed or after the Borough has exercised the option to redeem the Certificates shall be retained by the Borough.

Section 5.04 Purchase of Trustee's Interest in Property. If the whole amount of the principal and interest components of Base Rent due and payable under this Indenture shall be paid, or if provision shall have been made for the payment of the same, together with all other sums payable hereunder, then the right, title, and interest of the Trustee in the Property under this Indenture shall thereupon cease, terminate, and become void and be discharged and satisfied; provided, that the Borough's obligations to pay fees and costs, as provided in Section 12.10, accrued to the date of such termination but unpaid, and the Trustee's right to indemnification hereunder shall survive the termination of the Trustee's interest in the Property and remain in force until such fees and costs are paid and such indemnification provision satisfied.

## ARTICLE VI

### AUTHORIZATION, EXECUTION AND DELIVERY OF CERTIFICATES

Section 6.01 Authorization and Purpose of Initial Certificates. The Borough hereby authorizes the execution and delivery of the Initial Certificates for the purpose of paying part of the Cost of the Project, satisfying the Reserve Requirement and Costs of Issuance. The Trustee shall execute and deliver the Initial Certificates as specified in a written order of the Borough, but only upon the receipt by the Trustee of:

(a) An Opinion of Bond Counsel dated as of the date of such delivery by the Trustee to the effect that:

(i) The Lease, this Indenture, and the Deed of Trust have been duly authorized, executed, and delivered and are valid and binding obligations of the Borough, enforceable against the Borough in accordance with their terms.

(ii) The Certificates have been duly and validly executed and delivered by the Trustee in accordance with this Indenture and evidence proportionate interests of the Owners of such Certificates in Rent payments to be made by the Borough under this Indenture.

(b) A written order as to the delivery of the Initial Certificates, signed by a Borough Representative;

(c) An order signed by a Borough Representative designating the funds or accounts under this Indenture into which proceeds of the Initial Certificates are to be deposited, and the amounts of such deposits;

(d) A deposit to the Reserve Fund sufficient to cause the amount in the Reserve Fund to equal the Reserve Requirement;

(e) A copy of the Lease, certified by a Borough Representative, or counterpart original of the Lease with evidence of the recording of a memorandum thereof;

(f) A copy of this Indenture, certified by a Borough Representative, or counterpart original of this Indenture with evidence of the recording of a memorandum thereof;

(g) A copy of the Deed of Trust, with evidence of its recording;

(h) Leasehold and owner's title insurance in the form of an extended ALTA policy or commitment therefor;

(i) A federal tax certificate of the Borough in regard to the Certificates; and

(j) Such further documents, money, and securities as are required by the provisions of this Indenture.

Section 6.02 Additional Certificates.

(a) So long as no Event of Default then exists under this Indenture or the Deed of Trust, the Borough may cause the execution and delivery of Additional Certificates for any one or more of the following purposes:

(i) To refund any Certificates; or

(ii) To finance the costs of completing the Project.

(b) Each series of Additional Certificates shall be authorized by a supplemental indenture that shall, among other provisions, specify and provide for:

(i) The authorized principal amount, designation, and series of the Additional Certificates;

(ii) The purposes for which the Additional Certificates are being executed and delivered;

(iii) The Date of Issue, maturity date or dates, and amounts of each maturity of the Additional Certificates of such series;

(iv) The interest rate or rates, or the manner of determining such rate or rates of the Additional Certificates of such series, and the interest payment dates therefor;

(v) The denomination or denominations of, and the manner of numbering and lettering, the Additional Certificates of such series;

(vi) The redemption price or prices, if any, and, subject to Article VIII, the redemption terms, if any, for the Additional Certificates of such series;

(vii) The amount and due date of each sinking fund installment, if any, for the Additional Certificates of such series;

(viii) The obligation of the Borough to pay Base Rent sufficient to pay Debt Service on the Additional Certificates in addition to all other Certificates at any time Outstanding;

(ix) The increase of the Reserve Requirement upon the execution and delivery of Additional Certificates; and

(x) Any other provisions deemed advisable by the Borough and determined by the Borough, not in conflict with the provisions of this Indenture.

(c) A series of Additional Certificates may be executed and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents and deposits required by Section 6.01) of:

(i) A copy of the supplemental indenture authorizing the Additional Certificates, certified by a Borough Representative;

(ii) A certificate of the Borough stating that the Borough is not in default in the performance of any of its obligations under this Indenture;

(iii) Either (1) or (2) below:

(1) For Additional Certificates that are executed and delivered to complete the Project, a certificate of a Borough Representative to the effect that the Project is not complete and cannot be completed with funds available from the proceeds of the Initial Certificates, and the aggregate principal component of such Additional Certificates does not exceed 10% of the principal component of the Initial Certificates; or

(2) For Additional Certificates that are executed and delivered to refund any Certificates, a certificate of a Borough Representative indicating that Annual Debt Service in each Fiscal Year following the execution and delivery of such Additional Certificates will not exceed Annual Debt Service in such Fiscal Year prior to the execution and delivery of such Additional Certificates.

(d) Notwithstanding satisfaction of other conditions to the execution and delivery of Additional Certificates contained in this Section, no such execution and delivery may occur (1) should any Event of Default (or any event that, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing, unless such Event of Default shall be cured upon such execution and delivery, and (2) unless the Reserve Fund is fully funded at the Reserve Requirement upon the execution and delivery of such Additional Certificates.

ARTICLE VII

DESCRIPTION, FORM, EXECUTION, AND  
REGISTRATION OF CERTIFICATES

Section 7.01 Description of Initial Certificates.

(a) The Initial Certificates shall be designated as the "Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates of Participation, 2016B." The Initial Certificates shall be executed and delivered in the aggregate principal amount of \$[\_\_\_\_]; shall be dated [\_\_\_\_], 2016; shall be numbered in the manner determined by the Trustee; and shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof; provided, that no Initial Certificate shall evidence principal components maturing in different years.

(b) The interest component of the Initial Certificates shall represent an interest in and shall be paid from the interest component of Base Rent, and shall accrue (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Issue or from the most recent Interest Payment Date to which interest has been paid, whichever is later, payable on [April 1] and [October 1] of each year, commencing [April 1, 2017], at the rates set forth below. The principal component of the Certificates shall represent an interest in and shall be payable from the principal component of the Base Rent, on [October 1] of each of the years and in the principal amounts set forth below:

Maturity Dates [October 1]	Principal Amount	Interest Rate Per Annum
-------------------------------	---------------------	----------------------------

\*Term Certificates

Section 7.02 Place, Manner, and Medium of Payment of Initial Certificates.

(a) The principal components of, premium, if any, and interest components of the Initial Certificates shall be paid in lawful money of the United States of America, only to the Owner of each Initial Certificate.

(b) Prior to the Book-Entry Termination Date with respect thereto, if any, the interest component of each Initial Certificate shall be paid when due by the Trustee to DTC as the Owner thereof, for the benefit of the Beneficial Owner thereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date with respect thereto, if any, the interest component of each Initial Certificate shall be paid from funds held in the Rent Fund, by check or draft mailed by the Trustee on or before each Interest Payment Date, to the Owner of such Initial Certificate at the close of the Trustee's business on the applicable Record Date by first-class mail, postage prepaid, at such Owner's address appearing on the Register as of the close of the Trustee's business on the applicable Record Date; provided, that any Owner of \$1,000,000 or more in aggregate principal components of Initial Certificates may be paid interest by wire transfer to an account in the United States of America by making a written request of the Trustee, received before the close of the Trustee's business on the applicable Record Date, specifying the account number and address, which request may provide that it will remain in effect until changed or revoked in writing.

(c) Prior to the Book-Entry Termination Date with respect thereto, if any, the principal component of each Initial Certificate shall be paid by the Trustee to DTC as the Owner thereof, for the benefit of the Beneficial Owner thereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date with respect thereto, if any, the principal component of each Initial Certificate shall be paid by check or draft payable to the Owner of such Initial Certificate. Such check or draft shall be delivered to the Owner or such Owner's duly authorized agent on or after the maturity date or Redemption Date of such Initial Certificate, but only upon the presentation for payment and the surrender of such Initial Certificate at the principal corporate trust office of the Trustee.

Section 7.03 Book-Entry System for Initial Certificates.

(a) All Initial Certificates maturing in the same year shall be executed and delivered initially in the form of a single certificate, which certificate shall be registered in the name of DTC or its nominee, and delivered to DTC. DTC shall hold each such Initial Certificate in fully immobilized form for the benefit of the Beneficial Owners pursuant to the Letter of Representations until the earliest to occur of either (1) the date of maturity of the Initial Certificates evidenced by such certificate, at which time DTC shall surrender such certificate to the Trustee for payment of the principal and interest components of such Initial Certificates coming due on such date, and the cancellation thereof; (2) the Redemption Date of any Initial Certificates evidenced by such certificate, at which time DTC shall surrender such certificate to the Trustee for payment of the principal and interest components of such Initial Certificates coming due on such Redemption Date, and the cancellation of such certificate and the execution and delivery

to DTC of a new certificate, registered in the name of DTC or its nominee, for the aggregate principal component of the unredeemed Initial Certificates previously evidenced by such canceled certificate, if any; (3) the Book-Entry Termination Date; or (4) the date the Borough determines to utilize a new custodian for the Initial Certificates, at which time the prior custodian shall surrender the immobilized certificates to the Trustee for transfer to the new custodian and cancellation as herein provided. If the earliest to occur of the aforementioned events is a Redemption Date and upon such redemption one or more new certificates are executed and delivered to DTC for any unredeemed portion of the Initial Certificates, such new certificate(s) shall again be held by DTC in fully immobilized form for the benefit of the Beneficial Owners pursuant to the Letter of Representations until the next occurrence of one of the events described in this subsection.

(b) For so long as any Initial Certificates at any time Outstanding are registered in the name of DTC or its nominee and held by DTC in fully immobilized form, as described in subsection (a) of this Section, (1) the rights of the Beneficial Owners shall be evidenced solely by an electronic and/or manual entry made from time to time on the records established and maintained by DTC or DTC Participants in accordance with the Letter of Representations, and (2) no certificates evidencing such Initial Certificates shall be executed and delivered and registered in the name of any Beneficial Owner or such Beneficial Owner's nominee.

(c) The book-entry system of registering ownership of the Initial Certificates may be terminated by the Borough, at which time the Borough shall deliver to the Trustee (1) a written request that it execute and deliver Initial Certificates to each Beneficial Owner or such Beneficial Owner's nominee on the Book-Entry Termination Date; and (2) a list identifying the Beneficial Owners as to both name and address; and shall also deliver a supply of such certificates to the Trustee, if necessary for such purpose. Upon surrender to the Trustee of the immobilized certificates evidencing all of the Initial Certificates then Outstanding, the Trustee shall execute and deliver new certificates to each Beneficial Owner or such Beneficial Owner's duly appointed agent, naming such Beneficial Owner or such Beneficial Owner's nominee as the Owner thereof. Such certificates may be in any integral multiple of \$5,000. Following such execution and delivery, the Owners of such Initial Certificates may transfer and exchange such Initial Certificates in accordance with Sections 7.06 and 7.07.

(d) Neither the Borough nor the Trustee shall have at any time any responsibility or liability to any Beneficial Owner or to any other person for any error, omission, action, or failure to act on the part of DTC or any direct or indirect DTC Participant with respect to payment, when due, to the Beneficial Owner of the principal component, premium, if any, and interest component of the Initial Certificates, proper recording of beneficial ownership of Initial Certificates, proper transfers of such beneficial ownership, or any notices to or direction from Beneficial Owners or any other matter pertaining to the Initial Certificates.

Section 7.04 Form of Certificates. The Initial Certificates shall be in substantially the form set forth in Exhibit B with such appropriate variations, legends, omissions, and insertions as

permitted or required by this Indenture. The form of each series of Additional Certificates shall be as set forth in the supplemental indenture authorizing their execution and delivery.

Section 7.05 Registration of Certificates. The Certificates shall be executed and delivered only in registered form as to both principal and interest. The Trustee shall act as initial registrar and in such capacity shall maintain the Register for the registration and transfer of Certificates. The Borough covenants that, until all Certificates have been surrendered and canceled, it will maintain a system for recording the ownership of each Certificate that complies with the provisions of Section 149 of the Code. The Borough, the Trustee, and their respective successors, each in its discretion, may treat the person in whose name any Certificate shall be registered as the absolute owner of such Certificate for all purposes, whether or not the Certificate shall be overdue, and all payments of principal and interest components of a Certificate made to the Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and neither the Borough nor the Trustee shall be affected by any notice to the contrary.

Section 7.06 Transfer and Exchange of Certificates. Certificates shall be transferred only upon the Register. Upon surrender for transfer or exchange of any Certificate at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or the duly authorized attorney of the Owner, the Trustee shall execute and deliver an equal aggregate principal component of Certificates of the same maturity of any authorized denominations, subject to such reasonable regulations as the Trustee may prescribe and upon payment sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid in connection with such transfer or exchange. All Certificates surrendered for transfer or exchange shall be canceled by the Trustee.

Section 7.07 Time Restrictions on Transfer and Exchange. The Trustee shall not be obligated to transfer or exchange any Certificate during the period between a Redemption Date (provided notice of redemption has been duly given to the Owner of such Certificate) and the applicable Record Date therefor.

Section 7.08 Mutilated, Lost, Stolen, or Destroyed Certificates. Upon surrender to the Trustee of a mutilated Certificate, the Trustee shall execute and deliver a new Certificate of like maturity and principal component. Upon filing with the Trustee of evidence satisfactory to the Trustee that a Certificate has been destroyed, stolen, or lost and of the ownership thereof, and upon furnishing the Trustee with indemnity satisfactory to it, the Trustee shall execute and deliver a new Certificate of like maturity and principal component. The person requesting the execution and delivery of a new Certificate under this Section shall comply with such other reasonable regulations as the Trustee may prescribe and pay such expenses as the Trustee may incur in connection therewith. Any such substitute Certificate so furnished shall be clearly marked "Duplicate" and shall be equally and proportionately entitled to the security of this Indenture as all other Certificates executed and delivered hereunder.

Section 7.09 Cancellation of Certificates. Upon payment, surrender, and re-registration or transfer, exchange, or substitution of a Certificate, the Trustee shall cancel the Certificate. The Trustee may destroy any canceled Certificate not less than 180 days after the cancellation thereof. The Trustee shall maintain all necessary and proper records with respect to any

Certificate so destroyed and shall execute a certificate of destruction describing the Certificate so destroyed and shall file such certificate with the Borough.

## ARTICLE VIII

### REDEMPTION

#### Section 8.01 Optional Redemption.

(a) The Initial Certificates maturing on [\_\_\_\_], shall be subject to redemption on any date on and after [\_\_\_\_], at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of Initial Certificates to be redeemed, plus accrued interest to the Redemption Date.

(b) Additional Certificates subject to optional or mandatory redemption prior to maturity pursuant to the provisions of the supplemental indenture authorizing their execution and delivery shall be redeemable, upon notice as provided in this Article, at such times, at such redemption prices and upon such terms (in addition to and consistent with the terms contained in Sections 8.04 through 8.07) as may be specified in such supplemental indenture.

#### Section 8.02 Mandatory Sinking Fund Redemption.

(a) The Initial Certificates maturing on [\_\_\_\_], are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] in the years [\_\_\_\_] through [\_\_\_\_], inclusive, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of Initial Certificates to be redeemed, plus accrued interest to the Redemption Date:

Mandatory Sinking Fund  
Redemption Dates  
[October 1]

Mandatory Sinking Fund  
Redemption Amounts

\*

\*Scheduled maturity.

(b) The Additional Certificates, if any, that are subject to mandatory redemption in part from sinking fund redemption amounts pursuant to the provisions of the supplemental indenture authorizing their execution and delivery, and the amounts and due dates of such sinking fund redemption amounts, shall be specified in such supplemental indenture.

(c) If Certificates subject to mandatory sinking fund redemption are either (i) redeemed at the option of the Borough under Sections 8.01 or 8.03, or (ii) purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such Certificates

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

Section 8.03 Extraordinary Optional Redemption. All Certificates then Outstanding are subject to extraordinary optional redemption prior to their respective maturities at the written request of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the Certificates to be redeemed, plus accrued interest to the Redemption Date, if (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person.

Section 8.04 Trustee to Undertake Redemptions, Determination of Redemption Dates.

(a) The Trustee shall undertake mandatory sinking fund redemptions of Certificates pursuant to Section 8.02 without further request from the Borough, in accordance with such Section.

(b) The Trustee shall undertake any optional redemptions of Initial Certificates pursuant to Section 8.01, and any extraordinary optional redemptions of Certificates pursuant to Section 8.03 only upon the written request of the Borough. The Redemption Dates for any optional redemption of Initial Certificates pursuant to Section 8.01 or any extraordinary optional redemption of Certificates pursuant to Section 8.03 shall be the date set by the Trustee at the direction of the Borough, but in any event shall not be fewer than 15 days from the date the Borough provides written notice to the Trustee of its request for optional or extraordinary optional redemption.

Section 8.05 Notice of Redemption.

(a) Notice of and redemption of Certificates prior to maturity shall be given by or on behalf of the Trustee by first class mail, postage prepaid, at least once, not less than 20 days nor more than 60 days before the Redemption Date to each Rating Agency and the respective Owners of any Certificates designated for redemption at their addresses shown on the Register on the date such notice is prepared; provided, that failure to notify any Rating Agency shall not affect the validity or sufficiency of the notice to the Owners or affect the subsequent redemption of the Certificates in accordance therewith.

(b) Each notice of redemption shall state: (1) that it is being given by or on behalf of the Trustee; (2) the date of the notice; (3) the name and address of the Trustee, as paying agent for the Certificates; (4) the Redemption Date; (5) the CUSIP numbers of the Certificates to be redeemed; (6) the certificate numbers of the Certificates to be redeemed; (7) in the case of Certificates to be redeemed in part only, the respective

portions of the principal component thereof to be so redeemed and that a new Certificate shall be executed and delivered for any unredeemed portion; (8) the interest rates, maturity dates, and series of the Certificates to be redeemed; (9) the Date of Issue of the Certificates; (10) that from and after such Redemption Date, interest thereon shall cease to accrue, provided the Trustee is holding sufficient funds to pay the redemption price thereof; and (11) that the Owners of such Certificates shall be required to surrender them to the Trustee, as paying agent, for redemption.

(c) The notice requirement of this Section shall be satisfied when notice in accordance herewith is mailed as provided herein regardless of whether such notice is actually received by the Owners of any Certificates. Failure to mail notice of any mandatory sinking fund redemption as provided herein shall not affect the validity of the proceedings for such mandatory sinking fund redemption. However, if notice of any optional or extraordinary optional redemption shall not have been mailed as provided herein, then the purported optional or extraordinary optional redemption, as appropriate, is void, but only as to those Owners to whom the notice shall not have been mailed.

(d) Notwithstanding the foregoing provisions of this Section, in the case of an optional redemption, the notice may state that the Borough retains the right to rescind the redemption notice and the related optional redemption of Certificates by giving a notice of rescission to the affected Owners at any time on or prior to the Redemption Date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Certificates for which the notice of optional redemption has been rescinded shall remain Outstanding.

#### Section 8.06 Partial Redemption of Certificates.

(a) Whenever provision is made in this Indenture for the redemption of fewer than all of the Certificates of the same maturity, the Trustee shall select, or cause the selection of, the Certificates of such maturity to be redeemed by lot in any manner that the Trustee, in its sole discretion, shall deem appropriate and fair.

(b) The Trustee shall call for redemption in accordance with the foregoing provisions as many Certificates or portions thereof of a series as will, as nearly as practicable, exhaust the money available therefor. The principal component of particular Certificates or portions thereof shall be redeemed only in integral multiples of \$5,000.

(c) Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Borough, a new Certificate or Certificates (at the option of the Owner) of the same series, maturity, and interest rate and of authorized denominations equal in aggregate principal component to the unredeemed portion of the surrendered Certificate.

#### Section 8.07 Effects of Redemption of Certificates.

(a) On the Redemption Date, provided the Trustee is then holding funds sufficient to pay the redemption price (including interest accrued to the Redemption Date and premium, if any) of the Certificates to be redeemed on such date, interest on such

Certificates (or portions thereof) duly called for redemption shall cease to accrue, such Certificates (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of such redemption price and interest accrued to the Redemption Date.

(b) All Certificates redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof in accordance with the provisions of Section 7.09.

## ARTICLE IX

### CREATION AND OPERATION OF FUNDS

Section 9.01 Pledge. The Rent, the investments thereof and the proceeds of such investments, if any, all funds and accounts established by this Indenture to be held by the Trustee, the Revenue Fund, and the interest of the Trustee in the Project under the Lease and the Deed of Trust are hereby pledged and assigned for the payment of the principal and interest components of the Certificates in accordance with the terms and provisions of this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

Section 9.02 Rent Fund. There is created and established with the Trustee the Rent Fund. The Trustee shall deposit in the Rent Fund all payments of Base Rent from the Borough, and apply amounts in the Rent Fund to pay the principal and interest components of the Certificates.

Section 9.03 Reserve Fund.

(a) There is created and established with the Trustee the Reserve Fund. On the Date of Issue of any Certificates, there shall be deposited in the Reserve Fund the amount received by the Trustee necessary to cause the balance in the Reserve Fund to be equal to the Reserve Requirement.

(b) If ten (10) Business Days prior to any date on which principal or interest components of the Certificates are due, there shall be a deficiency in the amount in the Rent Fund required to pay such principal or interest components, the Trustee shall transfer from the Reserve Fund to the Rent Fund the amount necessary to cure the deficiency.

(c) Within ten (10) days after any deposit in the Rent Fund from the Reserve Fund under Section 9.03(b), or any other date on which the Trustee determines that the amount in the Reserve Fund is less than the Reserve Requirement, the Trustee shall mail a written notice of the deficiency in the Reserve Fund to the Borough. Within sixty (60) days after receipt of such notice, the Borough shall cause to be paid into the Reserve Fund the amount necessary to make the amount in the Reserve Fund equal to the Reserve Requirement. If Rent or other amounts held under this Indenture are not available for the payment required under this subsection, the requirement of that payment shall be subject to the availability of funds appropriated therefor.

(d) For the purpose of comparing the amount in the Reserve Fund to the Reserve Requirement, the Trustee shall value investments of amounts in the Reserve Fund on the first Business Day of each calendar quarter at market value. In making such valuations the Trustee may utilize and conclusively rely upon investment valuation or pricing services, including those within the accounting system used by the Trustee.

(e) On the first Business Day of each calendar quarter, the Trustee shall withdraw from the Reserve Fund any amount in excess of the Reserve Requirement, and transfer such excess to the Rent Fund.

(f) Whenever the amount in the Reserve Fund, together with the amount in the Rent Fund, is sufficient to pay in full all Certificates then Outstanding in accordance with their terms (including the principal and interest components thereof), the funds on deposit in the Reserve Fund shall be transferred to the Rent Fund.

(g) In the event of the refunding of any Certificates, the Trustee shall, upon the written direction of the Borough stating the amounts to be withdrawn, withdraw from the Reserve Fund amounts accumulated therein with respect to the Certificates being refunded and deposit such amounts with itself as Trustee or with an escrow agent to be held for the payment of the principal component redemption price, if applicable, and interest component of the Certificates being refunded; provided, that such withdrawal shall not be made unless (i) immediately thereafter the Certificates being refunded shall be deemed to have been paid pursuant to Section 14.02, and (ii) the amount remaining in the Reserve Fund after such withdrawal shall not be less than the Reserve Requirement.

Section 9.04 Construction Fund. There is created and established with the Trustee a Construction Fund, and within the Construction Fund there is created a Costs of Issuance Account for the payment of Costs of Issuance and Project Account for the payment of the Costs of the Project. Proceeds of Certificates shall be deposited in the Construction Fund in the amount stated in a certificate of a Borough Representative. Costs of Issuance will be paid from the Costs of Issuance Account in accordance with written requests from the Borough. On the 180th day after the Date of Issue of the Initial Certificates, any amount remaining in the Costs of Issuance Account shall be transferred to the Project Account and expended to pay Costs of the Project. Amounts in the Project Account shall be used to pay Costs of the Project on receipt of a requisition in the form attached hereto as Exhibit D. Separate accounts shall be established in the Construction Fund for the deposit of proceeds of Additional Certificates as provided in the supplemental indenture authorizing the execution and delivery of such Additional Certificates. The Trustee shall make payments from the Construction Fund as follows:

(a) The Trustee shall make payments of Costs of Issuance upon requisition of the Borough stating (i) the name of the Person to whom payment is due; (ii) the amount to be paid; and (iii) that such amount is a Cost of Issuance.

(b) The Trustee shall make monthly disbursements from the Construction Fund for Costs of the Project upon receipt of a requisition from the Borough in the form provided in Exhibit D.

(c) Upon receipt of a certificate of a Borough Representative of the final completion of the Project, any proceeds of the Certificates deposited in the Construction Fund for that purpose and then remaining in the Construction Fund shall be deposited by the Trustee first, in the Reserve Fund in the amount, if any, necessary to cause the amount in the Reserve Fund to be equal to the Reserve Requirement, and second, in the Rent Fund for payment of the interest component of the Certificates.

Section 9.05 Investment of Funds.

(a) So long as there is no Event of Default that has not been cured or waived as provided herein, the Trustee shall invest and reinvest the money, if any, on deposit in the Rent Fund, the Reserve Fund and the Construction Fund, to the extent practicable, only in such Authorized Investments as are directed in writing by a Borough Representative; provided, that all such Authorized Investments shall mature, or be subject to withdrawal, repurchase, or redemption, each without penalty, at the option of the holder, on or before the dates on which the invested amounts are reasonably expected to be needed for the purposes hereof. In the event of any Event of Default or in the event of the failure of the Borough Representative to provide timely directions as to such investment or reinvestment, the Trustee shall, to the extent practicable, invest or reinvest money on deposit in such funds in Authorized Investments described in clause (d) of the definition thereof. The Trustee shall not be obligated to seek or obtain the highest interest rate available. The Trustee shall be entitled to assume, absent receipt of written notice to the contrary, that any investment which at the time of purchase is an Authorized Investment remains an Authorized Investment thereafter.

(b) Whenever any transfer or payment is required to be made from any particular fund, such transfer or payment shall be made from such combination of maturing principal, redemption or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as the Trustee may deem appropriate.

(c) The Trustee shall not be accountable for any depreciation in the value of the investments or any losses incurred upon any authorized disposition thereof. The Trustee shall have no obligation to approve or disapprove of any direction from the Borough and shall suffer no liability whatsoever in following such direction.

(d) The Trustee, unless otherwise directed by the Borough, may make any and all investments of funds authorized under this Indenture through its own investment department or any affiliate of the Trustee and charge its standard investment handling fees. All such investments shall at all times be a part of the fund from whence the money used to acquire such investments shall have come, and all income and profits on such investments shall be credited to, and all losses thereon shall be charged against, such fund.

(e) Amounts contained in the Reserve Fund shall be invested only in the instruments described in paragraphs (a), (b), and (d) of the definition of Authorized Investments, with maturities of not longer than one year.

(f) The Borough acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Borough the right to receive brokerage confirmations of security transactions, the Borough waives receipt of such confirmations. The Trustee shall furnish to the Borough periodic statements that shall include detail of all investment transactions made by the Trustee.

## ARTICLE X

### COVENANTS AND CONTINUING OBLIGATIONS OF THE BOROUGH

Section 10.01 Warranties and Covenants of the Borough. The Borough hereby represents and warrants to the Trustee that as of the date of this Indenture the following statements are or will be true and correct:

(a) The Borough is a second class borough of the State and is duly organized, validly existing, and in good standing under the laws of the State, with corporate powers and authority to own and lease property and carry on its business as now being conducted.

(b) The Borough has full power, authority, and legal right to enter into and perform its obligations under this Indenture, and the execution, delivery, and performance of this Indenture and any other documents herein referred to have been duly authorized by all necessary corporate action on the part of the Borough.

(c) The execution, delivery, and performance by the Borough of this Indenture and any other document referred to herein and the disposition of the proceeds of the Certificates in accordance herewith do not contravene any law, governmental rule, regulation, order, or ordinance of any governmental entity having jurisdiction, and do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement, or instrument to which the Borough is a party or by which it or its property is bound.

(d) The Certificates are exempt from registration, qualification, and other requirements of the securities laws of the United States of America, including the Trust Indenture Act of 1939, as amended.

Section 10.02 Compliance with Laws. The Borough shall use its best efforts to maintain and renew all its rights, powers, privileges, and franchises and shall comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements, and directions of any legislative, executive, administrative, or judicial body pertaining to the Property or the Certificates.

Section 10.03 Further Assurances. Except to the extent otherwise provided in this Indenture, the Borough shall not enter into any contract or take any action by which the rights of the Trustee or the Owners or security for or sources of payment of the Certificates may be impaired or prejudiced, and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Indenture.

Section 10.04 Tax Exemption.

(a) The net proceeds of the Certificates will be used for the construction and acquisition of the Project, which is a public improvement of the Borough.

(b) The Borough shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause the interest component of Base Rent to become subject to federal income taxes in addition to federal income taxes to which such interest component of Base Rent is subject on the Date of Issue. The Borough shall not permit any of the proceeds of the Certificates to be used in any manner that would cause any Certificate to constitute a "private activity bond" within the meaning of Section 141 of the Code.

Section 10.05 Certificates Not to Become Arbitrage Bonds. Notwithstanding any other provision of this Indenture or any other instrument, the Borough will make no investment or other use of the proceeds of the Certificates that would cause the Certificates to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and the Borough will comply with the requirements of such Section and regulations. The foregoing covenants shall extend throughout the term of the Certificates, to all funds created under this Indenture and all money on deposit to the credit of any such fund, and to any other amounts that are Certificate proceeds for purposes of Section 148 of the Code and the regulations thereunder.

Section 10.06 Recording. The Borough shall cause this Indenture or a memorandum thereof to be recorded, in such manner and at such places as may be required by law fully to protect the security of the Owners and the right, title, and interest of the Trustee in and to the rights and interests assigned to the Trustee under this Indenture. The Borough shall execute or cause to be executed any and all further instruments as may be required by law or as shall reasonably be requested by the Trustee for such protection of the interests of the Trustee and the Owners, and shall furnish satisfactory evidence to the Trustee of recording of such instruments and of every additional instrument that shall be necessary to preserve the rights and interests assigned to the Trustee under this Indenture until the principal and interest components of the Certificates shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instruments and record such further or additional instruments or join in the recording thereof at such time or times and in such place or places as it may be advised by an Opinion of Counsel will preserve the rights and interests assigned to the Trustee under this Indenture until the aforesaid principal and interest components shall have been paid.

## ARTICLE XI

### EVENTS OF DEFAULT AND REMEDIES

Section 11.01 Events of Default Defined. Each of the following shall be an "Event of Default" hereunder:

(a) If payment of Rent is not made when due; or

(b) If payment of the principal component of any Certificate is not made when it becomes due and payable, whether as an installment, at maturity or upon call for redemption; or

(c) If payment of any interest component of any Certificate is not made when it becomes due and payable; or

(d) If a deposit in the Reserve Fund is not made as required under Section 9.02(d); or

(e) Receipt by the Trustee of written notice of the occurrence of a Deed of Trust Default; or

(f) A default in the performance of any other covenant or condition on the part of the Borough to be performed for a period of 30 days after delivery by the Trustee to the Borough of a written notice specifying a particular default under this Indenture, unless steps to cure the default have been commenced promptly by the Borough and in good faith the Borough continues to prosecute those steps to completion.

Section 11.02 Remedies of Trustee. Upon occurrence of an Event of Default under Section 11.01(a), (b), or (c), the Trustee, at its option, may immediately declare the Borough's rights under this Indenture terminated, and reenter the Property using such force as may be necessary, and repossess itself thereof, as of its former estate, and remove all persons and property from the Property. The Trustee's pursuit of the foregoing reentry remedy shall not preclude its pursuit of any other remedies provided by law. Upon the occurrence of an Event of Default under Section 11.01(d), (e), or (f) the Trustee, at its option, may bring an action to compel specific performance to correct any such Event of Default and/or to recover damages caused by such Event of Default.

Section 11.03 Other Remedies. If any Event of Default occurs and is continuing, subject to Sections 11.06 and 11.09, the Trustee may enforce each and every right of possession and leasing with respect to the Property, and exercise each and every right and remedy under the Deed of Trust. In exercising such rights and the other rights given the Trustee under this Article, the Trustee shall take such action as in the judgment of the Trustee, applying the standards described in Section 12.01, would best serve the interests of the Owners.

Section 11.04 Legal Proceedings by Trustee. If any Event of Default has occurred and is continuing, the Trustee in its discretion may, or upon the written request of the Owners of 25% of principal components of the Certificates then Outstanding and receipt of indemnity to its satisfaction shall, in its own name:

(a) By mandamus, or other suit, action, or proceeding at law or in equity, enforce all rights of the Owners and require the Borough to carry out the provisions of this Indenture for the benefit of the Owners; and

(b) By action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Owners.

Section 11.05 Discontinuance of Proceedings by Trustee. If any proceedings taken by the Trustee on account of any Event of Default are discontinued or determined adversely to the Trustee, then the Borough, the Trustee, and the Owners shall be restored to their former positions and rights hereunder as though no such proceeding had been taken, but subject to the limitations of any such adverse determination.

Section 11.06 Certificate Owners May Direct Proceedings. The Owners of a majority of principal components of the Certificates then Outstanding shall have the right to direct the method of conducting all remedial proceedings by the Trustee hereunder.

Section 11.07 Limitations on Actions By Owners. No Owner shall have any right to pursue any remedy hereunder or under the Lease unless:

- (a) the Trustee shall have been given written notice of an Event of Default;
- (b) the Owners of at least 25% of principal components of the Certificates then Outstanding respecting which there has been an Event of Default shall have requested the Trustee, in writing, to exercise the powers hereinabove granted to it or pursue such remedy in its or their name or names;
- (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses, and liabilities; and
- (d) the Trustee shall have failed to comply with such request within a reasonable time.

Section 11.08 Trustee May Enforce Rights Without Possession of Certificates. All rights under this Indenture, the Certificates, and the Deed of Trust may be enforced by the Trustee without the possession of any Certificates or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Owners.

Section 11.09 Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given in this Article may be exercised from time to time and as often as may be deemed expedient.

Section 11.10 Application of Money in Event of Default. Any money received by the Trustee under this Article and/or under the Deed of Trust shall be applied:

FIRST: To the payment of expenses of the Trustee including reasonable counsel fees, any disbursements of the Trustee with interest thereon and its reasonable compensation;

SECOND: To the payment of the principal and interest components then owing on the Certificates, including any interest on overdue interest, and in case such money shall be insufficient to pay the same in full, then to the payment of the principal component or redemption price and interest component ratably, without preference or

priority of one over another or of any installment of interest over any other installment of interest; and

THIRD: To the payment of expenses of the Borough, including reasonable counsel fees, actually incurred in connection with the financing of the Project and remaining unpaid.

The surplus, if any, shall be paid to the Borough or the Person lawfully entitled to receive the same.

Section 11.11 Trustee's Right to Receiver. The Trustee shall be entitled as of right to the appointment of a receiver, and the Trustee, the Owners, and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as permitted under the laws of the State.

Section 11.12 Trustee and Owners Entitled to Remedies; Remedies Not Exclusive. It is the purpose of this Article to provide to the Trustee and the Owners all rights and remedies as may be lawfully granted under the provisions of the laws of the State; but should any remedy granted herein or under the Deed of Trust be held unlawful, the Trustee and the Owners shall nevertheless be entitled to every remedy permitted by the laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article shall apply to and be binding upon any trustee or receiver appointed under the laws of the State.

Section 11.13 Waiver of Events of Default. The Trustee may at its discretion waive any Event of Default hereunder, and shall do so upon written request of the Owners of (i) more than 60% of principal components of all Certificates then Outstanding in respect of which default in the payment of principal or interest, or both, exists, or (ii) more than 50% of principal components of all Certificates then Outstanding in the case of any other Event of Default; provided, that there shall not be waived (a) any Event of Default in the payment of the principal component of any Certificates at any time Outstanding at the date of maturity specified therein, or (b) any Event of Default in the payment when due of the interest component of such Certificates, unless prior to such waiver, all arrears of interest or payments of principal, as the case may be, with interest thereon (to the extent permitted by law) from the date upon which such payment was due at the rate of the interest component, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for. In case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then in every such case the Borough, the Trustee, and the Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

## ARTICLE XII

### CONCERNING THE TRUSTEE

#### Section 12.01 Acceptance of Duties of Trust and Prudent Performance Thereof.

(a) The Trustee, as evidenced by its due execution of this Indenture, hereby accepts the conveyance set forth in the Granting Clauses, in trust, and agrees to keep, perform, and observe faithfully all of the covenants, conditions, and requirements imposed upon it in this Indenture and in the Certificates.

(b) The Trustee shall be required to take notice and shall be deemed to have notice of all Events of Default; provided, that the Trustee shall be deemed to have notice of an Event of Default described in Section 11.01(e) only when it has actual knowledge thereof.

(c) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are specifically imposed upon it as set forth in this Indenture, and no implied duties or responsibilities shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (that has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; provided, that except as to disbursement of funds, effecting any mandatory redemption or making payments upon the Certificates when due, if in the reasonable opinion of the Trustee any such action may tend to invoke expense or liability to the Trustee, it shall not be obligated to take such action unless it is first furnished with funds for payment of such expense or with indemnity therefor satisfactory to it.

(d) Except as otherwise expressly provided herein, the Trustee shall not be liable with respect to any action taken or omitted to be taken hereunder except for its own negligent action, its own negligent failure to act, or its own willful misconduct; provided, that:

(i) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture; the Trustee shall be obligated to take only such actions as are specifically set forth herein or as are specifically required to be taken by the Trustee when requested from time to time by the Owners of the aggregate principal amount of the Certificates then Outstanding specified herein with respect to the actions in question in accordance with the express provisions of this Indenture;

(ii) In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and to the correctness of the calculations or opinions contained therein, upon any certificate, report, or opinion furnished to the Trustee conforming to the applicable procedural

requirements of this Indenture or the Deed of Trust, and the Trustee shall not be obligated to review the accuracy of any calculations or the validity of any conclusions contained therein; but in the case of any such certificate, report, or opinion that by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the applicable procedural requirements of this Indenture or the Deed of Trust;

(iii) The Trustee shall not be liable for any error of judgment made in good faith by the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iv) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of the aggregate principal components of the Certificates then Outstanding specified herein with respect to the actions in question or in accordance with the express provisions of this Indenture;

(v) All notices or other instruments required or permitted to be delivered to the Trustee pursuant to this Indenture or the Deed of Trust must be delivered to the Trustee at the address for notices provided under Section 16.08 in order to be effective; and

(vi) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through affiliates, attorneys, accountants, and other experts, agents, servicers, receivers, or employees and shall not be liable for the acts or omissions of unaffiliated attorneys, agents, receivers, or other experts if selected by the Trustee with reasonable care. All reasonable costs incurred by the Trustee and all reasonable compensation to all such attorneys, accountants, and other experts, agents, and receivers as may reasonably be employed in connection with the trusts hereof shall be paid by the Borough.

(e) The Trustee is authorized and directed to execute the Lease in its capacity as Trustee under this Indenture.

(f) Every provision of this Indenture, the Lease, and the Deed of Trust relating to the conduct or liability of the Trustee shall be subject to the provisions of this Indenture, including this Article. In acting as Trustee hereunder, the Trustee acts solely in its capacity as Trustee hereunder and not in its individual or personal capacity, and all persons, including the Owners and the Borough, having any claim against the Trustee shall look only to the funds held by the Trustee hereunder for payment, except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual or personal capacity for the obligations evidenced by the Certificates.

Section 12.02 Trustee May Rely Upon Certain Documents and Opinions. Except as otherwise provided in Section 12.01:

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request, direction, election, order, certification, or demand of the Borough shall be sufficiently evidenced by an instrument signed by a Borough Representative (unless otherwise in this Indenture specifically prescribed), and any resolution of the Borough may be evidenced to the Trustee by a certified resolution.

(c) The Trustee may consult with its counsel, Bond Counsel, and the legal advice or Opinion of Counsel or Opinion of Bond Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with such legal advice or Opinion of Counsel or Opinion of Bond Counsel.

(d) Whenever, in the administration of the trusts created by this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof is herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of a Borough Representative; and, in the absence of negligence or bad faith on the part of the Trustee, such certificate shall be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

Section 12.03 Trustee Not Responsible for Statements, Validity.

(a) The Trustee shall not be responsible for any recital or statement in the preliminary or final official statement or any other offering materials relating to the Certificates (except such statements provided by the Trustee for use in any such offering materials), or for the validity of the execution by the Borough of this Indenture or the Deed of Trust or any supplemental indenture by the Borough, or for the sufficiency of the security of the Certificates executed and delivered hereunder or intended to be secured hereby, or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition, or agreement on the part of the Borough as set forth herein and the Deed of Trust, but the Trustee may require of the Borough full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be accountable for the use of proceeds of any Certificates executed or delivered hereunder.

(b) The Trustee shall not be responsible for the sufficiency of any insurance required pursuant to this Indenture, including any forms of self-insurance, and shall be

fully protected in accepting payment on account of such insurance or any adjustment, compromise, or settlement thereof.

Section 12.04 Limits on Duties and Liabilities of Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee, and the Trustee shall be answerable only for its own negligence or willful misconduct. The Trustee shall not be required to give any bond or surety in respect of the execution of such trusts and powers or otherwise in respect of the premises.

Section 12.05 Funds Held in Trust. All funds held by the Trustee hereunder are held in trust and shall be segregated and kept apart from other funds of the Trustee and other funds held by the Trustee in trust.

Section 12.06 Costs for Maintenance of Suit; Indemnification.

(a) The Trustee shall be under no obligation to institute any suit, to take any proceeding, or give any notice under this Indenture or the Deed of Trust, to enter any appearance or in any way defend in any suit in which it may be named as defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall have reasonable grounds for believing that prompt repayment of all costs and expenses, outlays, and counsel fees and other reasonable disbursements in connection therewith, and adequate indemnity against all risk and liability, is reasonably assured to it; provided, that the Trustee shall not be entitled to seek indemnity to make a payment of principal and interest components of the Certificates when due in accordance with Section 9.01. However, the Trustee may begin suit, or appear in, and defend suit, or do anything else in its judgment proper to be done by it as Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee shall be reimbursed or indemnified by the Owners requesting such action, if any, or by the Borough in all other cases, for all fees, costs and expenses, liabilities, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith; provided, that indemnification shall not be required if such liability or disbursement is adjudicated to have resulted from the negligence or willful misconduct of the Trustee. If the Borough or the Owners, as appropriate, shall fail to make such reimbursement or indemnification, the Trustee may reimburse and/or indemnify itself from any money in its possession under the provisions of this Indenture, subject only to the prior lien of the Certificates for the payment of the principal components thereof, the premium, if any, and the interest components thereof.

(b) None of the provisions contained in this Indenture shall require the Trustee to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that prompt payment of its fees or repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 12.07 Intervention in Judicial Proceedings. In any judicial proceeding to which the Borough is a party and which, in the opinion of the Trustee, has a substantial bearing on the

interest of the Owners, the Trustee may intervene on behalf of Owners, and must do so if requested in writing by the Owners of not less than 25% in aggregate principal components of the Certificates then Outstanding; provided, that the rights and obligations of the Trustee under this Section are subject to the approval of the court having jurisdiction in the premises; and provided further, that the Trustee need not proceed unless the Owners shall have offered to the Trustee security and indemnity satisfactory to it against the fees, costs, expenses, and liabilities to be incurred therein or thereby.

Section 12.08 Trustee to Retain Financial Records. The Trustee shall retain all financial statements furnished to it by the Borough in accordance with this Indenture for a period of at least seven years after the date of receipt thereof.

Section 12.09 Reports of Activities. The Trustee hereby covenants and agrees to keep and maintain accurate and complete records of fund balances, any investments thereof and all transactions involving any part of the Trust Estate held by the Trustee pursuant to this Indenture, and to furnish monthly reports thereof to the Borough. The Borough and its respective agents shall have the right, upon reasonable prior notice to the Trustee, to inspect all such records at all reasonable times and to make such copies and extracts as it may desire.

Section 12.10 Compensation of Trustee. Except as otherwise expressly provided herein, all advances, counsel fees, and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust hereby created and reasonable compensation to the Trustee for its services in the premises, in accordance with the fee agreement between the Borough and the Trustee from time to time, shall be paid by the Borough. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. If not paid by the Borough, the Trustee shall have a lien against all funds held pursuant to this Indenture, with right of payment therefrom, for the Trustee's reasonable compensation, expenses, advances, and counsel fees incurred in and about the execution of the trusts hereby created and the exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee).

Section 12.11 Trustee May Hold Certificates. The Trustee and its officers and directors may acquire and hold or become the pledgee of Certificates and otherwise may deal with the Borough in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 12.12 Appointment of Trustee. There shall at all times be a trustee hereunder that shall be an association or a corporation organized and doing business under the laws of the United States or any state thereof, having its principal place of business within or without the State, authorized under such laws to exercise corporate trust powers and authorized under applicable State laws to serve as Trustee hereunder, having a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section, the combined capital and surplus of such association or corporation

shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 12.13.

Section 12.13 Resignation of Trustee. The Trustee may resign and be discharged from the duties imposed and the trusts created by this Indenture by giving to the Borough 45 days' advance written notice. Such resignation shall take effect on the date specified in such notice, but the resigning Trustee shall not be discharged from its duties under and the trusts created by this Indenture until a successor Trustee has accepted such duties and trust. Subsequent to such acceptance, the resigning Trustee shall have no further duties and obligations under this Indenture or the Deed of Trust.

Section 12.14 Removal of Trustee.

(a) So long as no Event of Default has occurred and is continuing, and no default has occurred which with the passage of time or the giving of notice would ripen into an Event of Default, the Trustee may be removed by the Borough at any time, either with or without cause. Moreover, so long as no Event of Default has occurred and is continuing and no default has occurred which with the passage of time or the giving of notice would ripen into an Event of Default, the Borough shall remove the Trustee, either with or without cause, when requested to do so in writing by the Owners of a majority in aggregate principal components of the Certificates then Outstanding. If removal of the Trustee is without cause, the Borough shall give the Trustee 45 days' prior written notice of such removal. No prior written notice shall be required for a removal of the Trustee if such removal is with cause.

(b) Following the occurrence of an Event of Default that is continuing or any default which with the passage of time or the giving of notice would ripen into an Event of Default, the Borough shall remove the Trustee, either with or without cause, upon the written request of the Owners of a majority in aggregate principal components of the Certificates then Outstanding.

(c) Any removal of the Trustee pursuant to this Section shall be effected by delivery to the Trustee of a written instrument signed by a Borough Representative to that effect, which instrument shall also appoint a successor to the Trustee so removed and shall be accompanied by evidence of the successor's acceptance of the trusts hereunder.

Section 12.15 Appointment of Successor Trustee.

(a) If the Trustee shall resign, be removed or otherwise become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and a successor shall be appointed by the Borough, subject to the requirements of Section 12.12 and State law, at the written request of the Owners of a majority in aggregate principal components of the Certificates

then Outstanding. Any appointment shall be made by a written instrument filed with the Trustee and executed by a Borough Representative. After any such appointment by the Borough, the Borough shall cause the successor Trustee to mail notice by first class mail, postage prepaid, at least once, within 30 days of such appointment, to the Owners of the Certificates then Outstanding at their addresses on the Register.

(b) If no appointment of a successor Trustee is made pursuant to Section 12.15(a) within 90 days after the receipt by the Borough of the Trustee's notice of resignation given pursuant to Section 12.13, any Owner or the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 12.16 Merger of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, if such resulting entity is qualified to serve as Trustee as described in Section 12.12.

Section 12.17 Transfer of Rights and Property to Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the Borough a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with the Trust Estate and the rights (except the predecessor's right of payment of fees and expenses), powers, trusts, duties, and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request from a Borough Representative, execute and deliver a written instrument transferring to such successor all the Trust Estate and the rights, powers, trusts, duties, and obligations of such predecessor hereunder, and every predecessor Trustee shall deliver all funds held by it as Trustee hereunder to its successor. Should any assignment, conveyance, or written instrument from the Borough be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the Trust Estate and such rights, powers, trusts, duties, and obligations hereby vested or intended to be vested in the predecessor Trustee, any and all such assignments, conveyances, and written instruments shall, on request, be executed, acknowledged, and delivered by the Borough. Each successor Trustee shall give notice of its appointment to all Owners appearing on the Register as of the date of its appointment. The successor Trustee shall reimburse the predecessor Trustee for any expense incurred under this Section.

Section 12.18 Appointment of Co-Trustee.

(a) The Trustee may appoint a co-trustee or separate trustee hereunder, but only as necessary or desirable to enable the provisions of this Indenture to be carried out without violating the laws of any jurisdiction (including particularly the law of the State)

denying or restricting the right of banking corporations or associations to transact business as required of the Trustee hereunder.

(b) If the Trustee appoints an additional Person as a separate or co-trustee, each and every necessary and appropriate remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest, and lien expressed or intended by this Indenture to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by, and vest in such separate or co-trustee, but only as and to the extent deemed necessary and appropriate in the Trustee's judgment, and every covenant and obligation necessary and appropriate to the exercise thereof by such separate or co-trustee shall run to and be enforceable by any of them. Such separate or co-trustee shall deliver to the Borough and the Trustee an instrument in writing acknowledging and accepting its appointment hereunder.

(c) Should any instrument in writing from the Borough be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties, and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged, and delivered by the Borough. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign, or be removed, all the estates, properties, rights, powers, trusts, duties, and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) The appointment of a co-trustee hereunder shall not in any way affect the Trustee's fiduciary duties and obligations hereunder.

### ARTICLE XIII

#### CONCERNING THE OWNERS

Section 13.01 Execution of Instruments by Owners. Any request, direction, consent, or other written instrument required by this Indenture to be signed or executed by Owners may be in any number of concurrent written instruments of similar tenor and may be signed or executed by such Owners in person or by agent duly appointed by a written instrument. Proof of the execution of any such written instrument and of the ownership of Certificates shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to the effect that the Person signing such instrument acknowledged the execution thereof, or by an affidavit of a witness to such execution; and

(b) The ownership of Certificates shall be proved by the Register.

Nothing contained in this Article shall be construed as limiting the Trustee to the proof above specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient.

Section 13.02 Waiver of Notice. Except as otherwise provided herein, any notice or other communication required by this Indenture to be given by delivery, publication, or otherwise to the Owners or any one or more thereof may be waived, at any time before such notice or communication is so required to be given, by written waivers mailed or delivered to the Trustee by the Owners of all the Certificates entitled to such notice or communication.

Section 13.03 Revocation by Owners. At any time prior to (but not after) the evidencing to the Trustee of the taking of any action by the Owners of the percentage in aggregate principal components of the Certificates then Outstanding specified in this Indenture in connection with such action, any Owner may, by filing written notice with the Trustee at its corporate trust office, revoke any consent given by such Owner or the predecessor Owner of such Certificate. Except as aforesaid, any such consent given by the Owner of any Certificate shall be conclusive and binding upon such Owner and upon all future Owners of such Certificate and of any Certificate executed and delivered in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Certificate. Any action taken by the Owners of the percentage in aggregate principal components of Certificates specified then Outstanding in this Indenture in connection with such action shall be conclusively binding upon the Borough, the Trustee, and the Owners of all Certificates at any time Outstanding.

## ARTICLE XIV

### DISCHARGE OF LIEN OF INDENTURE

Section 14.01 Discharge of Lien of Indenture by Payment of Certificates. At such time as all of the principal components of, premium, if any, and interest components of all or any part of the Certificates have been fully paid as and when the same is due and payable, whether by reason of maturity, redemption, or acceleration, or if any Certificate is acquired by the Borough and is surrendered to the Trustee for cancellation as permitted pursuant to this Indenture, then such Certificates shall cease to be entitled to any lien, benefit, or security of this Indenture or the Deed of Trust.

Section 14.02 Discharge of Lien of Indenture by Defeasance.

(a) Any or all Certificates at any time Outstanding of any one or more series, prior to the maturity thereof, shall be deemed to have been paid and not Outstanding under this Indenture and shall cease to be entitled to any lien, benefit, or security of this Indenture and of the Trust Estate held hereunder except the right to receive the money and the proceeds and income of the noncallable Government Obligations set aside and pledged in the manner hereinafter described, if the following conditions, as applicable, are satisfied:

(i) In the event that any or all of such Certificates are to be optionally redeemed pursuant to any optional redemption provision relating thereto, the

Borough shall have given to the Trustee irrevocable instructions to give such notice of redemption of such Certificates as may be required by the provisions of this Indenture.

(ii) There shall have been made a deposit, irrevocably and in trust, with the Trustee or another corporate fiduciary qualified to do business in the State, of any combination of money in an amount that shall be sufficient, or noncallable Government Obligations maturing at such time(s) and bearing such interest to be earned thereon, and without any reinvestment thereof, as will provide a series of payments that shall be sufficient, together with any money initially deposited, to provide for the payment of all of the principal components of, premium, if any, and interest components of such Certificates when due in accordance with their terms or in accordance with the schedule of mandatory redemption pertaining thereto, or upon the earlier redemption or prepayment thereof in accordance with a refunding plan, and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for the purpose of effecting such payment, redemption, or prepayment.

(iii) There shall have been delivered to the Borough and the Trustee a report acceptable in form and substance and addressed to the Borough and the Trustee from a nationally recognized firm of independent public accountants, which report shall verify the computations that indicate that such noncallable Government Obligations, and/or other money to be irrevocably deposited in trust, as described pursuant to Section 14.02(a)(ii), are sufficient to provide for the payment of all of the principal components, premium, if any, and interest components of such Certificates when due in accordance with their terms or in accordance with the schedule of mandatory redemption pertaining thereto, or upon the earlier redemption or prepayment thereof in accordance with a refunding plan.

(iv) There shall have been delivered to the Borough and the Trustee an Opinion of Bond Counsel, acceptable in form and substance and addressed to the Borough and the Trustee, to the effect that, upon such defeasance, such defeased Certificates shall no longer be Outstanding under this Indenture and shall not be entitled to any lien, benefit, or security under this Indenture and of the Trust Estate (except any Defeasance Deposit), and that the interest component of any Certificate being discharged by such defeasance will not be included in gross income for purposes of federal income taxation by reason of such defeasance.

(b) Nothing contained in this Section shall be construed to prohibit the partial defeasance of one or more, but not all, of the Certificates at any time Outstanding. In the event of such partial defeasance, this Indenture shall be discharged only as to the particular Certificates or portions thereof so defeased.

(c) The Trustee shall give or cause to be given to the Owners of any Certificates that are defeased as provided in this Section written notice of such defeasance, within 30 days following the effective date of such defeasance.

Section 14.03 Effect of Discharge of Lien of Indenture. Upon payment or defeasance of all Certificates then Outstanding as described in Sections 14.01 or 14.02, and upon payment of all the fees and expenses of the Trustee and all other obligations, any of which are then required to be paid hereunder or pursuant to the Deed of Trust, then:

(a) The right, title, and interest of the Trustee in and to the Trust Estate (except any Defeasance Deposit), and all of the covenants, agreements, and other obligations of the Borough to the Owners of such Certificates shall thereupon cease, terminate, and be discharged and satisfied; provided, that the covenants, agreements, and other obligations of the Trustee hereunder shall cease, terminate, and be discharged and satisfied only upon final payment of all Certificates;

(b) The Trustee shall transfer all funds (except any Defeasance Deposit) then held by the Trustee in the funds, and all other money or property held by the Trustee under this Indenture, to or upon the direction of the Borough;

(c) The Trustee shall apply each Defeasance Deposit to the payment or redemption of Certificates, together with the interest components thereof and premium, if any, thereon, as specified in the applicable refunding plan; and

(d) The Trustee shall release all liens and security interests granted pursuant to this Indenture and the Deed of Trust, and shall file and record (or cause to be filed and recorded) any and all appropriate documents reasonably requested by the Borough indicating the release of such liens and security interests.

## ARTICLE XV

### SUPPLEMENTAL INDENTURES

Section 15.01 Modification of Indenture Without Consent of Owners.

(a) After the Date of Issue of the Initial Certificates and subject to the conditions and restrictions of this Indenture, the Borough and the Trustee may enter into such indentures supplemental hereto as they may deem necessary or desirable, from time to time and at any time, but without the consent of any Owner, for any one or more of the following purposes:

(i) To add covenants and agreements to this Indenture for the protection of the Owners;

(ii) To cure any ambiguity or correct any defect or inconsistent provision in this Indenture;

(iii) To make subject to the lien of this Indenture, for the benefit of the Owners, additional revenues, properties, or collateral;

(iv) To qualify this Indenture under the Trust Indenture Act of 1939, as amended, or the securities laws of any state, if such is necessary in the Opinion of Counsel;

(v) To provide for the execution and delivery of Additional Certificates;

(vi) To preserve the exclusion of the interest component of any Certificates from gross income for purposes of federal income taxation and preserve the right of the Borough to continue to issue bonds, debts, or other obligations of any nature the interest on which is likewise excluded from gross income for purposes of federal income taxation; or

(vii) To make any other change that is not materially adverse to the interests of the Trustee, in the judgment of the Trustee, or is not materially adverse to the interests of the Owners of the Certificates then Outstanding.

(b) In each and every case provided for in subsection (a) of this Section, the Trustee shall be under no responsibility or liability to the Borough or any Owner, or to anyone whatsoever, for any act or thing that it may do or decline to do in good faith subject to the provisions of this Section, in the exercise of such discretion.

Section 15.02 Modification of Indenture With Consent of Majority of Owners. Except for supplemental indentures necessary or desirable to accomplish the purposes set forth in Section 15.01 and subject to the requirements of Section 15.03, neither the Borough nor the Trustee shall consent to any other indenture supplemental hereto after the Date of Issue of the Initial Certificates without the prior written consent of the Owners of not less than a majority in aggregate principal components of the Certificates then Outstanding. If the Owners of not less than a majority in aggregate principal components of the Certificates then Outstanding shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or to the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Borough from executing the same or from taking any action pursuant to the provisions thereof.

Section 15.03 Modification of Indenture With Consent of All Owners. Without the prior written consent of the Owners of all Certificates then Outstanding, no supplemental indenture shall change the terms of redemption or maturity of the principal component of any Certificate, or of any interest component of any Certificates, shall deprive any Owner of any Certificate at any time Outstanding of the lien or right created by this Indenture; shall give priority to any Certificate over any other Certificate; or shall reduce the percentage of Owners whose consent is required to any action taken under, or for amendment of, this Indenture.

Section 15.04 Execution and Notices of Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any supplement or amendment to this Indenture, together with a copy of the proposed supplement or amendment, to be mailed to S&P at least ten (10) days prior to the proposed effective date of such supplement or amendment;

provided, that failure of the Trustee to mail such notice to S&P or failure of S&P to receive such notice shall not invalidate such supplement or amendment or its effectiveness. The Trustee is authorized to join with the Borough in the execution of any such supplemental indenture, to make further agreements and stipulations that may be therein contained, and to accept the conveyance, transfer, and assignment of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture that affects its rights, duties, or immunities under this Indenture. The Trustee may request and rely with full acquittance upon an Opinion of Bond Counsel that any supplemental indenture complies with the provisions of this Article.

Section 15.05 Supplemental Indenture to be Part of Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture, and all the terms and conditions contained in any such supplemental indenture, as to any provisions authorized to be contained therein, shall be part of the terms and conditions of this Indenture for any and all purposes, and the respective rights, duties, and obligations under this Indenture of the Borough, the Trustee, and the Owners of all Certificates at any time Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments. If deemed necessary or desirable by the Trustee, reference to any such supplemental indenture or any of such terms or conditions thereof may be set forth in reasonable and customary manner in the text of the Certificates or in a legend stamped on the Certificates.

## ARTICLE XVI

### MISCELLANEOUS

Section 16.01 Covenants Bind Successors and Assigns. All the covenants, stipulations, promises, and agreements contained in this Indenture, by or on behalf of the Borough and the Trustee, shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

Section 16.02 Immunity of Officers. No recourse for the payment of any part of the principal or interest component of any Certificate or for the satisfaction of any liability arising from the execution, delivery, sale, purchase, or ownership of the Certificates or any liability arising from this Indenture or the Deed of Trust shall be had against any officer, member, employee, or agent of the Borough in his or her individual capacity, all liability being hereby expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the execution and delivery of the Certificates.

Section 16.03 Parties Interested Herein. Nothing in this Indenture, express or implied, is intended or shall be construed to give to any Person, other than the Borough, the Trustee, and the Owners, any right, remedy, or claim under or by reason of this Indenture. The covenants, stipulations, and agreements contained in this Indenture are and shall be for the sole and exclusive benefit of the Borough, the Trustee, their successors and assigns, and the Owners.

Section 16.04 Execution of Indenture in Counterparts. This Indenture may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

Section 16.05 Severability of Indenture Provisions. In case any one or more of the provisions contained in this Indenture or in the Certificates shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Indenture or of the Certificates, but this Indenture and the Certificates shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

Section 16.06 All Obligations Due on Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall be a day that is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

Section 16.07 Time of Essence. Time and all terms and conditions shall be of the essence of this Indenture.

Section 16.08 Notices. Except as otherwise provided herein, all notices, consents, or other communications required hereunder shall be in writing and shall be sufficiently given if addressed and mailed by first-class, certified or registered mail, postage prepaid, and return receipt requested, as follows:

To the Borough:	Finance Director Matanuska-Susitna Borough 350 East Dahlia Avenue Palmer, Alaska 99645 (907) 745-9630 (907) 745-0886 (fax)
To the Trustee:	U.S. Bank National Association 1420 Fifth Avenue, 7th Floor, PD-WA-T7CT Seattle, Washington 98101 (206) 344-4678 (206) 344-4632 (fax) Attention: Global Corporate Trust Services

The Borough or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent. Notices shall be deemed served upon deposit of such notice in the United States Postal Service in the manner above provided.

Section 16.09 Survival of Trustee's Rights to Receive Compensation, Reimbursement and Indemnification. The Trustee's rights to receive compensation, indemnification, and reimbursement of money due and owing hereunder shall survive the Trustee's resignation or removal, the payment of the Certificates, and the defeasance of this Indenture.

Section 16.10 No Merger. In no event shall (a) the estate of the Trustee as lessee under the Lease or (b) the rights of the Trustee or the Owner of any Certificate or (c) the leasehold interest, estate, or rights of the Borough as lessee under this Indenture, merge with any interest of the Borough or rights of the Borough as the fee owner of the Property, it being understood that such leasehold interests, estates, or rights of the Trustee as the lessee under the Lease or the Trustee or the Owner of any Certificate and of the leasehold interest, estate, and right of the Borough as lessee under this Indenture shall be deemed to be separate and distinct from the Borough's interest, estate, and rights as fee owner of the Property, notwithstanding that any such interests, estates, or rights shall at any time or times be held by or vested in the same person, corporation, or other entity.

IN WITNESS WHEREOF, the **MATANUSKA-SUSITNA BOROUGH, ALASKA** has caused this Indenture to be executed by its Manager, and **U.S. BANK NATIONAL ASSOCIATION** has caused this Indenture to be executed by one of its authorized officers, all as of the day and year first above written.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

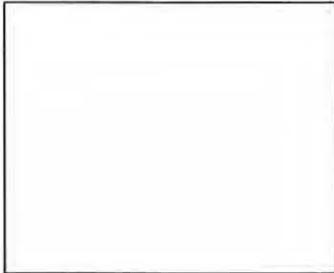
U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
[Name, Title]

Im 16-118  
OR 16-079

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2016, by John Moosey, Borough Manager of the Matanuska-Susitna Borough, Alaska, on behalf of the Borough.



\_\_\_\_\_  
(Signature of Notary)

Notary public for Alaska  
My commission expires \_\_\_\_\_.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that [\_\_\_\_\_] is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a[n] [\_\_\_\_\_] of U.S. Bank National Association, a national banking association, to be the free and voluntary act of such association for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2016.



\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)  
Notary public in and for the State of Washington,  
residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

*Im 116-118  
OR 116-079*

EXHIBIT A

DESCRIPTION OF PROPERTY

[ ]

Im 116-118  
OR 116-079

**EXHIBIT B**

**FORM OF INITIAL CERTIFICATE**

**UNITED STATES OF AMERICA**

**STATE OF ALASKA**

NO. \_\_\_\_\_

\$ \_\_\_\_\_

MATANUSKA-SUSITNA BOROUGH, ALASKA  
FIRE STATION LEASE  
CERTIFICATE OF PARTICIPATION, 2016B

INTEREST RATE \_\_\_\_\_ MATURITY DATE \_\_\_\_\_ CUSIP NO. \_\_\_\_\_

Registered Owner \_\_\_\_\_

Principal Component \_\_\_\_\_ DOLLARS

This is to certify that the registered owner named above is the Owner of the following right to receive a portion of certain Base Rent payments (the "Base Rent") to be paid under the Lease Purchase Agreement and Trust Indenture dated as of [\_\_\_\_\_] 1, 2016 (the "Indenture") entered into by and between the Matanuska-Susitna Borough, Alaska (the "Borough") and U.S. Bank National Association as trustee (the "Trustee").

The Owner of this Certificate is entitled to receive, subject to the terms of the Indenture, on the maturity date stated above, the principal component stated above, representing a portion of the Base Rent designated as principal, and to receive on [\_\_\_\_\_] 1, 2017, and semiannually thereafter on [April 1] and [October 1] of each year, the Owner's proportionate share of the Base Rent designated as interest, computed at the Interest Rate set forth above on the basis of a 360-day year of twelve 30-day months from the date hereof or from the most recent Interest Payment Date to which interest has been paid, whichever is later.

This Certificate has been executed by U.S. Bank National Association, Seattle, Washington, a national banking association organized under the laws of the United States of America, acting as Trustee. The right of the Trustee under the Indenture to receive the portion of the Base Rent due thereunder described above is hereby assigned to the Owner of this Certificate. Capitalized words and phrases used but not defined herein shall have the meanings set forth in the Indenture, unless otherwise noted.

THE OBLIGATION TO PAY RENT UNDER THE INDENTURE IS NOT A GENERAL OBLIGATION OF THE BOROUGH, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE BOROUGH ARE PLEDGED TO PAYMENT OF THE RENT. THE RENT IS PAYABLE EXCLUSIVELY FROM THE PROCEEDS OF THE CERTIFICATES, CERTAIN MONEY PLEDGED UNDER THE INDENTURE, AND FROM MONEY TO BE APPROPRIATED BY THE BOROUGH FOR THE PAYMENT OF RENT,

B-1

51526310.1

*Jm16-118*  
*0216-079*

BUT THE BOROUGH IS NOT OBLIGATED TO APPROPRIATE MONEY FOR THIS PURPOSE.

The assignment of Base Rent under the Indenture to the Owners is without recourse, and no Owner has any rights against the Trustee for nonpayment as set forth in the Indenture. The rights of the Owner of this Certificate are defined in the Indenture, all of the terms and provisions of which are incorporated herein by reference.

The principal and interest components of Base Rent payable under this Certificate are payable in lawful money of the United States of America.

Prior to the Book-Entry Termination Date, the principal component hereof shall be paid by the Trustee to Cede & Co., as nominee for The Depository Trust Company, New York, New York, as the Owner hereof, for the benefit of the Beneficial Owner(s) hereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, the principal component hereof shall be paid by check or draft payable to the Owner hereof, delivered to such Owner or such Owner's duly authorized agent on or after the maturity date hereof or, if earlier, any applicable Redemption Date, but only upon the presentation for payment and surrender of this Certificate at the principal corporate trust office of the Trustee.

Prior to the Book-Entry Termination Date, the interest component hereof shall be paid by the Trustee to Cede & Co. as the Owner hereof, for the benefit of the Beneficial Owner(s) hereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, the interest component hereof shall be paid from the funds held in the Rent Fund, by check or draft mailed by the Trustee on or before each Interest Payment Date, and any applicable Redemption Date, to the Owner hereof at the close of the Trustee's business on the applicable Record Date by first-class mail, postage prepaid, at such Owner's address appearing on the Register as of the close of the Trustee's business on the applicable Record Date; provided, that any Owner of \$1,000,000 or more in aggregate principal components of Certificates may be paid interest by wire transfer to an account in the United States of America by making a written request of the Trustee, received before the close of the Trustee's business on the applicable Record Date, specifying the account number and address, which request may provide that it will remain in effect until changed or revoked in writing.

This Certificate is one of a duly authorized series of Certificates of Participation designated "Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates Of Participation, 2016B" (the "2016B Certificates"), aggregating \$[ ] in original principal components, of like date, tenor, and effect except as to number, maturity date, interest rate, denomination, and redemption provisions. The 2016B Certificates are executed and delivered in fully registered form in the denomination of \$5,000 each or any integral multiple thereof.

The ownership of this Certificate is transferable. Prior to the Book-Entry Termination Date, the beneficial ownership of this Certificate may be transferred only on the records established and maintained by DTC and DTC Participants. On and after the Book-Entry Termination Date, transfer of the registered ownership of this Certificate shall be valid only if this Certificate is surrendered at the principal corporate trust office of the Trustee (or such other location designated by the Trustee by written notice mailed to the Owners), with the assignment

form appearing on this Certificate duly executed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee duly executed by, the Owner or such Owner's duly authorized agent, in a manner satisfactory to the Trustee. Upon such surrender, the Trustee shall cancel the surrendered 2016B Certificate and shall execute and deliver, in exchange for such surrendered and canceled 2016B Certificate and without charge to the Owner therefor (other than any governmental fees or taxes payable on account of such transfer), a new 2016B Certificate (or 2016B Certificates, at the option of the new Owner), naming as Owner the Person(s) listed as the assignee(s) on the assignment form appearing on the surrendered 2016B Certificate, of the same maturity, interest rate, terms, and conditions and for the same aggregate principal component.

From and after the Book-Entry Termination Date, this Certificate may be exchanged without charge to the Owner therefor (other than any governmental fees or taxes payable on account of such exchanges) at the principal corporate trust office of the Trustee (or such other location designated by the Trustee by written notice mailed to the Owners) by the Owner hereof or such Owner's duly authorized agent for new 2016B Certificate(s) of any authorized denomination as specified by the Owner of the exchanged 2016B Certificate or such Owner's agent.

The 2016B Certificates maturing on [October 1], [\_\_\_\_\_] are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] in the years [\_\_\_\_\_] through [\_\_\_\_\_] inclusive, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the Redemption Date:

Mandatory Sinking Fund Redemption Dates [October 1]	Mandatory Sinking Fund <u>Redemption Amounts</u>
---	---

\*Scheduled maturity.

The 2016B Certificates maturing on or after [October 1], [\_\_\_\_\_] are subject to redemption on any date on and after [\_\_\_\_\_] at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the Redemption Date.

The 2016B Certificates are subject to extraordinary optional redemption prior to their respective maturities at the option of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the 2016B Certificates to be redeemed, plus accrued interest to the Redemption Date, if (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person.

The 2016B Certificates are secured by a security interest in and a lien and claim against the money and investments, if any, in the Rent Fund, the Construction Fund, and the Reserve Fund, each held in trust by the Trustee. The Borough has reserved the right to cause Additional Certificates to be executed and delivered upon the terms and conditions provided in the Indenture. Reference is hereby made to the Indenture for other terms and conditions upon which this Certificate has been executed and delivered, which terms and conditions are made a part hereof by this reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture. Copies or executed counterparts of the Indenture are on file at the office of the Trustee and at the office of the Borough. The Trustee has executed this Certificate solely in its capacity as Trustee under the Indenture.

IN WITNESS WHEREOF, this Certificate of Participation has been duly executed by the Trustee pursuant to the terms of the Indenture.

DATED: [\_\_\_\_], 2016.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within 2016B Certificate and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the Register, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature on this Assignment must correspond with the name as it appears upon the face of the within 2016B Certificate in every particular, without alteration or enlargement or any change whatsoever. The Trustee will register a 2016B Certificate in the name of a transferee only if provided with the information requested above.

\_\_\_\_\_  
OWNER

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

EXHIBIT C

SCHEDULE OF BASE RENT PAYMENTS

<u>Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total</u>
-------------------------	--------------------------------	-------------------------------	--------------

Im 16-118  
OR 16-1579

**EXHIBIT D**

**FORM OF REQUISITION  
FOR COSTS OF THE PROJECT**

(1) The name and address of the Person to whom a payment of Costs of the Project is due is:

(2) The purpose for which this amount is to be paid was incurred for (specify appropriate classifications) in the definition of Costs of the Project set forth in Section 1.01 of the Indenture);

(3) The amount to be paid is \$ \_\_\_\_\_;

(4) The undersigned certifies that obligations in the stated amounts have been incurred by the Borough and are presently due and payable (or reimbursable to the Borough) and that each item thereof is a proper charge against the Construction Fund and has not been previously paid from the Construction Fund;

(5) [In the case of the final requisition, add the following:] The undersigned certifies that payment of the Costs of the Project is complete or that all Certificate proceeds available to pay such Costs will be expended upon payment of such requisition;

(6) The undersigned certifies that there has not been filed with or served upon the Borough notice of lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the Persons named herein, which has not been released or will not be released simultaneously with the payment of such obligation, other than labor liens, materialmen's liens, or mechanic's liens accruing by mere operation of law;

(7) The undersigned certifies that payment of the amount requested herein for disbursement will not cause more than 10% of the net proceeds of the Initial Certificates to be used, directly or indirectly, for any "private business use," within the meaning of the Code;

(8) The undersigned certifies that no Event of Default or other event which, with the giving of notice or the passage of time or both, would constitute an Event of Default has occurred.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
Borough Representative

Date: \_\_\_\_\_

**PALMER RECORDING DISTRICT**

AFTER RECORDING, RETURN TO:

Marc R. Greenough  
Foster Pepper PLLC  
1111 Third Avenue, Suite 3000  
Seattle, Washington 98101

**DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,  
AND SECURITY AGREEMENT**

This DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, AND SECURITY AGREEMENT (this "Deed of Trust"), is made as of [ ] 1, 2016, by the Matanuska-Susitna Borough (the "Grantor" or "Borough"), whose address is 350 East Dahlia Avenue, Palmer, Alaska 99645, as Grantor, to Mat-Su Title Agency, LLC, whose address is 1981 East Palmer-Wasilla Highway #100, Wasilla, Alaska 99654, as Deed of Trust Trustee (the "Deed of Trust Trustee"), for the benefit of U.S. Bank National Association, whose address is Global Corporate Trust Services, 1420 Fifth Avenue, 7th Floor, Seattle, Washington 98101, as trustee for the Owners of the Initial Certificates (hereinafter defined), and of any Additional Certificates (hereinafter defined) hereafter issued pursuant to the Indenture (hereinafter defined), as Beneficiary (the "Trustee" or "Beneficiary").

DEFINITIONS

All capitalized terms used but not otherwise defined herein shall have the meanings found in (i) Section 1.01 of the Lease Purchase Agreement and Trust Indenture, dated as of [ ] 1, 2016, by and between the Borough and the Trustee (the "Indenture") or (ii) Article I of the Lease, dated as of [ ] 1, 2016, by and between the Borough and the Trustee (the "Lease"), such definitions to be equally applicable to both the singular and plural form of any of the terms defined.

GRANT

IN CONSIDERATION of the indebtedness herein recited and the trust herein created, Grantor hereby grants, bargains, sells, and conveys to Deed of Trust Trustee, IN TRUST, WITH THE POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, the following property whether now or hereafter existing or acquired, all of which property is sometimes collectively called the "Property":

(a) The Project. All of Grantor's right, title, and interest in all of the real property described in Exhibit A attached hereto and incorporated herein by this reference, and all minerals, oil, gas, and other hydrocarbon substances thereon, and all development rights, air rights, water, and water rights relating thereto; all appurtenances now owned or hereafter acquired of the said real property; all rights of Grantor in and to any streets, roads, or public places, easements or rights of way, or utility lines relating thereto; all structures, buildings, improvements, and fixtures of any kind on said real property, including, without limitation, all apparatus, equipment, and appliances used in connection with the operation or occupancy thereof and affixed thereon (such as heating and air conditioning systems and facilities used to provide any utility services, refrigeration, ventilation, laundry, drying, dishwashing, garbage disposal, recreation, or other services thereon, and all window coverings, drapes and rods, carpeting, and floor coverings, it being intended and agreed that all such items will be conclusively considered to be a part of the real property conveyed by this Deed of Trust, whether or not attached or affixed to the real property) (collectively, the "Project"); provided, that the Project shall not include personal property acquired by Grantor with funds other than the proceeds from the issuance of the Initial Certificates and Additional Certificates, if any.

(b) Plans and Specifications. All rights of Grantor to plans and specifications, designs, drawings, and other matters prepared for or obtained in connection with any construction on the Project.

(c) Contracts for Construction or Services. All rights of Grantor under all contracts with any provider of goods or services for or in connection with any construction undertaken on, or services performed or to be performed in connection with, the Project.

(d) Rights to Payments. All refunds of taxes and unearned insurance premiums, and all judgments, awards of damages, and settlements hereafter made as a result of or in lieu of any taking of the Project or any part thereof or interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Project or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets, and all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, and all insurance proceeds paid as a result of damage to all or any part of the Project or for loss of title with respect thereto, subject to the obligation of Grantor to apply the Net Proceeds of such insurance or condemnation award as set forth in the Indenture.

(e) Rents. All rents, issues, profits, royalties, avails, income, and other benefits derived or owned by Grantor directly from the Project or any part thereof (herein collectively called the "Rents").

(f) Leases. All rights of Grantor under all leases, licenses, occupancy agreements, concessions, or other arrangements, whether written or oral, whereby any person has agreed to pay money or other consideration for the use, possession, or occupancy of the Project or any part thereof, including any security deposits (herein collectively called the "Leases").

(g) Additions, Replacements, Substitutions, Etc. All additions to, replacements of, substitutions for, products of, proceeds, and all proceeds of such proceeds (including, without limitation, goods, accounts, general intangibles, chattel paper, documents, instruments, money, and the proceeds thereof) of any of the foregoing items and all rights to encumber any of the foregoing for debt.

Any part of the Project which is personal property under applicable law is sometimes herein collectively called the "Personal Property."

## LIABILITIES SECURED

To secure to Beneficiary the following (herein sometimes collectively called the "Liabilities"):

(a) (1) the payment of all sums and the performance of the covenants, obligations, and agreements (and the truth of all representations and warranties of Grantor contained and incorporated by reference therein) herein and in (i) the Indenture; and (ii) the Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates of Participation, 2016B, executed and delivered with an aggregate principal component of \$[ ] (the "Initial Certificates") (the Indenture and the Initial Certificates are collectively referred to as the "Certificate Documents"); and (2) any supplements or amendments to the Indenture relating to any Additional Certificates (defined in the Indenture) (collectively with the Additional Certificates, the "Additional Certificate Documents"); and (b) the payment of the Rent and all sums, with interest thereon, advanced under the terms of this Deed of Trust, the Certificate Documents, and any Additional Certificate Documents, including all sums advanced by Beneficiary to protect the Project.

## COVENANTS

Grantor covenants and agrees:

1. Payment and Performance of Liabilities. Grantor will pay to Beneficiary promptly when due all sums due under this Deed of Trust, the Certificate Documents, and any Additional Certificate Documents, as appropriate, and will promptly perform all other Liabilities secured hereby.

2. Possession. Unless and until a Deed of Trust Default (as defined in Section 10) occurs, Grantor may remain in possession and control of and operate and manage the Project and collect the Rents. Upon the occurrence of a Deed of Trust Default, Beneficiary may exercise all rights and remedies that Beneficiary may have in accordance with this Deed of Trust.

3. Warranties of Grantor.

3.1 Title.

(a) Grantor warrants that it holds indefeasible fee simple title to the Property described in Exhibit A, subject only to Permitted Encumbrances, that it owns the Personal Property subject only to Permitted Encumbrances, and that it has the full and valid right and power to grant, convey, transfer, and assign the Project. Grantor shall defend the title and the interests of Beneficiary and Deed of Trust Trustee against the claims and demands of all persons except on account of Permitted Encumbrances, if any.

(b) Grantor further warrants that it is in compliance with all Permitted Encumbrances applicable to the Project.

3.2 Use. The Project is not used by Grantor for personal, family, or household purposes and is not used principally for agricultural or farming purposes, and Grantor so warrants. Except as permitted pursuant to the Certificate Documents and any Additional Certificate Documents, Grantor shall not allow changes in the use for which all or any part of the Project was intended at the time this Deed of Trust was executed or initiate or consent to any change in the zoning classification of the Property, in all such cases, without Beneficiary's prior written consent.

3.3 Further Assurances. Upon Beneficiary's request, Grantor shall promptly make, execute, and deliver to Beneficiary, and where appropriate, shall record or file and rerecord or refile, at

such time and in such offices and places as shall be deemed desirable by Beneficiary, all deeds of trust, financing statements and continuation statements, instruments of further assurance, certificates, and other documents as Beneficiary may consider necessary or desirable to effectuate, complete, perfect, or continue and preserve the obligations of Grantor under this Deed of Trust and the Certificate Documents and any Additional Certificate Documents, and the lien of this Deed of Trust and security interest in the Property as a first and prior lien upon and interest in all of the Property, including, without limitation, the Project, whether now owned or hereafter acquired by Grantor, subject only to Permitted Encumbrances; and Grantor shall pay all costs of recording or filing and rerecording and refiling such documents or instruments in such offices or places as Beneficiary may deem necessary or desirable.

4. Care of Project.

4.1 Duty to Maintain and Restore; Waste. Grantor shall maintain the Project in good condition and state of repair and in such condition as will not impair its operating unity or character as a fire station, emergency services training and warehouse facility. Except as permitted pursuant to the Certificate Documents and any Additional Certificate Documents, Grantor shall not permit, commit, or suffer any waste, impairment, or deterioration of the Property or of any part thereof; will not abandon the Property or any part thereof; will not take any action that will increase the risk of fire or other hazard to the Property or to any part thereof; and will not fail to take any action that would minimize such risk.

4.2 Removal or Alteration of Project. Except as permitted pursuant to the Certificate Documents and any Additional Certificate Documents, neither Grantor nor any tenant or other person shall remove any portion of the Project from the State, or remove, demolish, or make any alterations to the Project that change the use of the Project as a fire station, emergency services training and warehouse facility, or lessens its value, without the prior written consent of Beneficiary.

4.3 Beneficiary's Right to Enter and Inspect. Beneficiary and its agents and representatives may (but shall not be obligated to) enter upon the Project at all reasonable times during the continuance of this Deed of Trust to attend to Beneficiary's interests and to inspect the Project. Beneficiary may from time to time, at Grantor's expense, authorize an independent architect, certified property manager or engineer of recognized standing, selected by Beneficiary, to inspect the Project and to determine if the Project is being maintained in accordance with the requirements of this Deed of Trust, if Beneficiary believes or has cause to believe that the Project is not being so maintained. Such independent inspector may render a report to Beneficiary specifying in what respects (if any) the Project is not then so being maintained, and further specifying what steps (if any) are required to remedy the condition of the Project. Grantor will remedy the defective condition within 90 days after the receipt of the report or within such shorter or longer time as may be reasonable under the circumstances in the opinion of said inspector.

4.4 Compliance With Governmental Regulations. Grantor will promptly comply with all laws, ordinances, and regulations of any governmental authority affecting the Project or the use of the Project, including, without limitation, building codes, housing, land use, health, safety, Environmental Laws, ordinances, and regulations; provided, that Grantor may, pursuant to appropriate proceedings, contest such laws, ordinances, or regulations in good faith, so long as such proceedings suspend enforcement of such laws, ordinances, or regulations and so long as no part of the Project is or will be in danger of being sold, forfeited, or subjected to lien not otherwise permitted pursuant to Section 6.2 or 6.3 as a result of Grantor's failure to comply with such laws, ordinances, or regulations.

4.5 Duty to Defend. Grantor shall give notice in writing to Beneficiary of and, unless otherwise directed in writing by Beneficiary, appear in and defend any action or proceeding purporting to affect the Project, the security of this Deed of Trust, or the rights or powers of Deed of Trust Trustee or Beneficiary. Should Beneficiary elect to appear in or defend any action or proceeding, be made a party to such by reason of this Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, Grantor shall, at all times, indemnify Beneficiary from and, on demand, reimburse Beneficiary for any and all loss, damage, expense, or cost, including cost of evidence of title and attorneys, fees, arising out of or incurred in connection with any such suit, action, or proceeding, and the same shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3.

4.6 Duty to Protect. Grantor shall do all other acts, in addition to those set forth in this Section, that are reasonably necessary to protect and preserve the security of Beneficiary.

5. Hazardous Substances.

5.1 Representations and Warranties. Grantor hereby represents and warrants as of [\_\_\_\_], 2016, as follows:

(a) Except as has been disclosed by Grantor to Beneficiary in writing prior to [\_\_\_\_], 2016, there is no claim, action, suit, proceeding, arbitration, investigation, or inquiry pending or, to the best of Grantor's knowledge, threatened against Grantor before any federal, state, municipal, foreign, or other court, or any governmental, administrative, or self regulatory body or agency, or any private arbitration tribunal, and there neither is nor has been any complaint, order, directive, claim, citation, notice, or lien by or in favor of any governmental authority or private person affecting the Project with respect to: (1) air emissions; (2) spills, releases, or discharges of Hazardous Substances, surface water, groundwater, or the sewer, septic system, or waste water treatment system; (3) noise emissions; (4) solid or liquid waste disposal; (5) the use, storage, generation, treatment, transportation, or disposal of Hazardous Substances; (6) exposure to airborne or friable asbestos; (7) violation of any Environmental Law; or (8) any other environmental matters. Except as has been disclosed by Grantor to Beneficiary in writing prior to [\_\_\_\_], 2016, Grantor has no knowledge of any circumstance, matter, or thing existing that might give rise to any of the foregoing (including, without limitation, the matters discussed in Sections 5.1(b), 5.1(c), and 5.2).

(b) Except as has been disclosed by Grantor to Beneficiary in writing prior to [\_\_\_\_], 2016, (1) neither Grantor nor, to the best knowledge of Grantor, any other Person has stored, disposed, or released in, on, or about the Project, any Hazardous Substances the removal or remediation of which is or could be required, or the maintenance of which is prohibited or penalized, by any applicable Environmental Laws, and the Project is free from all such Hazardous Substances except to the extent such Hazardous Substances are used and stored at the Project in the ordinary course of business and operation, and in compliance with Environmental Laws; (2) Grantor has not at any time disposed or caused to be disposed of at the Project any Hazardous Substances generated or existing as a result of Grantor's operation of the Project in a manner which will or could cause Grantor to be or become liable for a fine or penalty or a monetary or performance obligation arising from or related to such disposal; (3) to the best knowledge of Grantor, Grantor has no contingent liability in connection with the release of any Hazardous Substances at the Project into the environment; (4) Grantor has not given any release or waiver of liability that would waive or impair any claim based on Hazardous Substances at the Project to

(A) a prior owner or occupant, or (B) any party who may be potentially responsible for the presence of Hazardous Substances; (5) Grantor has not made any promises of indemnification to any party regarding Hazardous Substances at the Project; (6) no Asbestos Containing Materials are present at the Project; (7) no underground storage tanks are located at the Project; and (8) no environmental lien has attached to the Project.

(c) Grantor has not entered into any negotiations or agreements with any person (including, without limitation, the prior owner of any property) relating to any actions affecting the Project related to (1) cleaning up, removing, treating, or in any other way addressing Hazardous Substances in the indoor or outdoor environment; (2) preventing or minimizing the release or threat of release of Hazardous Substances so that Hazardous Substances do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; or (3) collecting environmental data or performing pre-remedial studies and investigations and performing operations and maintenance and post remedial monitoring and care.

5.2 Covenants and Agreements. Grantor hereby covenants and agrees as follows:

(a) Grantor will not cause or permit any Hazardous Substance to be brought upon, kept, used, or generated by Grantor, its agents, employees, contractors, or invitees, in the operation of the Project, unless the use or generation of the Hazardous Substance is necessary for the prudent operation of the Project in the ordinary course of Grantor's business and operations and in compliance with all Environmental Laws.

(b) In operating the Project, Grantor will at all times and in all respects use its best efforts to comply with all Environmental Laws. Grantor's foregoing duty of compliance with Environmental Laws includes, without limitation, the duty to undertake the following specific actions: (1) Grantor 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 the Project; 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 of by Grantor at the Project 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).

(c) At any time, and from time to time, if the Trustee reasonably so requests, Grantor shall have any environmental review, audit, assessment, and/or report relating to the Property theretofore provided by Grantor to the Trustee updated, at the sole cost and expense of Grantor, by an independent environmental consultant selected by Grantor and not objected to by the Trustee in writing within 30 days after receipt of notification of Grantor's selection.

(d) Grantor will, at its sole expense, take all actions as may be necessary or advisable for the clean-up of Hazardous Substances on or with respect to the Property, including, without limitation, all removal, containment, and remedial actions in accordance with all applicable laws, and shall further pay or cause to be paid all clean up, administrative, and enforcement costs of governmental agencies with respect to Hazardous Substances on or with

respect to the Property if obligated to do so by contract or by law. Grantor will immediately notify the Trustee should Grantor (1) become aware of any actual or potential liability with respect to Hazardous Substances stored, disposed, or released in, on, or about the Property, (2) receive any notice of, or become aware of, any actual or alleged violation with respect to the Property of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances, (3) receive any written request for information or for an inspection of the Project by any governmental authority with respect to any Hazardous Substances or Environmental Laws, or (4) become aware of any lien or action with respect to any of the foregoing. The Trustee may require from Grantor assurances that Grantor is taking all actions as may be reasonably required for the clean-up of Hazardous Substances in or with respect to any of the Property; provided, that for all purposes under this Section, Grantor shall, upon the Trustee's request therefor, provide the Trustee with, and the Trustee shall be fully protected in relying upon, without further investigation or further duty to determine whether any removal, containment and/or remedial actions are satisfactory, either (A) the written approval of such actions by any independent environmental consultant selected by Grantor and not objected to in writing by the Trustee within 30 days after receipt of notification of Grantor's selection; or (B) written notice from Grantor that it is contesting in good faith any such requirement by appropriate legal proceedings.

6. Taxes and Assessments; Liens and Claims.

6.1 Payment. Subject to Section 6.3, Grantor shall pay when due, directly to the proper payee, all taxes, assessments/rents, insurance premiums, water, sewer, or other utility charges or assessments that might become liens on the Project, and other costs and expenses arising from the ownership, operation, management, maintenance, occupancy, or use of the Project or any part thereof which Beneficiary shall reasonably deem necessary to protect Beneficiary's interest hereunder. Subject to Section 6.3, Grantor shall further pay when due all claims and demands arising from the ownership, operation, management, maintenance, use, or occupancy of the Project, and for work done on or for services rendered or material furnished to or in connection with the Project. Grantor may use any available installment payment plans for special assessments.

6.2 Liens. Grantor shall not allow any deed of trust, mortgage, or other encumbrance, including an encumbrance subordinate to this Deed of Trust, to be imposed on any of the Project without the prior written approval of Beneficiary, except as otherwise permitted in the Certificate Documents and any Additional Certificate Documents.

6.3 Grantor's Right to Contest. Grantor may withhold payment of any tax, assessment, claim, or demand or may elect to contest any lien if Grantor is in good faith conducting appropriate proceedings to contest the obligation to pay and if, but only if, such proceedings suspend enforcement and collection of the tax, assessment, claim, or demand, and no part of the Project or any interest therein is or will be in danger of being sold or forfeited. If any of the Project is subjected to a lien that is not discharged within 30 days after Grantor receives notice of such lien, Grantor shall deposit with Beneficiary cash, a sufficient corporate surety bond, or other security satisfactory to Beneficiary in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees, or other charges that could accrue as a result of such contest. In any contest, Grantor shall defend itself, Beneficiary, and Deed of Trust Trustee and shall satisfy any final adverse judgment before enforcement against the Project. Grantor shall name Beneficiary and Deed of Trust Trustee as additional obligees under any surety bond furnished in the contested proceedings.

6.4 Evidence of Payment. Grantor shall, upon demand by Beneficiary, furnish to Beneficiary evidence of payment of taxes and assessments, and all other payments required to be made by Grantor pursuant to this Section, and shall authorize the appropriate State or municipal official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Project.

7. Assignment of Leases, Rents, and Other Agreements.

7.1 No Assignee Duties. Beneficiary shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Grantor under any of the Leases or other agreements assigned under this Deed of Trust, if any. Grantor hereby agrees to indemnify Beneficiary for, and to save it harmless from, any and all liability arising from any such Leases and other agreements and from such assignment. Such assignment shall not place responsibility for the control, care, management, or repair of the Project upon Beneficiary, or make Beneficiary responsible or liable for any negligence in the management, operation, upkeep, repair, or control of the Project resulting in loss or injury or death to any tenant, licensee, employee, or stranger.

7.2 License. Grantor shall have a license to collect the Rents until the occurrence of a Deed of Trust Default. Upon delivery of written notice by Beneficiary to Grantor of the occurrence of a Deed of Trust Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Project in person, by agent, or by a court appointed receiver, Grantor's license to collect Rents shall be revoked, and Beneficiary shall immediately be entitled to possession of all Rents as the same become due and payable, including, without limitation, Rents then due and unpaid, and all such Rents shall immediately, upon delivery of such notice, be held by Grantor as trustee for the benefit of Beneficiary only; provided, that the written notice by Beneficiary to Grantor of the occurrence of a Deed of Trust Default shall contain a statement that Beneficiary exercises its rights to such Rents. Grantor agrees that, commencing upon delivery of such written notice of Grantor's default by Beneficiary to Grantor, each person obligated to pay any Rents (including, without limitation, each tenant) shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each such person therefor, delivered to each such person personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said person to inquire further as to the existence of a default by Grantor.

Grantor hereby warrants that, except for Permitted Encumbrances, Grantor has not executed any prior assignment of Leases or Rents with respect to the Project, that Grantor will not perform any acts and will not execute any instruments which would prevent Beneficiary from exercising its rights under this Section, and that, at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the Rents with respect to the Project except in the ordinary course of business.

Upon the occurrence of a Deed of Trust Default, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property, including, without limitation, the Project, in order to perform all acts necessary and appropriate for the operation and maintenance thereof, including, without limitation, the execution, cancellation, or modification of Leases, the collection of all Rents, the making of repairs to the Project, and the execution or termination of contracts providing for the management or maintenance of any of the Project, all on such terms as Beneficiary may deem best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Grantor's default, Grantor hereby expressly consents to the appointment of such receiver. Beneficiary and/or the receiver, as appropriate, shall be entitled to receive a reasonable fee for so managing the Project.

All Rents collected subsequent to delivery of written notice by Beneficiary to Grantor of a Deed of Trust Default shall be applied first, to the costs, if any, of taking control of and managing the Project and collecting the Rents, including, without limitation, reasonable attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Project, premiums on insurance policies, rents, taxes, assessments, and other charges on the Project; second, to the costs of discharging any obligation or liability of Grantor with respect to any of the Project that is secured by a lien upon the Project that is prior to the lien created by this Deed of Trust; and third, to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Project and shall be liable to account only for those Rents actually received. Beneficiary shall not be liable to Grantor, anyone claiming under or through Grantor, or anyone having an interest in the Project by reason of anything done or left undone by Beneficiary under this Section.

If the Rents are not sufficient to meet the costs, if any, of taking control of and managing the Project and collecting the Rents, any funds expended by Beneficiary for such purposes shall become a Liability of Grantor to Beneficiary secured by this Deed of Trust. Unless Grantor and Beneficiary agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 18.3 unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest permitted rate under applicable law.

Any entering upon and taking and maintaining control of the Project by Beneficiary or the receiver and any application of Rents as provided shall not cure or waive any default or invalidate any other right or remedy of Beneficiary under applicable law or provided in this Deed of Trust.

7.3 Performance. The full performance of all Liabilities secured by this Deed of Trust and the recorded reconveyance and release of this Deed of Trust shall render this assignment void.

8. Imposition of Tax on Indebtedness or Security Instruments.

8.1 Taxes Covered. This Section shall apply to the following taxes:

(a) A specific tax on deeds of trust or on all or any part of the indebtedness secured by a deed of trust.

(b) A specific tax on the owner of the Project which the beneficiary under a deed of trust is authorized or required to deduct from payments on the indebtedness secured by a deed of trust.

(c) A tax on a deed of trust chargeable against the beneficiary or holder of the note or other evidence of indebtedness secured thereby.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a grantor of a deed of trust.

8.2 Effect of Taxes. If any tax to which this Section applies is enacted after the date of this Deed of Trust, Grantor shall be obligated to pay such tax promptly when due in the same manner as other taxes pursuant to Section 6 without regard to any law that might hereafter be enacted imposing payment of all or any part of such tax on Beneficiary.

9. Condemnation. Grantor shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Project, or any part thereof, and Grantor shall appear in and prosecute any such action or proceeding unless otherwise directed by Beneficiary in writing. Upon the occurrence and continuance of a Deed of Trust Default, Grantor authorizes Beneficiary, at Beneficiary's option, as attorney-in-fact for Grantor, to commence, appear in, and prosecute, in Beneficiary's or Grantor's name, any action or proceeding relating to any condemnation or other taking of the Project, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking.

10. Deed of Trust Defaults. The following events shall constitute Deed of Trust Defaults (each, a "Deed of Trust Default"):

(a) Except as permitted pursuant to Section 6.3, failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or assessments, or any other payment necessary to prevent the creation, foreclosure, or enforcement of any lien against the Project.

(b) Material breach of any warranty or material untruth of any representation of Grantor contained or incorporated herein.

(c) The making or suffering by Grantor of a fraudulent transfer under applicable federal or state law; concealment by Grantor of any of its property in fraud of creditors; the making or suffering by Grantor of a voidable preference within the meaning of the Federal Bankruptcy Code; or the imposition of a lien through legal proceedings or distraint upon any of the Project which is not discharged or bonded in the manner required by Section 6.3.

(d) The occurrence of an "Event of Default" as defined in the Indenture.

(e) The occurrence of an "event of default" however defined in any Additional Certificate Document.

(f) Failure of Grantor to perform any other material obligation contained or incorporated by reference herein within 30 days after notice from Beneficiary specifying the nature of the default or, if the default is curable but cannot be cured within 30 days, failure within such time promptly to commence and thereafter to complete curative action with all possible diligence. No notice of default and no opportunity to cure shall be required if during the prior 12 months Beneficiary has already sent a notice to Grantor concerning default in performance of the same obligation and such prior default has not been cured as provided in this Section.

11. Rights and Remedies Upon Default.

11.1 Remedies. Upon the occurrence of any Deed of Trust Default and at any time thereafter, Beneficiary or Deed of Trust Trustee may exercise any one or more of the following rights and remedies, which rights and remedies are cumulative, in addition to any other remedy that may be available at law, in equity or otherwise:

(a) Beneficiary may seek the appointment of a receiver (which may be Beneficiary or its nominee), whether or not the apparent value of the Project exceeds the secured indebtedness, or may exercise all rights of a mortgagee in possession as provided in Section 11.3. Any receiver appointed shall serve without bond, to the extent permitted by applicable law.

(b) Following any revocation of Grantor's license to collect the Rents, Beneficiary may collect the Rents from the Project, either itself or through a receiver. To facilitate collection, Beneficiary may notify any tenant or other person to make payments of Rents directly to Beneficiary. If Rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as its attorney-in-fact to endorse instruments received in payment in the name of Grantor and to negotiate the instruments and collect the proceeds. Payments by tenants or other persons to Beneficiary in response to Beneficiary's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary shall not be deemed a mortgagee in possession solely by reason of exercise of the rights contained in this paragraph.

(c) Beneficiary shall have the right to invoke the power of sale (in which case Deed of Trust Trustee shall have the right to foreclose Grantor's interests in all or any part of the Project by nonjudicial notice and sale), or Beneficiary shall have the right to foreclose such interests by judicial foreclosure, in either case in accordance with applicable law.

(d) With respect to any of the Project that is Personal Property, Beneficiary may exercise the rights and remedies of a secured party under the Uniform Commercial Code of the State, or such other state in which the property is located at any time.

(e) Beneficiary and Deed of Trust Trustee shall have any other right or remedy provided in this Deed of Trust, including, without limitation, collection of Rents as authorized in Section 7.2, or in any other document or instrument representing or securing the Liabilities or available at law or in equity.

11.2 Power of Sale. If Beneficiary invokes the power of sale, Beneficiary shall give written notice to Deed of Trust Trustee of the occurrence of a Deed of Trust Default and of Beneficiary's election to cause the Property to be sold. Deed of Trust Trustee and Beneficiary shall give such notices as the applicable laws may require to Grantor and to such other persons as the applicable laws prescribe, and after the lapse of such time as may be required by applicable law, Deed of Trust Trustee shall sell the Property according to the applicable laws. Deed of Trust Trustee may sell the Property at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Deed of Trust Trustee may determine. Deed of Trust Trustee may postpone sale of all or any parcel of the Property for a period or periods not exceeding the periods permitted by applicable law by taking the actions prescribed by applicable law. Beneficiary or Beneficiary's designee may purchase the Property at any sale.

Deed of Trust Trustee shall deliver to the purchaser a deed of trust trustee's deed conveying the Property so sold without any covenant or warranty, express or implied. The recitals in Deed of Trust Trustee's deed shall be *prima facie* evidence of the truth of the statements made therein. Deed of Trust Trustee shall apply the proceeds of the sale in the following order:

(a) To pay all reasonable costs and expenses of the sale, including, without limitation, Deed of Trust Trustee's and attorney's fees and costs and the costs of title evidence; and

(b) To pay all amounts secured by this Deed of Trust in such order as Beneficiary, in Beneficiary's sole discretion, directs; and

(c) The surplus, if any, shall be paid to the Persons legally entitled thereto.

11.3 Rights of Receiver or Mortgagee in Possession. Upon taking possession of all or any part of the Project, the receiver or Beneficiary may:

- (a) Use, operate, manage, control, and conduct business at the Project;
- (b) Make expenditures for all maintenance, decorating, renewals, and replacements to the Project as in its judgment are proper;
- (c) Insure and reinsure the Project and all risks incidental to its possession, operation, and management of the Project;
- (d) Revoke Grantor's license to collect the Rents, and collect any Rents and apply such sums to the expenses of use, operation, and management in such priority as Beneficiary or the receiver deems appropriate. Grantor shall immediately upon demand turn over to Beneficiary or the receiver all documents, books, records, papers, and accounts relating to the Rents, together with the amount of any deposits and rentals from any tenant or other Person liable for Rents. Beneficiary or the receiver may appear in any proceeding or bring suit on Grantor's behalf, as necessary, to enforce obligations of any tenant or other Person liable for Rents, including actions for the recovery of rent, actions in forcible detainer and in distress for rent;
- (e) Cancel or terminate any Lease or other agreement, including, without limitation, contracts providing for the management or maintenance of any of the Project, for any cause which would entitle Grantor to cancel the same;
- (f) Extend or modify any Lease or other agreement pertaining to or affecting the Project, including, without limitation, contracts providing for the management or maintenance of any of the Project, and make any new Lease or agreement on any portion of the Project. Any such instruments shall be binding upon Grantor's interests in the Project and all persons whose interests in the Project are subordinate to the lien of this Deed of Trust, and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness, satisfaction of the foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; or
- (g) At Beneficiary's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors, and make any changes in plans or specifications as Beneficiary deems appropriate.

If Rents are insufficient to pay expenses, the receiver or Beneficiary may borrow or advance such sums as the receiver or Beneficiary deems necessary for the purposes stated in this subsection. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3. Such sums shall become a part of the Liabilities secured by this Deed of Trust and shall be payable by Grantor on demand.

11.4 Sale of the Property. To the extent permitted under applicable law, Beneficiary and Deed of Trust Trustee shall be free to sell Grantor's interests in all or any part of the Project together or separately or to sell certain portions of the Project and refrain from selling other portions. Beneficiary shall be entitled to bid at any public sale on all or any portion of the Project.

11.5 Waiver of Marshalling. Notwithstanding the existence of any other security interests in the Project held by Beneficiary or by any other party, Beneficiary shall have the right to

determine the order in which any or all of the Project shall be subjected to the remedies provided by this Deed of Trust. Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness secured by this Deed of Trust are satisfied from the proceeds realized upon the exercise of the remedies provided in this Deed of Trust. Grantor, any party who consents to this Deed of Trust, and any party who now or hereafter acquires a lien or security interest in the Project and who has actual or constructive notice of this Deed of Trust, hereby waive any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or by this Deed of Trust.

11.6 Remedies Cumulative. Except as otherwise specifically limited by applicable law, election by Beneficiary to pursue one remedy shall not preclude resort to any other remedy, and all remedies of Beneficiary under this Deed of Trust are cumulative and not exclusive and each remedy may be exercised concurrently, independently, successively, and in any order whatsoever. An election to make expenditures or to take action to perform an obligation of Grantor secured by this Deed of Trust after failure of Grantor to perform shall not prejudice Beneficiary's right to declare a default or constitute a waiver of the breached term or of any of the remedies provided in this Section.

11.7 Application of Proceeds from Project. All proceeds realized from the exercise of Beneficiary's rights and remedies (other than nonjudicial foreclosure, which is discussed in Section 11.2) shall be applied as follows:

- (a) To pay the reasonable costs of exercising such rights and remedies, including the costs of any sale, the costs and expenses of any receiver or mortgagee in possession, and the costs and expenses provided for in Section 11.8;
- (b) To pay all amounts owed by Grantor, payment of which is secured by this Deed of Trust, for principal, interest, costs, and expenses in such order as Beneficiary in its sole discretion may determine; and
- (c) The surplus, if any, shall be paid to the Persons legally entitled thereto.

11.8 Attorneys' Fees; Expenses. In the event any suit, action, or appeal therefrom is instituted by Beneficiary or Deed of Trust Trustee to enforce any of the terms of this Deed of Trust to protect or enforce any of Beneficiary's rights hereunder or to protect or realize upon any of the collateral, including, without limitation, any and all bankruptcy claims, actions, and proceedings, Grantor agrees to reimburse on demand all reasonable attorneys' fees and expenses incurred by Beneficiary or Deed of Trust Trustee in such enforcement action, including fees or expenses incurred in any appellate proceeding. In determining what is a reasonable sum for attorneys' fees and litigation expenses, the actual amount of attorneys' fees the party is obligated to pay its attorney or attorneys shall be presumed to be reasonable, which presumption is rebuttable, and the actual expenses incurred in the proceeding, including all expenses of a party for travel, etc., shall be presumed to be reasonable, which presumption is rebuttable. Whether or not any court action is involved, all reasonable expenses incurred that are necessary at any time in Beneficiary's opinion for the protection of Beneficiary's interests or the enforcement of its rights, including, without limitation, the cost of searching records, obtaining title reports, surveyors reports, and attorneys' opinions or title insurance, shall become a part of the Liabilities secured by this Deed of Trust, shall be payable on demand and shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3. Beneficiary shall notify Grantor as soon as practicable after the incurrence of any such expenses.

If any proceedings are instituted or proposed to be instituted by or against Grantor under any federal or state law relating to bankruptcy, insolvency, or debtor's relief, including, without limitation, proceedings for its rehabilitation or liquidation or the composition of its debts, whether for the purpose of effecting a common law or statutory assignment for the benefit of creditors pursuant to bankruptcy laws or otherwise, the reasonable fees and expenses of legal counsel for Beneficiary incurred in connection therewith, including attendance of such counsel at meetings of creditors for the consideration of such proceedings, shall be recoverable from Grantor, and shall become a part of the Liabilities secured by this Deed of Trust payable on demand and shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3.

12. Actions to Protect the Project. Beneficiary and Deed of Trust Trustee shall have the power and authority to institute and maintain any suits and proceedings as Beneficiary may deem advisable (a) to prevent any impairment of the security of this Deed of Trust by any acts that may be unlawful or in violation of this Deed of Trust, (b) to preserve or protect its interest in the Project, and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule, or order might impair the security hereunder or be prejudicial to Beneficiary's interest. Any amounts disbursed by Beneficiary pursuant to this Section shall become a part of the Liabilities secured by this Deed of Trust, payable on demand, and shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3.

13. No Waiver.

13.1 Delay or Omission is No Waiver. No delay or omission of Beneficiary or Deed of Trust Trustee to exercise any right, power, or remedy accruing upon any Deed of Trust Default shall exhaust or impair any such right, power, or remedy or shall be construed to waive any such Deed of Trust Default or to constitute acquiescence therein. Every right, power, and remedy given to Beneficiary or Deed of Trust Trustee may be exercised from time to time and as often as may be deemed expedient by either or both of them.

13.2 No Waiver of One Default to Affect Another. A waiver by Beneficiary of a breach of any provision of this Deed of Trust shall not constitute a waiver of that provision or of any succeeding breach, or prejudice Beneficiary's right otherwise to demand strict compliance with the same or any other provisions. If Beneficiary (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment of indebtedness; (c) accepts a renewal note or notes therefor; (d) waives or does not exercise any right granted in this Deed of Trust, the Certificate Documents, or any Additional Certificate Documents; (e) reconveys any part of the Project from the lien of this Deed of Trust or the Certificate Documents or any Additional Certificate Documents; (f) releases anyone liable on any of the Liabilities; (g) consents to the filing of any map, plat, or replat of the Property; (h) reconveys any part of the Property; (i) consents to the granting of any easement on the Property; or (j) makes or consents to any agreement changing the terms of this Deed of Trust or subordinating the lien or any charge of this Deed of Trust, such act or omission shall not preclude Beneficiary or Deed of Trust Trustee from exercising any right, power, or privilege granted or intended to be granted by this Deed of Trust in case of any Deed of Trust Default then existing or of any subsequent Deed of Trust Default.

Except as otherwise expressly provided in an instrument executed by Beneficiary, the lien of this Deed of Trust shall not be altered by such acts or omissions. The procurement of insurance or the payment of taxes, rents, or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's

right to accelerate the maturity of the indebtedness secured by this Deed of Trust, nor shall Beneficiary's receipt of any awards, proceeds, or damages as provided in this Deed of Trust operate to cure or waive Grantor's default in payment of sums secured by this Deed of Trust. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Project, Beneficiary, without notice to Grantor or any other person, is authorized and empowered to deal with any such vendee or transferee with reference to the Project, the Liabilities secured by this Deed of Trust, or any of the terms or conditions of this Deed of Trust as fully and to the same extent as it might deal with the original Grantor and without in any way releasing or discharging any of the undertakings contained in this Deed of Trust or the Certificate Documents or any Additional Certificate Documents.

14. Security Interest in Personal Property.

14.1 Security Agreement; Financing Statements. This instrument shall constitute a security agreement under the UCC with respect to the Personal Property. To the extent that any of the Project constitutes a fixture, this Deed of Trust shall serve as a fixture filing pursuant to the Uniform Commercial Code of the State. For the purposes of this Section, Grantor shall be deemed the "Debtor" and Beneficiary shall be deemed the "Secured Party." The addresses of Grantor and Beneficiary described in Section 18.4 shall be deemed the address of Debtor and Secured Party, respectively, from which information concerning the security interest created herein may be obtained. With respect to all other Personal Property, Grantor shall promptly execute and deliver to Beneficiary the necessary financing statements in the form required by State statutes, which Beneficiary may file at Grantor's expense in all public offices where filing is required to perfect the security interest of Beneficiary. Grantor shall also pay all reasonable costs and expenses of any record searches for financing statements as Beneficiary may reasonably require. Beneficiary may file copies or reproductions of this instrument as financing statements at any time and at its option without further authorization from Grantor. Grantor shall promptly execute and deliver to Beneficiary for filing, at Grantor's sole expense, such refilings, renewals, continuations, modifications, and amendments of such financing statements as Beneficiary shall require.

14.2 After Acquired Personal Property. With respect to the portions of the Personal Property acquired after the date of this Deed of Trust, Grantor represents and warrants that Grantor will be the sole owner of such Personal Property free from any adverse lien, security interest, encumbrance, or adverse claim of any kind, except the security interest granted to Beneficiary under this Deed of Trust and except the Permitted Encumbrances, if any. Grantor shall notify Beneficiary of any claim, action, or proceeding that questions Grantor's title or Beneficiary's interest in the Personal Property, and Grantor shall resist and defend the same at Grantor's expense.

14.3 Obligations of Grantor. All covenants and obligations of Grantor contained in this Deed of Trust relating to the Project shall be deemed to apply to the Personal Property as well as the Property, whether or not expressly referred to in this Deed of Trust, unless the context requires otherwise. Upon default, Grantor shall assemble the Personal Property and make it available to Beneficiary within three days after receipt of written demand from Beneficiary.

14.4 No Duties. Beneficiary shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Grantor under the Leases or other agreements assigned and pledged under this Deed of Trust, if any, unless and until this Deed of Trust is foreclosed pursuant to Section 11. Notwithstanding foreclosure pursuant to Section 11, Beneficiary shall not be required to assume any rights or duties of Grantor as to the scope or duration of any Hazardous Substances cleanup activities or to exercise any control over Grantor's environmental compliance. Such assignment and pledge shall not place responsibility for the control, care, management, or repair of the

Project upon Beneficiary or make Beneficiary responsible or liable for any negligence in the management, operation, upkeep, repair, or control of the Project resulting in loss or injury or death to any tenant, licensee, employee, or stranger. Grantor agrees to indemnify Beneficiary for, and to save it harmless from, any and all liability arising from any such Leases and other agreements and from such assignment and pledge.

14.5 Notice of Sale. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least 30 days before the time of the sale or disposition.

15. Reconveyance on Full Performance. On payment in full of the indebtedness hereby secured and punctual performance of all Liabilities secured by this Deed of Trust, Beneficiary shall execute and deliver to Deed of Trust Trustee a request for full reconveyance of this Deed of Trust, and Deed of Trust Trustee shall reconvey to Grantor, without warranty, the Property. Beneficiary shall also execute and deliver to Grantor a suitable instrument in recordable form evidencing the termination of the assignment of Rents to Beneficiary and Beneficiary's security interest in the Personal Property. Any reconveyance fees and recording fees shall be paid by Grantor.

16. Powers and Obligations of Deed of Trust Trustee; Substitute Deed of Trust Trustee.

16.1 Powers of Deed of Trust Trustee. In addition to all powers of a deed of trust trustee arising as a matter of law, Deed of Trust Trustee shall have the power to take the following actions with respect to the Project upon the request of Beneficiary and Grantor:

- (a) Join in executing any application or document required in connection with the development of the Project.
- (b) Join in granting any easement or creating any restriction on the Project.
- (c) Join in any subordination or other agreement affecting this Deed of Trust or the interest of Beneficiary under this Deed of Trust.

16.2 Obligations to Notify. Deed of Trust Trustee shall not be obligated to notify any other party of a pending sale under any other deed of trust or lien, or of any action or proceeding in which Grantor, Beneficiary, or Deed of Trust Trustee shall be a party, unless the action or proceeding is brought by Deed of Trust Trustee.

16.3 Substitute Deed of Trust Trustee. In accordance with applicable law, Beneficiary may from time to time in the event of a breach of trust by Deed of Trust Trustee, appoint a successor deed of trust trustee or discharge and appoint a new trustee in the place of the Deed of Trust Trustee herein named. Without conveyance of the Project, upon recording of its appointment in the recording district in which this Deed of Trust is recorded, the successor deed of trust trustee shall succeed to all the title, power, and duties conferred upon Deed of Trust Trustee herein and by applicable law.

17. Modification of Deed of Trust.

17.1 Modification of Deed of Trust Without Consent of Owners. After the Date of Issue of the Initial Certificates and subject to the conditions and restrictions of the Indenture, the Trustee and the Borough may consent to and execute such supplements or amendments to this Deed of Trust as

may or shall by them be deemed necessary or desirable, from time to time and at any time, without the consent of any Owner, for any one or more of the following purposes:

- (a) To add covenants and agreements to this Deed of Trust for the protection of Owners of Certificates; or
- (b) To cure any ambiguity or correct any defect or inconsistent provision in this Deed of Trust; or
- (c) To make subject to the lien of the Indenture, for the benefit of the Owners of the Certificates, additional revenues, properties or collateral; or
- (d) To reflect additions, withdrawals, or substitutions of Property from the Project pursuant to this Deed of Trust; or
- (e) To provide for the execution and delivery of Additional Certificates; or
- (f) To preserve the exclusion of the interest component of any Certificates from gross income for purposes of federal income taxation and preserve the right of the Borough to continue to issue bonds, debts, or other obligations of any nature the interest income on which is likewise excluded from gross income for purposes of federal income taxation; or
- (g) To make any other change which, in the judgment of the Trustee, is not materially adverse to the interests of the Trustee or the Owners of Outstanding Certificates.

17.2 Modification of Deed of Trust With Consent of Majority of Owners. Except for the supplements and amendments necessary or desirable to accomplish the purposes set forth in Section 17.1, and subject to the requirements of Section 17.3, neither the Trustee nor the Borough shall consent to any other supplement or amendment to this Deed of Trust after the Date of Issue of the Initial Certificates without the prior written consent of the Owners of not less than a majority in aggregate principal amount of Outstanding Certificates; provided, that no such amendment, change, or modification shall ever affect the unconditional obligation of the Borough to make Rent payments as they become due and payable. If the Owners of not less than a majority in aggregate principal amount of Outstanding Certificates shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Borough from executing the same or from taking any action pursuant to the provisions thereof.

17.3 Modification of Deed of Trust With Consent of All Owners. Without the prior written consent of the Owners of all the Outstanding Certificates, no supplement or amendment to this Deed of Trust shall change the terms of redemption or maturity of the principal component of any Certificates or of any interest component of any Certificates; shall deprive any Owner of any Outstanding Certificate of the lien or right created by this Deed of Trust; shall give priority to any Certificate over any other Certificate; or shall reduce or extend the time for payment of any of the Rent.

17.4 Notices of Modification of Deed of Trust. The Trustee shall cause notice of the proposed execution and delivery of any supplement or amendment to this Deed of Trust, together with a copy of the proposed supplement or amendment, to be mailed to the Borough and each Rating Agency at least 30 days prior to the proposed date of execution and delivery of any such supplement or amendment;

provided, that failure of the Trustee to mail such notice to any Rating Agency or failure of any Rating Agency to receive such notice shall not invalidate such supplement or amendment or its effectiveness.

18. Miscellaneous.

18.1 Time of Essence. Time is of the essence of this Deed of Trust.

18.2 Binding Upon Successors and Assigns. Subject to the provisions of applicable law with respect to successor trustees, this Deed of Trust shall be binding on and inure to the benefit of the parties, their successors and assigns.

18.3 Beneficiary's Right to Perform Obligations of Grantor. If Grantor fails to perform the covenants and agreements contained or incorporated in this Deed of Trust, or if any action or proceeding is commenced that affects the Project or title thereto or the interest of Beneficiary therein (including, without limitation, any bankruptcy, insolvency, arrangement, reorganization, or other debtor relief proceeding or eminent domain proceedings), then Beneficiary, at Beneficiary's option, may make such appearance, disburse such sums, and take such action as Beneficiary deems necessary, in its sole discretion, to protect Beneficiary's interest, including, without limitation: (i) disbursement of attorneys' fees and expenses; (ii) entry upon the Property to make repairs; and (iii) procurement of satisfactory insurance. Grantor shall reimburse Beneficiary for all reasonable costs incurred by Beneficiary in taking any said action, together with interest from the date of expenditure until repaid at two percent per annum over the rate of interest announced by the Trustee as its prime rate from time to time, but in any event, not greater than the maximum rate of interest permitted by State law. Such sums shall become a part of the Liabilities secured by this Deed of Trust and be payable by Grantor on demand. Grantor agrees that the amounts described in this paragraph and Sections 4.5, 7.2, 11.3, 11.8, and 12 constitute necessary expenditures for the preservation of Beneficiary's security and, to the extent permitted under State law, such amounts shall have a lien priority date as of the date of recording of this Deed of Trust. Grantor agrees and covenants that Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the additional indebtedness.

Such action by Beneficiary shall not constitute a waiver of the default or any other right or remedy which Beneficiary may have on account of Grantor's default. Nothing in this Section shall require Beneficiary to incur any expense or take any action.

18.4 Notices. Notices under this Deed of Trust shall be in writing and shall be sufficiently given if addressed and mailed by first-class, certified, or registered mail, postage prepaid, to the addresses set forth below, or such other address as a party may indicate by written notice to the others:

Grantor:	Finance Director Matanuska-Susitna Borough 350 East Dahlia Avenue Palmer, Alaska 99645 (907) 745-9630 (907) 745-0886 (telecopy)
----------	--

Im 16-118  
OR 16-079

Beneficiary: U.S. Bank National Association  
Global Corporate Trust Services  
1420 Fifth Avenue, 7th Floor  
Seattle, Washington 98101  
(206) 344-3485  
(206) 344-4630 (telecopy)  
Attention: Carolyn Morrison

Deed of Trust Trustee: Mat-Su Title Agency, LLC  
1981 East Palmer-Wasilla Highway #100  
Wasilla, Alaska 99654  
(907) 376-5294

A duplicate copy of each notice given to Grantor, Beneficiary, or Deed of Trust Trustee hereunder shall also be sent by first-class mail, postage prepaid, to each Owner of Certificates requesting the same in writing, at such address as may be provided to the parties in writing.

All notices shall be deemed served upon deposit of such notice in the United States Postal Service in the manner above provided.

18.5 Captions. All captions used in this Deed of Trust are intended solely for convenience of reference and shall not limit, expand, or otherwise affect any of the provisions of this Deed of Trust

18.6 Invalid Provisions To Affect No Others. If any of the provisions contained in the Certificate Documents and any Additional Certificate Documents or this Deed of Trust shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained herein or therein shall not be affected thereby.

18.7 Changes in Writing. This Deed of Trust and any of its terms may only be changed, waived, discharged, or terminated as provided and in accordance with the Certificate Documents and any Additional Certificate Documents.

18.8 Applicable Law. This Deed of Trust and its terms and conditions shall be construed, applied, and enforced in accordance with the laws of the State.

18.9 Parties Interested Herein. Nothing in this Deed of Trust, express or implied, is intended or shall be construed to give to any Person, other than the Borough, the Trustee, the Deed of Trust Trustee, and the Owners of the Certificates, any right, remedy, or claim under or by reason of this Deed of Trust. The covenants, stipulations, and agreements in this Deed of Trust contained are and shall be for the sole and exclusive benefit of the Borough, the Trustee, the Deed of Trust Trustee, their successors and assigns, and the Owners of the Certificates.

[Signature page follows]

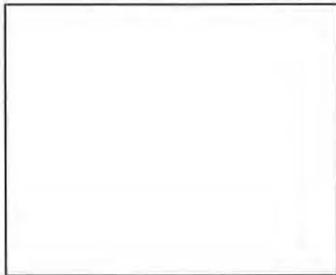
GRANTOR:

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

STATE OF ALASKA            )  
  ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by John Moosey, Borough Manager of the Matanuska-Susitna Borough, Alaska, on behalf of the Borough.



\_\_\_\_\_  
(Signature of Notary)

Notary public for Alaska

My commission expires \_\_\_\_\_.

Im 16-118  
OR 16-579

**EXHIBIT A**  
**Description of Property**

[ ]

51526306.1

A-1

**CONTINUING DISCLOSURE CERTIFICATE**  
**MATANUSKA-SUSITNA BOROUGH, ALASKA**

§[ ]  
**Emergency Services Training Facility Lease**  
**Certificates of Participation, 2016B**

Section 1. Undertaking to Provide Annual Financial Information and Notice of Certain Events. Solely for purposes of complying with paragraph (b)(5)(i) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240 § 240.15c2-12) (“Rule 15c2-12”), for the benefit of the beneficial owners or holders of the above-referenced certificates (the “Certificates”), the Matanuska-Susitna Borough (the “Borough”) hereby undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(a) Annual financial information and operating data of the type included in the final official statement for the Certificates and described in Section 2 (the “Annual Financial Information”);

(b) Timely notice of the occurrence of any of the following events with respect to the Certificates, not in excess of ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (vii) modifications to rights of holders of the Certificates, if material;
- (viii) Certificate calls, if material, and tender offers;

Im 16-118  
UR 16-079

- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Certificates, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Borough;
- (xiii) the consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(c) Timely notice of a failure by the Borough to provide required Annual Financial Information on or before the date specified in Section 2.

Section 2. Description of Annual Financial Information. The Annual Financial Information that the Borough undertakes to provide in Section 1:

(a) Shall consist of:

(i) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to Alaska municipalities, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the Borough they will be provided; and

(ii) the comprehensive annual financial report of the Borough;

(b) Shall be provided not later than the last day of the seventh month after the end of each fiscal year of the Borough (currently, not later than January 31 for a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the Borough's fiscal year ending June 30, 2016; and

(c) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the United States Securities and Exchange Commission.

Section 3. Amendment of Undertaking. This undertaking is subject to amendment after the primary offering of the Certificates without the consent of any holder of any Certificate, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The Borough

will give notice to the MSRB of the substance (or provide a copy) of any amendment to this undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of Annual Financial Information to be provided, the Annual Financial Information containing the amended Annual Financial Information will include a narrative explanation of the effect of that change on the type of information to be provided.

Section 4. Beneficiaries. This undertaking shall inure to the benefit of the Borough, each participating underwriter of the Certificates and each holder of the Certificates, and shall not inure to the benefit of or create any rights in any other person.

Section 5. Termination of Undertaking. The Borough's obligations under this undertaking shall terminate upon the legal defeasance of all of the Certificates. In addition, the Borough's obligations under this undertaking shall terminate if the provisions of Rule 15c2-12 that require the Borough to comply with this undertaking become legally inapplicable in respect of the Certificates for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the Borough, and the Borough provides timely notice of such termination to the MSRB.

Section 6. Remedy for Failure to Comply with Undertaking. As soon as practicable after the Borough learns of any failure to comply with the undertaking, the Borough will proceed with due diligence to cause such noncompliance to be corrected. No failure by the Borough to comply with this undertaking shall constitute a default in respect of the Certificates. The sole remedy of any holder of a Certificate shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Borough to comply with this undertaking.

Section 7. Definitions. Terms used and not defined in this undertaking shall have the meaning ascribed to such terms in Rule 15c2-12.

Dated: [\_\_\_\_], 2016.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

NON-CODE ORDINANCE

By: Borough Manager  
Introduced:  
Public Hearing:  
Adopted:

MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-079

AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO CAUSE TO BE EXECUTED AND DELIVERED AND TO SELL NOT TO EXCEED \$5,000,000 FIRE STATION LEASE CERTIFICATES OF PARTICIPATION, 2016B; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE, A LEASE PURCHASE AGREEMENT AND TRUST INDENTURE, AND A DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, AND SECURITY AGREEMENT TO SECURE THE CERTIFICATES; AUTHORIZING THE EXECUTION OF A CERTIFICATE PURCHASE AGREEMENT; AND PROVIDING FOR RELATED MATTERS.

WHEREAS, the Assembly of the Matanuska-Susitna Borough (the "Borough") finds that it is in the best interest of the Borough and in furtherance the of the public purposes of the Borough to acquire, construct, and equip a fire station, emergency services training and warehouse facility (the "Project") within the Borough; and

WHEREAS, the Assembly finds that the Project will be used for an essential public function of the Borough; and

WHEREAS, the Assembly finds that it is in the best interest of the Borough and in furtherance of the public purposes of the Borough to finance the construction and acquisition of the Project by causing the execution and delivery of certificates of participation (the "Certificates") in lease payments to be made by the Borough for the use and occupancy of the Project; and

WHEREAS, the Borough has acquired title to real property more particularly described in Exhibit A hereto (the "Property") as the site for the Project; and

WHEREAS, the Borough proposes to lease the Property, and the Project to be constructed thereon, to a corporate trustee, which will lease the Project back to the Borough under a lease-purchase agreement under which the Borough will make lease payments consisting of a principal component and an interest component; and

WHEREAS, the right to receive the principal and interest components of lease payments to be made by the Borough under the lease-purchase agreement will be evidenced by the Certificates, which will be executed and delivered to investors in exchange for proceeds that will be used to finance the construction and acquisition of the Project; and

WHEREAS, there have been presented to the Borough forms of the following documents:

1. a Lease (the "Lease") between the Borough and U.S. Bank National Association, as trustee (the "Trustee"); and
2. a Lease Purchase Agreement and Trust Indenture (the "Indenture") between the Borough and the Trustee; and
3. a Deed of Trust, Assignment of Leases and Rents, and Security Agreement (the "Deed of Trust") on the Property securing the Borough's obligations under the Indenture, made by the Borough, as grantor, in favor of the Trustee, as beneficiary;

and it appears that each such document, which now is before the Borough, is an appropriate document for the purpose intended;

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. Authorization of Lease. The Assembly finds under Matanuska-Susitna Borough Code Section 23.05.030(G) that leasing the Property to the Trustee under the Lease without regard to its fair rental value is in the best interest of the Borough. The Property may be leased under the Lease without first being classified as required by Matanuska-Susitna Borough Code Section 23.10.030(B). Notwithstanding Matanuska-Susitna Borough Code Section 23.10.060(C), the Property may be leased for the consideration that is provided in the Lease. The Assembly finds that the leasing of the Project by the Trustee to the Borough under the terms of the Indenture, and the financing of the Project through the execution and delivery of the Certificates in the aggregate principal amount of not to exceed \$5,000,000, will serve the public interest and be in the best interest of the Borough, and are approved.

Section 3. Approval of Documents. The form and content of the Lease, the Indenture, and the Deed of Trust are in all respects authorized, approved, and confirmed, and the Borough Manager is authorized, empowered, and directed to execute and deliver such documents to the other parties thereto for and on behalf of the Borough, with such changes, modifications,

additions, and deletions therein as shall to the Borough Manager, in consultation with counsel, seem necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of the approval of any and all changes, modifications, additions, or deletions therein from the form and content of such documents now before this meeting, and from and after the execution and delivery of such documents, the Borough Manager, the Borough Director of Finance, the Borough Attorney, and the Borough Clerk each is authorized, empowered, and directed to do all such acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of such documents as executed.

Section 4. Sale of Certificates. The Certificates shall be sold at negotiated sale to RBC Capital Markets, LLC (the "Underwriter"). The Borough's financial advisor has advised the Assembly that bond market conditions are fluctuating and that the most favorable market conditions for the sale of the Certificates 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 terms of the sale of the Certificates. Therefore, the Assembly determines that it is in the best interest of the Borough to delegate the authority to approve the terms of the Certificates to the Borough Manager and the Borough Director of Finance, and the Borough Manager and the Borough Director of Finance each is authorized to determine the aggregate principal amount, principal amount per maturity, sinking fund

installments, if any, interest rates, yields, dated date, principal and interest payment dates, and redemption terms, if any, and other details of the Certificates; provided, that the true interest cost of the Certificates, expressed as an annual rate, does not exceed 5.00 percent. In determining the aggregate principal amount, principal amount per maturity, sinking fund installments, if any, interest rates, yields, dated date, principal and interest payment dates, redemption terms, if any, and other details of the Certificates, the Borough Manager or the Borough Director of Finance 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 Certificates to their maturity or prior redemption, including without limitation current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Certificates. The Borough Manager and the Borough Director of Finance each is authorized to determine, in consultation with the Borough's financial advisor and the Underwriter, whether there shall be bond insurance for the Certificates; 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 the Certificates as a result of the bond insurance. Based upon the foregoing determinations, the Borough Manager and the Borough Director of Finance each is authorized to execute a purchase contract for the Certificates with the Underwriter. The authority granted to the Borough

Manager and the Borough Director of Finance by this section shall expire 270 days after the effective date of this Ordinance. If the Borough Manager or the Borough Director of Finance has not executed a purchase contract for the Certificates with the Underwriter within 270 days after the effective date of this Ordinance, no purchase contract for the Certificates may be executed on behalf of the Borough without further authorization from the Assembly.

Section 5. Official Statement. The Borough Manager and the Borough Director of Finance each is authorized to approve a preliminary official statement for distribution in relation to the offering of the Certificates for sale. The Borough Manager and the Borough Director of Finance each is authorized to deem the preliminary Official Statement final for purposes of Securities and Exchange Commission Rule 15c2-12, and to approve the form of, and execute and deliver, the final Official Statement for the Certificates.

Section 6. Authority of Officers. The Mayor, the Borough Manager, the Borough Director of Finance, the Borough Attorney, and the Borough Clerk each is authorized and directed to execute and deliver for and on behalf of the Borough any and all additional certificates, documents, opinions, or other papers and 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 Lease, the Indenture, the Deed of Trust, and related documents and this Ordinance.

Section 7. Prohibited Sale of Certificates. 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 Certificates, is eligible to purchase the Certificates as a member of the original underwriting syndicate, either at public or private sale.

Section 8. Continuing Disclosure. The Borough 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 this meeting. 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 the Lease, the Indenture, the Deed of Trust, or the Certificates; however, the Beneficial Owner of any Certificate may bring an action for specific performance to cause the Borough to comply with its obligations under this section.

Section 9. 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 Lease, the Indenture, the Deed of Trust, the Continuing Disclosure Certificate, or the Certificates.

Section 10. Effective Date. This Ordinance shall take effect upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Vern Halter, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. MCKECHNIE, CMC, Borough Clerk

(SEAL)

EXHIBIT A

DESCRIPTION OF PROPERTY

The North one-half of the Southeast one-quarter (N2 SE4) of Section 27, Township 17 North, Range 2 West, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska.

EXCEPTING THEREFROM

Lot One A (1A), Block Three (3), SETTLERS BAY SUBDIVISION, UNIT NO. 1, ADDITION NO. 1, according to the official plat thereof, filed under Plat No. 2000-74, located in the Palmer Recording District, Third Judicial District, State of Alaska.

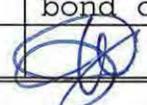
**SUBJECT:** Issuance of West Lakes Fire Service Area Public Safety Building, 7-3, including a Fleet Maintenance Facility, Lease Certificates of Participation, 2016A and related documents.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
1	Originator-T. Clayton	<i>TC</i>	
2	Public Safety Director	<i>BG</i>	5/27/16
3	Finance Director	<i>JM</i>	05/26/16
4	Borough Attorney	<i>NS</i>	Reviewed by bond counsel
5	Borough Clerk	<i>JMV</i>	 5/27/16

**ATTACHMENT (S) :** Fiscal Note: Yes  No   
 Ordinance Serial No. 16-~~080~~ (pp 8)  
 Exhibit A, Description of Property (1pp)  
 Draft Preliminary Official Statement (70pp)  
 Draft Purchase Agreement (22pp)  
 Draft Public Safety Building Lease (15pp)  
 Draft Public Safety Building Lease Purchase Agreement and Trust Indenture (64pp)  
 Draft Deed of Trust (21pp)  
 Draft Continuing Disclosure Certificate (3pp)

**SUMMARY STATEMENT:**

The West Lakes Fire Service Area and the Department of Emergency Services have identified the need for the construction of a new public safety building to include a component for a Fleet Maintenance Facility. The new facility will be approximately 32,000 square feet including the Fleet Maintenance component. It will be located on an existing parcel which the West Lakes

Fire Service Area purchased. The parcel is approximately 9.19 acres and located at 10073 West Parks Highway.

The proceeds will be used to design and construct a fully furnished and equipped Fire Station and Fleet Maintenance facility for the repair and maintenance of emergency vehicles and equipment. This will include funds to provide and install all systems and components for the structure both internal and external as required for a fully functioning structure.

In addition to the proceeds from the Lease Certificate of Participation, 2016A other funds have previously been received and appropriated for this project. On October 15, 2013, the Assembly approved the acceptance and appropriation of a grant from the State of Alaska in the amount of \$2,700,000 through adoption of Ordinance 13-122. Of that amount, \$2,555,200 remains for this project. Additionally on September 2, 2014, the Assembly approved acceptance and appropriation of a grant from the State of Alaska in the amount of \$2,337,000 through adoption of Ordinance 14-118. Of that amount, \$2,198,550 remains for this project.

Following approval of the Lease Certificates of Participation the documents will be prepared for a proposal. Purchasing will release the proposal in August or September. Following the selection of the successful proposal the Lease Certificates of Participation will be issued. It is estimated that from that date it will take approximately fifteen months to design and complete construction.

Now before you is an ordinance authorizing the issuance of Lease Certificates of Participation, 2016A in the principal amount not to exceed \$5,700,000 for the design and construction of the West Lakes Public Safety Building, Station 7-3, to include a component for a Fleet Maintenance Facility. That amount does not include issuance costs. Issuance costs will be paid from the premium on the sale of the Certificates of Participation. That will include underwriter's discount, bond council and other costs. It will also cover a portion of the debt service reserve.

The public hearing and adoption of this ordinance is scheduled for June 21, 2016. Annual Debt Service is estimated at \$550,000 per year or the equivalent of .48 mills. This amount was included and approved in the fiscal year 2017 budget. The annual debt service payment and all other expenses related to this building will be paid by the West Lakes Fire Service Area including the portion for the Fleet Maintenance Component. West Lakes FSA will lease space to the Department of Emergency

Services as required to meet their needs.

In order to proceed, approval of the Assembly is necessary to authorize the issuance and sale of the West Lakes Fire Service Area Public Safety Building, including the Fleet Maintenance Component, Station 7-3, Lease Certificates of Participation, 2016A.

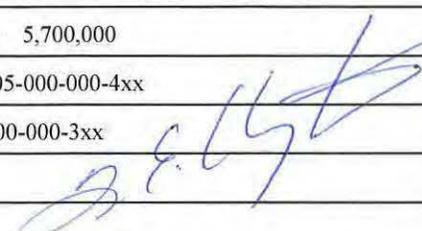
**RECOMMENDATION OF ADMINISTRATION:** Respectfully request the approval of the ordinance authorizing the issuance of the West Lakes Fire Service Area Public Safety Building, including the Fleet Maintenance Component, Station 7-3, Lease Certificates of Participation, 2016A.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

**SUBJECT:** Issuance of West Lakes Fire Service Area Public Safety Building, 7-3, including a Fleet Maintenance Facility, Lease Certificates of Participation, 2016A and related documents.

**ORIGINATOR:** Tammy E. Clayton, Director of Finance

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <b>YES</b> NO
AMOUNT REQUESTED 5,700,000	FUNDING SOURCE Certificate Proceeds
FROM ACCOUNT # 405-000-000-4xx	PROJECT # Various
TO ACCOUNT : 405-000-000-3xx	PROJECT #
VERIFIED BY: 	CERTIFIED BY:
DATE:	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>						

CAPITAL	5700	→				
---------	------	---	--	--	--	--

REVENUE	5700					
---------	------	--	--	--	--	--

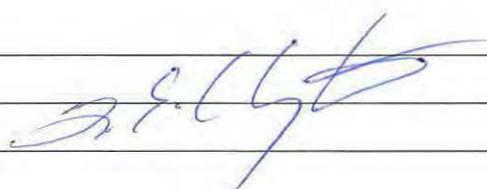
FUNDING: (Thousands of Dollars)

General Fund	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
State/Federal Funds						
Other	275	550	550	550	550	550
<b>TOTAL</b>						

POSITIONS:

Full-Time	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Part-Time						
Temporary						

ANALYSIS:

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY:  DATE: 5/26/16

**NEW ISSUE**

**S&P RATING:** [ ]

In the opinion of Foster Pepper PLLC, Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the Date of Issue of the 2016 Certificates, interest evidenced and represented by the 2016 Certificates (the "Interest") is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. While Interest also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, Interest received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, Interest received by certain S corporations may be subject to tax, and Interest received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of Interest may have other federal tax consequences for certain taxpayers. Interest is free from taxation by the State of Alaska, except for transfer, estate and inheritance taxes. See "TAX MATTERS."

\$ \_\_\_\_\_ \*

**CERTIFICATES OF PARTICIPATION, 2016**

consisting of

\$ \_\_\_\_\_ \* Fire Station Lease, 2016A

\$ \_\_\_\_\_ \* Fire Station Lease, 2016B

\$ \_\_\_\_\_ \* Animal Care Facility Lease Refunding, 2016C



**Evidencing Undivided Proportionate Interests  
in Payments of Base Rent to be made by the  
MATANUSKA-SUSITNA BOROUGH, ALASKA**

**Dated:** Date of Delivery

**Due:** [October 1], as shown on the inside cover

The Fire Station Lease Certificates of Participation, Series 2016A (the "2016A Certificates"), the Fire Station Lease Certificates of Participation, Series 2016B (the "2016B Certificates") and the Animal Care Facility Lease Refunding Certificates of Participation, Series 2016C (the "2016C Certificates" and together with the 2016A Certificates and the 2016B Certificates, the "2016 Certificates"), each of the Matanuska-Susitna Borough, Alaska (the "Borough"), will be executed and delivered as fully registered certificates under a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the 2016 Certificates. Individual purchases of interests in the 2016 Certificates will be made in book-entry form only, in principal components of \$5,000 or any integral multiple thereof. The interest components of the 2016 Certificates are payable on [October 1, 2016] and semiannually thereafter on [April 1] and [October 1] of each year. The 2016A Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "2016A Indenture"), by and between the Borough and U.S. Bank National Association, as trustee (the "Trustee"). The 2016B Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "2016B Indenture"), by and between the Borough and the Trustee. The 2016C Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the "Original Animal Care Indenture"), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the "First Supplemental Animal Care Indenture" and together with the Original Animal Care Indenture, the "Animal Care Indenture"), each by and between the Borough and the Trustee. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the "Indentures" and each an "Indenture." Each series of 2016 Certificates are subject to optional, extraordinary optional and mandatory sinking fund redemption as described herein.

The payments of applicable Base Rent due under each Indenture are payable from legally available funds of the Borough. The availability of funds to make payments of Base Rent and the obligation of the Borough to make payments of Base Rent are subject to annual appropriations by the Borough Assembly. If sufficient funds are not appropriated to make payments of Base Rent pursuant to an Indenture, then the Lease Term with respect to the applicable Project will terminate and the Borough will not be obligated to make payments of Base Rent beyond the last fiscal year for which funds have been appropriated for payments of Base Rent. The Borough's obligation to make payments of Base Rent is not a general obligation of the Borough, and neither the full faith and credit nor the taxing power of the Borough is pledged to the payment of Base Rent or the 2016 Certificates.

**See the Inside Cover for Maturity Schedule**

The 2016 Certificates are offered when, as and if executed and delivered and received by the Underwriter, subject to the approving legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Underwriter by Katten Muchin Rosenman LLP, of Chicago, Illinois. Acacia Financial Group, of Anchorage, Alaska, is serving as financial advisor to the Borough. It is expected that the 2016 Certificates will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about \_\_\_\_\_, 2016.

**RBC Capital Markets**

Dated: \_\_\_\_\_, 2016

\* Preliminary, subject to change.

Im16-119  
OR16-080

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

### MATURITY SCHEDULE\*

\$ \_\_\_\_\_ \* Fire Station Lease, 2016A

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ \* Fire Station Lease, 2016B

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ \* Animal Care Facility Lease Refunding, 2016C

Maturity ([October] 1)	Principal Component	Interest Rate	Yield
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\* Preliminary, subject to change.

Im16-119  
OR 16-080

# MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue  
Palmer, Alaska 99645  
(907-745-4801)

## MAYOR

Vern Halter

## BOROUGH ASSEMBLY

Matthew Beck (Deputy Mayor)  
Steve Colligan

Jim Sykes  
Dan Mayfield  
Randall Kowalke

George McKee  
Barbara Doty

## APPOINTED OFFICIALS

Borough Manager  
Director of Finance  
Clerk  
Assessor  
Attorney  
Assistant Manager  
Director of Public Works  
Director of Emergency Services  
Director of Information Technology  
Director of Community Development  
Director of Planning  
Director of Capital Projects

John Moosey  
Tammy E. Clayton  
Lonnie R. McKechnie  
Brad Pickett  
Nicholas Spiropoulos  
George Hays  
Terry Dolan  
Bill Gamble  
Eric Wyatt  
Eric Phillips  
Eileen Probasco  
Jude Bilafer

## BOND COUNSEL

Foster Pepper PLLC  
Seattle, Washington

## FINANCIAL ADVISOR

Acacia Financial Group  
Anchorage, Alaska

## TRUSTEE

U.S. Bank National Association  
Seattle, Washington

No dealer, salesman or any other person has been authorized by the Borough or the Underwriter to give any information or to make any representation with respect to the 2016 Certificates other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2016 Certificates by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Borough and other sources which the Borough believes to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

Neither this Official Statement nor any statement which may have been made orally or in writing (other than the Ordinances referred to herein) is to be construed as a contract with the owners of any of the 2016 Certificates.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2016 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED, AND IF DISCONTINUED THEN RECOMMENCED, AT ANY TIME.

THE 2016 CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2016 CERTIFICATES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2016 CERTIFICATES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2016 CERTIFICATES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement is submitted by the Borough in connection with the sale of the 2016 Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

**TABLE OF CONTENTS**

	Page
INTRODUCTION.....	1
Purpose of Issue.....	1
Plan of Finance and Refunding .....	2
Sources and Uses of Funds.....	3
DESCRIPTION OF THE PROJECTS .....	4
DESCRIPTION OF THE 2016 CERTIFICATES .....	4
General Description.....	4
Optional Redemption.....	4
Extraordinary Optional Redemption .....	5
Mandatory Sinking Fund Redemption .....	5
Notice of Redemption.....	7
SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES .....	7
Sources of Payment .....	7
Appropriation of Rent.....	8
Effect of Failure to appropriate Rent.....	8
Deeds of Trust .....	9
Reserve Fund.....	9
Additional Certificates.....	9
2016 CERTIFICATES DEBT SERVICE SCHEDULE .....	10
BOROUGH INDEBTEDNESS .....	10
Debt Limitation .....	11
GENERAL OBLIGATION DEBT STATEMENT.....	12
Direct and Overlapping Debt.....	12
Future General Obligation Bond Financing .....	13
CAPITAL LEASE OBLIGATIONS.....	14
STATE PRISON LEASE REVENUE BONDS .....	14
OTHER INDEBTEDNESS.....	15
STATE DEBT REIMBURSEMENT PROGRAMS .....	15
School Debt Reimbursement Program .....	15
Borough School Debt Reimbursement Entitlement .....	16
Municipal Capital Project Debt Reimbursement Program .....	17
STATE OPERATING AID FOR EDUCATION.....	17
ASSESSED VALUATION AND PROPERTY TAXATION .....	18
Property Tax and Tax Limitations.....	18
Assessed Valuation and Tax Collections.....	18
EXCISE TAXES .....	19
BOROUGH FINANCIAL MATTERS .....	20
General .....	20
Budgeting .....	20
Labor Relations .....	20
Retirement Plans.....	20
Risk Management.....	22

Self-insurance Coverage.....	23
Cash Management and Investment Policy.....	23
Revenues and Expenditures.....	24
Resource Sales and Conveyances.....	27
<b>BOROUGH GOVERNMENT .....</b>	<b>27</b>
Powers .....	27
School District.....	28
Borough Administration.....	28
School District Administration.....	29
<b>GENERAL AND ECONOMIC DATA .....</b>	<b>29</b>
Description of Borough.....	29
Population.....	29
Employment .....	31
Military Bases.....	32
New Construction.....	32
Bank Deposits.....	33
Port MacKenzie Development .....	33
Economic Development .....	34
<b>CERTAIN VERIFICATIONS .....</b>	<b>36</b>
<b>CONTINUING DISCLOSURE .....</b>	<b>36</b>
<b>LITIGATION AND REGULATORY PROCEEDINGS.....</b>	<b>37</b>
<b>CERTAIN LEGAL MATTERS .....</b>	<b>38</b>
<b>FINANCIAL ADVISOR.....</b>	<b>39</b>
<b>UNDERWRITING.....</b>	<b>39</b>
<b>RATING.....</b>	<b>40</b>
<b>TRUSTEE .....</b>	<b>40</b>
<b>TAX MATTERS .....</b>	<b>40</b>
Tax Exemption of the 2016 Certificates.....	40
Certain Other Federal Tax Consequences .....	42
<b>MISCELLANEOUS.....</b>	<b>43</b>
<b>APPENDICES</b>	
A	Basic Financial Statements For the Fiscal Year Ending June 30, 2015
B	Proposed Form of Opinion of Bond Counsel
C	Book Entry System
D	Form of Continuing Disclosure Certificate
E	Summaries of the Indentures, Leases and Deeds of Trust

## SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. The offering of the hereinafter-defined 2016 Certificates by the Matanuska-Susitna Borough, Alaska (the "*Borough*") to potential investors is made only by means of this entire Official Statement, including the Appendices hereto. No person is authorized to detach this Summary Statement from this Official Statement or otherwise to use it without this entire Official Statement, including the Appendices hereto.

### The Borough

**[To be updated.]** The Borough is a municipal corporation of the State of Alaska located in southcentral Alaska, approximately 40 miles northeast of the business district of Anchorage. The Borough encompasses approximately 25,265 square miles and had an official U.S. Census 2010 population of 88,995 and a 2014 estimated population of 98,063. As of January 1, 2014, the certified assessed valuation of taxable property in the Borough is \$9,004,077,191 (as compared to the assessed valuation of \$8,702,239,019, as of January 1, 2013).

The Borough operates under an Assembly-Manager form of government. Policy-making and legislative authority are vested in a governing assembly consisting of a mayor and seven assembly members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Borough Manager, Attorney and Clerk. The Borough Manager is responsible for carrying out the policies and ordinances of the Borough, for overseeing the day-to-day operations of the Borough and for appointing the heads of the various departments.

The Borough is empowered to levy a property tax on both real and personal property located within its boundaries. State law mandates that the Borough provide certain services on an areawide basis. The Borough exercises the following areawide powers: general administration, education, property assessment and collection of taxes, planning and zoning, parks and recreation, ports, emergency medical services, transportation and historic preservation. The Borough is financially accountable for a legally separate school district.

### Purpose of Issue

2016A Project. The Borough's Fire Station Lease Certificates of Participation, Series 2016A (the "*2016A Certificates*"), are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "*2016A Indenture*"), by and between the Borough and U.S. Bank National Association, as trustee (the "*Trustee*"), to provide funds to \_\_\_\_\_ (the "*2016A Project*") for use by the Borough. Proceeds of the 2016A Certificates will also be used to fund the 2016A Reserve Fund under the 2016A Indenture and to pay costs of issuance of the 2016A Certificates.

2016B Project. The Borough's Fire Station Lease Certificates of Participation, Series 2016B (the "*2016B Certificates*") are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "*2016B Indenture*"), by and between the Borough and the Trustee, to provide funds to \_\_\_\_\_ (the "*2016B Project*") for use by the Borough. Proceeds of the 2016B Certificates will also be used to fund the 2016B Reserve Fund under the 2016B Indenture and to pay costs of issuance of the 2016B Certificates.

Animal Care Project and 2016C Refunding. The Borough's Animal Care Facility Lease Refunding Certificates of Participation, Series 2016C (the "*2016C Certificates*") and together with the

2016A Certificates and the 2016B Certificates, the “2016 Certificates”) are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the “Original Animal Care Indenture”), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the “First Supplemental Animal Care Indenture” and together with the Original Animal Care Indenture, the “Animal Care Indenture”), each by and between the Borough and the Trustee, to provide funds to advance refund \$2,390,000 of the Borough’s \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the “2008 Certificates,” such principal component to be refunded being referred to herein as the “Prior Certificates” and the refunding of such Prior Certificates being referred to herein as the “Refunding”). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the “Animal Care Project” and together with the 2016A Project and the 2016B Project, the “Projects” and each a “Project”), as well as fund a Reserve Fund under the Original Animal Care Indenture and pay costs of issuance of the 2008 Certificates. Proceeds of the 2016C Certificates will also be used to pay costs of issuance of the 2016C Certificates. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the “Indentures” and each an “Indenture.”

### **Plan of Finance and Refunding**

2016A Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_\_ (the “2016A Ordinance”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016A Project. The 2016A Project will be constructed on real property owned by the Borough (the “2016A Property”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the “2016A Lease”), the Borough will lease the 2016A Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016A Certificates. The proceeds will be used by the Borough to construct the 2016A Project. To provide for the repayment of the 2016A Certificates, the Trustee will sublease the 2016A Property to the Borough under the 2016A Indenture for Base Rent sufficient to pay the principal and interest components of the 2016A Certificates.

2016B Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_\_ (the “2016B Ordinance”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016B Project. The 2016B Project will be [constructed] on real property owned by the Borough (the “2016B Property”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the “2016B Lease”), the Borough will lease the 2016B Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016B Certificates. The proceeds will be used by the Borough to [construct] the 2016B Project. To provide for the repayment of the 2016B Certificates, the Trustee will sublease the 2016B Property to the Borough under the 2016B Indenture for Base Rent sufficient to pay the principal and interest components of the 2016B Certificates.

2016C Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_\_ (the “2016C Ordinance” and together with the 2016A Ordinance and the 2016B Ordinance, the “Ordinances”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the Refunding. The Animal Care Project was constructed on real property owned by the Borough (the “Animal Care Property”). Pursuant to the Lease dated as of May 1, 2008 (the “Original Animal Care Lease”), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Upon issuance of the 2016C Certificates, the Borough will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the “First Amendment to Animal Care Lease” and together with the Original Animal Care Lease, the “Animal Care Lease”), [which will amend payments of rent under the Original Animal Care Lease to account for the 2016C Certificates]. The proceeds will be used by the Borough to advance refund the Prior Certificates. To provide for the repayment of the 2016C Certificates, the Trustee will sublease the Animal Care Property to the Borough under the Animal Care

Indenture for Base Rent sufficient to pay the principal and interest components of the 2008 Certificates and the 2016C Certificates.

### Security

The payments of Base Rent due under each Indenture are payable from legally available funds of the Borough. The availability of funds to make payments of Base Rent and the obligation of the Borough to make payments of Base Rent are subject to annual appropriations by the Borough Assembly. If sufficient funds are not appropriated to make payments of Base Rent, then the Lease Term with respect to the applicable Project will terminate and the Borough will not be obligated to make payments of Base Rent beyond the last fiscal year for which funds have been appropriated for payments of Base Rent. The Borough's obligation to make payments of Base Rent is not a general obligation of the Borough, and neither the full faith and credit nor the taxing power of the Borough is pledged to the payment of Base Rent or the 2016 Certificates.

The Borough has granted to the Trustee security interests with the power of sale and right of entry and possession as follows: (i) with regard to the Series 2016A Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "2016A Deed of Trust"); (ii) with regard to the Series 2016B Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "2016B Deed of Trust"); and (iii) with regard to the Animal Care Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the "Original Animal Care Deed of Trust") and amended by the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Deed of Trust" and together with the Original Animal Care Deed of Trust, the "Animal Care Deed of Trust").

Pursuant to each Indenture, the Borough is required to establish and maintain Reserve Funds in an amount equal to the respective Reserve Requirement pursuant to the applicable Indenture. As of the Date of Issue of the 2016 Certificates, the amount of the Reserve Requirement will be: (i) with respect to the 2016A Indenture, \$ \_\_\_\_\_; (ii) with respect to the 2016B Indenture, \$ \_\_\_\_\_; and (iii) with respect to the Animal Care Indenture, \$ \_\_\_\_\_. With respect to the 2016A Indenture and 2016B Indenture, such amounts will be deposited in the applicable Reserve Fund from the proceeds of sale of the 2016A Certificates and 2016B Certificates. With respect to the Animal Care Indenture, \_\_\_\_\_.

# OFFICIAL STATEMENT

\$ \_\_\_\_\_ \*  
**CERTIFICATES OF PARTICIPATION, 2016**

consisting of  
\$ \_\_\_\_\_ \* Fire Station Lease, 2016A  
\$ \_\_\_\_\_ \* Fire Station Lease, 2016B  
\$ \_\_\_\_\_ \* Animal Care Facility Lease Refunding, 2016C

## **Evidencing Undivided Proportionate Interests in Payments of Base Rent to be made by the MATANUSKA-SUSITNA BOROUGH, ALASKA**

### INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, Summary Statement, and Appendices attached hereto, is furnished by the Matanuska-Susitna Borough, Alaska (the "*Borough*") to provide information regarding the Borough and (i) \$ \_\_\_\_\_ \* aggregate principal component of Fire Station Lease Certificates of Participation, 2016A (the "*2016A Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016A Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "*2016A Indenture*") by and between the Borough and U.S. Bank National Association, as trustee (the "*Trustee*"); (ii) \$ \_\_\_\_\_ \* aggregate principal component of Fire Station Lease Certificates of Participation, 2016B (the "*2016B Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016B Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "*2016B Indenture*") by and between the Borough and the Trustee and (iii) \$ \_\_\_\_\_ \* aggregate principal component of Animal Care Facility Lease Refunding Certificates of Participation, 2016C (the "*2016C Certificates*" and together with the 2016A Certificates and the 2016B Certificates, the "*2016 Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016C Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the "*Original Animal Care Indenture*"), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the "*First Supplemental Animal Care Indenture*" and together with the Original Animal Care Indenture, the "*Animal Care Indenture*"), each by and between the Borough and the Trustee. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the "*Indentures*" and each an "*Indenture*."

#### **Purpose of Issue**

*2016A Project.* The 2016A Certificates are being executed and delivered to provide funds to acquire, construct and equip a fire station and fleet maintenance facility (the "*2016A Project*") for use by the Borough. Proceeds of the 2016A Certificates will also be used to fund the 2016A Reserve Fund under the 2016A Indenture and to pay costs of issuance of the 2016A Certificates.

*2016B Project.* The 2016B Certificates are being executed and delivered to provide funds to acquire, construct and equip a fire station, emergency services training and warehouse facility (the

\* Preliminary, subject to change.

"2016B Project") for use by the Borough. Proceeds of the 2016B Certificates will also be used to fund the 2016B Reserve Fund under the 2016B Indenture and to pay costs of issuance of the 2016B Certificates.

2016C Refunding. The 2016C Certificates are being executed and delivered to provide funds to advance refund \$2,390,000 of the Borough's \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the "2008 Certificates," such principal component to be refunded being referred to herein as the "Prior Certificates" and the refunding of such Prior Certificates being referred to herein as the "Refunding"). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the "Animal Care Project" and together with the 2016A Project and the 2016B Project, the "Projects" and each a "Project"), as well as fund a Reserve Fund under the Original Animal Care Indenture and pay costs of issuance of the 2008 Certificates. Proceeds of the 2016C Certificates will also be used to pay costs of issuance of the 2016C Certificates.

The Prior Certificates consist of the March 1, 2023 maturity of the 2008 Certificates. The Borough will redeem the Prior Certificates on March 1, 2018 (the "Redemption Date") at par. On the date of issuance of the 2016C Certificates, a portion of the proceeds of the 2016C Certificates will be deposited in an irrevocable escrow fund established to refund the Prior Certificates. The escrow fund will be held by U.S. Bank National Association, as refunding trustee (the "Refunding Trustee") under the Refunding Trust Agreement by and between the Borough and the Refunding Trustee. The moneys held in the escrow fund will be invested in noncallable direct obligations of the United States of America (the "Government Obligations") that will mature at such times and in such amounts, and will bear interest payable at such times and in such amounts so that sufficient moneys will be available, together with an initial cash deposit, to make full and timely payment of the redemption price of the Prior Bonds on the Redemption Date, and the interest due on the Prior Bonds on each interest payment date to and including the Redemption Date. The sufficiency of the deposit made to the escrow fund will be verified by [Causey Demgen & Moore P.C.], as verification agent. See "CERTAIN VERIFICATIONS" herein

Upon issuance of the 2016C Certificates and refunding of the Prior Certificates, \$[795,000] of the 2008 Certificates will remain outstanding (the "Outstanding 2008 Certificates"). The 2016C Certificates are being executed and delivered as Additional Certificates pursuant to the Animal Care Indenture on a parity with the Outstanding 2008 Certificates.

## **Plan of Finance and Refunding**

2016A Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016A Project. The 2016A Project will be constructed on real property owned by the Borough (the "2016A Property"). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "2016A Lease"), the Borough will lease the 2016A Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016A Certificates. The proceeds will be used by the Borough to construct the 2016A Project. To provide for the repayment of the 2016A Certificates, the Trustee will sublease the 2016A Property to the Borough under the 2016A Indenture for Base Rent sufficient to pay the principal and interest components of the 2016A Certificates.

2016B Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016B Project. The 2016B Project will be [constructed] on real property owned by the Borough (the "2016B Property"). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "2016B Lease"), the Borough will lease the 2016B Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016B Certificates. The proceeds will be used by the Borough to [construct] the 2016B Project. To provide for the repayment of the 2016B Certificates, the Trustee will

sublease the 2016B Property to the Borough under the 2016B Indenture for Base Rent sufficient to pay the principal and interest components of the 2016B Certificates.

2016C Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the Refunding. The Animal Care Project was constructed on real property owned by the Borough (the "Animal Care Property"). Pursuant to the Lease dated as of May 1, 2008 (the "Original Animal Care Lease"), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Upon issuance of the 2016C Certificates, the Borough will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Lease" and together with the Original Animal Care Lease, the "Animal Care Lease"), [which will amend payments of rent under the Original Animal Care Lease to account for the 2016C Certificates]. The proceeds will be used by the Borough to refund the Prior Certificates. To provide for the repayment of the 2016C Certificates, the Trustee will sublease the Animal Care Property to the Borough under the Animal Care Indenture for Base Rent sufficient to pay the principal and interest components of the 2008 Certificates and the 2016C Certificates.

**Sources and Uses of Funds**

The following table shows the estimated sources and uses of funds in connection with the execution and delivery of the 2016 Certificates.

SOURCES OF FUNDS	2016A	2016B	2016C	Total
Principal Component.....				
Plus: [Net] Original Issue Premium .....				
Total Sources of Funds.....				
USES OF FUNDS				
Project Costs.....			--	
Refunding of Prior Certificates .....	--	--		
Deposit to Reserve Fund .....				
Costs of Issuance (1) .....				
Total .....				

(1) Includes Underwriters' discount, legal, rating agency, financial advisory, accounting, printing and other fees and expenses associated with the execution and delivery of the 2016 Certificates.

This Official Statement includes descriptions of the Borough and the security for the 2016 Certificates. All references herein to agreements and documents are qualified in their entirety by references to the definitive forms thereof, and all references to the 2016 Certificates are further qualified by references to the information with respect thereto contained in the Indentures. Certain terms used in this Official Statement, and not otherwise defined herein, are defined in APPENDIX E, "SUMMARIES OF THE INDENTURES, LEASES AND DEEDS OF TRUST." In this Official Statement, the term "Certificates" refers to the 2016 Certificates and any Additional Certificates executed and delivered pursuant to the respective Indentures, and the term "Rent" includes both "Base Rent" and "Additional Rent" pursuant to the applicable Indenture. Any statements or information indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

Im 16-119  
OR 16-080

## DESCRIPTION OF THE PROJECTS

2016A Project. The 2016A Project consists of the acquisition, construction and equipping of a fire station and fleet maintenance facility. [Detailed description of Series 2016A Project to come.]

2016B Project. The 2016B Project consists of the acquisition, construction and equipping of a fire station, emergency services training and warehouse facility. [Detailed description of Series 2016B Project to come.]

Animal Care Project and 2016C Refunding. The Animal Care Project consists of an addition to the animal care center and renovation of the facility to create usable space. The Animal Care Project involved the renovation of the then-existing 7,650 square feet structure and addition of approximately 13,858 square feet in space. The Animal Care Project was completed in \_\_\_\_\_ 20\_\_\_. The Animal Care Property houses administrative functions, reception areas, limited veterinarian functions, kennels and vehicular/storage areas. In addition to the base facility, included is a large animal area to replace the then-existing barn, the addition of approximately 80 exterior canine kennel runs, paving and steel roofing.

## DESCRIPTION OF THE 2016 CERTIFICATES

### General Description

Each series of 2016 Certificates will be dated as of their Date of Issue, will mature on the maturity dates and in the principal components shown on the inside cover page hereof. Interest components of each series of the 2016 Certificates are payable on [October 1, 2016] and semiannually thereafter on [October 1] and [April 1] in each year, at the rates per annum set forth on the inside cover page hereof. U.S. Bank National Association, at its corporate trust office in Seattle, Washington, as Trustee, is the paying agent and registrar for the 2016 Certificates.

The 2016 Certificates will be executed and delivered only as fully registered certificates and when executed and delivered will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. So long as DTC, or its nominee, Cede & Co., is the registered owner of all the 2016 Certificates, all payments on the 2016 Certificates will be made directly to DTC. Individual purchases of interests in the 2016 Certificates will be made in book-entry form only in principal components of \$5,000 or any integral multiple thereof within a single maturity. Purchasers will not receive certificates representing their interests in the 2016 Certificates purchased. For additional information concerning the DTC book-entry system, see APPENDIX C, “BOOK ENTRY SYSTEM.”

### Optional Redemption

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date.

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal

to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date.

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date.

**Extraordinary Optional Redemption**

Each series of the 2016 Certificates are subject to extraordinary optional redemption prior to their respective maturities at the option of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the 2016 Certificates to be redeemed, plus accrued interest to the redemption date, if (i) the applicable Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the applicable Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain. See, APPENDIX E, "SUMMARY OF INDENTURE — Damage to or Destruction of Project."

**Mandatory Sinking Fund Redemption**

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

If 2016A Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such 2016A Certificates the principal component of the 2016A Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016A Certificates so redeemed or purchased.

IM16-119  
OR16-080

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

If 2016B Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such 2016B Certificates the principal component of the 2016B Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016B Certificates so redeemed or purchased.

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

If 2016C Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking

*Im 116-119  
OR 116-080*

fund redemption amounts (including the payment due at final maturity) with respect to such 2016C Certificates the principal component of the 2016C Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016C Certificates so redeemed or purchased.

### **Notice of Redemption**

For so long as all outstanding 2016 Certificates of a series are in fully immobilized form, the Borough, or the Trustee on behalf of the Borough, will provide notice to DTC of the intention to redeem such 2016 Certificates in the manner specified in the Letter of Representations entered into by the Borough and DTC. Notice of redemption will be given by DTC to the Direct Participants (see, APPENDIX C, "BOOK ENTRY SYSTEM") by mailing such notice not less than 20 days nor more than 60 days prior to the redemption date.

In the event that a series of the 2016 Certificates are no longer registered in fully immobilized form, notice of any such redemption shall be given by the Trustee on behalf of the Borough by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days before the redemption date to the respective registered owners of any such series of 2016 Certificates designated for redemption at their addresses shown on the Register on the date such notice is mailed.

The notice requirement of the respective Indenture will be satisfied when notice in accordance therewith is mailed as provided therein regardless of whether such notice is actually received by the registered owners of the applicable series of 2016 Certificates. Failure to mail notice of any mandatory sinking fund redemption as provided in the applicable Indenture will not affect the validity of the proceedings for such mandatory sinking fund redemption.

In the case of an optional redemption, the notice may state that the Borough retains the right to rescind the redemption notice and the related optional redemption of applicable 2016 Certificates by giving a notice of rescission to the affected registered owners at any time on or prior to the redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and the 2016 Certificates for which the notice of optional redemption has been rescinded will remain Outstanding.

## **SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES**

### **Sources of Payment**

Each series of 2016 Certificates represent undivided proportionate interests in Base Rent to be paid by the Borough under each Indenture, as applicable. Base Rent pursuant to each respective Indenture, components of which are designated as principal and interest, is to be paid from appropriated and legally available funds of the Borough.

The Base Rent pursuant to each Indenture and the applicable series of 2016 Certificates evidencing rights to receive such Base Rent are payable solely from payments to be received by the Trustee from the Borough pursuant to each Indenture, as applicable.

Pursuant to each Indenture and subject to annual appropriation, the Borough is also obligated to pay Additional Rent pursuant to such Indenture. "Additional Rent" in each Indenture means all costs and expenses of maintenance, insurance premiums, taxes, governmental, and other charges that lawfully may

be assessed or levied against or with respect to the applicable Property, and all other payments with respect to such Property (it being understood that each Indenture is intended to be an absolute net lease) and all costs and expenses associated with each series of Certificates, including Costs of Issuance, ongoing fees and expenses of the Trustee, and payments required under each Indenture to restore the amount in the applicable Reserve Fund to the applicable Reserve Requirement.

**The 2016 Certificates do not constitute a general obligation of the Borough, and neither the faith and credit nor the taxing power of the Borough is pledged to the payment of the 2016 Certificates. The payment of Base Rent is subject to annual appropriation by the Borough. Principal and interest components of each series of 2016 Certificates shall be payable solely from the Base Rent paid by the Borough under the applicable Indenture and other funds held by the Trustee under such Indenture as provided therein.**

The Indentures and the 2016 Certificates do not constitute moral obligations of the Borough. The Trustee is obligated only to pass through payments of Base Rent from the Borough to the registered owners of the Certificates in accordance with their relative interests.

The Indentures provides that the Borough's obligation to pay Rent is absolute and unconditional, subject to annual appropriation, and that Rent is payable without any right to set-off or counterclaim regardless of any contingencies and whether or not the Borough uses the Property (as defined in each Indenture).

### **Appropriation of Rent**

The obligation of the Borough to pay Rent is subject to annual appropriation by the Borough Assembly and does not constitute a debt of the Borough within the meaning of any constitutional or statutory debt limit or restriction and does not constitute an obligation for which the Borough has levied or pledged any form of taxation. **Because payments of Base Rent are not bond debt service, property taxes available to be appropriated for payments of Base Rent are subject to certain limitations. See, "Assessed Valuation and Property Taxation – Property Tax and Tax Limitations."**

The Borough has covenanted in each Indenture, prior to the commencement of each fiscal year during which Rent payments are payable from Borough appropriations, to include such Rent in its annual budget request to the Assembly. The Borough has agreed to use any appropriation legally available for the Rent in such fiscal year and to promptly encumber available appropriations for such payments prior to allocating or encumbering funds for projects or costs for which no legal obligation to pay exists.

### **Effect of Failure to appropriate Rent**

In the event that the Borough Assembly does not appropriate funds for the payment of Rent related to a series of 2016 Certificates in any fiscal year, the Borough would have no liability for any additional Base Rent or Additional Rent related to such series of 2016 Certificates. The Borough is required to vacate the Property subject to the applicable Lease and deliver possession of such Property to the Trustee at the beginning of the fiscal year for which funds have not been appropriated. The Trustee would be permitted to re-lease such Property to other lessees. In the event of non-appropriation, the Trustee also may foreclose its lien on the applicable Property under the related Deed of Trust through exercise of the power of sale granted by such Deed of Trust, or through a judicial foreclosure proceeding.

If the Borough does not appropriate funds for the payment of Rent related to a series of 2016 Certificates, there can be no assurance that the related Property can be re-leased or sold, or if re-leased or sold that there will be sufficient funds received to pay the outstanding principal and interest components of such 2016 Certificates, and no assurance that any amounts so received that are allocable to the interest

components of such 2016 Certificates will be excluded from gross income for federal income tax purposes.

### **Deeds of Trust**

The Borough, as grantor, has granted to Mat-Su Title Agency, LLC, deed of trust trustee (the “*Deed of Trust Trustee*”), for the Trustee, as beneficiary, securities interests with the power of sale and right of entry and possession pursuant to: (i) with respect to the 2016A Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*2016A Deed of Trust*”); (ii) with respect to the 2016B Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*2016B Deed of Trust*”); and (iii) with respect to the Animal Care Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the “*Original Animal Care Deed of Trust*”) as amended by the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*First Amendment to Animal Care Deed of Trust*” and together with the Original Animal Care Deed of Trust, the “*Animal Care Deed of Trust*”). The 2016A Deed of Trust, the 2016B Deed of Trust and the Animal Care Deed of Trust are referred to herein as the “*Deeds of Trust*” and each as a “*Deed of Trust*.”

The rights under each respective Deed of Trust may be exercised by the Trustee upon an event of default under the related Deed of Trust. These events of default include an Event of Default under the related Indenture. (See APPENDIX E, “SUMMARIES OF THE INDENTURES, LEASES AND DEEDS OF TRUST”). Pursuant to each Indenture, the Trustee has agreed to exercise its rights as beneficiary under the related Deed of Trust. The remedies provided under each Deed of Trust, including the remedy of foreclosure, may require judicial action, which is often subject to discretion and delay. Accordingly, there is no assurance that the Trustee will be able to obtain timely possession of the related Property.

### **Reserve Fund**

Pursuant to each Indenture, the Borough covenants to establish and maintain the related Reserve Fund with the Trustee in an amount equal to the related Reserve Requirement. Under each Indenture, the Reserve Requirement is an amount equal to the least of (a) Maximum Annual Debt Service with respect to all applicable Certificates then Outstanding, (b) 125% of average Annual Debt Service with respect to all applicable Certificates then Outstanding, or (c) 10% of the original principal amount of the applicable Initial Certificates plus any applicable Additional Certificates executed and delivered to finance Costs of the applicable Project.

Upon the execution and delivery of the 2016 Certificates, the Reserve Requirement will be: (i) with respect to the 2016A Indenture, \$ \_\_\_\_\_; (ii) with respect to the 2016B Indenture, \$ \_\_\_\_\_; and (iii) with respect to the Animal Care Indenture, \$ \_\_\_\_\_. With respect to the 2016A Indenture and 2016B Indenture, such amounts will be deposited in the applicable Reserve Fund from the proceeds of sale of the 2016A Certificates and 2016B Certificates. With respect to the Animal Care Indenture, \_\_\_\_\_. If, at any time, the amount held in a Reserve Fund is less than the applicable Reserve Requirement, then the Borough is obligated to cure such deficiency by the payment of Additional Rent. The Borough’s obligation to pay Additional Rent is subject to appropriation by the Borough.

### **Additional Certificates**

Additional Certificates may be executed and delivered under an Indenture on a parity with the applicable 2016 Certificates to complete the applicable Project and to refund applicable Outstanding Certificates. The aggregate principal component of Additional Certificates executed and delivered to

complete a Project may not exceed 10% of the principal component of the related series of 2016 Certificates. Additional Certificates may be executed and delivered to refund Outstanding Certificates only if the Annual Debt Service in each fiscal year will not be increased by virtue of such execution and delivery.

The 2016C Certificates are being executed and delivered as Additional Certificates pursuant to the Animal Care Indenture to refund certain 2008 Certificates. The 2016C Certificate are being executed and delivered on a parity with the remaining Outstanding 2008 Certificates.

## 2016 CERTIFICATES DEBT SERVICE SCHEDULE

Fiscal Year Ending June 30	2016A Certificates			2016B Certificates			2016C Certificates			Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2016	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2017										
2018										
2019										
2020										
2021										
2022										
2023										
2024										
2025										
2026										
2027										
2028										
2029										
2030										
2031										
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

## BOROUGH INDEBTEDNESS

[To be updated.] The Borough has various types of outstanding indebtedness including unlimited tax general obligation debt, capital lease obligations, lease revenue bonds and loans payable to the State. For additional information concerning Borough indebtedness see the information under the headings "General Obligation Debt Statement," "Capital Lease Obligations" and "Other Indebtedness" and in APPENDIX A – BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2015.

### Summary of Borough Indebtedness

Type	Principal Amount
Unlimited Tax General Obligation Bonds.....	\$
Capital Leases.....	(1)
State Loans .....	
Total Indebtedness.....	\$ (2)

(1) Includes 2016 Certificates.

(2) Excludes \$[197,880,000] in Lease Revenue Bonds related to the Goose Creek Correctional Facility payable solely by lease payments made by the State of Alaska Department of Administration. See, "State Prison Lease Revenue Bonds."

Imile-119  
OR16-080

## **Debt Limitation**

There are no constitutional or statutory debt limitations under State law. The Borough can issue general obligation bonds without limitation, upon approval of a bond authorization proposal by the qualified voters of the Borough. Voter approval is not required for the issuance of revenue debt and general obligation refunding bonds. On December 20, 1983, the Borough Assembly adopted Ordinance No. 83-85, which as a matter of current Borough policy limits the outstanding general obligation debt of the Borough to seven percent of the total assessed valuation of taxable property in the Borough.

## GENERAL OBLIGATION DEBT STATEMENT

### Direct and Overlapping Debt

The following table sets forth the direct and overlapping general obligation debt applicable to the Borough after the execution and delivery of the 2016 Certificates and the refunding of the Prior Certificates. The table excludes obligations of the Borough that have previously been refunded, capital leases, and lease revenue bonds. (See, "Capital Lease Obligations" and "State Prison Lease Revenue Bonds"). **[To be revised.]**

Direct Debt	Principal Amount Outstanding
2004 Series D Bonds .....	\$ 6,880,000
2005 Series A Bonds .....	1,255,000
2006 Series A Bonds .....	2,070,000
2006 Series B Bonds .....	1,935,000
2007 Series A Bonds .....	33,505,000
2007 Series B Bonds .....	1,970,000
2009 Series A Bonds .....	15,720,000
2011 Series A Bonds .....	30,085,000
2012 Series A Bonds .....	81,925,000
2012 Series B Bonds .....	7,665,000
2012 Series C Bonds .....	5,250,000
2012 Series D Bonds .....	10,735,000
2013 Series A Bonds .....	12,350,000
2014 Series A Bonds .....	17,280,000
2014 Series B Bonds .....	28,580,000
2015 Series A Bonds .....	37,350,000
2015 Series B Bonds .....	55,195,000
2015 Series C Bonds .....	1,560,000
Total Direct Debt (1) .....	<b>\$ 351,310,000</b>
<b>Overlapping Debt:</b>	
City of Palmer .....	\$1,010,000
City of Wasilla .....	1,540,000
Total Overlapping Debt .....	<b>\$2,550,000</b>
Total Direct and Overlapping Debt .....	<b>\$ 353,860,000</b>
<b>Bonded Debt Ratios</b>	
January 1, [2016] Certified Taxable Assessed Value .....	\$9,004,077,191
2016 Estimated Borough Population .....	98,063
<b>Ratio of:</b>	
Direct Debt to [2016] Certified Taxable Assessed Value .....	3.90%
Direct and Overlapping Debt to [2016] Certified Taxable Assessed Value .....	3.93%
<b>Per Capita:</b>	
[2016] Certified Taxable Assessed Value .....	\$91,819
Direct Debt .....	\$3,582
Direct and Overlapping Debt .....	\$3,608
<b>Debt Amortization:</b>	
Within 5 years .....	28%
Within 10 years .....	55%

(1) Except for the 2007 Series B Bonds, the 2012 Series C Bonds, the 2012 Series D Bonds, the 2014 Series A Bonds and the 2015 Series C Bonds, all of the above issues are school bonds. See "State Debt Reimbursement Programs – School Debt Reimbursement Program." The 2012 Series C Bonds are eligible for debt service reimbursement. See "State Debt Reimbursement Programs – Municipal Capital Project Debt Reimbursement Program."

Source: Borough records.

**General Obligation Debt Service Schedule**

Fiscal Year Ending 6/30	Outstanding General Obligation Debt Service (1)
2017	\$
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
TOTAL	<hr/> <hr/> \$

**Future General Obligation Bond Financing**

Authorization by the qualified voters of the Borough is required before general obligation bonds (other than refunding bonds) may be issued.

On October 7, 2008, the voters of the Borough approved a bond proposition (the “2008 Transportation Bond Proposition”) authorizing the issuance of \$15,000,000 aggregate principal amount of general obligation bonds of the Borough for specified transportation projects. The bonds authorized by the 2008 Transportation Bond Proposition may be issued only if and when 70% matching funds are received from the State, which to date has not occurred.

On October 4, 2011, the voters of the Borough approved a bond proposition (the “2011 School Bond Proposition”) authorizing the issuance of \$214,495,000 aggregate principal amount of general obligation bonds of the Borough for school construction projects. The 2012 Series A Bonds, the 2013 Series A Bonds, the 2014 Series B Bonds and the 2015 Series B Bonds were issued pursuant to the 2011 School Bond Proposition. \$2,465,000 principal amount of general obligation bonds remain authorized and unissued under the 2011 School Bond Proposition.

On October 1, 2013, the voters of the Borough approved a bond proposition (the “2013 Transportation Bond Proposition”) authorizing the issuance of \$16,215,000 aggregate principal amount of general obligation bonds of the Borough for transportation projects. The bonds authorized by

Im 116-119  
OR 116-080

the 2013 Transportation Bond Proposition may be issued only if and when 50% matching funds are received from the State. To date, the State has appropriated \$1,600,000 of matching funds. The 2015 Series C Bonds were issued pursuant to the 2013 Transportation Bond Proposition. \$14,615,000 principal amount of general obligation bonds remain authorized and unissued under the 2013 Transportation Bond Proposition.

## CAPITAL LEASE OBLIGATIONS

In March of 2008, the Borough caused the issuance of the 2008 Certificates. Upon issuance of the 2016C Certificates and the refunding of the Prior Certificates, \$[795,000] outstanding principal amount of the 2008 Certificates is payable in the years 2017 and 2018. In October of 2013, the Borough caused the issuance of \$8,585,000 Public Safety Building Lease Certificates of Participation, 2013, for the purpose of financing the acquisition and construction of a public safety building. The \$[7,770,000] outstanding principal amount of these Certificates of Participation is payable in the years 2016 to 2028.

The payment obligations of the Borough with respect to Certificates of Participation are subject to annual appropriation of the required sums by the Borough Assembly. Neither the full faith and credit nor the general taxing power of the Borough is pledged to pay the principal or interest evidenced by Certificates of Participation.

## STATE PRISON LEASE REVENUE BONDS

In January of 2009, the Borough issued \$244,285,000 principal amount of State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) (the "*Series 2008 Lease Revenue Bonds*") for the purpose of financing the Goose Creek Correctional Facility (the "*Facility*") pursuant to a "triple net" Lease Purchase Agreement by and between the Borough, as lessor, and the State of Alaska Department of Administration (the "*DOA*"), as lessee. In April of 2015, the Borough issued \$105,720,000 principal amount of State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project) (the "*Series 2015 Lease Revenue Refunding Bonds*") for the purpose of advance refunding \$101,850,000 of the then-outstanding Series 2008 Lease Revenue Bonds. [In \_\_\_\_\_ of 2016, the Borough issued \$\_\_\_\_\_ principal amount of State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) (the "*Series 2016 Lease Revenue Refunding Bonds*") and together with the Series 2008 Lease Revenue Bonds and the Series 2015 Lease Revenue Refunding Bonds, the "*Lease Revenue Bonds*") for the purpose of advance refunding \$\_\_\_\_\_ of the remaining outstanding Series 2008 Lease Revenue Bonds.]

The lease payments to be made by the DOA are designed to provide for the punctual payment of the principal of and interest on the Lease Revenue Bonds. The \$[30,095,000] outstanding principal amount of Series 2008 Lease Revenue Bonds are payable in the years [2016] to 2019. The \$[104,390,000] outstanding principal amount of Series 2015 Lease Revenue Refunding Bonds are payable in the years 2026 to 2032. The \$[\_\_\_\_\_] outstanding principal amount of Series 2016 Lease Revenue Refunding Bonds are payable in the years 20\_\_ to 20\_\_. The Lease Revenue Bonds are limited obligations of the Borough payable solely from the lease payments to be made by the DOA. Neither the full faith and credit nor the taxing power of the Borough is pledged for the payment of the Lease Revenue Bonds.

## OTHER INDEBTEDNESS

In addition to the general obligation bonds, certificates of participation and lease revenue bonds described above, as of [January 1, 2016], the Borough had outstanding \$[4,346,366] in solid waste revenue indebtedness under the State Clean Water Fund Loan Program. See Note [8] in APPENDIX A, "BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

## STATE DEBT REIMBURSEMENT PROGRAMS

### School Debt Reimbursement Program

Alaska Statute 14.11.100 provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse debt service on bonds issued by municipalities to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities.

Funds to provide reimbursement under Alaska Statute 14.11.100 must be appropriated annually by the State Legislature. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to make appropriations to fund the payments authorized.

The percentage of debt service payments that the State will reimburse depends on whether the project has been approved or reviewed by the Commissioner of Education and Early Development ("*Commissioner*"). The requirement of approval or review, as the case may be, applies to the educational specifications, schematic designs, and final contract documents for the project. Where approval of a school construction project is required, State and school district officials must agree on design, projected enrollment and distribution of space in the school to the various required uses.

The school construction debt service reimbursement program provides generally that the State will reimburse:

- For debt authorized for projects approved by the Commissioner, 70% of debt service payments made during the current fiscal year; and
- For debt authorized for projects reviewed by the Commissioner, 60% of debt service payments made during the current fiscal year.

All costs of financing and acquiring, constructing, enlarging, repairing, remodeling, equipping, or furnishing public elementary and secondary schools are eligible for reimbursement, including the cost of all necessary studies, surveys, plans and specifications, architectural, engineering, or other services; site acquisition, preparation and development; an allocable portion of the administrative and operating expenses of the issuer; insurance; and the cost of financing the project, including bond interest, legal fees, fees and expenses of trustees, depositories, financial advisors, underwriters and paying agents. Costs for most single-purpose sports or recreational facilities and costs that are paid from State or federal funds are excluded.

For the Borough to obtain reimbursement it first must submit to the Department of Education and Early Development a request for an allocation of funds for reimbursement not later than October 15 of the fiscal year before the fiscal year for which the request is made. The State makes a reimbursement payment to the Borough upon receipt of a notice of payment by the Borough from the paying agent for the Borough's bonds. Only cash disbursements from locally-generated funds are eligible for reimbursement.

There is no guarantee that the State Legislature will make appropriations to fund at any level the payments authorized. In the event funds are not available to fully fund the State school debt reimbursement program, the funds that are available will be distributed pro rata among the eligible local governments. The following table shows total Statewide entitlements and actual State aid payments made to the Borough reported by the Alaska Department of Education and Early Development for the State fiscal years ended June 30, 2016 to 2015. Since 1993, the State has fully funded all entitlements under the school debt reimbursement program.

**ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
STATEWIDE DEBT SERVICE REIMBURSEMENT**

<u>Fiscal Year Ended June 30</u>	<u>Statewide Entitlement Payments</u>	<u>Borough Entitlement Payments</u>
2015	\$ _____	\$ _____
2014	109,800,821	19,679,679
2013	113,539,996	18,932,007
2012	100,907,833	14,105,642
2011	99,594,456	12,280,710
2010	96,507,492	11,237,576
2009	94,017,490	11,239,989
2008	91,764,563	11,216,715
2007	88,474,622	9,218,981
2006	81,117,673	9,124,439

*Source: Alaska Department of Education and Early Development*

**Borough School Debt Reimbursement Entitlement**

The Borough has 13 series of outstanding school bonds eligible for State reimbursement under the school debt reimbursement program. The following table shows the outstanding balance, final payment date, and reimbursement eligibility for each series.

**OUTSTANDING BOROUGH SCHOOL BONDS**

<u>Series</u>	<u>Outstanding Balance</u>	<u>Final Maturity</u>	<u>Debt Service Reimbursement Eligibility</u>
2004 Series D	\$ 6,880,000	4/1/15	69.1%
2005 Series A	1,255,000	4/1/15	60.0
2006 Series A	2,070,000	2/1/17	70.0
2006 Series B	1,935,000	2/1/17	60.0
2007 Series A	33,505,000	4/1/25	64.0
2009 Series A	15,720,000	7/1/29	70.0
2011 Series A	30,085,000	4/1/31	70.0
2012 Series A	81,925,000	3/1/32	70.0
2012 Series B	7,665,000	3/1/24	63.3
2013 Series A	12,350,000	3/1/33	70.0
2014 Series B	28,580,000	11/1/34	70.0
2015 Series A	37,350,000	2/1/26	66.7
2015 Series B	55,195,000	11/1/34	70.0

If the State appropriates funds for debt service reimbursement at less than the full entitlement, the Borough's local share will increase accordingly. The Borough received \$ \_\_\_\_\_ in reimbursement in fiscal year 2015 or 100 percent of annual debt service reimbursement entitlement in that fiscal year. Its local share was \$ \_\_\_\_\_.

### **Municipal Capital Project Debt Reimbursement Program**

Alaska Statute 29.60.700 provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse debt service on bonds issued by municipalities to pay costs of specified capital projects. The statute provides for the State to reimburse 100% of the costs paid by an eligible municipality during the immediately preceding fiscal year for the principal of and interest on outstanding debt for a specified project. The statute includes an authorization to reimburse payments by the Borough to retire up to \$10,000,000 in debt incurred for the Port MacKenzie Project. The Borough's General Obligation Port Refunding Bonds, 2012 Series C (the "2012C Bonds") were issued to finance the Port MacKenzie Project. See "General and Economic Data – Port MacKenzie Development."

This debt reimbursement program is administered by the State Department of Transportation and Public Facilities, which has confirmed that the 2012C Bonds are eligible for debt reimbursement under the program.

Full appropriations for reimbursement of debt service on the 2012C Bonds were made in the fiscal years ending June 30, 2013 to [2015], both inclusive.

Funds to provide State debt reimbursement under Alaska Statute 29.60.700 must be appropriated annually by the State Legislature. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to make appropriations to fund the payments authorized. There is no guarantee that the State Legislature will make appropriations to fund at any level the payments authorized.

## **STATE OPERATING AID FOR EDUCATION**

The State is required under the State constitution to establish and maintain a system of public schools. Each public school district in the State is funded through three primary sources: State aid, a required local contribution and eligible federal impact aid. In addition to aid for school construction, the State also provides aid to local school districts for the payment of operating expenses under the public school foundation program. The purpose of the foundation program is to provide a uniform system of public school aid throughout the State.

State aid to boroughs and cities is subject to annual appropriations. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to continue these aid programs at the same levels.

In November 2014, a trial court in the First Judicial District in Ketchikan, Alaska, ruled in a challenge by the Ketchikan Gateway Borough that the State's required local contribution violates the State constitutional prohibition against dedicated funds. The Alaska Supreme Court has stayed that decision pending an appeal. If the decision is upheld on appeal, it is unclear if or how the decision would impact the Borough.

## ASSESSED VALUATION AND PROPERTY TAXATION

The assessed valuation of the taxable property within the Borough, except property described below, is determined as of January 1 each year by the Borough Assessor (the "Assessor"). The Assessor is required to complete the assessment roll of all taxable property as of January 1 of each year, from which he prepares the abstract of assessment. The abstract is reviewed by the State Property Tax Administration. If necessary, the Borough Board of Equalization orders the Assessor to adjust the assessments on appeal, which may be subject to further appeal in the State courts. Under provisions of State law, the Assessor assesses all taxable property in the Borough at its full and true value. Taxes are levied on July 1 and are payable in two installments in August and February.

Property used in exploration, production or pipeline transportation of gas or unrefined oil is assessed by the State Department of Revenue as authorized by the State Legislature in 1973. The State levies a 20 mill tax on such property. Local governments and service areas may levy and collect a property tax based on the State's assessed valuation of those properties within the local jurisdiction. Payments made to local jurisdictions are allowed as a credit toward payments due the State.

### Property Tax and Tax Limitations

State law imposes no limitation on the rate or amount of taxes which may be levied for debt service on general obligation bonds. Ad valorem taxes levied by an Alaska municipality for purposes other than debt service on general obligation bonds are limited by State statute (Alaska Statute 29.45.090) to an amount equal to 3% of the assessed valuation of taxable property in the municipality. Accordingly, this limitation applies to the payments of Base Rent evidenced and represented by the 2016 Certificates. All property on which an ad valorem tax is levied must be taxed at the same rate during the year. In addition, a municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may not levy ad valorem taxes for purposes other than debt service on general obligation bonds (a) that will result in tax revenues from all sources exceeding \$1,500 a year for each person residing within the municipality or (b) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 375% of the average per capita assessed valuation of all taxable property in the State multiplied by the number of residents in a municipality, such as the Borough, that does not levy a tax on oil and gas property under Alaska Statute 43.56.010 in excess of 18 mills.

In 2005, the Borough adopted an ordinance (the "2005 Ordinance") limiting substantially all Borough taxes to the previous year's tax levy increased by the consumer price index for the preceding year and average population growth or loss over the last five years. Taxes required to fund additional services mandated by voter approved ballot issues are excluded from the limit. **As payments of Base Rent are not general obligation bond debt service, taxes levied to pay Base Rent and other expenditures of the Borough are limited by the 2005 Ordinance. In the event that Borough expenditures, including the payments of Base Rent, exceed Borough revenues, the Borough may reduce expenditures, which may include not appropriating funds for the payment of Base Rent. By ordinance, the Borough may levy taxes in excess of the limits of, or amend, the 2005 Ordinance.**

### Assessed Valuation and Tax Collections

The certified assessed valuation of the taxable property in the Borough for the fiscal year ending June 30, 2015 is \$\_\_\_\_\_. This represents an increase of approximately \_\_\_ percent over the prior year's assessed valuation.

### Historical Assessed Valuation and Tax Collection Record

Fiscal Year Ending June 30	Assessed Valuation (All Property)	% Increase in Assessed Valuation From Previous Year	Areawide Tax Rate (Mills) (1)	Net Tax Levy (2)	Tax Collections on Current Levy		Collections Subsequent Years	Total Collections to Date	
					Amount	%		Amount	%
2016	\$	%		\$	\$		(4)	(4)	
2015	9,004,077,191	3.5	9.662	\$114,328,576	\$		(4)	\$	
2014	8,702,239,019	2.0	9.852	109,986,586	106,109,708	96.5	\$	106,109,708	96.5
2013	8,533,064,317	1.8	9.691	106,069,979	102,321,617	96.5	1,138,009	103,459,626	97.5
2012	8,384,028,066	2.1	10.051	106,116,574	101,881,857	96.0	2,311,732	104,193,589	98.2
2011	8,209,692,603	1.7	9.956	102,459,539	98,954,998	96.6	2,394,130	101,349,128	98.9
2010	8,071,844,601	1.4	9.980	100,736,350	97,109,667	96.4	2,940,021	100,049,688	99.3
2009	7,957,521,667	3.9	10.326	100,433,204	96,318,045	95.9	3,655,116	99,973,161	99.5
2008	7,657,858,482	10.5	9.644	91,367,040	87,627,539	95.9	3,436,819	91,064,358	99.7
2007	6,928,664,332	22.1	9.644	81,798,328	77,652,943	94.9	3,907,644	81,560,587	99.7
2006	5,674,980,225	24.5	10.880	74,154,906	71,450,048	96.4	2,606,474	74,056,522	99.9

- (1) Areawide rate; does not include Service Areas or Non-Areawide rates.
- (2) Tax Levy after adjustment for senior citizens and disabled veterans' levy reductions mandated under State law. Includes Non-Areawide and Service Areas levies.
- (3) Includes collections on prior year's levies and penalty payments. Interest rate on delinquent taxes is currently 5.25% per annum.
- (4) Not available.

Source: 2015 Comprehensive Annual Financial Report of the Borough and Borough records.

### Ten Largest Taxpayers

Taxpayer	Nature of Business	[2014] Assessed Valuation (1)	Percentage of Borough's [2014] Assessed Valuation
Mat-Su Regional Medical Center	Medical Facilities	\$102,515,900	1.13%
Enstar Natural Gas	Private Utility	42,382,000	.47
Alaska Hotel Properties	Hotel	41,309,200	.45
Fred Meyer Stores, Inc.	Retail Store	39,408,610	.43
Wal-Mart Stores, Inc.	Retail Store	29,114,166	.32
GCI/GCI Cable/Alaska Digital	Telecommunications	27,961,937	.31
Cook Inlet Region, Inc./CIRI Land Development Co.	Real Estate Rental, Leasing and Management	27,222,894	.30
Global Finance/Gary Lundgren	Real Estate, Rental/Leasing	25,777,900	.28
DBC, LLC/Target	Property Development/Retail	20,918,015	.23
Alaska Pipeline Co.	Gas Transmission Lines	16,695,700	.18
Total		<u>\$373,306,322</u>	<u>4.15%</u>

- (1) Reflects certified data of the Borough as of [July 1, 2014]. Includes real and personal property.

### EXCISE TAXES

There is no Borough sales tax. The Borough levies an excise tax of 0.114 cents per cigarette and 55% of the wholesale price of other tobacco products. The excise tax revenue for fiscal year [2014] was \$7,326,269. The Borough levies a 5.00% tax on rentals for hotel and motel accommodations. The bed tax revenue for fiscal year [2014] was \$1,113,368. The City of Palmer levies a 3.00% sales tax, the City of Wasilla levies a 2.00% sales tax and the City of Houston levies a 3.00% sales tax. There is no State sales tax or personal income tax.

## **BOROUGH FINANCIAL MATTERS**

### **General**

The Borough's accounting records are maintained on a modified accrual basis in conformity with generally accepted accounting principles. Alaska law requires that an annual independent audit be made of the books of account and financial records and transactions of the Borough by a public accountant. The Borough has complied with this requirement, and the auditor's report for the fiscal year ended June 30, 2015 is included herein as APPENDIX A. The Government Finance Officers Association of the United States and Canada has awarded to the Borough its Certificate of Achievement for Excellence in Financial Reporting for the past [30] years.

The State Department of Education and Early Development promulgates the basis of accounting and reporting for schools, including the School District. These procedures must be adhered to for eligibility for State revenues under the public school foundation program. See "State Operating Aid for Education." The Education Operating Fund is utilized to account for all education related revenues and expenditures. The School District maintains detailed departmental accounting records for operating budget and reports to the State.

### **Budgeting**

Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All departments and service areas submit budgets to the Borough Manager on or about January 31 of each year. The Borough Manager uses these requests for developing a proposed budget. The Borough Manager submits the proposed budget to the Assembly on the third Tuesday of April. The Assembly is required to hold public hearings on the proposed budget and to adopt the budget by May 31.

The School District is required by Borough Code to submit its annual budget including capital expenditures to the Borough Assembly for approval. All educational capital outlay expenditures are made directly by the School District with budgetary control and detailed accounting records maintained by the Borough Finance Department. The Borough Finance Department is responsible for the issuance of budgetary status and general ledger reporting. The School District does not have the authority to engage in direct treasury activity.

### **Labor Relations**

As of March 1, [2015], the Borough employed 298 people on a full-time basis in general government positions and approximately 2,001 full time equivalent employees in school operations. Borough officials consider employee relations to be satisfactory. General government employees of the Borough are represented by the Matanuska-Susitna Borough Employees Association and have a three year contract with the Borough that extends through [December 31, 2015]. There have been no strikes by Borough employees in recent years. Most employees of the School District are represented by the Matanuska-Susitna Borough Education Association. The current contract with the School District extends through June 30, 2017.

### **Retirement Plans**

Permanent employees of the Borough participate in the Alaska Public Employees Retirement System ("PERS") and the Supplemental Benefits System ("SBS"), and teachers of the School District participate in the Alaska Teachers Retirement System ("TRS").

State legislation passed in 2005 affected retirement benefits for new employees under PERS and TRS. The legislation requires all new eligible employees hired on or after July 1, 2006 to be participants in newly created defined contribution retirement plans. For fiscal year 2016, employees are required to contribute 8% of compensation and employers are required to contribute 8% of compensation for PERS-covered employees and 10% for TRS-covered employees, plus additional amounts for certain medical insurance (1.68% of compensation for PERS-covered employees and 2.04% for TRS-covered employees) and occupational death and disability benefits (1.05% for police and fire and 0.22% for other PERS-covered employees).

Employees hired prior to July 1, 2006 continue to accrue benefits under the existing defined benefit plans and, with respect to those plans, the employer will pay contribution rates set by the Alaska Retirement Management (“ARM”) Board. Pre-July 1, 2006, non-vested employees may elect to switch from the defined benefit to the appropriate defined contribution plan.

As part of the 2005 legislation, the then existing rate-setting and investment boards were eliminated and replaced with the ARM Board on October 1, 2005. The assets of PERS, TRS, and SBS are managed and invested by the ARM Board. The State of Alaska Department of Administration is the administrator of the plans.

In April 2008, the State converted the existing PERS from an agent-multiple employer plan to a cost-sharing plan. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. TRS has been operating as a cost-sharing plan for some time.

PERS requires a uniform employer contribution rate of 22% or less of active member wages, subject to a wage floor, and TRS requires a uniform employer contribution rate of 12.56% or less. The State is required to contribute in the event that the employer contribution rates adopted by the ARM Board, which include a component to amortize past service liability, exceeds those rates. Any such additional contributions are currently recognized by each employer as an on-behalf payment from the State.

In 2014, the State Legislature appropriated \$1 billion to reduce the unfunded actuarial accrued liability of PERS and \$2 billion to reduce the unfunded actuarial accrued liability of TRS. The State Legislature also directed the ARM Board to adopt employer contribution rates for liquidating the past service liability of PERS and TRS using a level percent of pay method over a closed term of 25 years ending in 2039, rather than the level dollar method that had been used by the ARM Board. This change in methodology resulted in significantly lower adopted employer contribution rates for fiscal year 2016. All of the reduction in employer contributions for fiscal year 2016 will be reflected in lower on-behalf payments from the State.

PERS participants first hired before July 1, 2006, participate in a defined benefit plan. Under that plan, employees contribute 6.75% of their annual covered salaries to PERS (7.5% for peace officers and firefighters).

In September 2014, employer contribution rates were set for fiscal year 2016 based on assumptions and projections from the actuary designed to achieve full funding over a closed term of 25 years. The consolidated rate for fiscal year 2016 was set at 27.19% for all PERS employers, compared to 44.03% for fiscal year 2015. Since the consolidated rate exceeds the uniform employer contribution rate of 22%, the State is required to make a 5.19% on-behalf payment for fiscal year 2016, compared to 22.03% for fiscal year 2015.

As of June 30, 2013 (the latest adopted actuarial valuation data), the PERS defined-benefit pension fund showed assets (on an actuarial valuation basis) of \$12.163 billion against total liabilities of \$19.993 billion. Assets as a percent of pension fund obligations are 60.8%, representing system-wide underfunding of \$7.830 billion. If market values for assets were used, assets as a percentage of obligations would be 62.6%. The actuarial valuations for PERS include calculations for the health insurance of retirees which are a contractual obligation of the system.

TRS participants first hired before July 1, 2006, participate in a defined benefit plan. Under that plan, employees contribute 8.65% of their annual covered salaries to TRS.

In September 2014, the employer contribution rates were set for fiscal year 2016 based on assumptions and projections from the actuary designed to achieve full funding over a closed term of 25 years. The consolidated rate for fiscal year 2016 was set at 29.27% for all TRS employers, compared to 70.75% for fiscal year 2015. Since the consolidated rate exceeds the uniform employer contribution rate of 12.56%, the State is required to make a 16.71% on-behalf payment for fiscal year 2016, compared to 58.19% for fiscal year 2015.

As of June 30, 2013 (the latest adopted actuarial valuation data), the TRS defined-benefit pension fund showed assets (on an actuarial valuation basis) of \$4.974 billion against total liabilities of \$9.592 billion. Assets as a percent of pension fund obligations are 51.9%, representing system-wide underfunding of \$4.618 billion. If market values for assets were used, assets as a percentage of obligations would be 53.6%. The actuarial valuations for TRS include calculations for the health insurance of retirees which are a contractual obligation of the system.

The true costs of a defined benefit retirement plan cannot be determined until its future unfolds. The return on fund assets, member termination rates, future salary levels, medical costs, mortality experience, etc. cannot be precisely predicted. Estimates based on experience with similar groups, along with the judgment of the actuary and the plan sponsor, can provide a reasonable approximation of this true cost. However, as actual experience emerges under any retirement plan, it will be necessary to study the continued appropriateness of the techniques and assumptions employed and to adjust the contribution rate as necessary.

The SBS was designed to provide benefits in lieu of those under Social Security when the State withdrew from that system. Certain political subdivisions, including the Borough, also elected to participate in the SBS. The Borough currently contributes 6.13% of an employee's wages up to the current Social Security wage base.

## **Risk Management**

The Borough and School District are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and illness of and injuries to employees, for all of which the Borough and School District carry commercial insurance. Claims on insurance have not exceeded coverages in any of the last three years. The Borough's insurance, including the School District, is on a claims occurred basis except the school leaders' errors and omissions, which is on a claims made basis. Major coverages, which are in effect until June 30, [2017], are as follows:

Type of Major Coverage	Limit of Coverage	Deductible / Retention
Property* .....	[\$1,064,944,584]	[\$100,000]
Excess liability occurrence and aggregate.....	[\$20,000,000]	[\$250,000]

\* Limited to \$50 million per occurrence and annual aggregate and \$25 million earthquake and flood per occurrence and annual aggregate.

### Self-insurance Coverage

The Borough and the School District jointly participate in self-insurance for unemployment claims and for property and casualty coverage.

Unemployment insurance is paid by the Borough and School District on a reimbursement basis to the State when individual claims are filed.

Property and casualty claims within the retention are paid by the Borough and School District on a reimbursement basis. The Borough and School District accrue an estimate for claims incurred but not reported at year end. The Borough and School District have a \$250,000 per occurrence retention for casualty claims.

The Borough (excluding the School District) provides health insurance on a self-insured basis up to \$130,000 each occurrence or \$1 million in aggregate for all medical claims during the fiscal year. Health insurance claims are paid by the Borough on a reimbursement basis. The Borough uses a third party administrator for this fund. Health insurance for the School District is paid on a premium basis.

For the fiscal year ending June 30, [2015], the Borough and the School District are self-insured in their workers' compensation insurance program. All claims reported under the self-insurance retention of \$500,000 are paid by the Borough for all employees except fire responders. The self-insurance retention for fire responders is \$750,000. All claims reported under the self-insurance retention of \$500,000 are paid by the School District. Anything in excess of the limit is covered by an insurance carrier.

### Cash Management and Investment Policy

The Borough's investment policy is to invest public funds in a manner which will provide the highest investment return consistent with the maximum preservation of capital while meeting the daily cash flow demands of the Borough. Investments of the Borough's short-term operating funds (not including bond proceeds) are authorized only in (i) obligations of, or guaranteed by, the United States; (ii) obligations of an agency or instrumentality of the United States; (iii) repurchase agreements and certificates of deposit collateralized with obligations described under (i) and (ii); (iv) money market mutual funds invested only in obligations described under (i) and (ii); (v) taxable general obligations of a state or municipality rated AA or higher by at least two nationally recognized rating agencies; and (vi) the Alaska Municipal League Investment Pool, whose investments are limited to those permitted under Alaska Statutes Chapter 37.23.

As of June 30, [2014], substantially all of the Borough's cash was invested. The amount of interest income for Governmental Fund Types during fiscal year 2014 was \$876,148. In addition, the amount of interest income for Agency Funds during fiscal year 2014 was \$4,264. Total interest income for fiscal year 2014 was \$879,095.

## Revenues and Expenditures

State contributions and property taxes are the major revenue sources for the Borough; general government and school operations accounted for approximately 88% of total expenditures in fiscal year [2014]. The State makes payments to Alaska local governments that operate schools under various programs (for operating, debt service and capital improvement purposes). (See “State Operating Aid For Education” and “State Debt Reimbursement Programs – School Debt Reimbursement Program”). State funds accounted for approximately 72% of the Borough’s educational operating revenues in fiscal year [2014].

Revenues for general governmental functions (which include the General, Special Revenue and Debt Service Funds) totaled \$390.1 million in fiscal year [2014] and \$378.1 million in fiscal year 2013. General property taxes, registration fees and special assessments produced \$122.4 million in fiscal year [2014] and \$115.9 million in fiscal year [2013].

### Fiscal Years 2015 and 2014 Revenues (Amounts in thousands)

Source	2015		2014	
	Amount (000)	Percent of Total	Amount (000)	Percent of Total
Taxes and Assessments ....	[\$122,419	31%	\$115,956	31%
State and Federal Funds....	254,626	65	251,155	66
Other.....	13,082	4	10,942	3
<b>TOTAL.....</b>	<b>\$390,126</b>	<b>100%</b>	<b>\$378,053</b>	<b>100%</b>

Source: Comprehensive Annual Financial Report of the Borough, June 30, [2015].

Expenditures totaled \$387.8 million during fiscal year [2014] and \$370.1 million during fiscal year [2013] as shown on the following table.

### Fiscal Years 2015 and 2014 Expenditures (Amounts in thousands)

Source	2015		2014	
	Amount (000)	Percent of Total	Amount (000)	Percent of Total
General Government .....	\$ 25,755	7%	\$ 25,755	7%
Education Operating.....	285,626	74	285,626	74
Education Debt Service..	29,182	8	29,182	8
Other.....	47,328	11	47,328	11
<b>TOTAL.....</b>	<b>\$387,891</b>	<b>100%</b>	<b>\$387,891</b>	<b>100%</b>

Source: Comprehensive Annual Financial Report of the Borough, June 30, [2015].

**General Government Operating Revenues**  
(Amounts in thousands)

Fiscal Year (June 30)	Property Taxes	% of Total	State Funds	% of Total	Federal Funds	% of Total	Other	% of Total	Total
2015	\$	%	\$	%	\$	%	\$	%	\$
2014	122,419	31	232,460	60	22,165	5	13,081	4	390,126
2013	115,956	31	226,921	60	24,234	6	10,942	3	378,053
2012	109,872	31	207,700	60	23,989	6	9,107	3	350,668
2011	113,297	33	187,499	54	35,875	10	10,332	3	347,003
2010	111,422	35	172,653	54	22,821	7	12,028	4	318,924
2009	105,632	35	168,257	55	18,334	6	13,415	4	305,638
2008	96,875	33	165,818	56	16,569	6	15,708	5	294,970
2007	89,773	36	129,145	51	16,365	7	15,744	6	251,027
2006	84,977	37	113,226	50	17,553	7	12,934	6	228,690

Source: Comprehensive Annual Financial Report of the Borough, June 30, [2015].

**General Government Expenditures**  
(Amounts in thousands)

Fiscal Year (June 30)	General Government (1)	% of Total	Education		% of Total	Other (3)	% of Total	Total
			Operating (2)	Debt Service				
2015	\$	%	\$	\$	%	\$	%	\$
2014	25,755	7	285,626	29,182	81	47,328	11	387,891
2013	21,778	6	274,557	28,101	82	45,693	12	370,129
2012	24,031	7	257,683	21,875	81	41,331	12	344,920
2011	23,273	7	244,834	18,750	82	36,586	11	323,443
2010	25,193	8	223,466	17,397	80	35,253	12	301,309
2009	22,742	8	216,112	16,895	80	35,853	12	291,602
2008	20,690	7	207,342	16,858	80	36,414	13	281,304
2007	18,068	8	165,712	14,212	79	29,857	13	227,849
2006	15,499	7	158,726	13,731	81	26,107	12	214,063

Source: Compiled from the Comprehensive Annual Financial Report of the Borough, June 30, [2015].

- (1) Includes General Government, Road Service Areas and Land Management Expenditures, net of Recovery of Expenses from Other Funds.
- (2) Education Operating and Education Special Revenue expenditures.
- (3) Includes Public Safety, Fire Service Area Debt Service, Parks and Indoor Recreation, Matanuska-Susitna College, Libraries, Cultural Resources and Solid Waste Disposal.

**Combined Statement of Revenues, Expenditures and Transfers for All Governmental Funds**  
(Fiscal Years Ended June 30)  
(Amounts in thousands)

	[2015]	2014	2013	2012	2011	2010
Combined Beginning Fund Balance, July 1 ..		\$287,387	\$282,777	\$185,318	\$138,126	\$132,091
<b>Revenues:</b>						
Taxes and Assessments .....		\$122,419	\$115,956	\$109,872	\$113,297	\$111,422
Intergovernmental.....		340,090	295,213	262,760	256,234	213,138
Charges for Services.....		8,340	6,869	5,412	5,899	5,661
Interest Income & Other.....		4,857	4,344	4,044	4,451	11,428
Total Revenues .....		\$475,706	\$422,382	\$382,088	\$379,881	\$341,649
<b>Expenditures:</b>						
General Government.....		\$25,755	\$ 21,778	\$ 24,031	\$ 23,273	\$ 25,192
Public Safety.....		18,499	20,124	18,148	16,533	15,475
Public Services .....		307,713	294,076	276,309	262,937	241,313
Debt Service .....		31,650	29,664	23,303	20,177	18,843
Capital Outlays & Other.....		156,591	80,600	43,848	44,510	34,434
Total Expenditures.....		\$540,208	\$446,242	\$385,639	\$367,430	\$335,257
Excess of Revenues over Expenditures .....		\$(64,502)	\$(23,860)	\$(3,551)	\$12,451	\$6,392
Other Financing Sources (Uses)						
Bond Proceeds.....		61,459	28,620	101,265	34,855	0
Net Transfers & Other.....		5,564	(150)	(255)	(114)	(357)
Excess of Revenues over Expenditures and Other Financing Sources .....		\$2,521	\$4,610	\$97,459	\$47,192	\$6,035
Combined Ending Fund Balance.....		\$289,908	\$287,387	\$282,777	\$185,318	\$138,126
Ending General Fund Balance.....		\$59,768	\$58,579	\$54,032	\$64,964	\$56,939
Ending General Fund Cash Balance.....		\$45,369	\$43,191	\$42,870	\$54,406	\$51,765

Source: Comprehensive Annual Financial Reports of the Borough.

**School District Debt Service Account**  
Year Ended June 30,

	[2015]	2014	2013	2012	2011	2010
Beginning Account Balance....		\$758,042	\$1,004,897	\$986,832	\$267,299	\$774,734
<b>Revenues</b>						
State Reimbursement (1).....		\$19,679,679	\$18,932,007	\$14,105,641	\$12,280,710	\$11,237,576
General Fund Transfers.....		8,843,745	8,717,993	6,919,146	6,832,804	5,652,424
Other Revenues.....		1,268	0	80,906	159	29
TOTAL .....		\$28,524,692	\$27,650,000	\$21,105,693	\$19,113,673	\$16,890,029
<b>Expenditures</b>						
Bond Redemption .....		\$17,515,000	\$16,675,000	\$12,635,000	\$11,035,000	\$9,960,000
Bond Interest.....		11,452,775	11,221,855	8,374,184	7,359,140	7,437,464
Bond Issuance Costs .....		0	0	78,444	0	0
Bond Fees .....		0	0	0	0	0
TOTAL .....		\$28,967,775	\$27,896,855	\$21,087,628	\$18,394,140	\$17,397,464
Ending Account Balance.....		\$314,959	\$758,042	\$1,004,897	\$986,832	\$267,299

Source: Comprehensive Annual Financial Reports of the Borough. The School Debt Service Account is maintained in the Debt Service Fund.

(1) See "State Debt Reimbursement Programs – School Debt Reimbursement Program".

Im 16-119  
OR 16-080

## Resource Sales and Conveyances

Under Alaska Statute 29.65.010, boroughs in Alaska were given the right to select ten percent of “vacant, unappropriated and unreserved” State lands within their boundaries. The State has the right to select certain quantities of land owned by the United States government. Under the State of Alaska Municipal Entitlement Act, the Borough has been granted a land entitlement of 355,210 acres. The Borough has received patent to over 271,009 acres of this entitlement and has management authority for an additional 79,981 acres which must be surveyed before being patented. The Borough has finalized its land selections under the Municipal Land Act and resolved all differences with the State on what land should be conveyed to the Borough.

As part of the Borough’s Municipal Entitlement land from the State, the Borough has received a patent for key tidelands at Port MacKenzie. As well, the Borough is in the process of surveying 4,786 acres at Hatcher Pass. Once the survey is complete there is a Borough Assembly approved land exchange between the Borough and the State of Alaska Department of Natural Resources for an additional 260 acres in the Hatcher Pass Development Area. It is expected that obtaining patent to this parcel will aid in the facilitation of financing by private developers and the Borough obtaining federal and State grants for the ski area resort and residential development planned for this area. See “General and Economic Data – Economic Development.”

Land sales (residential, recreational, commercial and agricultural and natural resource (timber and gravel)) during fiscal year 2013 included three transactions primarily through over-the-counter sales and sealed bids. Properties are offered for cash or terms, requiring 20 percent down payment and amortized over five or ten years. Overall revenue generated from these resource sales for fiscal year 2013 was in excess of \$415,200. Proceeds from land sales, leases, timber, gravel and associated fees are deposited in the Land Management Fund.

Land Management Fund money may be spent as appropriated by the Borough Assembly for the following purposes only: capital improvements (including, but not limited to, school debt service, trails, roads, streets, buildings, port infrastructure, harbors, air fields, park acquisition and development, utilities and land acquisition), and for administration of the Borough land selection and management program.

## BOROUGH GOVERNMENT

The Borough was incorporated as a second class borough on January 1, 1964. The Borough is governed by a seven-member Borough Assembly, elected from single-member districts, and a Mayor, elected at large. The Borough Assembly appoints the Borough Manager, who serves as chief administrator, and an Attorney and Clerk. There is an appointed Planning Commission, Platting Board, Transportation Advisory Board, and several other advisory committees.

### Powers

There are three categories of Borough powers: areawide powers (exercised throughout the Borough), non-areawide powers (not exercised within cities), and powers exercised through a service area (a district in which a tax is levied to finance special services provided within the district). The Borough’s areawide powers include: assessment and collection of taxes; education; planning and zoning; parks and recreation; ports, harbors and wharves; ambulance service; transportation; air pollution control; day care facilities; historic preservation; and transient accommodations taxation.

The Borough exercises the following areawide powers: general administration, education, property assessment and collection of taxes, planning and zoning, parks and recreation, ports, emergency

medical services, transportation and historic preservation. The Borough also exercises the following non-areawide powers: solid waste, libraries, septage disposal, animal care and regulation and economic development. Additionally, following voter approval, the Borough is responsible for 30 active service areas for water, sewer, flood, water erosion, fire and/or roads. Service area boards of supervisors are appointed by the Borough Assembly to oversee the affairs of each service area.

### School District

The School District is a dependent unit of the Borough, governed by an elected school board. The Borough issues bonds and levies taxes on behalf of the School District. The school system consists of seven high schools; five middle schools; two combined junior/senior high schools; four primary/secondary schools (K-12) and 20 elementary schools and six charter schools and is the second largest school district in the State, after Anchorage.

#### School District Enrollment

Fiscal Year Ending June 30	Average Daily Attendance (K-12)	Average Daily Enrollment	Professional Teaching Staff	Number of Schools
2015	17,751	17,764	1,159	45
2014	16,940	17,479	1,159	45
2013	16,961	17,247	1,133	45
2012	16,766	17,338	1,117	44
2011	16,351	16,962	1,247	44
2010	16,053	16,653	1,211	44
2009	15,954	16,464	1,186	41
2008	15,778	16,115	1,120	40
2007	15,098	15,847	1,089	37
2006	14,514	15,440	1,051	37

Source: School District records.

### Borough Administration

The administration of the Borough government is directed by the Borough Manager. The Director of Finance is responsible for financial matters. Biographical information with respect to the Borough Manager and the Director of Finance is set forth below:

*John Moosey* was appointed the Borough Manager in May 2011. He began his career in local government management within the Borough of Clarion, Pennsylvania in 1985. Including Clarion, Mr. Moosey has served 29 years as Chief Executive/Administrative Officer in the communities of Middlefield, Ohio, Defiance, Ohio, Brewster, Ohio, North Branch, Minnesota and Chisago County, Minnesota. Mr. Moosey holds a Master's Degree of Public Administration from Kent State University. He also holds a membership in the International City County Management Association.

*Tammy E. Clayton* was appointed as the Director of Finance of the Borough in September 1998. From February 1991 until September 1998, she was the Borough Comptroller. Ms. Clayton is a former member of the Executive Board of the Government Finance Officers Association of the United States and Canada. She has also served as the President of the Alaska Government Finance Officers Association. She is on the Board of Directors of the Alaska Municipal League Investment Pool. Ms. Clayton is a Certified Public Accountant in the State of Alaska and previously worked with Coopers & Lybrand for a period of six years. Prior employment experience included several years with a financial institution as

comptroller. Ms. Clayton has a bachelor's degree in business administration from the University of Alaska.

### **School District Administration**

*Dr. Deena M. Paramo* was appointed Superintendent in July 2011. Dr. Paramo became an Alaskan educator in 1991 when she began teaching in interior Alaska. She moved to the Borough in 1993 to teach at the School District. She started her career in school administration in 1996 as an Assistant Principal in two of the District's middle schools. In 2003 she became a Principal. Dr. Paramo became the Assistant Superintendent of Instruction in 2007. Dr. Paramo has a Bachelor of Science Degree, with a specialization in bilingual education, from Texas State University and a Master of Education in Administration from the University of Alaska. She earned her Doctor of Education degree at the University of Oregon.

*Rebecca Wright* was appointed Chief Financial Officer of the School District in March 2012. She has earned a Masters of Business Administration degree and has over 21 years of experience in accounting, payroll, office management, negotiations, contract management, risk management, human resources and customer service. She has held positions in banking, commercial shipping, government and publishing industries, as well as owned and operated a small recruiting business. She is a member of the Government Finance Officers Association, Alaska Government Finance Officers Association, Association of School Business Officials, Alaska Association of School Business Officials, National Institute of Governmental Purchasing and the Society of Human Resources.

## **GENERAL AND ECONOMIC DATA**

### **Description of Borough**

The Borough lies in the heart of southcentral Alaska, encompassing more than 25,000 square miles of rolling low land, mountains, lakes, rivers and streams. The Borough includes portions of the Alaska Range to the northwest; portions of the Chugach Mountains to the southeast; and essentially the entire Talkeetna and Clearwater Ranges in its interior. The Municipality of Anchorage, Upper Cook Inlet, and Knik Arm delineate the Borough's southern boundary.

There are three incorporated cities within the Borough: Palmer, Wasilla, and Houston. Additionally, there are several unincorporated communities and 21 Borough recognized community councils. One unincorporated community, Big Lake, is currently exploring incorporation, though the timing and ultimate approval of such incorporation is presently unknown.

The majority of the Borough's population resides in the "core area," surrounding the cities of Palmer and Wasilla and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites. Two major highways, the Glenn Highway and George Parks Highway, traverse the Borough. Virtually all out-of-state highway traffic travels through the Borough via one of these two highways. The Alaska Railroad's mainline also traverses the Borough connecting southcentral Alaska and Anchorage with interior Alaska.

### **Population**

The estimated population for [2014] for the Borough is 98,063, with an estimated population of 1,965 in the City of Houston, 6,053 in the City of Palmer and 8,275 in the City of Wasilla. The Borough has been Alaska's fastest growing region for the last two decades and is the third most populous

municipality in the State, after Anchorage and Fairbanks. The [2014] estimated population represents an increase of 10% over the 2010 U.S. Census population of 88,995.

The population of the Borough, along with its two largest cities, Palmer and Wasilla, are shown below:

	<b>Population</b>				
	[2015]	2010	2000	1990	1980
Borough .....	98,063	88,995	59,322	39,683	17,816
Wasilla .....	8,275	7,831	5,469	4,028	1,559
Palmer .....	6,053	5,937	4,533	2,866	2,141

Sources: [2015] estimates of Alaska Department of Commerce, Community and Economic Development; 1980, 1990, 2000 and 2010 U.S. Census.

### Population Distribution

Age Groups	[2015] Population	% Total	2005 Population	% Total
Under 25	35,740	36.4%	29,312	39.2%
25-34	13,174	13.4	7,940	10.6
35-44	12,687	12.9	11,961	16.0
45-54	13,673	13.9	13,402	17.9
55-65	13,168	13.5	7,166	9.6
Over 65	9,621	9.9	5,090	6.8
<b>TOTAL</b>	<b>98,063</b>	<b>100.0%</b>	<b>74,871</b>	<b>100.0%</b>

Source: Alaska Department of Labor and Workforce Development.

Originally settled by gold miners in the late 1800's, Palmer is now characterized as the agricultural center of Alaska, due to the Matanuska Valley colony. The federal government took over the local railroad's efforts to attract settlers to Palmer in 1935. A total of approximately 160 families were involved; at the peak there were more than 70 dairy farmers in the Palmer area.

The Matanuska Valley region has been the State's primary agricultural producer since the mid-1930's. Grains and grasses and commercial vegetables are the major crops; total cropland includes approximately 14,000 acres. In recent years, some land previously devoted to agriculture has been converted to residential use.

Residential and recreational land, the subject of development and subdivision since 1970, is one of the most important Borough resources. The southern portion of the Borough provides residential support to Anchorage. The State estimates that 32% of the working population within the Borough commutes on a regular basis to Anchorage and that 12% commutes to areas outside of southcentral Alaska.

Government, transportation, construction, retail trade and other services provide the bulk of employment within the Borough; agriculture also plays an important role in the economy. Tourism and the development of natural resources, primarily coal and forest products, could expand the economic base in the future.

Im 16-119  
OR 16-080

## Employment

There has been significant growth in employment in the Borough. From 2000 to 2010, wage and salary employment in the Borough grew more than 60%, compared with 15% growth Statewide. Most of the growth in the Borough was a result of population growth.

The Borough's employment level and major employment categories are detailed in the tables below. The difference in total employment and employment in the Borough reflects the large portion of the labor force that works in the Anchorage area (approximately 32%) or outside of southcentral Alaska (12%). The relatively high unemployment rate in the Borough reflects the fact that a large number of Borough residents are engaged in part time oil related employment on the North Slope or are seasonal workers in the fishing industry.

While unemployment has traditionally been higher in the Borough and income lower when compared to Statewide figures, the long term trends indicate decreasing differentials in unemployment and income between the Borough and the State. The work force has a strong commuter pattern and a strong seasonal pattern and this is reflected in the higher than average unemployment figure. The unemployment rate for December, [2014] was 7.1%.

### Borough Labor Force and Unemployment Rate

	[2014]	2013	2012	2011	2010	2009	2008	2007
Labor Force .....		43,703	43,764	44,256	44,008	42,425	41,677	39,959
Unemployment Rate .....		7.3%	8.0%	9.0%	9.3%	9.3%	7.3%	7.0%

**Borough Employment by Industry**  
2010 — 2015

	[2015]	2014	2013	2012	2011	2010
<b>Goods – Producing</b> .....		2,914	2,165	1,964	1,896	1,898
Natural Resources & Mining .....		246	159	174	182	160
Construction .....		2,152	1,799	1,594	1,505	1,531
Manufacturing .....		516	207	196	209	207
<b>Service – Providing</b> .....		15,792	14,437	14,202	13,960	13,678
Trade, Transportation & Utilities .....		5,006	4,611	4,504	4,417	4,511
Wholesale Trade .....		125	122	75	99	84
Retail Trade .....		3,901	3,614	3,561	3,528	3,391
Transportation, Warehousing .....		735	671	632	606	846
Utilities .....		218	N/A	236	184	190
Information .....		471	510	596	642	621
Financial Activities .....		794	744	751	738	740
Professional & Business Services .....		1,429	1,243	1,213	1,159	1,094
Educational & Health Services .....		4,048	4,014	3,955	3,707	3,574
Leisure & Hospitality Services .....		3,185	2,520	2,402	2,516	2,341
Other Services .....		749	749	733	743	730
Unclassified establishments .....		110	45	47	38	67
<b>Government – Total</b> .....		4,004	4,800	4,643	4,446	4,267
Federal .....		203	197	210	216	273
State .....		1,549	1,423	1,259	1,185	1,166
Local .....		2,252	3,180	3,174	3,045	2,828
<b>Total</b> .....		<u>22,710</u>	<u>21,402</u>	<u>20,808</u>	<u>20,302</u>	<u>19,843</u>

Source: Alaska Department of Labor.

Wages and income have traditionally been lower in the Borough than the average in the State. In 2012, the average monthly wage and salary job in the Borough earned \$3,194 vs. \$4,175 Statewide. Most of this difference is explained by the employment mix. More jobs in the Borough fall into lower paying industry categories such as retail and services, while fewer are available in the higher-paying industries such as oil.

**Military Bases**

Joint Base Elmendorf-Richardson, located in Anchorage, is an important part of the economy of the Anchorage area, including the Borough. In addition to the approximately 13,300 military personnel stationed on the joint base, some 3,300 civilian personnel are employed at the facilities. The annual payroll for military personnel is \$837 million and the annual payroll for civilian employees is \$230 million.

**New Construction**

The number of units and the value of non-residential construction and residential construction in the Borough in the years ended 2006 to 2015 are set forth in the following table.

*Im 16-119  
02 16-080*

**Value of New Construction**  
2006 — 2015

Year	Nonresidential construction		Residential construction	
	Number of Units	Value	Number of Units	Value
2015	—	\$ _____	—	\$ _____
2014	—	_____	—	_____
2013	29	19,128,900	537	118,562,500
2012	26	11,836,308	659	93,623,700
2011	31	34,434,786	622	82,499,521
2010	25	20,802,400	328	55,930,941
2009	37	19,010,480	547	86,668,220
2008	36	45,761,861	775	114,754,139
2007	97	31,039,000	1,224	233,957,300
2006	186	115,217,400	1,533	258,054,200

Source: Borough Assessment Department.

**Bank Deposits**

The value of bank deposits in the Borough for the fiscal years 2006 to 2015 is set forth in the following table.

**Bank Deposits**  
2006 — 2015

Year	Value
2015	\$ _____
2014	_____
2013	1,122,687,000
2012	1,090,639,000
2011	1,063,708,000
2010	763,603,000
2009	707,402,000
2008	594,122,000
2007	566,330,000
2006	544,924,000

Source: Sheshunoff Information Services, Inc.

**Port MacKenzie Development**

A portion of the Borough's southern boundary borders Cook Inlet. Port MacKenzie is located on the Knik Arm of Cook Inlet, about two nautical miles, but over 80 road miles, from Anchorage, where over 50% of Alaska's population resides. Based upon the Port MacKenzie Master Plan and the Port MacKenzie Development Project Prefeasibility Study, the Borough began construction of a port facility in 1999. The Port MacKenzie barge dock and access road were completed in 2000. Port MacKenzie has a 500 foot long barge dock (20 feet mean lower low water) and 8,940 acres (14 square miles) of undeveloped land that are wholly owned by the Borough and will be developed as an operational port and industrial area. The barge dock accommodates barges and small cargo and passenger vessels. Port MacKenzie also includes a 1,200 foot deep-draft dock (60 feet at mean low tide) to accommodate Panamax and Cape size vessels. The Borough also has title to 1,240 acres of the adjacent tidelands which will help ensure compatible off-shore development in the Port MacKenzie area.

A Special Use District Ordinance for Port MacKenzie to control land uses, facilitate leasing, property site and develop infrastructure, and locate industries has been adopted by the Borough Assembly.

The Borough has executed a Dock Lease and Non-Exclusive Priority Use Right Agreement with NPI LLC, an Alaskan company. The company has developed a woodchip storage and loading facility at Port MacKenzie. Although primarily for wood chips, the loading of other bulk commodities such as sand, gravel, peat, coal and grain is allowed. NPI, LLC has also constructed a 24,000 square foot warehouse and silo to import and distribute cement. Other Port tenants include Alutiiq Manufacturing Contractors, which manufactures HUD housing and pre-fabricated buildings; PacArctic which is a trucking and logistics company; and Central Alaska Energy, which will be constructing a 4.8 million gallon fuel tank farm in 2016.

A 32-mile rail link connecting Port MacKenzie to the main line of the Alaska Railroad is under construction. The link will shorten the distance between the Interior and tidewater, enhancing opportunities for the development of new industries with low transportation costs. Completion of the rail spur is projected for September 2017. Since 2009, the Borough has received \$184 million from the State for this rail spur project.

The Borough secured several federal appropriations from the Department of Transportation's Federal Transit Administration totaling \$22.0 million for the design and construction of ferry terminal facilities at Port MacKenzie and Anchorage. A \$3.6 million ferry terminal building at Port MacKenzie was completed in November 2006. To date, the Municipality of Anchorage has not approved any plan for the construction of the Anchorage terminal facility that would be required for any ferry service. A \$70 million icebreaking ferry funded by the United States Navy Office of Naval Research was completed in 2010. Title to the ferry has been transferred to the Borough. The ferry requires an estimated \$40 million in additional improvements in order to be operational, and such funds have not been allocated to date.

In August 2014, the Federal Transit Administration requested that the Borough repay the Federal Transit Administration in the amount of \$12 million for non-use of the ferry and the ferry terminal facilities. The Borough is engaged in preliminary negotiations for the sale of the ferry. Subject to approval by the Borough Assembly, the Borough also intends to use proceeds from a proposed issuance of Certificates of Participation to finance the purchase of the ferry terminal building. It is intended that these proceeds will be used to repay a portion of the \$12 million reimbursement to the Federal Transit Administration. The Borough further intends to negotiate a reduction in the amount owed to the Federal Transit Administration and pursue a multi-year payment plan for the remaining balance. [Update.]

[A discussion of the ongoing dialogue between the Borough and the Federal Transit Administration is included in the Borough's audited financial statements for the year ended June 30, 2014]. See Note [7] in APPENDIX A, "BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, [2014]."

## **Economic Development**

[Update.] During 2010, the Borough completed an Economic Development Strategic Plan designed to provide a blue print for positioning the Borough for sustainable economic growth and prosperity. The plan placed heavy emphasis on business community involvement and included over 140 business representatives and approximately 40 public entity representatives in the planning process. In 2012, an Economic Development Advisory Council was formed as well as workgroups for each of the 24 strategies in the Economic Development Strategic Plan. The top strategies include Port Development and Marketing, Transportation Infrastructure, and Business Attraction, Retention, and Expansion. These

bodies were formed from many of the same stakeholders that architected the Economic Development Plan.

Since 2013, economic expansion among small- and medium-sized businesses in the Borough has been rapid. Approximately 1,001 new business licenses were issued. This trend is expected to continue as businesses from Fairbanks, Anchorage and outside of Alaska look for locations that offer a business friendly climate and strong potential for growth.

In July 2012 the Goose Creek Correctional Center became fully operational and has resulted in the creation of 345 permanent jobs. This \$260 million facility is a joint project between the Borough and the State, whereby the Borough built the facility and leased it to the State, Department of Corrections under a lease-purchase agreement. Lease payments made by the State are equal to the debt service on the Borough's Lease Revenue Bonds which were issued in January 2009. The State operates the facility, which is located nine miles from Port MacKenzie. The Borough Assembly recently voted to support the creation of a new town site adjacent to the Correctional Center. See "State Prison Lease Revenue Bonds."

The Mat-Su Regional Medical Center, a new 74 bed hospital in the Borough that opened in 2006, has grown faster than expected. This \$110 million acute care facility has credentialed over 130 medical staff members, 85 of whom hold active medical staff privileges. These 85 physicians represent numerous specialties previously unavailable to Borough residents unless they drove to Anchorage. The Medical Center and the nearby Mat-Su College form the nucleus of a medical care and med-tech cluster on the newly completed Trunk Road corridor.

Another major medical facility, Valley Native Primary Care Center, opened August 2012 in the Borough. This new 84,000 square foot facility expands primary care, behavioral health, dietary, radiology and pharmacy services. In August 2013, Phase II was completed which added dental services and 60 new exam rooms and 28 talking rooms. Phase III will provide other services including optometry, audiology, laboratory and expanded behavioral health care. Once complete the facility will employ 200 staff including healthcare professionals.

The Alaska Department of Transportation and Public Facilities has funded over \$500 million in transportation improvements within the Borough in the last 10 years to respond to the Borough's rapid growth in population and resultant increase in vehicle traffic. These transportation improvements and enhancements have reduced the travel time to Anchorage. The Parks Highway now has four lanes through the core population area of the Borough and accommodates over 30,000 vehicles a day. The Parks Highway serves as the gateway to Alaska and is the State's most important commercial corridor, connecting the year-round Port of Anchorage to the Borough, Fairbanks and the oil fields of Prudhoe Bay on the Arctic Ocean.

[The Borough is also currently engaged in additional road paving and upgrade projects throughout the Borough totaling \$64.4 million. The Borough is also carrying out \$116 million in construction projects related to schools throughout the Borough. It is anticipated that the projects will be completed by the fall of 2015.] Since 2004, the Borough has issued \$333 million of bonds for school construction projects, which include nine new schools.

Thirty percent of Denali National Park, which includes Mount McKinley, lies within the Borough. The Borough is one of two major gateways to the Park, which is the principal tourist destination within Alaska. Over 450,000 recreational visitors visit Denali National Park each year. The National Park Service, the State, and the Borough are working together to develop the South Denali Visitor Center in the Borough, which is expected to draw an estimated 250,000 to 300,000 annual

visitors. Alaska State Parks has received \$10 million to design and construct the transportation hub and a road to the transportation hub. Construction of the road was completed during the summer of 2014.

The Borough has been working on a Hatcher Pass ski and recreation area development facility for several years totaling approximately \$6 million. This facility is located in the Hatcher Pass area of the Talkeetna Mountains, approximately 55 miles north of Anchorage. Recent investments in the project have included economic feasibility studies, upgrading access roads, extending electricity to the ski area, and constructing camping facilities, rest stops and viewing areas. Additionally, another access road and parking area was constructed during the summer of 2012. A contract was awarded to design a facility to be utilized as a visitors center and lodge. During the summer and fall of 2013 the parking areas were also expanded. A 4,000 square foot chalet was opened in January 2014 following completion of construction. It is now being upgraded to include a commercial kitchen. Lights are also being installed on the Nordic trails for night skiing.

Since 1995, there has been rapid growth in Borough tourism. The Borough's bed tax revenues have increased over 800% from \$120,607 in 1995 to \$1,099,803 in 2013. A Tourism Infrastructure Needs Study commissioned by the Borough in 2008 identified types of tourism infrastructure, such as refurbished trailheads, road waysides with restroom facilities and additional tourism information that could increase Borough tourism. Each year the Borough Assembly sets aside a portion of the bed tax revenues to address tourism infrastructure needs. This has included the refurbishing of trailheads and the construction of road waysides with restroom facilities and other miscellaneous projects to address tourism needs.

## CERTAIN VERIFICATIONS

Upon delivery of the 2016C Certificates, [Causey Demgen & Moore P.C.], as verification agent, will deliver a report to the Borough and the Underwriter, stating that the firm, at the request of the Borough and the Underwriter, has examined the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to (i) the sufficiency of principal and interest received on Government Obligations to be applied, together with other available funds, to timely pay the principal, redemption premium and interest on the Prior Bonds, and (ii) the actuarial yields on the 2016C Certificates and the Government Obligations irrevocably deposited to accomplish the advance refunding and defeasance of the Prior Bonds.

## CONTINUING DISCLOSURE

For purposes of complying with paragraph (b)(5)(i) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240 § 240.15c2-12) ("*Rule 15c2-12*"), the Borough will execute a Continuing Disclosure Certificate (the "*Disclosure Certificate*") constituting a written undertaking for the benefit of the holders of the 2016 Certificates to provide continuing disclosure. The form of the Disclosure Certificate is attached hereto as APPENDIX D.

The Borough will undertake to provide or cause to be provided to the Municipal Securities Rulemaking Board (the "*MSRB*"), in electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, (i) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to Alaska municipalities, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and

available to the Borough they will be provided, and (ii) the comprehensive annual financial report of the Borough. Such information will be provided to the MSRB not later than the last day of the seventh month after the end of each fiscal year of the Borough (currently, not later than January 31 for a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the Borough's fiscal year ending June 30, [2016].

The Borough will also undertake to provide or cause to be provided to the MSRB timely notice of the occurrence of certain events with respect to the 2016 Certificates as set forth in the Disclosure Certificate attached hereto as APPENDIX D.

No failure by the Borough to comply with its undertaking shall constitute a default in respect of the 2016 Certificates. The sole remedy of any holder of a 2016 Certificate shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Borough to comply with its undertaking. The Borough's undertaking is subject to amendment and termination as set forth in the Disclosure Certificate attached hereto as APPENDIX D.

The Borough has entered into continuing disclosure undertakings with respect to all outstanding series of its general obligation bonds, lease revenue bonds and certificates of participation. With respect to filing of annual financial information: the Borough's CAFR for FY 2013 was not linked by CUSIP numbers to certain of the Borough's outstanding bonds; the Borough's CAFR for FY 2012 was not linked by CUSIP numbers to certain of the Borough's outstanding certificates of participation. [The Borough has subsequently filed all required annual financial information and correctly linked it to all outstanding bonds and certificates of participation for which the Borough was an issuer or obligated person.]

With respect to filing of listed events, the Borough did not file certain notices of rating changes attributable to general recalibrations of ratings by certain rating agencies for certain of its outstanding bonds and certificates of participation. The Borough has adopted procedures to assure future compliance with its continuing disclosure undertakings. Other than as may be described in this section, in the previous five years, the Borough has complied in all material respects with each continuing disclosure undertaking that it has previously entered into pursuant to Rule 15c2-12.

## LITIGATION AND REGULATORY PROCEEDINGS

[To be updated.] In the ordinary course of business, from time to time the Borough has been and is named as a defendant in lawsuits relating to personnel, commercial and environmental matters and as a plaintiff in inverse condemnation proceedings. Although the ultimate effect, if any, of these matters is not presently determinable, the Borough has determined in consultation with counsel that, collectively, such matters will not have a material adverse impact on the finances or operations of the Borough.

The Borough Department of Emergency Services has long used an on-call responder system to staff the various fire and ambulance needs of the department. Under the Borough's collective bargaining agreement, these on-call responders are expressly excluded from receiving benefits and union representation afforded regular employees. On-call responders are paid hourly rates, and different responders work a wide range of differing hours depending on the number and types of emergencies. On January 17, 2014, several plaintiffs filed suit against the Borough seeking eligibility of on-call responders for retirement benefits under PERS, and thereafter, the case was removed to federal court. The suit seeks class action certification and alleges breach of fiduciary duty, breach of contractual duties and breach of constitutional rights and requests declaratory and injunctive relief in addition to retroactive and prospective inclusion in PERS. The Borough answered the complaint and discovery is pending. As a result, the Borough cannot predict the likelihood of success or value of the claim. The Borough does not

expect the claim, if successful, to materially and adversely affect the ability of the Borough to pay the principal of and interest on the 2016 Certificates when due.

The Borough provides certain road maintenance and services through Road Service Areas (“RSAs”). (See “BOROUGH GOVERNMENT – Powers”). The Borough levies an ad valorem property tax on properties within an RSA to finance the services provided. Under State law, the proceeds of property taxes levied in an RSA cannot be used for any other purpose. In 2012, an owner of property in one of the RSAs in the Borough sued the Borough alleging violation of equal protection, due process and statute because the road serving the property owned by the plaintiff is maintained by the State. The plaintiff claims that it is unconstitutional and illegal for the Borough to tax property within an RSA that does not use a road maintained by the RSA. The plaintiff seeks declaratory and injunctive relief mandating that the Borough remove from the RSA all property not using RSA roads. The Borough prevailed at the trial court and the plaintiff appealed to the Alaska Supreme Court. The Borough expects a ruling by summer of 2015. If the Alaska Supreme Court reverses the trial court, the Borough will be forced to re-evaluate and may be required to re-structure its operations with respect to service areas. The Borough does not expect the claim, if successful, to materially and adversely affect the ability of the Borough to pay the principal of and interest on the 2016 Certificates when due.

The Borough secured several federal appropriations from the Department of Transportation’s Federal Transit Administration totaling \$22.0 million for the design and construction of ferry terminal facilities at Port MacKenzie and Anchorage. A \$3.6 million ferry terminal building at Port MacKenzie was completed in November 2006. To date, the Municipality of Anchorage has not approved any plan for the construction of the Anchorage terminal facility that would be required for any ferry service. A \$70 million icebreaking ferry funded by the United States Navy Office of Naval Research was completed in 2010. Title to the ferry has been transferred to the Borough. The ferry requires an estimated \$40 million in additional improvements in order to be operational, and such funds have not been allocated to date.

In August 2014, the Federal Transit Administration requested that the Borough repay the Federal Transit Administration in the amount of \$12 million for non-use of the ferry and the ferry terminal facilities. The Borough is engaged in preliminary negotiations for the sale of the ferry. Subject to approval by the Borough Assembly, the Borough also intends to use proceeds from a proposed issuance of Certificates of Participation to finance the purchase of the ferry terminal building. It is intended that these proceeds will be used to repay a portion of the \$12 million reimbursement to the Federal Transit Administration. The Borough further intends to negotiate a reduction in the amount owed to the Federal Transit Administration and pursue a multi-year payment plan for the remaining balance.

Upon the delivery of the 2016 Certificates, the Borough will furnish a certificate to the effect that, among other things, other than as disclosed in this section of this Official Statement, there is no litigation pending in any court to restrain or enjoin the execution and delivery of the 2016 Certificates, or in any way contesting the validity or enforceability of the 2016 Certificates or the Ordinances.

## CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, execution, delivery and sale of the 2016 Certificates are subject to the legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Katten Muchin Rosenman LLP, of Chicago, Illinois. The proposed form of the opinion of Bond Counsel is included herein as APPENDIX B. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the 2016 Certificates, and Bond Counsel assumes no

obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. Bond Counsel will be compensated only upon the execution, delivery and sale of the 2016 Certificates. From time to time, Bond Counsel serves as counsel to the Underwriter on transactions unrelated to the 2016 Certificates.

The various legal opinions to be delivered concurrently with the delivery of the 2016 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion the attorney does not guarantee a particular result, or become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## FINANCIAL ADVISOR

The Borough has retained the services of Acacia Financial Group, of Anchorage, Alaska, as financial advisor to advise it concerning the terms, timing of sales, and other factors relating to the sale of the 2016 Certificates. The financial advisor has not audited, authenticated or otherwise verified the information in this Official Statement, or other information available to the Borough with respect to appropriateness, accuracy and completeness of that information or any other matter related to that information.

## UNDERWRITING

RBC Capital Markets, LLC (the "*Underwriter*") has agreed to purchase the 2016 Certificates subject to certain conditions, and has agreed to pay for the 2016 Certificates, a price of \$\_\_\_\_\_ (reflecting an underwriting discount of \$\_\_\_\_\_ and [a net] original issue [premium/discount] of \$\_\_\_\_\_). The Underwriter will be obligated to purchase all the 2016 Certificates, if any 2016 Certificates are purchased.

The prices and other terms respecting the offering and sale of the 2016 Certificates may be changed from time to time by the Underwriter after the 2016 Certificates are released for sale, and the 2016 Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the 2016 Certificates into investment accounts. In connection with the offering of the 2016 Certificates, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the 2016 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Borough. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Borough.

## RATING

Standard & Poor's Ratings Services has assigned the 2016 Certificates a rating of "\_\_\_." No application was made to any other rating agency for the purpose of obtaining an additional rating on the 2016 Certificates. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. The Borough has furnished to the rating agency certain information and materials relating to the 2016 Certificates and the Borough, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Certificates.

## TRUSTEE

The Borough has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The obligations of the Trustee are described in the Indenture. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the 2016 Certificates, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest components of the 2016 Certificates, or any other matter with respect to the execution and delivery of the 2016 Certificates. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy, or completeness of the information included in this Official Statement.

## TAX MATTERS

### Tax Exemption of the 2016 Certificates

**Exclusion from Gross Income.** In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the Date of Issue of the 2016 Certificates, interest evidenced and represented by the 2016 Certificates will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

**Continuing Requirements.** The Borough is required to comply with certain requirements of the Code after the Date of Issue of the 2016 Certificates in order to maintain the exclusion of the interest evidenced and represented by the 2016 Certificates from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of 2016 Certificate proceeds and the facilities financed with 2016 Certificate proceeds, limitations on investing gross proceeds of the 2016 Certificates in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirement to the extent applicable to the 2016 Certificates. The Borough will covenant to comply with those requirements, but if the Borough fails to comply with those requirements, interest evidenced and represented by the 2016 Certificates could become taxable retroactive to the Date

of Issue of the 2016 Certificates. Bond Counsel has not undertaken and does not undertake to monitor the Borough's compliance with such requirements.

**Corporate Alternative Minimum Tax.** While interest evidenced and represented by the 2016 Certificates is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax-exempt interest, including interest evidenced and represented by the 2016 Certificates, received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75 percent of the excess of the corporation's adjusted current earnings (including any tax-exempt interest) over the corporation's alternative minimum taxable income determined without regard to such increase. A corporation's alternative minimum taxable income, so computed, that is in excess of an exemption of \$40,000, which exemption will be reduced (but not below zero) by 25 percent of the amount by which the corporation's alternative minimum taxable income exceeds \$150,000, is then subject to a 20 percent minimum tax.

A small business corporation is exempt from the corporate alternative minimum tax for any taxable year beginning after December 31, 1997, if its average annual gross receipts during the three-taxable-year period beginning after December 31, 1993, did not exceed \$5,000,000, and its average annual gross receipts during each successive three-taxable-year period thereafter ending before the relevant taxable year did not exceed \$7,500,000.

**Tax on Certain Passive Investment Income of S Corporations.** Under Section 1375 of the Code, certain excess net passive investment income, including interest evidenced and represented by the 2016 Certificates, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25 percent of the gross receipts of such S corporation is passive investment income.

**Foreign Branch Profits Tax.** Interest evidenced and represented by the 2016 Certificates may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the 2016 Certificates are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

**Possible Consequences of Tax Compliance Audit.** The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax-exempt obligations, such as the 2016 Certificates, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS would commence an audit of the 2016 Certificates. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the 2016 Certificates could adversely affect the market value and liquidity of the 2016 Certificates until the audit is concluded, regardless of its ultimate outcome.

**Original Issue Discount.** The 2016 Certificates maturing in 2020 with a coupon of 2.50% and maturing in 2022, 2026 and 2028 have been sold at prices reflecting original issue discount ("*Discount Certificates*"). Under existing law, the original issue discount in the selling price of each Discount Certificate, to the extent properly allocable to each owner of such Discount Certificate, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Certificate over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Certificates of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Certificate during any accrual period generally equals (i) the issue price of such Discount Certificate plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable with respect to such Discount Certificate during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Certificate. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Certificate will be treated as gain from the sale or exchange of such Discount Certificate.

The portion of original issue discount that accrues in each year to an owner of a Discount Certificate may result in certain collateral federal income tax consequences. The accrual of such portion of the original issue discount will be included in the calculation of alternative minimum tax liability as described above, and may result in an alternative minimum tax liability even though the owner of such Discount Certificate will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Certificates in the initial public offering but at a price different from the first offering price at which a substantial amount of those Discount Certificates were sold to the public, or who do not purchase Discount Certificates in the initial public offering, should consult their own tax advisors with respect to the tax consequences of the ownership of such Discount Certificates. Owners of Discount Certificates who sell or otherwise dispose of such Discount Certificates prior to maturity should consult their own tax advisors with respect to the amount of original issue discount accrued over the period such Discount Certificates have been held and the amount of taxable gain or loss to be recognized upon that sale or other disposition of Discount Certificates. Owners of Discount Certificates also should consult their own tax advisors with respect to state and local tax consequences of owning such Discount Certificates.

**Original Issue Premium.** The 2016 Certificates maturing in 2020 with a coupon of 4.00% and maturing in 2014 through 2019, inclusive, 2021, 2023 and 2024 have been sold at prices reflecting original issue premium ("*Premium Certificates*"). An amount equal to the excess of the purchase price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity. The amount of amortizable premium allocable to an interest accrual period for a Premium Certificate will offset a like amount of qualified stated interest evidenced and represented by such Premium Certificate allocable to that accrual period, and may affect the calculation of alternative minimum tax liability described above. As premium is amortized, the purchaser's basis in such Premium Certificate is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Premium Certificates, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Certificates.

### **Certain Other Federal Tax Consequences**

**2016 Certificates Not "*Qualified Tax-Exempt Obligations*" for Financial Institutions.** Section 265 of the Code provides that 100 percent of any interest expense incurred by banks and other financial institutions for interest allocable to tax-exempt obligations acquired after August 7, 1986, will be

disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as “qualified tax-exempt obligations,” only 20 percent of any interest expense deduction allocable to those obligations will be disallowed.

The Borough is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) during the current calendar year and has **not** designated the 2016 Certificates as “qualified tax-exempt obligations” for purposes of the 80 percent financial institution interest expense deduction. Therefore, no interest expense of a financial institution allocable to the 2016 Certificates is deductible for federal income tax purposes.

***Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies.*** Under Section 832 of the Code, interest evidenced and represented by the 2016 Certificates received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15 percent of tax-exempt interest received during the taxable year.

***Effect on Certain Social Security and Retirement Benefits.*** Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest evidenced and represented by the 2016 Certificates into account in determining gross income.

***Other Possible Federal Tax Consequences.*** Receipt of interest evidenced and represented by the 2016 Certificates may have other federal tax consequences as to which prospective purchasers of the 2016 Certificates may wish to consult their own tax advisors.

***Potential Future Federal Tax Law Changes.*** Current and future legislative proposals, if enacted into law, may directly or indirectly cause interest evidenced and represented by the 2016 Certificates to be subject in whole or in part to federal income taxation, prevent the beneficial owners of the 2016 Certificates from realizing the full benefits of the current federal tax status of interest evidenced and represented by the 2016 Certificates, or affect, perhaps significantly, the market value or marketability of the 2016 Certificates. Prospective purchasers of the 2016 Certificates should consult with their own tax advisors regarding the potential impact of any pending or proposed legislation or regulations.

## MISCELLANEOUS

The summaries or descriptions of provisions in the Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions and reference is hereby made to the complete documents relating to such matters for further information, copies of which will be furnished by the Borough on request.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated.

The Borough has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the Borough's Director of Finance on behalf of the Matanuska-Susitna Borough, Alaska.

**MATANUSKA-SUSITNA BOROUGH**

---

Director of Finance

**APPENDIX A**

**Basic Financial Statements  
For the Fiscal Year Ending June 30, 2015  
(with Independent Auditors' Report Thereon)**

**APPENDIX B**

**Proposed Form of Opinion of Bond Counsel**

[Date of Issue]

**APPENDIX C**

**Book Entry System**

## BOOK ENTRY SYSTEM

The following information has been provided by The Depository Trust Company, New York, New York (“DTC”). The Borough makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a 2016 Certificate (a “Beneficial Owner”) should therefore confirm the following with DTC or the Participants (as hereinafter defined).

DTC will act as securities depository for the 2016 Certificates. The 2016 Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016 Certificates, in the aggregate principal component of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the “Exchange Act”). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with Direct Participants, “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “SEC”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2016 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Certificates on DTC’s records. The ownership interest of each actual purchaser of each 2016 Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Certificates, except in the event that use of the book-entry system for the 2016 Certificates is discontinued.

To facilitate subsequent transfers, all 2016 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Certificates with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2016 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Certificate documents. For example, Beneficial Owners of the 2016 Certificates may wish to ascertain that the nominee holding the 2016 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Certificates of like maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Certificates unless authorized by a Direct Participant in accordance with DTC's Operational Arrangements and the Issuer/Paying Agent General Operating Procedures ("MMI Procedures"). Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the 2016 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Borough or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Certificates at any time by giving reasonable notice to the Borough or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, 2016 Certificates will be printed and delivered to DTC.

**APPENDIX D**

**Form of Continuing Disclosure Certificate**



**APPENDIX E**

**Summaries of the Indentures, Leases and Deeds of Trust**

## SUMMARY OF THE INDENTURE

### [To be revised by Bond Counsel]

The following is a summary of certain provisions of the Indenture, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Indenture and shall have the same meanings herein as contained therein.

### Grant of Trust Estate

The Borough grants to the Trustee the interest of the Trustee in the Project under the Lease and the Indenture, all right, title and interest of the Borough in the Project, all funds and accounts established under the Indenture, and all money and securities held by the Trustee under the Indenture.

### Indenture Constitutes a Contract

The Indenture constitutes a contract among the Borough, the Trustee and the Owners of the Certificates.

### Certain Definitions

“Additional Certificates” means one or more series of additional parity Certificates executed and delivered pursuant to the Indenture.

“Additional Rent” means all costs and expenses of maintenance, insurance premiums, taxes, governmental and other charges that lawfully may be assessed or levied against or with respect to the Project, and all other payments with respect to the Project (it being understood that the Indenture is intended to be an absolute net lease) and all costs and expenses associated with the Certificates, including costs of issuance, ongoing fees and expenses of the Trustee, and payments required to restore the amount in the Reserve Fund to the Reserve Requirement.

“Annual Debt Service” means the Debt Service in any specified Fiscal Year.

“Base Rent” means the payments to be made by the Borough to the Trustee under the Indenture, which are identified as such in the Indenture.

“Certificates” means the 2016 Certificates and any Additional Certificates executed and delivered pursuant to the Indenture.

“Cost of the Project” means all costs paid or incurred by the Borough in connection with the acquisition and construction of the Project, and the placing of the same in operation, including the interest component of Base Rent during such period as may be fixed in the Indenture; paying or reimbursing the Borough or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of the Project and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of the Project, the financing of the same and the placing of the same in operation.

“Debt Service” means, with respect to any period, the sum of:

(a) The interest component of all Certificates then Outstanding during such period, computed on the assumption that all such Certificates are retired on their maturity dates or at the times and in the amounts of any required sinking fund or other mandatory redemption prior to maturity; and

(b) The principal (or sinking fund or other mandatory redemption prior to maturity) components or deposits required with respect to all Certificates then Outstanding during such period, computed on the assumption that no portion of such Certificates shall cease to be Outstanding during such period except by reason of the application of such scheduled payments.

“Fiscal Year” means the fiscal year of the Borough, which currently is the 12-month period commencing on July 1 and ending the following June 30.

“Government Obligations” means (a) SLGS; (b) other certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

“Lease” means the Lease dated as of October 1, 2013 between the Borough and the Trustee, under which the Borough leases the Project to the Trustee.

“Maximum Annual Debt Service” means, as of any date, the greatest amount of Debt Service in the current or any future Fiscal Year.

“Net Proceeds” means, with respect to any insurance claim, condemnation award or sale under threat of condemnation, the amount remaining from the gross proceeds of the insurance claim, condemnation award, or sale under threat of condemnation after deducting all expenses, including costs and attorneys’ fees, incurred in the collection thereof.

“Owner” means, with respect to any Certificate, the Person named as the registered owner of such Certificate on the Register.

“Rent” means Base Rent and Additional Rent.

“Reserve Requirement” means \$764,450 as of the Date of Issue of the 2016 Certificates, and thereafter an amount equal to the least of (a) Maximum Annual Debt Service with respect to all Certificates then Outstanding, (b) 125% of average Annual Debt Service with respect to all Certificates then Outstanding, or (c) 10% of the original principal amount of the 2016 Certificates plus any Additional Certificates executed and delivered to finance any additional Costs of the Project, any increase in the Reserve Requirement and any additional costs of issuance.

### **Duration of Indenture**

The Indenture shall take effect on the Date of Issue of the 2016 Certificates and shall remain in full force until the earlier of (i) the date as of which the Trustee shall have been paid in full all of the Rent due and payable with respect to the Project, and all sums for interest due and to become due thereon, and (ii) the date that is 10 years after the final maturity date of the Certificates.

### **Obligations Limited**

Rent payments are payable only from legally available appropriations by the Borough.

### **Construction of Project**

The Borough agrees to cause the Project to be acquired and constructed with all reasonable speed and dispatch. Except as otherwise provided in the Indenture, the Borough agrees to achieve substantial completion of the Project not later than February 1, 2015. No change shall be made in the plans and specifications for the Project during acquisition or construction of the Project which shall cause the Cost

of the Project to exceed \$8,000,000, or if such change would delay substantial completion of the Project beyond February 1, 2015, unless funds from additional appropriations or the proceeds of the sale of Additional Certificates: (1) sufficient to pay such excess Costs are deposited in the Construction Fund; and (2) sufficient to pay any additional payments due on the Certificates prior to substantial completion are deposited in the Rent Fund. The Borough shall not be deemed to be in default under the aforesaid covenants if the construction of the Project shall be delayed or made impossible by any event of Force Majeure. The Borough agrees to use its best efforts to cause the execution and delivery of any Additional Certificates necessary to complete the Project.

### **Absolute Net Lease**

The lease of the Project under the Indenture is an "absolute net lease" and except as otherwise expressly provided in the Indenture, the Borough's obligations to pay Rent and to perform and observe all other covenants and agreements of the Borough shall be absolute and unconditional. All Rent payments shall be made without notice or demand and without any setoff, counterclaim, abatement, deduction or defense whatsoever. The Borough will, at its sole cost and expense, keep and maintain the Project in good repair and condition and in accordance with all applicable laws, rules, regulations, statutes and ordinances.

### **Insurance**

During the Lease Term, the Borough will maintain (i) insurance against loss and/or damage to the Project and the equipment therein, for not less than the replacement Cost of the Project; and (ii) comprehensive general public liability insurance against liability for injuries to persons and/or property with coverage limits not less than, and deductible amounts not greater than, those included in like policies covering other Borough facilities.

### **Payment of Rent**

The Borough shall pay Rent to the Trustee, without any set-off or deduction. The liability of the Borough for payment of each installment of Rent as it becomes due, and each payment of Rent, shall be in consideration of the right of the Borough, whether or not exercised, to occupy and use the Project for the related period.

### **Budget and Use of Appropriations**

The Borough will, prior to the commencement of each Fiscal Year during which Rent is payable from Borough appropriations, include such Rent in its annual budget request to the Assembly. The Borough agrees to use any appropriation legally available for the Rent in such Fiscal Year and to promptly encumber available appropriations for such payments prior to allocating or encumbering funds for projects or costs for which no legal obligation to pay exists.

### **Rent Subject to Appropriation**

The obligation of the Borough to pay Rent is subject to appropriation. If sufficient funds are not appropriated to make payments of Rent, the Lease Term shall terminate and the Borough shall not be obligated to make payments of Rent beyond the last Fiscal Year for which funds have been appropriated for the payment of Rent, and the Trustee shall have all rights and remedies to take possession of the Project.

### **Damage to or Destruction of Project**

If (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person, the Borough will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Project, unless the Borough shall have exercised its option to redeem the Certificates.

### **Additional Certificates**

So long as no Event of Default then exists under the Indenture or the Deed of Trust, the Borough may cause the execution and delivery Additional Certificates to refund any Certificates, or to finance the costs of completing the Project. A series of Additional Certificates may be executed and delivered only upon receipt by the Trustee of (i) for Additional Certificates that are executed and delivered to complete the Project, a certificate of a Borough Representative to the effect that the Project is not complete and cannot be completed with funds available from the proceeds of the 2016 Certificates, and the aggregate principal component of such Additional Certificates does not exceed 10% of the principal component of the 2016 Certificates; or (ii) for Additional Certificates that are executed and delivered to refund any Certificates, a certificate of a Borough Representative indicating that Annual Debt Service in each Fiscal Year following the execution and delivery of such Additional Certificates will not exceed Annual Debt Service in such Fiscal Year prior to the execution and delivery of such Additional Certificates.

### **Extraordinary Optional Redemption**

All Certificates then Outstanding are subject to extraordinary optional redemption prior to their respective maturities at the written request of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the Certificates to be redeemed, plus accrued interest to the Redemption Date, if (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person.

### **Rent Fund**

There is created and established with the Trustee the Rent Fund. The Trustee shall deposit in the Rent Fund all payments of Base Rent from the Borough, and apply amounts in the Rent Fund to pay the principal and interest components of the Certificates.

### **Reserve Fund**

There is created and established with the Trustee the Reserve Fund. On the Date of Issue of any Certificates, there shall be deposited in the Reserve Fund the amount received by the Trustee necessary to cause the balance in the Reserve Fund to be equal to the Reserve Requirement. If 10 Business Days prior to any date on which principal or interest components of the Certificates are due, there shall be a deficiency in the amount in the Rent Fund required to pay such principal or interest components, the Trustee shall transfer from the Reserve Fund to the Rent Fund the amount necessary to cure the deficiency.

## **Construction Fund**

There is created and established with the Trustee a Construction Fund for the payment of the Costs of the Project. The Trustee shall make monthly disbursements from the Construction Fund for Costs of the Project upon receipt of a requisition from the Borough. Upon receipt of a certificate of a Borough Representative of the final completion of the Project, any proceeds of the Certificates deposited in the Construction Fund for that purpose and then remaining in the Construction Fund shall be deposited by the Trustee in the Rent Fund.

## **Tax Covenants**

The Borough shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause the interest component of Base Rent to become subject to federal income taxes in addition to federal income taxes to which such interest component of Base Rent is subject on the Date of Issue. The Borough shall not permit any of the proceeds of the Certificates to be used in any manner that would cause any Certificate to constitute a "private activity bond" within the meaning of Section 141 of the Code.

The Borough will make no investment or other use of the proceeds of the Certificates which would cause the Certificates to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and the Borough will comply with the requirements of such Section and regulations.

## **Events of Default**

Each of the following shall be an Event of Default: (i) payment of Rent is not made when due; (ii) payment of the principal component of any Certificate is not made when it becomes due; (iii) payment of any interest component of any Certificate is not made when it becomes due; (iv) a deposit is not made in the Reserve Fund when required to cause the amount in the Reserve Fund to be equal to the Reserve Requirement; (v) an event of default occurs under the Deed of Trust; or (vi) a default in the performance of any other covenant or condition on the part of the Borough to be performed for a period of 30 days after delivery by the Trustee to the Borough of a written notice specifying a particular default under the Indenture, unless steps to cure the default have been commenced promptly by the Borough and in good faith the Borough continues to prosecute those steps to completion.

## **Remedies of Trustee**

Upon occurrence of an Event of Default in payment of Rent or principal or interest components of the Certificates, the Trustee, at its option, may immediately declare the Borough's rights under the Indenture terminated, and reenter the Project using such force as may be necessary, and repossess itself thereof, as of its former estate, and remove all persons and property from the Project. The Trustee's pursuit of the foregoing reentry remedy shall not preclude its pursuit of any other remedies provided by law. Upon the occurrence of any other Event of Default, the Trustee, at its option, may bring an action to compel specific performance to correct any such Event of Default and/or to recover damages caused by such Event of Default.

## **Defeasance**

Any or all Certificates at any time Outstanding of any one or more series, prior to the maturity thereof, shall be deemed to have been paid and not Outstanding under the Indenture and shall cease to be entitled to any lien, benefit or security of the Indenture and of the Trust Estate, if there shall have been made a deposit, irrevocably and in trust, with the Trustee or another corporate fiduciary qualified to do business in the State, of any combination of money in an amount which shall be sufficient, or noncallable

Government Obligations maturing at such time(s) and bearing such interest to be earned thereon, and without any reinvestment thereof, as will provide a series of payments which shall be sufficient, together with any money initially deposited, to provide for the payment of all of the principal components of, premium, if any, and interest components of such Certificates when due in accordance with their terms or in accordance with the schedule of mandatory redemption pertaining thereto, or upon the earlier redemption or prepayment thereof in accordance with a refunding plan, and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for the purpose of effecting such payment, redemption or prepayment.

### **Modification of Indenture**

The Borough and the Trustee may supplement the Indenture without the consent of any Owner to add covenants and agreements to the Indenture for the protection of the Owners; to cure any ambiguity or correct any defect or inconsistent provision in the Indenture; to subject additional revenues, properties or collateral to the lien of the Indenture; to qualify the Indenture under the Trust Indenture Act of 1939, as amended, or the securities laws of any state; to provide for the execution and delivery of Additional Certificates; to preserve the tax exempt status of the Certificates; or to make any other change which is not materially adverse to the interests of the Trustee, in the judgment of the Trustee, or is not materially adverse to the interests of the Owners of the Certificates then Outstanding.

With the prior written consent of the Owners of not less than a majority in aggregate principal components of Certificates then Outstanding, the Borough and the Trustee may enter into a supplemental Indenture modifying the Indenture in any manner; provided, that without the prior written consent of the Owners of all Certificates then Outstanding, no supplemental indenture shall change the terms of redemption or maturity of the principal component of any Certificate, or of any interest component of any Certificates, shall deprive any Owner of any Certificate at any time Outstanding of the lien or right created by the Indenture; shall give priority to any Certificate over any other Certificate; or shall reduce the percentage of Owners whose consent is required to any action taken under, or for amendment of, the Indenture.

### **SUMMARY OF THE LEASE**

The following is a summary of certain provisions of the Lease, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Lease and shall have the same meanings herein as contained therein.

#### **Lease of Project**

The Borough demises, rents, leases and lets to the Trustee, and the Trustee rents, leases and hires from the Borough, the Project, for a term commencing on the Date of Issue and terminating on the earliest of (i) October 1, 2028; (ii) at the option of the Borough, on any date on which the Lease may be terminated after payment of all Certificates then Outstanding; and (iii) at the option of the Trustee, on any date following the termination of the Lease Term under the Indenture.

#### **Quiet Enjoyment**

The Borough will not take any action, other than upon a default by the Trustee under the Lease, to prevent the Trustee from having quiet and peaceable enjoyment of the Project during the Lease Term and will, at the request of the Trustee, take any action necessary in order that the Trustee may have quiet and peaceable enjoyment of the Project.

## Rent

The Borough reserves and the Trustee covenants and agrees to pay as rent for the use of its interest in the Project an amount equal to the total amount of the proceeds from the sale of the 2016 Certificates. Such rental payment shall be made by the Trustee to the Borough solely by making such deposits and payments of proceeds of the 2016 Certificates as are required by the Indenture.

### SUMMARY OF THE DEED OF TRUST

The following is a summary of certain provisions of the Deed of Trust, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Deed of Trust and shall have the same meanings herein as contained therein.

The Deed of Trust is a deed of trust, assignment of leases and rents and security agreement from the Borough, as grantor, to the Deed of Trust Trustee, for the benefit of the Trustee, as beneficiary.

The Deed of Trust secures the following liabilities: (a) (1) the payment of all sums and the performance of the covenants, obligations and agreements (and the truth of all representations and warranties of the Borough contained and incorporated by reference therein) in the Deed of Trust and in (i) the Indenture; and (ii) the 2016 Certificates (collectively, the "Certificate Documents"); and (2) any supplements or amendments to the Indenture relating to any Additional Certificates (the "Additional Certificate Documents"); and (b) the payment of the Rent and all sums, with interest thereon, advanced under the terms of the Deed of Trust, the Certificate Documents and any Additional Certificate Documents, including all sums advanced by the Trustee to protect the Project.

Under the Deed of Trust, the Borough grants, bargains, sells and conveys to the Deed of Trust Trustee all of its rights, title and interest in the Project, free and clear of all liens and encumbrances other than Permitted Encumbrances. The Deed of Trust requires the Borough to maintain the Project in good condition and state of repair and in such condition as will not impair its operating unity or character. With limited exceptions, the Borough is not permitted to remove, demolish or make any alterations to the Project that change the use of the Project, or lessens its value, without the prior written consent of the Trustee, and the Trustee is authorized to enter upon the Project to inspect it.

The Borough is required to promptly comply with all laws, ordinances and regulations of any governmental authority affecting the Project or use of the Project, and to defend the security of the Deed of Trust. The Borough is required to use its best efforts to comply with all Environmental Laws and may not cause or permit any Hazardous Substance to be brought upon, kept, used or generated in the operation of the Project, unless the use or generation of the Hazardous Substance is necessary for the prudent operation of the Project. The Borough is required to pay when due, directly to the proper payee, all taxes, assessments, rents, insurance premiums, water, sewer or other utility charges or assessments which might become liens on the Project, unless such payments are being contested in good faith in the manner permitted by the Deed of Trust.

Unless and until there is Deed of Trust Default under the Deed of Trust, the Borough is entitled to remain in possession and control of the Project. Although the assignment of leases and rents under the Deed of Trust is a present and absolute assignment, the Borough is given a license to collect the rents until the occurrence of a Deed of Trust Default under the Deed of Trust.

The following constitute Deed of Trust Defaults under the Deed of Trust:

- (1) Except as permitted by the Deed of Trust in the event of a contest of liability in good faith, failure of the Borough within the time required by the Deed of Trust to make any

payment for taxes or assessments, or any other payment necessary to prevent the creation, foreclosure or enforcement of any lien against the Project.

(2) Material breach of any warranty or material untruth of any representation of the Borough contained or incorporated in the Deed of Trust.

(3) The making or suffering by the Borough of a fraudulent transfer under applicable federal or state law; concealment by the Borough of any of its property in fraud of creditors; the making or suffering by the Borough of a voidable preference within the meaning of the Federal Bankruptcy Code; or the imposition of a lien through legal proceedings or distraint upon any of the Project which is not discharged or bonded in the manner required by the Deed of Trust.

(4) The occurrence of an "Event of Default" as defined in the Indenture.

(5) The occurrence of an "Event of Default" as defined in any Additional Certificate Document.

(6) Failure of the Borough to perform any other material obligation contained or incorporated by reference in the Deed of Trust within 30 days after notice from the Trustee specifying the nature of the default or, if the default is curable but cannot be cured within 30 days, failure within such time promptly to commence and thereafter to complete curative action with all possible diligence. No notice of default and no opportunity to cure shall be required if during the prior 12 months the Trustee has already sent a notice to the Borough concerning default in performance of the same obligation.

Upon the occurrence of any Deed of Trust Default, the Trustee may seek the appointment of a receiver (which may be the Trustee or its nominee). The Trustee may revoke the Borough's license to collect the rents from the Project, and may collect the rents itself or through a receiver. The Trustee may also invoke the power of sale, in which case the Deed of Trust Trustee shall have the right to foreclose the Borough's interests in all or any part of the Project by nonjudicial notice and sale. With respect to any of the Project which is personal property, the Trustee may exercise the rights and remedies of a secured party under the Uniform Commercial Code of the State, or such other state in which such personal property is located at any time. The Trustee and the Deed of Trust Trustee shall have any other right or remedy provided in the Deed of Trust, or in any other document or instrument representing or securing the liabilities or available at law or equity. If a receiver or the Trustee takes possession of the Project, the receiver or the Trustee may use, operate, manage, control and conduct business at the Project, make expenditures for the maintenance of the Project, insure or reinsure the Project, collect rents, cancel or terminate any lease, extend or modify any lease or complete any construction in progress at the Project.

All proceeds realized from the exercise of the rights or remedies upon default shall be applied as follows: first, to the cost of exercising such rights and remedies; second, to amounts owed by the Borough and secured by the Deed of Trust; and finally, any surplus shall be paid to the party entitled thereto.

**PURCHASE AGREEMENT**

\$ \_\_\_\_\_  
**CERTIFICATES OF PARTICIPATION, 2016**  
consisting of  
\$ \_\_\_\_\_ **Fire Station Lease, 2016A**  
\$ \_\_\_\_\_ **Fire Station Lease, 2016B**  
\$ \_\_\_\_\_ **Animal Care Facility Lease Refunding, 2016C**

**Evidencing Undivided Proportionate Interests  
in Payments of Base Rent to be made by the  
MATANUSKA-SUSITNA BOROUGH, ALASKA**

\_\_\_\_\_, 2016

Borough Assembly  
Matanuska-Susitna Borough  
350 East Dahlia Avenue  
Palmer, Alaska 99645

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the "Underwriter" or "RBC CM") acting on its own behalf offers to enter into the following agreement (this "Agreement") with Matanuska-Susitna Borough, Alaska (the "Borough") which, upon the Borough's written acceptance of this offer, will be binding upon the Borough and upon the Underwriter. This offer is made subject to the Borough's written acceptance hereof on or before 10:00 p.m., Eastern Time, on \_\_\_\_\_, 2016, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Borough at any time prior to the acceptance hereof by the Borough. The Underwriter has been duly authorized to execute this Agreement and to act hereunder. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Official Statement (as defined herein).

**1. Purchase and Sale of the Certificates.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter, hereby agrees to purchase, and you hereby agree to cause the Trustee to sell and deliver to the Underwriter, all (but not less than all) of the \$ \_\_\_\_\_ aggregate principal component of Borough's Fire Station Lease Certificates of Participation, Series 2016A (the "2016A Certificates"), the Borough's \$ \_\_\_\_\_ aggregate principal component of Fire Station Lease Certificates of Participation, Series 2016B (the "2016B Certificates") and the Borough's \$ \_\_\_\_\_ aggregate principal component of Animal Care Facility Lease Refunding Certificates of Participation, Series 2016C (the "2016C Certificates" and together with the 2016A Certificates and the 2016B Certificates, the "Certificates"), to be executed and delivered pursuant to the Indentures and having the maturities, bearing interest at the rates and having the further terms as set forth in Schedule I attached hereto.

Jm16-119  
OR16-080

The purchase price of the Certificates shall be \$ \_\_\_\_\_, plus interest accrued on the Certificates from the dated date of the Certificates to the Closing Date (as hereinafter defined). The aggregate purchase price is allocated by series of Certificates as follows

	2016A	2016B	2016C	Total
Principal Amount	\$	\$	\$	\$
Plus: [Net] Original Issue Premium				
Less: Underwriting Discount				
Purchase Price	\$	\$	\$	\$

**2. Terms of Certificates.** The Series 2016A Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the “*2016A Indenture*”), by and between the Borough and U.S. Bank National Association, as trustee (the “*Trustee*”). The Borough is authorized to enter into the 2016A Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016A Ordinance*”).

The Series 2016B Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the “*2016B Indenture*”), by and between the Borough and the Trustee. The Borough is authorized to enter into the 2016B Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016B Ordinance*”).

The Series 2016C Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the “*Original Animal Care Indenture*”), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the “*First Supplemental Animal Care Indenture*” and together with the Original Animal Care Indenture, the “*Animal Care Indenture*”), each by and between the Borough and the Trustee. The Borough is authorized to enter into the First Supplemental Animal Care Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016C Ordinance*” and together with the 2016A Ordinance and the 2016B Ordinance, the “*Ordinances*”). The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the “*Indentures*” and each an “*Indenture*.”

Prior to the execution and delivery of the Certificates, the Borough will enter into continuing disclosure undertakings (the “*Disclosure Undertakings*” or “*Undertakings*”) meeting the requirements of a continuing disclosure undertaking of an “obligated person” under paragraph (b)(5) of Rule 15c2 12.

Concurrently with the execution and delivery of the 2016A Certificates, the Borough, as Lessor, will enter into the Lease dated as of \_\_\_\_\_ 1, 2016 (the "2016A Lease") with the Trustee, as Lessee, with respect to the real property (the "2016A Property") constituting the site of the proposed fire station and fleet maintenance facility (the "2016A Project") and the Borough will enter into the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "2016A Deed of Trust") pursuant to which the Borough, as Grantor, will grant a security interest in the 2016A Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

Concurrently with the execution and delivery of the 2016B Certificates, the Borough, as Lessor, will enter into the Lease dated as of \_\_\_\_\_ 1, 2016 (the "2016B Lease") with the Trustee, as Lessee, with respect to the real property (the "2016B Property") constituting the site of the proposed fire station, emergency services training and warehouse facility (the "2016B Project") and the Borough will enter into the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "2016B Deed of Trust") pursuant to which the Borough, as Grantor, will grant a security interest in the 2016B Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

The Borough has previously executed and delivered its \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the "2008 Certificates"), and a portion of the 2016C Certificates will be used to provide funds to advance refund a portion of the 2008 Certificates (such principal component to be refunded being referred to herein as the "Prior Certificates" and the refunding of such Prior Certificates being referred to herein as the "Refunding"). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the "Animal Care Project" and together with the 2016A Project and the 2016B Project, the "Projects" and each a "Project"). The Animal Care Project was constructed on real property owned by the Borough (the "Animal Care Property"). Pursuant to the Lease dated as of May 1, 2008 (the "Original Animal Care Lease"), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Concurrently with the execution and delivery of the 2016C Certificates, the Borough, as Lessor, will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Lease" and together with the Original Animal Care Lease, the "Animal Care Lease"), and the Borough will enter into the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Deed of Trust"), amending the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the "Original Animal Care Deed of Trust" and together with the First Amendment to Animal Care Deed of Trust, the "Animal Care Deed of Trust") pursuant to which the Borough, as Grantor, has granted a security interest in the Animal Care Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

**3. Public Offering.** The Underwriter agrees to make a bona fide public offering of all of the Certificates at prices not to exceed the public offering prices (or prices corresponding to the yields) set forth on the inside cover of the Official Statement and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at prices lower than such offering prices.

**4. Liquidated Damages.** In the event that the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Certificates at the Closing as herein provided, the parties hereto agree that the damages to the Borough shall be fixed at an amount equal to One Percent (1%) of the aggregate principal amount of the Certificates (the "*Liquidated Amount*"). Upon such failure of the Underwriter to accept and pay for the Certificates, the Underwriter shall be obligated to pay to the Borough upon demand in immediately available funds the Liquidated Amount as full liquidated damages, and not as a penalty, for such failure and for any defaults hereunder on the part of the Underwriter, and no party will have any further rights against the other hereunder. The Underwriter and the Borough understand that in such event the Borough's actual damages may be greater or may be less than the Liquidated Amount. Accordingly, the Underwriter hereby waives any right to claim that the Borough's actual damages are less than such Liquidated Amount and the Borough's acceptance of this offer shall constitute a waiver of any right the Borough may have to damages in excess of the Liquidated Amount from the Underwriter.

**5. The Official Statement.**

(a) The Borough has heretofore distributed the Preliminary Official Statement dated \_\_\_\_\_, 2016 with respect to the Certificates (the "*Preliminary Official Statement*"). The Preliminary Official Statement, as revised to reflect the terms of sale of the Certificates, is herein called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared by the Borough for use by the Underwriter in connection with the public offering, sale and distribution of the Certificates. The Borough hereby represents and warrants that the Preliminary Official Statement is hereby deemed final by the Borough as of its date, except for the omission of such information which is dependent upon the final pricing of the Certificates for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

(c) The Borough represents that the Borough Assembly has reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement to be used by the Underwriter in connection with the public offering and the sale of the Certificates. The Borough shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Borough's acceptance of this Agreement (but, in any event, not later than within seven business days after the Borough's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*"). The Borough hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the

underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Certificates), the Borough becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Borough will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Borough will forthwith prepare and furnish, at the Borough’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Borough shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriter hereby agrees to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriter, the Borough can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

**6. Representations, Warranties, and Covenants of the Borough.** The Borough hereby represents and warrants to and covenants with the Underwriter that:

(a) The Borough is a municipal corporation of the State of Alaska (the “State”) duly created, organized and existing under the laws of the State, and has full legal right, power and authority under Alaska Statutes Chapter 29.47 (the “Act”) and at the date of the Closing will have full legal right, power and authority under the Act to adopt the Ordinances and under the Act and Ordinances (i) to enter into, execute and deliver this Agreement and the Undertakings and all documents required hereunder and thereunder to be executed and delivered by the Borough (this Agreement, the Ordinances and the Undertakings are hereinafter referred to as the “Borough Documents”), (ii) to cause the sale, execution and delivery of the Certificates to the Underwriter as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Borough Documents and the Official Statement, and the Borough has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Borough Documents as they pertain to such transactions;

(b) In connection with the execution and delivery of the Certificates and the execution and delivery of the Indentures, the Leases, the Deeds of Trust and the Refunding Trust Agreement (collectively, the “Security Documents”) and the Borough

Documents, the Borough has complied in all respects with the Constitution and laws of the State of Alaska;

(c) By all necessary official action of the Borough prior to or concurrently with the acceptance hereof, the Borough has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinances and the execution, delivery and sale of the Certificates, (ii) the approval, execution and delivery of, and the performance by the Borough of the obligations on its part, contained in the Borough Documents and the Security Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, and the Borough Documents and the Security Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Borough in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(d) The Borough Documents and the Security Documents constitute legal, valid and binding obligations of the Borough, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Certificates, when executed, delivered and paid for, in accordance with the Indentures, the Ordinances and this Agreement, will be validly executed, delivered and outstanding and will evidence proportionate interests of the owners of the applicable Certificates in the applicable Rent payments to be made by the Borough pursuant to the related Indenture;

(e) The Borough is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borough is a party or to which the Borough is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Borough under any of the foregoing; and the execution and delivery of the Certificates, the Borough Documents and the Security Documents and the adoption of the Ordinances and compliance with the provisions on the Borough's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borough is a party or to which the Borough is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borough to be pledged to secure the Certificates or under the terms of any such law, regulation or instrument, except as provided by the Certificates, the Security Documents and the Ordinances;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would

constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Borough of its obligations under the Borough Documents, and the Certificates have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Certificates;

(g) The Certificates and the Security Documents conform to the descriptions thereof contained in the Official Statement under the captions "DESCRIPTION OF THE 2016 CERTIFICATES" and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES;" the proceeds of the sale of the Certificates will be applied generally as described in the Official Statement under the caption "INTRODUCTION – Sources and Uses of Funds" and the Undertakings conform to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE;"

(h) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Borough after due inquiry, threatened against the Borough, affecting the existence of the Borough or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Certificates or the payment of principal and interest components of the Certificates pursuant to the related Indenture or in any way contesting or affecting the validity or enforceability of the Certificates, the Borough Documents, the Security Documents or contesting the exclusion from gross income of the interest components of the Certificates for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Borough or any authority for the execution and delivery of the Certificates, the adoption of the Ordinances or the execution and delivery of the Borough Documents and the Security Documents, nor, to the best knowledge of the Borough, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates or the Borough Documents or the Security Documents;

(i) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) At the time of the Borough's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 5 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 5 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Borough will apply, or cause to be applied, the proceeds from the sale of the Certificates as provided in and subject to all of the terms and provisions of the Security Documents and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest components of the Certificates;

(m) The Borough will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Certificates (provided, however, that the Borough will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Borough of any notification with respect to the suspension of the qualification of the Certificates for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(n) The financial statements of, and other financial information regarding the Borough, in the Official Statement fairly present the financial position and results of the Borough as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Borough. The Borough is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Borough, would have a materially adverse effect on the financial condition of the Borough;

(o) Prior to the Closing the Borough will not offer or issue any bonds, notes or other obligations for borrowed money without the prior approval of the Underwriter; and

(p) Any certificate, signed by any official of the Borough authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Borough to the Underwriter as to the statements made therein.

**7. Closing.**

(a) At 9:00 a.m., Pacific time, on \_\_\_\_\_, 2016, or at such other time and date as shall have been mutually agreed upon by the Borough and the Underwriter (the "Closing"), the Borough will, subject to the terms and conditions hereof, cause the delivery of the duly executed Certificates to the Underwriter, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Borough. Payment for the Certificates as aforesaid shall be made at the offices of [the Underwriter in San Francisco, California], or such other place as shall have been mutually agreed upon by the Borough and the Underwriter.

(b) Delivery of the Certificates shall be made to the Trustee as agent of The Depository Trust Company, New York, New York. The Certificates shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Certificate for each maturity of the Certificates, registered in the name of Cede & Co., all as provided in the Indentures, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

**8. Closing Conditions.** The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Borough contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Borough of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Certificates shall be conditioned upon the performance by the Borough of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Borough of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Borough contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Borough shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Borough Documents, the Security Documents and the Certificates shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Borough and the Trustee required to be taken by them shall be performed

in order for Bond Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Borough, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Certificates on the terms and in the manner contemplated in the Official Statement;

(e) The Borough shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(f) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(g) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Borough by its Finance Director, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) The Ordinances with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The Undertakings of the Borough which satisfies the requirements of section (b)(5)(i) of the Rule;

(4) Certified copies of the Original Animal Care Indenture, the Original Animal Care Lease and the Original Animal Care Deed of Trust;

(5) Executed counterparts of the 2016A Indenture, the 2016B Indenture, the First Supplemental Animal Care Indenture, the 2016A Lease, the 2016B Lease, the First Amendment to Animal Care Lease, the 2016A Deed of Trust, the 2016B Deed of Trust, the First Amendment to Animal Care Deed of Trust and the Refunding Trust Agreement;

(6) The approving legal opinion, dated the date of the Closing of Foster Pepper PLLC, Bond Counsel to the Borough, in substantially the form attached to the Official Statement, and addressed to the Borough and the Underwriter or a manually executed copy of such opinion together with a letter of Bond Counsel dated the date of the Closing and addressed to the Underwriter, to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter;

(7) A supplemental opinion of Bond Counsel addressed to the Underwriter, substantially to the effect that:

(i) the Ordinances have been duly adopted by, and the other Borough Documents have been duly executed and delivered by, the Borough, and each of the Borough Documents constitutes a binding agreement in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights;

(ii) the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Borough;

(iii) the Certificates are exempt securities under the Securities Act of 1933, as amended (the "*1933 Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*") and it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the 1933 Act or to qualify the Ordinances under the Trust Indenture Act;

(iv) the statements and information contained in the Official Statement under the sub-captions "Purpose of Issue" and "Plan of Finance and Refunding" under the caption "INTRODUCTION" and under the captions "DESCRIPTION OF THE 2016 CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "CONTINUING DISCLOSURE" and "TAX MATTERS" and in Appendix B and in Appendix E to the Official Statement are fair and accurate statements or summaries of the matters therein set forth;

(v) the Indentures, the Deeds of Trust, the Leases and the Refunding Trust Agreement have each been duly authorized, executed and delivered by, and each constitutes a binding agreement in accordance with its terms of the parties thereto (but such opinion as to enforceability may be qualified with respect to bankruptcy, insolvency and other laws affecting creditors' rights or remedies);

(vi) based upon their participation in the preparation of the Official Statement as Bond Counsel and (except as expressly set forth in (iv) above), without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and except for financial and statistical statements and data and statements relating to DTC or its book-entry system included therein, as to which no view need be expressed, no information came to the attention of the attorneys providing legal services in connection with the execution and delivery of the Certificates that caused such attorneys to believe that the Official Statement contains any untrue statement of a

material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and

(8) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Certificates are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the 1933 Act and the Indentures need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system, in each case as to which no view need be expressed);

(9) An opinion of the Borough Attorney, addressed to the Underwriter, to the effect that:

(i) there is no litigation or proceeding pending, or to his knowledge after due inquiry threatened, in any way affecting the corporate existence of the Borough, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the execution, sale or delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Certificates, the Security Documents or the Borough Documents, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Borough or its authority with respect to the Certificates or the Borough Documents; and

(ii) based on the examination made by such counsel, such counsel has no reason to believe that the material in the Official Statement under the caption "LITIGATION AND REGULATORY PROCEEDINGS" contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(10) A certificate of the Borough, dated the date of Closing and signed by the Borough Manager or the Borough Finance Director, to the effect that (i) the representations and warranties of the Borough contained in this Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing; (ii) no litigation is pending or, to the signer's knowledge, threatened in any court in any way affecting the existence of the Borough, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the execution, sale or delivery of the Certificates, or the right of the Borough to enter into or perform its obligations under any of the Borough Documents or Security Documents, or in any way contesting or affecting the validity or enforceability of the Certificates, the Ordinances any Borough Document, any Security Document or this Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the Borough or its authority with respect to the Certificates, the Ordinances or this Agreement; (iii) the information contained in the Official Statement (other than information relating to The Depository Trust Company as to which no opinion need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) since June 30, 2015, there has been no material adverse change in the financial position or results of operations of the Borough whether or not arising from transactions in the ordinary course of business, other than as set forth in the Official Statement; and since such date the Borough has not entered into any transaction or incurred any debt or other liability material as to the Borough, except as set forth in the Official Statement; (v) to the best of the signer's knowledge, no event affecting the Borough has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements and information therein not misleading in any material respect; (vi) within the last five years, the Borough has complied with each continuing disclosure undertaking that it has previously entered into pursuant to Rule 15c2-12 except as disclosed in the Preliminary Official Statement; and (vii) the Borough has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

(11) A certificate of the Borough signed by the Borough Finance Director and in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Certificates will be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of her knowledge and belief there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(12) Any other certificates and opinions required by the Indentures for the execution and delivery thereunder of the Certificates;

(13) A letter from BDO USA, LLP, in which consent is given to the use of their report in the Preliminary Official Statement and Official Statement and to the references made to them in the Preliminary Official Statement and the Official Statement;

(14) A letter from Standard & Poor's Ratings Services confirming that the Certificates are rated "\_\_\_";

(15) A copy of a special report prepared by [Causey Demgen & Moore P.C.], independent certified public accountants, addressed to the Borough, Bond Counsel and the Underwriter, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Government Obligations and uninvested cash on hand under the Refunding Trust Agreement to pay, when due, the principal of and interest on the Prior Certificates, and (ii) the computation of the yield with respect to the Government Obligations and the Certificates; and

(16) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Borough's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Borough on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Borough.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Borough shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Borough shall be under any further obligation hereunder, except that the respective obligations of the Borough and the Underwriter set forth in Sections 6 and 11(d) hereof shall continue in full force and effect.

**9. Role of Underwriter.** Inasmuch as this purchase and sale represents a negotiated transaction, the Borough acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Borough and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Borough; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Borough with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the

Underwriter has provided other services or is currently providing other services to the Borough on other matters); (iii) the Underwriter is acting solely in its capacity as underwriter for its own account, and (iv) the Borough has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**10. Termination.** The Underwriter shall have the right to cancel its obligation to purchase the Certificates if, between the date of this Agreement and the Closing, the market price or marketability of the Certificates shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the Alaska Legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Certificates, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under the 1933 Act, or that the an Indenture is not exempt from qualification under the Trust Indenture Act, or that the execution, delivery, offering, or sale of obligations of the general character of the Certificates, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a

general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Certificates or as to obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the validity or enforceability of the Certificates;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred any materially adverse change in the affairs or financial condition of the Borough, except for changes which the Official Statement discloses are expected to occur;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities;

(j) there shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States;

(k) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(l) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Borough's obligations; or

(m) the purchase of and payment for the Certificates by the Underwriter, or the resale of the Certificates by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable federal or State law, governmental authority, board, agency or commission.

#### **11. Expenses.**

(a) The Underwriter shall be under no obligation to pay, and the Borough shall pay all expenses incident to the performance of the Borough's obligations

hereunder, including, but not limited to (i) the cost of preparation and printing of the Certificates, Preliminary Official Statement, Official Statement, the Borough Documents, the Security Documents and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel, Underwriter's Counsel and Borough Counsel; (iii) the fees and disbursements of the Financial Advisor to the Borough; (iv) the fees and disbursements of the Trustee, any engineers, accountants, and other experts, consultants or advisers retained by the Borough, if any; and (v) all fees and expenses in connection with obtaining bond ratings. The Borough shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the execution and delivery of the Certificates, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

(b) The Borough acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the execution and delivery of the Certificates.

(c) Except as provided for above, the Underwriter shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum; (ii) all advertising expenses in connection with the public offering of the Certificates; and (iii) all other expenses incurred by them in connection with the public offering of the Certificates.

(d) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Borough to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Borough shall be unable to perform its obligations under this Agreement, the Borough will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

**12. Notices.** Any notice or other communication to be given to the Borough under this Agreement must be given by delivering the same in writing to the Borough Manager and any notice or other communication to be given to the Underwriter under this Agreement must be given by delivering the same in writing to: RBC Capital Markets, LLC, Two Embarcadero Center, Suite 1200, San Francisco, California 94111, Attention: Tom Yang, Managing Director.

**13. Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Borough and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Borough. All of the Borough's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Certificates pursuant to this Agreement; and (iii) any termination of this Agreement.

**14. Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Borough and shall be valid and enforceable at the time of such acceptance.

**15. Choice of Law.** This Agreement shall be governed by and construed in accordance with the law of the State.

**16. Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

**17. Business Day.** For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

**18. Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

**19. Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

**RBC CAPITAL MARKETS, LLC**

By \_\_\_\_\_  
Tom Yang  
Managing Director

Accepted at \_\_\_\_\_ p.m., \_\_\_\_\_ time, by  
the Matanuska-Susitna Borough, Alaska, this  
\_\_\_ day of \_\_\_\_\_, 2016.

**MATANUSKA-SUSITNA BOROUGH, ALASKA**

By \_\_\_\_\_  
Tammy E. Clayton  
Borough Finance Director

**Schedule I**

**CERTIFICATE TERMS**

Dated Date: \_\_\_\_\_, 2016

\$ \_\_\_\_\_ **Fire Station Lease, 2016A**

<u>Maturity</u> <u>([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_ %  
\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_ %

\$ \_\_\_\_\_ **Fire Station Lease, 2016B**

<u>Maturity</u> <u>([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_ %  
\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_ %

\$ \_\_\_\_\_ **Animal Care Facility Lease Refunding, 2016C**

<u>Maturity</u> <u>([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_ %  
\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_ %

Mandatory Sinking Fund Redemption Provisions:

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years

shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

Optional Redemption:

*2016A Certificates.* The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date.

*2016B Certificates.* The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date.

*2016C Certificates.* The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date.

---

\$[\_\_\_\_]

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
FIRE STATION LEASE  
CERTIFICATES OF PARTICIPATION, 2016A**

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
as Lessor**

**to**

**U.S. BANK NATIONAL ASSOCIATION, Trustee  
as Lessee**

**LEASE**

**Dated as of [\_\_\_\_] 1, 2016**

---

This LEASE dated as of [ ] 1, 2016, between the Matanuska-Susitna Borough, Alaska, a municipal corporation organized under the constitution and laws of the State of Alaska (the "Borough"), whose address is 350 East Dahlia Avenue, Palmer, Alaska 99645, as lessor, and U.S. Bank National Association, a national banking association organized under the laws of the United States of America (the "Trustee"), whose address is Global Corporate Trust Services, 1420 Fifth Avenue, 7th Floor, Seattle, Washington 98101, as lessee and as Trustee under a Lease Purchase Agreement and Trust Indenture between the Borough and the Trustee dated as of [ ] 1, 2016 (the "Indenture");

WITNESSETH:

WHEREAS, the Borough has determined that it would be in the best interest of the Borough and in furtherance of the public purposes of the Borough, to construct and acquire a public safety building (the "Project"); and

WHEREAS, the Borough has acquired title to the real property more particularly described in Exhibit A hereto (the "Land") as the site for the Project; and

WHEREAS, the Borough has the power to enter into lease agreements for real property; and

WHEREAS, the Borough has determined to lease to the Trustee the Land, the Project, and all additions, alterations, and modifications made to the Project in accordance with the Indenture (together, the "Property"), in consideration of prepaid rent to be derived from the execution and delivery of the \$[ ] Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates of Participation, 2016A (the "Initial Certificates"); and

WHEREAS, the Trustee agrees to acquire a leasehold interest in the Property pursuant to this Lease, and further agrees to sublease the Property to the Borough pursuant to the Indenture for rent sufficient to pay the principal component of, premium, if any, and interest component of the Certificates; and

WHEREAS, the Trustee acquires a leasehold interest in the Property under this Lease for security purposes only, and assumes no duty as lessee or sublessor of the Property except as expressly provided in this Lease or in the Indenture;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

**ARTICLE I  
DEFINITIONS**

Terms defined in the Indenture shall have the meanings assigned to them therein when they are used herein, unless the context clearly requires otherwise. In addition, the following terms shall have the meanings specified in this Article I, unless the context otherwise requires:

"Asbestos Containing Materials" means material in friable form containing more than one percent (1%) of the asbestiform varieties of (a) chrysotile (serpentine); (b) crocidolite

(ricbeckite); (c) amosite (cummington-itegrinerite); (d) anthophyllite; (e) tremolite; and (f) actinolite.

“Environmental Laws” means all Laws and Regulations, now or hereafter in effect, with respect to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, *et seq.*) (together with the regulations promulgated thereunder, “CERCLA”), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, *et seq.*) (together with the regulations promulgated thereunder, “RCRA”), the Emergency Planning and Community Right to Know Act, as amended (42 U.S.C. Section 11001, *et seq.*) (together with the regulations promulgated thereunder, “Title III”), the Clean Water Act, as amended (33 U.S.C. Section 1321, *et seq.*) (together with the regulations promulgated thereunder, “CWA”), the Clean Air Act, as amended (42 U.S.C. Section 7401, *et seq.*) (together with the regulations promulgated thereunder, “CAA”), and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, *et seq.*) (together with the regulations promulgated thereunder, “TSCA”), and any state or local similar laws and regulations and any so-called local, state, or federal “superfund” or “superlien” law.

“Hazardous Materials” has the meaning assigned such term in Section 5.9(a).

“Hazardous Substance” means any substance or material now or hereafter defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic, or radioactive substance, or other similar term, by any Environmental Laws.

“Laws and Regulations” has the meaning assigned such term in Section 5.9(a).

“Lease” means this Lease as it may be amended and supplemented from time to time in accordance with its terms.

“Lease Term” means the duration of the leasehold estate created by this Lease as specified in Section 3.1.

“Ordinance” means Ordinance Serial No. 16-[ ] adopted by the Assembly on [ ], 2016.

“Release” has the meaning assigned such term in Section 5.9(a).

## ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Borough. The Borough represents and warrants that:

(a) The Borough is a municipal corporation duly organized and existing under the constitution and laws of the State. Under such constitution and laws, and the Ordinance, the Borough has duly authorized the execution and delivery of this Lease. The Borough agrees that it will do or cause to be done all things necessary to preserve and keep its existence in full force and effect.

(b) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease, conflicts with or results in a material breach of the terms, conditions, or provisions of any agreement, instrument, or governmental order to which the Borough is a party or by which it is bound, or constitutes a default under any of the foregoing.

(c) The Borough has good title and right to the possession of the Property sufficient to enter into this Lease as lessor.

Section 2.2. Representations and Warranties of the Trustee. The Trustee represents and warrants that:

(a) The Trustee is a national banking association duly organized and in good standing under the laws of the United States of America, is authorized to exercise corporate trust powers, is not in violation of any laws material to this transaction or any provision of its articles of association or its by-laws material to this transaction and has power to enter into this Lease.

(b) The Trustee is authorized by the Indenture, and has taken all necessary action, to execute and deliver the Initial Certificates with an aggregate principal component of \$[ ] to provide funds for the acquisition of a leasehold interest in the Property and has agreed to lease the Property from the Borough as hereinafter provided and to enter into a lease purchase of the Property with the Borough as provided in the Indenture.

(c) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Lease, conflicts with or results in a material breach of the terms, conditions, or provisions of any agreement, instrument, or governmental order to which the Trustee is a party or by which it is bound, or constitutes a default under any of the foregoing.

### ARTICLE III DEMISING CLAUSE

Section 3.1. Demise of the Property. The Borough demises, rents, leases, and lets to the Trustee, and the Trustee rents, leases, and hires from the Borough, subject and subordinate to Permitted Encumbrances and for a rental payment and upon and subject to the terms and conditions herein set forth, the Property, for a term commencing on the Date of Issue and terminating on the earliest of (i) [ ] 1, [ ]; (ii) at the option of the Borough, on any date on which this Lease may be terminated pursuant to Article VIII; and (iii) at the option of the Trustee, on any date following the termination of the Lease Term under the Indenture.

### ARTICLE IV QUIET ENJOYMENT; PROVISION FOR RENTAL PAYMENTS

Section 4.1. Quiet Enjoyment. The Borough hereby covenants and agrees that it will not take any action, other than pursuant to Article VII, to prevent the Trustee from having quiet and peaceable enjoyment of the Property during the Lease Term and will, at the request of the Trustee, take any action necessary in order that the Trustee may have quiet and peaceable enjoyment of the Property.

Section 4.2. Rent. The Borough reserves and the Trustee covenants and agrees to pay as rent for the use of its interest in the Property an amount equal to the total amount of the proceeds from the sale of the Initial Certificates. Such rental payment shall be made by the Trustee to the Borough solely by making such deposits and payments as are required by Article IX of the Indenture.

Section 4.3. Sublease by the Trustee. It is understood and agreed by the Trustee and the Borough that the Trustee and the Borough will enter into the Indenture with respect to the Property.

## ARTICLE V SPECIAL COVENANTS

Section 5.1. Limitation of Warranty. The Borough and the Trustee make no warranties except those warranties or representations expressly made by the Borough or the Trustee, respectively, in this Lease or other documents related to the execution and delivery of the Certificates.

Section 5.2. Further Assurances and Corrective Instruments. The Borough and the Trustee agree that they will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property, or for carrying out the intention of or facilitating the performance of this Lease.

Section 5.3. Granting of Easements and Other Rights. The Borough may at any time or times, without the joinder, consent, or approval of the Trustee, grant easements, licenses, rights of way, and other rights or privileges in the nature of easements with respect to any property subject to this Lease, provided that such easements, licenses, rights of way, and other rights or privileges are Permitted Encumbrances. The Borough may take any other action with respect to the Property not inconsistent with the obligations of the Borough to the Trustee under this Lease or under the Indenture.

Section 5.4. Borough Representative. Whenever under the provisions of this Lease the approval of the Borough is required, unless express provisions are otherwise made therefor, or the Trustee is required to take some action at the request of the Borough, such approval or such request shall be given for the Borough by a Borough Representative.

Section 5.5. Release and Indemnification Covenants. The Borough releases the Trustee and all officials and employees of the Trustee from, and covenants and agrees that neither the Trustee nor any official or employee of the Trustee shall be liable for, and agrees to indemnify and hold the Trustee and all officials and employees of the Trustee harmless against, any claims made against the Trustee or any official or employee of the Trustee in or resulting from the Trustee's capacity as lessee under this Lease, including, without limitation, by reason of any loss or damage to property or any injury to or death of any person occurring at or resulting from the Property, except loss, damage, injury, or death attributable to the gross negligence or willful misconduct of the Trustee or such official or employee. In case any action shall be brought against the Trustee or any official or employee of the Trustee in respect of which

indemnity may be sought against the Borough, the Trustee or such official or employee shall promptly notify the Borough in writing and the Borough shall assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses incident to such defense. The Trustee or such official or employee shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Borough. The Borough shall not be liable for any settlement of any such action without its consent but, if any such action is settled with the consent of the Borough or if there be final judgment for the plaintiff of any such action, the Borough agrees to indemnify and hold harmless the Trustee or such official or employee from and against any loss or liability by reason of such settlement or judgment.

Section 5.6. Obligations of the Trustee Limited. The obligation of the Trustee to make payments hereunder is limited to the obligation stated in Section 4.2, which obligation shall be limited solely to payment from the proceeds of the issuance of the Initial Certificates and from the income from the temporary investment thereof, if any.

Section 5.7. Taxes and Governmental Charges. During the Lease Term, the Borough will pay, as the same respectively become due, all taxes, governmental, and other charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Property.

Section 5.8. Operation and Maintenance. The Borough agrees that at all times during the Lease Term it will, at its own expense, maintain, preserve, and keep the Property or cause the Property to be maintained, preserved, and kept with the appurtenances and every part and parcel thereof, in good repair, working order, and condition, in accordance with reasonable standards. The Trustee shall have no responsibility whatsoever with respect to operation, preservation, repair, insurance, or for the making of improvements or additions to the Property.

Section 5.9. Compliance with Laws, Regulations, Etc.

(a) The Borough has, after due inquiry, no knowledge and has not given or received any written notice indicating that the Property or the past or present use thereof or any practice, procedure, or policy employed by it in the conduct of its business materially violates any applicable law, regulation, code, order, rule, judgment, or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Property (collectively, "Laws and Regulations"). Without limiting the generality of the foregoing, neither the Borough nor to the best of its knowledge, after due inquiry, any prior or present owner, tenant, or subtenant of any of the Property has, other than as set forth in subsections (a) and (b) of this Section or as may have been remediated in accordance with Laws and Regulations, (i) used, treated, stored, transported, or disposed of any material amount of flammable explosives, polychlorinated biphenyl compounds, heavy metals, chlorinated solvents, cyanide, radon, petroleum products, asbestos or any Asbestos Containing Materials, methane, radioactive materials, pollutants, hazardous materials, hazardous wastes, hazardous, toxic, or regulated substances or related materials, as defined in CERCLA, RCA, CWA, CAA, TSCA, and Title III, and the regulations

promulgated pursuant thereto, and in all other Environmental Laws applicable to the Borough, any of the Property, or the business operations conducted by the Borough thereon (collectively, "Hazardous Materials") on, from, or beneath the Property, (ii) pumped, spilled, leaked, disposed of, emptied, discharged, or released (hereinafter collectively referred to as "Release") any material amount of Hazardous Materials on, from, or beneath the Property, or (iii) stored any material amount of petroleum products at the Property in underground storage tanks.

(b) Excluded from the representations and warranties in subsection (a) of this Section with respect to Hazardous Materials are those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the operation of a public safety building, the use, treatment, storage, transportation, and disposal of which has been and shall be in compliance with all Laws and Regulations.

(c) None of the Property located in an area of high potential incidence of radon has an unventilated basement or subsurface portion which is occupied or used for any purpose other than the foundation or support of the improvements to such Property.

#### Section 5.10. Environmental Compliance.

(a) The Borough shall not use or permit the Property or any part thereof to be used to generate, manufacture, refine, treat, store, handle, transport, or dispose of, transfer, produce, or process Hazardous Materials, except if, and only to the extent, necessary to maintain the improvements or conduct operations on the Property and then, only in compliance with all Environmental Laws, nor shall it permit, as a result of any intentional or unintentional act or omission on its part or by any tenant, subtenant, licensee, guest, invitee, contractor, employee, or agent, the storage, transportation, disposal, or use of Hazardous Materials or the Release or threat of Release of Hazardous Materials on, from, or beneath the Property or onto any other property excluding, however, those Hazardous Materials in those amounts ordinarily found in the inventory of or used in the operation of a fire station and fleet maintenance facility, the use, storage, treatment, transportation, and disposal of which shall be in compliance with all Environmental Laws. Upon the occurrence of any Release or threat of Release of Hazardous Materials, the Borough shall promptly commence and perform, or cause to be commenced and performed, all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials so released, on, from, or beneath the Property or other property, in compliance with all Environmental Laws. Notwithstanding anything to the contrary contained herein, underground storage tanks shall only be permitted subject to compliance with subsection (d) of this Section and only to the extent necessary to maintain the improvements on the Property.

(b) The Borough shall comply with, and shall use its best efforts to assure that its tenants, subtenants, agents, licensees, employees, contractors, and agents comply with, all Environmental Laws and shall keep the Property free and clear of Hazardous Materials; provided, that notwithstanding that a portion of this covenant is limited to the Borough's use of its best efforts, the Borough shall remain solely responsible for ensuring such compliance and such limitation shall not diminish or affect in any way the Borough's obligations contained in subsection (c) of this Section as provided in subsection (c) of this Section. Upon receipt of any notice from any Person with regard to the Release of Hazardous Materials on, from, or beneath

the Property, the Borough shall give prompt written notice thereof to the Trustee (and in any event, prior to the expiration of any period in which to respond to such notice under Environmental Law).

(c) Irrespective of whether any representation or warranty contained in Section 5.9 is not true or correct, the Borough shall defend, indemnify, and hold harmless the Trustee and the Owners of the Certificates, and their employees, agents, officers, directors, trustees, successors, and assigns, from and against any claims, demands, penalties, fines, attorneys' fees (including without limitation, attorneys' fees incurred to enforce the indemnification contained in this Section), consultants' fees, investigation, and laboratory fees, liabilities, or settlements (five Business Days' prior notice of which the Trustee shall have delivered to the Borough), court costs, damages, losses, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, occurring in whole or in part, arising out of, or in any way related to (i) the presence, disposal, Release, threat of Release, removal, discharge, storage, or transportation of any Hazardous Materials on, from, or beneath the Property, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit brought or threatened, settlement reached (five Business Days' prior notice of which the Trustee shall have delivered to the Borough), or governmental order relating to Hazardous Materials on, from, or beneath any of the Property, (iv) any violation of Environmental Laws or subsection (a) or (b) of this Section by it or any of its agents, tenants, employees, contractors, licensees, guests, subtenants, or invitees, and (v) the imposition of any governmental lien for the recovery of environmental cleanup or removal costs. To the extent that the Borough is strictly liable under any Environmental Law, its obligation to the Trustee and the Owners of the Certificates and the other indemnities under the foregoing indemnification shall likewise be without regard to fault on its part with respect to the violation of any Environmental Law which results in liability to any indemnitee. Its obligations and liabilities under this subsection shall survive any foreclosure of the security interest in the Property, or the delivery of any instrument in lieu of foreclosure, and the retirement of all Certificates.

(d) The Borough shall conform to and carry out a reasonable program of maintenance and inspection of all underground storage tanks on the Property, and shall maintain, repair, and replace such tanks only in accordance with Laws and Regulations, including without limitation Environmental Laws.

Section 5.11. Power of Condemnation. The Borough hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain Outstanding, the Borough will not exercise the power of condemnation with respect to the Property. The Borough further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the Borough should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if such Certificates are then subject to redemption, the principal and interest components of the Certificates outstanding through the date of their redemption, or (ii) if such Certificates are not then subject to redemption, the amount necessary to defease such Certificates to the first available redemption date in accordance with the Indenture.

**ARTICLE VI**  
**ASSIGNMENT, SUBLEASING, MORTGAGING, AND SELLING**

Except as provided in the Indenture, the Trustee shall not assign this Lease, or sublease, mortgage, sell, assign, transfer, convey, or encumber the Property or its interest therein, as a whole or in part, and any such action or attempted action on the part of the Trustee shall be null and void.

**ARTICLE VII**  
**DEFAULT AND REMEDIES**

Section 7.1. Events of Default Defined. An "Event of Default" shall have occurred hereunder:

(a) Upon the failure by the Trustee to observe and perform any covenant, condition, or agreement on its part to be observed or performed for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Trustee by the Borough, unless the Borough shall agree in writing to an extension of such time prior to its expiration; provided, that if in the opinion of the Borough the failure stated in the notice cannot be corrected within the applicable period, the Borough will consent to an extension of such time if corrective action is instituted by the Trustee within the applicable period and diligently pursued until the default is corrected.

(b) Upon failure of the Borough to observe and perform any covenant, condition, or agreement on its part to be observed or performed for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borough by the Trustee; provided, that if said default be such that it cannot be corrected within the applicable period it shall not constitute an Event of Default if corrective action is instituted by the Borough within the applicable period and diligently pursued until the default is corrected.

(c) The foregoing provisions of this Section are subject to the following limitations: if by reason of Force Majeure, the Borough is unable in whole or in part to carry out any of its agreements on its part herein contained, other than any obligation of the Borough to pay money, it shall not be deemed an Event of Default during the continuance of such inability. The Borough agrees, however, to use all reasonable efforts to remedy with all reasonable dispatch the cause or causes of its failure to carry out its obligations under this Lease; provided, that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the Borough and the Borough shall not be required to make settlement of strikes, lockouts, or other industrial disturbances by acceding to demands of opposing parties when such course is in the judgment of the Borough unfavorable to the Borough.

Section 7.2. Remedies on Default.

(a) Whenever an Event of Default referred to in Section 7.1(a) shall have happened and be continuing, the Borough may bring action to compel specific performance to correct any such Event of Default. In addition, in the event of any such Event of Default and if the Borough shall pay to the Trustee all amounts the Trustee is entitled to receive under the Indenture (which amounts, together with all sums then held by the Trustee under the Indenture, shall be at least

sufficient to pay (i) the principal component of all Certificates then Outstanding plus premium, if any, and the interest component accrued and to accrue to the next date upon which the Certificates may be redeemed pursuant to the Indenture, (ii) all reasonable and necessary fees and expenses of the Trustee and any paying agent accrued and to accrue through final payment of the Certificates, and (iii) all other liabilities of the Borough accrued and to accrue under the Indenture), the Borough may take possession of the Property and upon notice to the Trustee terminate this Lease.

(b) Except as otherwise provided in the Indenture, whenever an Event of Default referred to in Section 7.1(b) shall have happened and be continuing, the remedy shall be an action for damages or to compel specific performance. The Trustee, or the Owners of the Certificates, as provided in the Indenture, shall have the exclusive right to enforce remedies pursuant to this Lease for an Event of Default referred to in Section 7.1(b); provided, that the Trustee on its own behalf may enforce its right to indemnification pursuant to Section 5.5.

Section 7.3. Remedies Exclusive. The remedies conferred upon and reserved to the Borough and the Trustee pursuant to Section 7.2 are intended to be cumulative and exclusive of any other remedy or remedies for Events of Default; provided, that the limitation on remedies for Events of Default shall not preclude the Borough or the Trustee from bringing any action to seek remedy by reason of any misrepresentation or breach of warranty arising out of Article II; and provided further, that no remedy shall be exercised in any manner that will terminate this Lease prior to the full payment of the Certificates (or provision for payment thereof has been made in accordance with the Indenture) or which may impair the payment of the principal component, premium, if any, or the interest component of any of the Certificates. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Borough or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 7.4. No Additional Waiver Implied by One Waiver. In the event a breach by either party of any agreement contained in this Lease should be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.5. Performance of the Trustee. The Trustee shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been directed to do so by the Borough and shall have received the instrument to be executed, and at the Trustee's option shall have received from the Borough indemnification against liability for the action to be taken or instrument to be executed, and assurance satisfactory to the Trustee that the Trustee shall be reimbursed for its reasonable expenses, previously approved by the Borough in writing, incurred or to be incurred in connection with taking such action or executing such instrument or that funds for such purpose shall have been deposited with the Trustee. The Trustee is entering into this Lease solely in its capacity as Trustee under the Indenture, and all provisions of the Indenture relating to the rights, privileges, powers, and protections of the Trustee, including without limitation those set forth in Article XII thereof, shall apply with equal force and effect to all actions taken by the Trustee in connection with this Lease.

**ARTICLE VIII  
RIGHT TO TERMINATE LEASE**

Upon payment in full of the Certificates (or provision for payment thereof has been made in accordance with the provisions of the Indenture) and all fees and expenses of the Trustee and all other liabilities for payment of money to the Trustee incurred by the Borough hereunder or under the Indenture, all references in this Lease to the Certificates, Owners of the Certificates, and the Trustee shall be ineffective, and neither the Trustee nor the Owners of any of the Certificates shall thereafter have any rights with respect to any money payable with respect to the Property, saving and excepting those with respect to money theretofore paid to the Trustee pursuant to the Indenture, and thereupon the Borough shall be entitled to terminate this Lease upon written notice to the Trustee accompanied by a payment from the Borough to the Trustee of \$10. Upon such termination the Trustee shall execute and deliver to the Borough any instruments and take any action that may be reasonably required by the Borough to evidence such termination and the relinquishment of all of the Trustee's rights and interests in the Property granted by this Lease.

**ARTICLE IX  
MISCELLANEOUS**

Section 9.1. Notices to the Trustee and the Borough. All notices required to be given or authorized to be given by any party under this Lease shall be in writing and shall be served personally or sent by registered mail as follows:

Lessee:	U.S. Bank National Association Global Corporate Trust Services 1420 Fifth Avenue, 7th Floor Seattle, Washington 98101 Attention: Carolyn Morrison
Lessor:	Matanuska-Susitna Borough, Alaska Attention: Finance Director 350 East Dahlia Avenue Palmer, Alaska 99645

Each of the above addressees may, by written notice given hereunder to the other, designate any further or different addresses to which subsequent notices shall be sent. In addition, the parties hereto may agree to any other means by which subsequent notices may be sent.

Section 9.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee, the Borough, and their respective successors and assigns, subject however, to the limitations contained in Article VI.

Section 9.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.4. No Merger. Neither this Lease or the Indenture nor any provisions thereof shall be construed to effect a merger of the title of the Borough to the Property and the Borough's subleasehold interest therein under the Indenture. In no event shall the leasehold interest of the Trustee hereunder merge with any estate of the Borough in or to the Property or the leasehold interest of the Borough under the Indenture. In the event the Borough acquires the leasehold interest of the Trustee, such leasehold interest shall not merge with the Borough's fee interest in the Property or the leasehold interest of the Borough under the Indenture, and this Lease and the Indenture shall remain in full force and effect.

Section 9.5. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.6. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of Alaska.

Section 9.7. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit, or describe the scope or intent of any provisions of the Sections of this Lease.

Section 9.8. Parties Interested Herein. Nothing in this Lease, express or implied, is intended or shall be construed to give to any Person, other than the Borough, the Trustee, and the Owners of the Certificates, any right, remedy, or claim under or by reason of this Lease. The covenants, stipulations, and agreements contained in this Lease are and shall be for the sole and exclusive benefit of the Borough, the Trustee, their successors and assigns, and the Owners of the Certificates, each of whom is explicitly recognized as being a third-party beneficiary hereunder and may, subject to the express limitations described herein, enforce any such right, remedy, or claim conferred, given, or granted hereunder.

IN WITNESS WHEREOF, the Borough and the Trustee have caused this Lease to be executed in their respective corporate names all as of the date first above written.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Ryan Brennan, Trust Officer

SIGNATURE PAGE OF LEASE

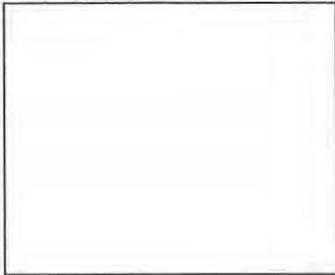
51523640.1

**INTRODUCTIONS**

Im16-119  
UR16-080 **1033**

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of [\_\_\_\_], 2016, by John Moosey, Borough Manager of the Matanuska-Susitna Borough, Alaska, on behalf of the Borough.



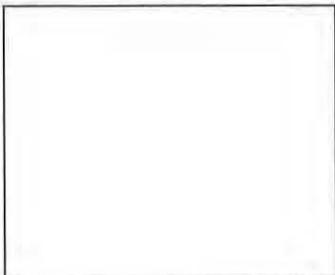
\_\_\_\_\_  
(Signature of Notary)

Notary public for Alaska  
My commission expires \_\_\_\_\_.

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Ryan Brennan is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a Trust Officer of U.S. Bank National Association, a national banking association, to be the free and voluntary act of such association for the uses and purposes mentioned in the instrument.

Dated: [\_\_\_\_] \_\_, 2016



\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing  
at \_\_\_\_\_.  
My appointment expires \_\_\_\_\_.

**EXHIBIT A  
TO LEASE**

Property Description

[ ]

---

\$[\_\_\_\_]

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
FIRE STATION LEASE  
CERTIFICATES OF PARTICIPATION, 2016A**

**LEASE PURCHASE AGREEMENT AND TRUST INDENTURE**

**Dated as of [\_\_\_\_] 1, 2016**

---

§[ ]

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
FIRE STATION LEASE  
CERTIFICATES OF PARTICIPATION, 2016A**

**LEASE PURCHASE AGREEMENT AND TRUST INDENTURE**

**TABLE OF CONTENTS**

ARTICLE I DEFINITIONS AND INTERPRETATION ..... 3

    Section 1.01 Definitions..... 3

    Section 1.02 Interpretation..... 11

    Section 1.03 Characteristics of Certificate or Opinion ..... 11

    Section 1.04 Governing Law; Venue..... 12

    Section 1.05 Contract With Owners ..... 12

ARTICLE II GENERAL PROVISIONS ..... 12

    Section 2.01 Duration of Indenture..... 12

    Section 2.02 Obligations of Borough Limited to Certain Resources..... 12

    Section 2.03 Interest of Certificate Owners ..... 12

ARTICLE III CONSTRUCTION, OCCUPANCY, AND MAINTENANCE OF PROJECT..... 13

    Section 3.01 Construction of Project ..... 13

    Section 3.02 Absolute Net Lease ..... 13

    Section 3.03 Operation and Maintenance of Property ..... 13

    Section 3.04 Alterations and Improvements..... 14

    Section 3.05 Compliance with Laws and Regulations..... 14

    Section 3.06 Liens..... 14

    Section 3.07 Borough’s Right to Contest ..... 14

    Section 3.08 Insurance ..... 14

    Section 3.09 Insurers; Policy Forms and Loss Payees..... 15

    Section 3.10 Self-Insurance ..... 15

    Section 3.11 Indemnification of Trustee..... 15

    Section 3.12 Covenant Against Waste..... 15

    Section 3.13 Right of Inspection..... 16

    Section 3.14 Condition of Property ..... 16

ARTICLE IV RENT AND SOURCE OF FUNDS THEREFOR ..... 16

    Section 4.01 Payment of Rent..... 16

    Section 4.02 Covenant to Budget and Seek Appropriation ..... 16

    Section 4.03 Trustee’s Covenant of Quiet Enjoyment..... 16

    Section 4.04 Rent Subject to Appropriation ..... 17

    Section 4.05 New Lease..... 17

ARTICLE V MISCELLANEOUS LEASE PROVISIONS .....	17
Section 5.01 Property to Vest in the Borough .....	17
Section 5.02 Prepayment of Base Rent.....	17
Section 5.03 Damage to or Destruction of Property .....	17
Section 5.04 Purchase of Trustee's Interest in Property .....	18
ARTICLE VI AUTHORIZATION, EXECUTION AND DELIVERY OF CERTIFICATES.....	18
Section 6.01 Authorization and Purpose of Initial Certificates .....	18
Section 6.02 Additional Certificates.....	19
ARTICLE VII DESCRIPTION, FORM, EXECUTION, AND REGISTRATION OF CERTIFICATES.....	21
Section 7.01 Description of Initial Certificates.....	21
Section 7.02 Place, Manner, and Medium of Payment of Initial Certificates .....	22
Section 7.03 Book-Entry System for Initial Certificates .....	22
Section 7.04 Form of Certificates .....	23
Section 7.05 Registration of Certificates .....	24
Section 7.06 Transfer and Exchange of Certificates.....	24
Section 7.07 Time Restrictions on Transfer and Exchange.....	24
Section 7.08 Mutilated, Lost, Stolen, or Destroyed Certificates .....	24
Section 7.09 Cancellation of Certificates.....	24
ARTICLE VIII REDEMPTION.....	25
Section 8.01 Optional Redemption.....	25
Section 8.02 Mandatory Sinking Fund Redemption.....	25
Section 8.03 Extraordinary Optional Redemption.....	26
Section 8.04 Trustee to Undertake Redemptions, Determination of Redemption Dates .....	26
Section 8.05 Notice of Redemption.....	26
Section 8.06 Partial Redemption of Certificates.....	27
Section 8.07 Effects of Redemption of Certificates.....	27
ARTICLE IX CREATION AND OPERATION OF FUNDS .....	28
Section 9.01 Pledge.....	28
Section 9.02 Rent Fund.....	28
Section 9.03 Reserve Fund .....	28
Section 9.04 Construction Fund.....	29
Section 9.05 Investment of Funds.....	30
ARTICLE X COVENANTS AND CONTINUING OBLIGATIONS OF THE BOROUGH.....	31
Section 10.01 Warranties and Covenants of the Borough .....	31
Section 10.02 Compliance with Laws .....	31
Section 10.03 Further Assurances.....	31
Section 10.04 Tax Exemption.....	32
Section 10.05 Certificates Not to Become Arbitrage Bonds .....	32
Section 10.06 Recording.....	32

ARTICLE XI EVENTS OF DEFAULT AND REMEDIES.....	32
Section 11.01 Events of Default Defined .....	32
Section 11.02 Remedies of Trustee .....	33
Section 11.03 Other Remedies.....	33
Section 11.04 Legal Proceedings by Trustee.....	33
Section 11.05 Discontinuance of Proceedings by Trustee.....	34
Section 11.06 Certificate Owners May Direct Proceedings .....	34
Section 11.07 Limitations on Actions By Owners.....	34
Section 11.08 Trustee May Enforce Rights Without Possession of Certificates .....	34
Section 11.09 Delays and Omissions Not to Impair Rights.....	34
Section 11.10 Application of Money in Event of Default .....	34
Section 11.11 Trustee’s Right to Receiver .....	35
Section 11.12 Trustee and Owners Entitled to Remedies; Remedies Not Exclusive.....	35
Section 11.13 Waiver of Events of Default .....	35
 ARTICLE XII CONCERNING THE TRUSTEE .....	 36
Section 12.01 Acceptance of Duties of Trust and Prudent Performance Thereof.....	36
Section 12.02 Trustee May Rely Upon Certain Documents and Opinions .....	38
Section 12.03 Trustee Not Responsible for Statements, Validity.....	38
Section 12.04 Limits on Duties and Liabilities of Trustee .....	39
Section 12.05 Funds Held in Trust .....	39
Section 12.06 Costs for Maintenance of Suit; Indemnification.....	39
Section 12.07 Intervention in Judicial Proceedings.....	39
Section 12.08 Trustee to Retain Financial Records .....	40
Section 12.09 Reports of Activities .....	40
Section 12.10 Compensation of Trustee .....	40
Section 12.11 Trustee May Hold Certificates.....	40
Section 12.12 Appointment of Trustee .....	40
Section 12.13 Resignation of Trustee .....	41
Section 12.14 Removal of Trustee.....	41
Section 12.15 Appointment of Successor Trustee .....	41
Section 12.16 Merger of Trustee .....	42
Section 12.17 Transfer of Rights and Property to Successor Trustee.....	42
Section 12.18 Appointment of Co-Trustee .....	42
 ARTICLE XIII CONCERNING THE OWNERS .....	 43
Section 13.01 Execution of Instruments by Owners.....	43
Section 13.02 Waiver of Notice.....	44
Section 13.03 Revocation by Owners.....	44
 ARTICLE XIV DISCHARGE OF LIEN OF INDENTURE .....	 44
Section 14.01 Discharge of Lien of Indenture by Payment of Certificates .....	44
Section 14.02 Discharge of Lien of Indenture by Defeasance.....	44
Section 14.03 Effect of Discharge of Lien of Indenture.....	46

ARTICLE XV SUPPLEMENTAL INDENTURES ..... 46

    Section 15.01 Modification of Indenture Without Consent of Owners ..... 46

    Section 15.02 Modification of Indenture With Consent of Majority of Owners..... 47

    Section 15.03 Modification of Indenture With Consent of All Owners ..... 47

    Section 15.04 Execution and Notices of Supplemental Indenture..... 47

    Section 15.05 Supplemental Indenture to be Part of Indenture ..... 48

ARTICLE XVI MISCELLANEOUS..... 48

    Section 16.01 Covenants Bind Successors and Assigns ..... 48

    Section 16.02 Immunity of Officers ..... 48

    Section 16.03 Parties Interested Herein ..... 48

    Section 16.04 Execution of Indenture in Counterparts ..... 49

    Section 16.05 Severability of Indenture Provisions..... 49

    Section 16.06 All Obligations Due on Business Days..... 49

    Section 16.07 Time of Essence ..... 49

    Section 16.08 Notices ..... 49

    Section 16.09 Survival of Trustee’s Rights to Receive Compensation,  
                    Reimbursement and Indemnification..... 49

    Section 16.10 No Merger ..... 50

EXHIBITS:

Exhibit A      Description of Property

Exhibit B      Form of Initial Certificate

Exhibit C      Schedule of Base Rent Payments

Exhibit D      Form of Requisition For Costs of the Project

## LEASE PURCHASE AGREEMENT AND TRUST INDENTURE

THIS LEASE PURCHASE AGREEMENT AND TRUST INDENTURE (the "Indenture") dated as of [\_\_\_\_\_] 1, 2016, is made by and between the MATANUSKA-SUSITNA BOROUGH (the "Borough"), an Alaska municipal corporation, and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association with corporate trust powers organized under the laws of the United States of America and having a corporate trust office and place of business in the City of Seattle, Washington, as trustee.

### RECITALS

WHEREAS, the Borough has determined that it would be in the best interest of the Borough and in furtherance of the public purposes of the Borough, to acquire, construct, and equip a fire station and fleet maintenance facility (the "Project") within the Borough; and

WHEREAS, the Borough has title to the real property more particularly described in Exhibit A hereto (the "Land") as the site for the Project; and

WHEREAS, under Ordinance Serial No. 16-[\_\_\_\_\_] , adopted on [\_\_\_\_\_] , 2016, the Borough is authorized to enter into a Lease Purchase Agreement in a principal amount not to exceed \$[\_\_\_\_\_] for the purpose of constructing and acquiring the Project on the Land; and

WHEREAS, the Borough, as lessor, and the Trustee, as lessee, have entered into a Lease dated as of the date of this Indenture (the "Lease"), under which the Borough leases the Land, the Project, and all additions, alterations, and modifications made to the Project in accordance with this Indenture (together, the "Property") to the Trustee; and

WHEREAS, pursuant to this Indenture, the Trustee shall lease the Property to the Borough, which will permit the Borough to operate essential public functions in the Project; and

WHEREAS, the Project will be used for a public purpose and essential public functions of the Borough; and

WHEREAS, rent payable by the Borough for its use of the Property under this Indenture (the "Base Rent") consists of (i) a principal component and (ii) an interest component; and

WHEREAS, the Borough has determined to cause the sale of participations in the right to receive Base Rent, which participations are evidenced by the instruments authorized herein called "Certificates"; and

WHEREAS, the offer of RBC Capital Markets, LLC (the "Original Purchaser"), to purchase all of the Certificates has been accepted by the Borough; and

WHEREAS, the Borough and the Trustee each have authority to enter into this Indenture, have duly authorized its execution and delivery, and through their duly qualified officers have duly executed and delivered this Indenture; and

WHEREAS, all things necessary to make the Initial Certificates, when executed and delivered as provided in this Indenture, valid, binding, and legal obligations and to constitute this Indenture a valid, binding, and legal instrument for the security of the Certificates, enforceable in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Borough, in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, of the purchase and acceptance of the Certificates by the Owners thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Certificates are to be executed, delivered, secured, and accepted by all Persons who shall from time to time be or become Owners thereof, and in order to secure the payment of the principal and interest components of Base Rent under the Certificates according to their tenor, purport, and effect, and in order to secure the performance and observance of all the covenants, agreements, and conditions therein and herein contained, has executed this Indenture and does hereby grant a security interest in, release, assign, transfer, delegate, grant, and convey unto the Trustee and its successors and assigns forever, without recourse, the property hereinafter described (the "Trust Estate"), namely:

#### GRANTING CLAUSES

The interest of the Trustee as lessee under that certain Lease, dated as of [\_\_\_\_\_] 1, 2016, between the Borough, as lessor, and the Trustee as lessee, for the lease of the Property; and the interest of the Trustee as lessor under this Indenture.

#### I.

The Property and all of the Trustee's rights, title, and interest as lessee under the Lease and as lessor under this Indenture (including the Trustee's right, title, and interest in and to the Rent);

#### II.

All rights, title, and interest of the Borough, if any, whether now or hereafter in effect, respecting all choses in action and all choses in possession now or hereafter existing to the benefit of or arising for the benefit of the Borough with respect to the Property under the Lease or this Indenture and all proceeds of the foregoing;

#### III.

All funds and accounts established under this Indenture and the investments thereof, if any, and money, securities, and obligations therein (subject to disbursements from any such fund or account upon the conditions set forth in this Indenture); and

#### IV.

All money and securities from time to time held by the Trustee under the terms of this Indenture and any and all other real or personal property of every name and nature concurrently

herewith or from time to time hereafter by delivery or by writing or of any kind conveyed, mortgaged, pledged, assigned, or transferred as and for additional security hereunder by the Borough or by anyone in its behalf, or with its written consent, to the Trustee, which is hereby authorized and directed to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD all said properties, real, personal, and mixed, tangible and intangible, pledged, assigned, and conveyed by the Borough as aforesaid, or intended so to be, unto the Trustee and its successors in trust and its assigns forever;

IN TRUST, upon the terms and trusts herein set forth, for the protection and benefit of the Owners, from time to time, of the Certificates, equally and ratably, without preference, priority, or distinction of any such Owner over any other such Owner by reason of priority in execution and delivery or acquisition or otherwise, as if all the Certificates at any time Outstanding had been sold, executed, delivered, and negotiated simultaneously with the execution and delivery hereof, and for the protection and benefit of the Trustee, as provided in Section 12.10;

PROVIDED, HOWEVER, that if (1) all of the principal components, premium, if any, and interest components of the Certificates shall be paid at the times and in the manner mentioned therein, or shall be defeased as permitted hereby; and (2) the Trustee and the Borough shall have been paid all sums of money required to be paid to them in accordance with the terms and provisions of this Indenture, then upon such final payments or provision for such payments being made pursuant to the terms and conditions of this Indenture, the lien of this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, that the Borough hereby agrees and covenants with the Trustee for the benefit of the Owners, from time to time, of the Certificates, as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section, when used in this Indenture (including the Recitals and Granting Clauses), shall have the following meanings, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

“Additional Certificates” means one or more series of additional parity certificates of the Borough executed and delivered pursuant to Section 6.02.

“Additional Rent” means all costs and expenses of maintenance, insurance premiums, taxes, governmental, and other charges that lawfully may be assessed or levied against or with respect to the Property, and all other payments with respect to the Property (it being understood that this Indenture is intended to be an absolute net lease) and all costs and expenses associated with the Certificates, including Costs of Issuance, ongoing fees and expenses of the Trustee, and

payments required under Section 9.03(c) to restore the amount in the Reserve Fund to the Reserve Requirement.

“Annual Debt Service” means the Debt Service in any specified Fiscal Year.

“Assembly” means the general legislative authority of the Borough, as the same may be constituted from time to time.

“Authorized Investments” means any of the following:

(a) Government Obligations.

(b) Investments in (1) senior obligations of the Federal Home Loan Bank System, (2) participation certificates (excluding stripped mortgage securities that are purchased at prices exceeding their principal amounts) or senior debt obligations of the Federal Home Loan Mortgage Corporation, (3) mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities that are valued greater than par on the portion of unpaid principal) of the Federal National Mortgage Association, or (4) senior debt obligations of the Student Loan Marketing Association (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(c) Repurchase agreements with primary dealers and/or banks rated, at all times, “AA” or better by S&P, collateralized with Government Obligations held by a third party custodian, having a market value (determined at least once every 14 days) at least equal to the amount so invested. The repurchase agreement shall state and an Opinion of Counsel shall be rendered at the time such collateral is delivered that the holder of the collateral has a perfected first priority security interest in the collateral, any substituted collateral, and all proceeds thereof (in the case of bearer securities, this means the holder of the collateral is in possession). The repurchase agreement shall provide that if during its term the provider’s rating by S&P is withdrawn or suspended or falls below “A-” by S&P, as appropriate, the provider must, at the direction of the Borough or the Trustee, within ten (10) days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Borough or Trustee.

(d) Shares of SEC registered money market mutual funds conforming to Rule 2a-7 of the Investment Company Act of 1940 that invest primarily in direct obligations issued by the U.S. Treasury and repurchase agreements backed by those obligations, including funds for which the Trustee or an affiliate of the Trustee acts as an advisor, and rated in the highest category by S&P.

(e) Certificates of deposit of any bank (including the Trustee), trust company, or savings and loan association whose short term obligations are rated, at all times, “A-1” or better by S&P, provided that such certificates of deposit are fully secured by Government Obligations, the Trustee has a perfected first security interest in the obligations securing the certificates, and the Trustee holds (or shall have the option to appoint a bank, trust company, or savings and loan association as its agent to hold) the obligations securing the certificates.

(f) Certificates of deposit of any bank (including the Trustee), trust company, or savings and loan association having capital and surplus of at least \$5,000,000, which certificates are fully insured by the Federal Deposit Insurance Corporation.

(g) Commercial paper (having original maturities of not more than 270 days) rated, at all times, "A-1+" or better by S&P.

(h) Obligations of, or obligations fully guaranteed by, any state of the United States of America or any political subdivision thereof, which obligations, at all times, are rated by S&P in the highest rating category (without regard to any refinement or graduation of rating category by numerical modifier or otherwise, and without regard to credit enhancement) assigned by S&P to obligations of that nature.

Investments set forth in clauses (a) through (h) of this definition shall constitute "Authorized Investments" only if the following requirements are met, to the extent applicable:

(i) If any of the foregoing investments, during any period of time, constitute:

(1) "certificated securities" or other "instruments" (as defined in the UCC), then during such period of time, such investments shall constitute "Authorized Investments" only if and so long as such investments are in the physical possession of either the Trustee or a third party that holds such instruments (i) as an agent of the Trustee and in such a manner that no creditor, bankruptcy trustee, or other receiver of such third party shall have any claim to or right to recover from such investments either upon the bankruptcy or other insolvency of such third party or otherwise, and (ii) as bailee for the Trustee for purposes of perfection by possession of the Trustee's security interest in such investment; or

(2) "uncertificated securities" (as defined in the UCC), then during such period of time, such investments shall constitute "Authorized Investments" only if and so long as the Trustee is the registered owner of such investments; and

(ii) In all cases and at all times, such investments shall constitute "Authorized Investments" only if and so long as the foregoing investments are held in such a manner that no creditors of the Trustee or any third party holding such investments as agent for the Trustee and no bankruptcy trustee or other receiver of the Trustee or such third party shall have any claim to or right to recover from such investments either upon the bankruptcy or other insolvency of the Trustee or such third party or otherwise.

"Base Rent" means the payments to be made by the Borough to the Trustee under this Indenture that are identified in Exhibit C.

“Beneficial Owner” means the Person that owns a beneficial interest in a Certificate and whose name is recorded as the beneficial owner of such Certificate by the respective systems of DTC and the DTC Participants.

“Bond Counsel” means an attorney or firm of attorneys whose opinion is accepted in the national tax-exempt capital markets as to the issuance and validity of municipal securities and as to the interest paid thereon not being included in gross income for federal income taxation purposes, which attorney or firm has been approved by, selected by, or retained by the Borough from time to time.

“Book-Entry Termination Date” means, with respect to any specified series of Certificates, the fifth Business Day following the date of receipt by the Trustee of the Borough’s request to terminate any book-entry system of registering the beneficial ownership of such series of Certificates.

“Borough” means the Matanuska-Susitna Borough, a municipal corporation of the State.

“Borough Representative” means the Borough Manager of the Borough or any other person designated by duly adopted motion or resolution of the Borough and filed with the Trustee.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which commercial banks in the State, New York, New York, or the place where the principal corporate trust office of the Trustee is located, are authorized or required by law to be closed.

“Certificates” means the Initial Certificates and any Additional Certificates executed and delivered pursuant to this Indenture.

“Code” means the Internal Revenue Code of 1986, as now in existence or hereafter amended, together with all applicable regulations promulgated heretofore or hereafter thereunder.

“Construction Fund” means the fund so designated that is established pursuant to Section 9.04.

“Cost of the Project” means all costs paid or incurred by the Borough in connection with the acquisition and construction of the Project, and the placing of the same in operation, including the interest component of Base Rent during such period as may be fixed herein; paying or reimbursing the Borough or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of the Project and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of the Project, the financing of the same and the placing of the same in operation.

“Costs of Issuance” shall mean all items of expense, directly or indirectly payable or reimbursable by the Borough and related to the authorization, sale, execution and delivery of the Certificates, including printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for

preparation, execution, transportation, and safekeeping of the Certificates, costs and expenses of refunding, premiums for the insurance of the payment of the Certificates, underwriter's discounts, and any other cost, charge, or fee in connection with the original execution and delivery of the Certificates.

"Date of Issue" means, with respect to any series of Certificates, the date on which the Certificates of such series are executed and delivered to the Original Purchaser thereof in return for payment by the Original Purchaser of the purchase price therefor.

"Debt Service" means, with respect to any period, the sum of:

(a) The interest component of all Certificates then Outstanding during such period, computed on the assumption that all such Certificates are retired on their maturity dates or at the times and in the amounts of any required sinking fund or other mandatory redemption prior to maturity; and

(b) The principal (or sinking fund or other mandatory redemption prior to maturity) components or deposits required with respect to all Certificates then Outstanding during such period, computed on the assumption that no portion of such Certificates shall cease to be Outstanding during such period except by reason of the application of such scheduled payments.

"Deed of Trust" means the Deed of Trust, Assignment of Leases and Rents, and Security Agreement, dated as of [ ] 1, 2016, from the Borough as grantor, to Mat-Su Title Agency, LLC, as deed of trust trustee, for the benefit of the Trustee as beneficiary, as originally executed and as it may subsequently be modified, amended, or restated in accordance with its terms.

"Deed of Trust Default" means any of the events described as such in Section 10 of the Deed of Trust.

"Defeasance Deposit" means the irrevocable deposit of money, or noncallable Government Obligations that are not subject to redemption prior to maturity, in order to provide for the payment of all or a portion of the principal components of, premium, if any, and interest components of any Certificates in accordance with, and simultaneously meeting all the requirements of, Section 14.02.

"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.

"DTC Participant" means a trust company, bank, broker, dealer, clearing corporation, or other organization that is a participant of DTC.

"Event of Default" means any of the events described as such in Section 11.01.

"Fiscal Year" means the fiscal year of the Borough, which currently is the 12-month period commencing on July 1 and ending the following June 30.

“Force Majeure” means, without limitation, any of the following: acts of God, strikes, lockouts, or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, landslides, earthquakes, fires, storms, droughts, floods, explosions, breakage, or accident to machinery, transmission pipes, or canals; or any other cause or event not reasonably within the control of the Borough.

“Government Obligations” means (a) SLGS; (b) other certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

“Granting Clauses” means the granting clauses identified as such at the beginning of this Indenture, including any supplements or amendments thereto made in conformity herewith.

“Indenture” means this Lease Purchase Agreement and Trust Indenture, dated as of [\_\_\_\_\_] 1, 2016, by and between the Borough and the Trustee, including any indentures supplemental or amendatory hereto made in conformity herewith.

“Initial Certificates” means the \$[\_\_\_\_\_] original aggregate principal amount Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates of Participation, 2016A, dated [\_\_\_\_\_] 2016, authorized to be executed and delivered by this Indenture.

“Interest Payment Date” means, with respect to the Initial Certificates, [April 1] and [October 1], and with respect to any series of Additional Certificates, the dates established for the payment of the interest components of such series of Additional Certificates in the supplemental indenture authorizing such series.

“Land” means the real property described as such in the Recitals.

“Lease” means the Lease dated as of [\_\_\_\_\_] 1, 2016, between the Borough and the Trustee, under which the Borough leases the Property to the Trustee.

“Lease Term” means the duration of the lease of the Property to the Borough as set forth in Section 2.01.

“Letter of Representations” means the blanket issuer letter of representations from the Borough to DTC, dated as of November 20, 1998.

“Maximum Annual Debt Service” means, as of any date, the greatest amount of Debt Service in the current or any future Fiscal Year.

“Net Proceeds” means, with respect to any insurance claim, condemnation award, or sale under threat of condemnation, the amount remaining from the gross proceeds of the insurance claim, condemnation award, or sale under threat of condemnation after deducting all expenses, including costs and attorneys’ fees, incurred in the collection thereof.

“Opinion of Bond Counsel” means an opinion in writing of Bond Counsel.

“Opinion of Counsel” means an opinion in writing of a lawyer admitted to practice of law in any state of the United States.

“Original Purchaser” means, with respect to any series of Certificates, the first purchaser of such series of Certificates from the Borough.

“Outstanding” means, as of any particular time, all Certificates, except:

(a) Certificates theretofore canceled by the Trustee, or delivered to the Trustee for cancellation after purchase in the open market or because of payment at, or redemption prior to, maturity; and

(b) Certificates for which a Defeasance Deposit has been made, but only to the extent that the principal components of, premium, if any, and interest components of such Certificates are payable from such Defeasance Deposit; provided, that the Certificates to be paid or redeemed with such Defeasance Deposit shall be deemed to be Outstanding, to the extent applicable, for the purpose of transfers and exchanges under this Indenture or for the purpose of replacement of lost, stolen, mutilated, or destroyed Certificates under this Indenture; and

(c) Mutilated, lost, stolen, or destroyed Certificates for which new Certificates have been executed and delivered, to the extent applicable, pursuant to this Indenture; and

(d) Certificates exchanged, to the extent applicable, for new Certificates pursuant to this Indenture.

“Owner” means, with respect to any Certificate, the Person named as the registered owner of such Certificate on the Register.

“Permitted Encumbrances” means, as of any particular time: (i) liens for taxes, assessments, and other governmental charges not delinquent or which can be paid without penalty or which are being contested in good faith by appropriate proceedings; (ii) all of the following, if they do not individually or in the aggregate materially impair the ability to construct or use the Project or materially detract from the value thereof to the Borough or impair the security granted to the Owners under the Indenture or Deed of Trust: easements, restrictions, mineral, oil, gas, and mining rights and reservations; zoning laws; and defects in title or other encumbrances; and (iii) rights now or hereafter reserved to or vested in any municipality or governmental or other public authority to control or regulate or use, in any manner, any portion of the Property.

“Person” means an individual, corporation, firm, association, partnership, trust, joint venture, joint stock company, unincorporated organization, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof, and also includes executors, administrators, trustees, receivers, or other representatives.

“Project” means the Borough’s fire station and fleet maintenance facility to be constructed on the Land.

“Property” means the Land, the Project, and all additions, alterations, and modifications made to the Project in accordance with this Indenture.

“Rating Agency” means S&P and each other nationally recognized securities rating agency that is maintaining a current rating on any of the Certificates at the request of the Borough.

“Recitals” means, with respect to this Indenture, the paragraphs identified as such at the beginning of this Indenture and any supplement hereto adopted in accordance herewith.

“Record Date” means (a) as to each Interest Payment Date, the 15th day of the calendar month preceding such Interest Payment Date; and (b) as to each Redemption Date, the 15th day preceding the mailing of the applicable redemption notice pursuant to Section 8.05.

“Redemption Date” means, with respect to a series of Certificates, the date upon which any Certificates of such series are to be redeemed, determined as provided in Section 8.04.

“Register” means the registration books maintained by the Trustee that include the names and addresses of the Owners or their nominees.

“Related Documents” means the Deed of Trust and the Lease.

“Rent” means Base Rent and Additional Rent.

“Rent Fund” means the fund of that name created pursuant to Section 9.02.

“Reserve Fund” means the fund of that name that is created pursuant to Section 9.03.

“Reserve Requirement” means, as of the Date of Issue of the Initial Certificates, \$[\_\_\_\_], and thereafter an amount equal to the least of (a) Maximum Annual Debt Service with respect to all Certificates then Outstanding, (b) 125% of average Annual Debt Service with respect to all Certificates then Outstanding, and (c) 10% of the original principal amount of the Initial Certificates plus any Additional Certificates executed and delivered to finance any additional Cost of the Project, any increase in the Reserve Requirement, and any additional Costs of Issuance.

“S&P” means Standard & Poor’s Ratings Services, its successors and assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating organization, any other nationally recognized securities rating organization designated to the Trustee in writing by a Borough Representative.

“State” means the State of Alaska.

“Trustee” means U.S. Bank National Association, as trustee, paying agent, and registrar all in accordance with this Indenture, or any successor to U.S. Bank National Association under this Indenture.

“Trust Estate” means the interest of the Trustee, created by this Indenture, in and to the property described in the Granting Clauses, and all revenues, money, investments, general intangibles, and instruments and the income, interest, and proceeds thereof and thereon.

Section 1.02 Interpretation.

(a) Unless the context requires otherwise, all references herein to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections, or subdivisions of this Indenture, as such Articles, Sections, or subdivisions may be amended from time to time.

(b) The captions or headings of Articles and Sections in this Indenture are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or Sections of this Indenture.

(c) Unless the context requires otherwise, the words “herein,” “hereunder,” “hereby,” “hereto,” “hereof,” “hereinafter,” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or subdivision hereof.

(d) Unless the context requires otherwise, the word “heretofore” means before the time this Indenture becomes effective; the word “now” means at the time this Indenture becomes effective; and the word “hereafter” means after the time this Indenture becomes effective.

(e) The word “he” shall be deemed to include the word “she,” the word “him” shall be deemed to include the word “her,” and the word “his” shall be deemed to include the word “hers.”

(f) The word “including” means “including without limitation.”

Section 1.03 Characteristics of Certificate or Opinion.

(a) Every certificate and every Opinion of Counsel or Opinion of Bond Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include a statement that the Person making such certificate or opinion has read such covenant or condition and the definitions relating thereto; a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether such covenant or condition has been complied with, and a statement whether, in the opinion of the signers, such condition or covenant has been complied with.

(b) Any certificate made or given by an officer of the Borough or other Person may be based, insofar as it relates to legal matters, upon an Opinion of Counsel or Opinion of Bond Counsel, unless such Person knows that such opinion is based upon facts or assumptions that are erroneous, or, in the exercise of reasonable care, should have known that the same were erroneous. Any such certificate or Opinion of Counsel or

Opinion of Bond Counsel may be based, insofar as it relates to factual matters and/or information about such matters that is in the possession of the Borough, upon a supporting certificate of an officer or officers of the Borough, unless the signer knows that the supporting certificate with respect to the matters upon which such certificate or opinion may be based is erroneous, or, in the exercise of reasonable care, should have known that the same was erroneous.

Section 1.04 Governing Law; Venue. This Indenture is governed by and shall be construed in accordance with the laws of the State and shall be liberally construed so as to carry out the purposes hereof. Except as otherwise required by applicable law, any action under this Indenture shall be brought in the Superior Court of the State for the Third Judicial District at Palmer.

Section 1.05 Contract With Owners. The covenants contained in this Indenture and in the Certificates shall constitute a contract between the Borough and each and every Owner and between the Borough and the Trustee.

## ARTICLE II

### GENERAL PROVISIONS

Section 2.01 Duration of Indenture. This Indenture shall take effect on the Date of Issue of the Initial Certificates and shall remain in full force until the earlier of (i) the date as of which the Trustee shall have been paid in full all of the Rent due and payable with respect to the Property, and all sums for interest due and to become due thereon in accordance with the provisions of Section 4.01, and (ii) the date that is ten (10) years after the final maturity date of the Certificates. Except as this Indenture provides otherwise, this Indenture shall not terminate, nor shall the Borough have any right to terminate this Indenture or to be released or discharged from any obligations or liabilities hereunder for any reason, including damage to or destruction of the Property or the Project, it being the intent of the parties hereto that all Rent payable by the Borough shall continue to be payable in all events in the manner and at the times provided herein unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Indenture.

Section 2.02 Obligations of Borough Limited to Certain Resources. Rent payments are payable only from legally available appropriations by the Borough.

Section 2.03 Interest of Certificate Owners. The Borough acknowledges that Certificates payable under this Indenture will be executed and delivered to provide funds to pay part of the Cost of the Project, satisfying the Reserve Requirement and Costs of Issuance. Accordingly, all of the covenants and agreements of the Borough set forth in this Indenture are hereby declared to be for the benefit of the Owners from time to time of the Certificates.

## ARTICLE III

### CONSTRUCTION, OCCUPANCY, AND MAINTENANCE OF PROJECT

Section 3.01 Construction of Project. The Borough covenants and agrees to cause the Project to be acquired and constructed with all reasonable speed and dispatch. Except as this Section provides otherwise, the Borough agrees to achieve substantial completion of the Project not later than [\_\_\_\_\_].

No change shall be made in the plans and specifications for the Project during acquisition or construction of the Project that would cause the Cost of the Project to exceed \$[\_\_\_\_\_], or if such change would delay substantial completion of the Project beyond [\_\_\_\_\_], unless funds from additional appropriations or the proceeds of the sale of Additional Certificates: (1) sufficient to pay such excess Costs are deposited in the Construction Fund; and (2) sufficient to pay any additional payments due on the Certificates prior to substantial completion are deposited in the Rent Fund.

The Borough shall not be deemed to be in default under the aforesaid covenants if the construction of the Project shall be delayed or made impossible by any event of Force Majeure. The Borough agrees to use its best efforts to cause the execution and delivery of any Additional Certificates necessary to complete the Project.

Upon final completion of the Project, the Property shall be free and clear of all liens and encumbrances of every kind and character that may arise in connection with work of any character performed in connection with the Project, including mechanics', laborers', and materialmens' liens, and other liens of a similar nature.

Section 3.02 Absolute Net Lease. The lease of the Property under this Indenture is an "absolute net lease," and except as otherwise expressly provided in this Indenture, the Borough's obligations to make Rent payments as provided in Article IV and to perform and observe all other covenants and agreements of the Borough contained herein shall be absolute and unconditional. All Rent payments shall be made without notice or demand and without any setoff, counterclaim, abatement, deduction, or defense whatsoever. The Borough assumes the sole responsibility for the condition, use, operation, maintenance, and management of the Property, and the Borough will, at its sole cost and expense, keep and maintain the Property in good repair and condition and in accordance with all applicable laws, rules, regulations, statutes, and ordinances, and will make all structural, non-structural, ordinary, and extraordinary changes, repairs, and replacements that may be required to be made upon or in connection with the Property to keep the same in good repair and condition, reasonable wear and tear and ordinary use excepted.

Section 3.03 Operation and Maintenance of Property. The Borough shall pay all cost and expense of operating and maintaining the Property, including all electric, water, heating, power, steam, sewage, or other utility charges, all taxes, assessments, or governmental charges of whatever kind or nature assessed or imposed by any taxing authority (federal, state, municipal, or other) upon or with respect to the Property or the Trustee's interest therein, all premiums and

charges incidental thereto payable in respect of the insurance coverage maintained or to be maintained pursuant to Section 3.08 or any other insurance related to the Property, and every item of expense (if any) that the Borough during the Lease Term may incur or pay for in connection with maintaining or repairing the Property.

Section 3.04 Alterations and Improvements. During the Lease Term, at its own cost and expense, the Borough may make alterations, changes, additions, and improvements to the Property. Any additions or improvements made, installed, or affixed to the Property or fixtures installed or affixed in such manner as not to be removable without material injury to the Property shall be and become part of the leasehold established hereunder. All other fixtures installed or affixed to the Property by the Borough or any subtenant shall be and remain the property of the Borough or such subtenant and may be removed thereby at any time during the Lease Term or at the termination thereof.

Section 3.05 Compliance with Laws and Regulations. The Borough covenants and agrees that, during the Lease Term, it will promptly comply with, or cause to be complied with, all ordinances, rules, regulations, and requirements of all federal, state, and local governments and agencies and departments thereof that are applicable to the Property and to the Borough in its operation of the Property, whether or not the same require structural repairs or alterations. The Borough will also observe and comply with the requirements of all policies and arrangements of insurance at any time in force with respect to the Property.

Section 3.06 Liens. The Borough shall not create, incur, assume, or suffer to exist any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Property, other than the Deed of Trust, Permitted Encumbrances, and the rights of the Trustee as provided herein. The Borough shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance, or claim if the same shall arise at any time.

Section 3.07 Borough's Right to Contest. The Borough shall have the right to contest, by appropriate legal proceedings, any tax, charge, levy, assessment, lien, or other encumbrance, and/or any law, rule, order, ordinance, regulation, or other governmental requirement affecting the Property, and to postpone payment of or compliance with the same during the pendency of such contest, provided that such contest does not, in the reasonable opinion of the Trustee, adversely affect the interest of the Trustee in and to the Property or its interests or rights under this Indenture.

Section 3.08 Insurance. During the Lease Term, the Borough will maintain at its sole cost and expense the following minimum amounts of insurance coverage:

- (a) Insurance against loss and/or damage to the Project and the equipment therein, including fire and uniform standard extended coverage and vandalism and malicious mischief endorsements. Such insurance shall be for not less than the replacement Cost of the Project and shall have a deductible not exceeding that included in like policies covering other Borough facilities; and

(b) Boiler insurance, including use and occupancy coverage (unless the policy or policies obtained by the Borough pursuant to subsection (a) of this Section contain an endorsement providing substantially identical coverage), with a coverage limit not less than, and a deductible amount not greater than, those customarily included in like policies covering other Borough facilities; and

(c) Comprehensive general public liability insurance against liability for injuries to persons and/or property with coverage limits not less than, and deductible amounts not greater than, those included in like policies covering other Borough facilities.

Section 3.09 Insurers; Policy Forms and Loss Payees. All insurance required by Section 3.08 shall be carried by insurers rated "A" or better by S&P and are financially responsible and capable of fulfilling the requirements of such policies. All policies evidencing insurance will be in the usual form and shall name the Borough as the insured party or loss payee; provided, that the policies required by Section 3.08 shall also name the Trustee, in its capacity as such, as an insured party and loss payee. Each policy shall contain a provision to the effect that the insurer shall not cancel or substantially modify the policy provisions without first giving written notice thereof to the Borough and the Trustee at least 30 days in advance of such cancellation or substantial modification. The Borough may obtain blanket policies that cover any one or more risks required to be insured so long as the minimum coverages required herein are met.

Section 3.10 Self-Insurance. If the Borough has established a self insurance program providing the same coverage for other Borough facilities:

(a) The Borough may self insure no more than the first \$250,000 of any loss for which insurance coverage is required by Section 3.08(a) or 3.08(b).

(b) The Borough may self insure no more than the first \$250,000 of any loss for which insurance coverage is required by Section 3.08(c).

Section 3.11 Indemnification of Trustee. The Borough shall indemnify and save harmless the Trustee and its agents from and against any and all liability and damages, and from any and all actions, claims, and demands of every kind and nature (including counsel fees) by or on behalf of any Person arising out of or in the course of or pertaining in any way to the ownership, operation, or maintenance of the Property, or any accident, injury, or damage, however occurring, which shall or may happen in, on, or about the Property or in, on, or about the streets, sidewalks, curbs, or yards in front of or adjacent to the Property, and from and against any matter or thing growing out of the ownership, condition, maintenance, repair, alteration, use, occupation, or operation of the Property or of the streets, sidewalks, curbs, or yards in front of or adjacent to the Property or arising out of any failure of the Borough to comply with the terms of this Indenture.

Section 3.12 Covenant Against Waste. The Borough covenants not to commit or suffer or permit any waste or damage, disfigurement, or injury to the Property, normal wear and tear excepted, or any public or private nuisance upon the Property.

Section 3.13 Right of Inspection. The Borough covenants and agrees to permit the Trustee and the authorized agents and representatives of the Trustee to enter the Property at all times during usual business hours for the purpose of inspecting the Property; provided, that the Trustee shall have no duty or obligation to inspect the Property.

Section 3.14 Condition of Property. The Trustee makes no representations whatever in connection with the condition of the Property, and the Trustee shall not be liable for any latent or patent defects therein.

## ARTICLE IV

### RENT AND SOURCE OF FUNDS THEREFOR

#### Section 4.01 Payment of Rent.

(a) The Borough shall pay to the Trustee Base Rent, without any set-off or deduction, as follows:

(i) The Borough shall pay each amount of Base Rent shown on Exhibit C on a date that is not less than thirty (30) days before the payment date shown on Exhibit C.

(ii) The Borough shall pay at the time or times required under this Indenture each payment of Additional Rent that is required under this Indenture.

(b) The liability of the Borough for payment of each installment of Base Rent as it becomes due, and each payment of Base Rent shall be in consideration of the right of the Borough, whether or not exercised, to occupy and use the Property for the related period set forth in Exhibit C.

(c) All Rent shall be payable in lawful money of the United States of America that is legal tender for public and private debts at the time of payment. Payment shall be made at such place or places as shall be specified by the Trustee.

(d) Any installment of Rent that is not paid by the Borough on or before the due date thereof shall, from and after such due date, bear interest at the rate of six percent (6%) per annum until paid, time being of the absolute essence of this obligation.

Section 4.02 Covenant to Budget and Seek Appropriation. The Borough will, prior to the commencement of each Fiscal Year during which Rent payments are payable from Borough appropriations, include such Rent in its annual budget request to the Assembly. The Borough agrees to use any appropriation legally available for the Rent in such Fiscal Year and to promptly encumber available appropriations for such payments prior to allocating or encumbering funds for projects or costs for which no legal obligation to pay exists.

Section 4.03 Trustee's Covenant of Quiet Enjoyment. The Trustee covenants that it has full right and lawful authority to enter into this Indenture, and that so long as the Borough shall pay the Rent and shall duly observe all the covenants and agreements herein contained that are

obligatory upon it, the Borough shall have, hold, and enjoy during the Lease Term, peaceful, quiet, and undisputed possession of the Property, and the Trustee shall, at the expense of the Borough, from time to time take all necessary action to that end.

Section 4.04 Rent Subject to Appropriation. The obligation of the Borough to pay Rent is subject to appropriation. If sufficient funds are not appropriated to make payments of Rent, the Lease Term shall terminate and the Borough shall not be obligated to make payments of Rent beyond the last Fiscal Year for which funds have been appropriated for the payment of Rent, and the Trustee shall have all rights and remedies to take possession of the Property. The Borough shall bear all costs of surrender and delivery of the Property. If the Borough fails to deliver possession of the Property to the Trustee upon termination of the Lease Term for non-appropriation, the termination shall nevertheless be effective but the Borough shall be responsible for the payment of damages in an amount equal to the portion of Rent thereafter coming due that is attributable to the number of days after the termination during which the Borough fails to deliver possession and for any other loss suffered by the Owners as a result of the Borough's failure to deliver possession as required.

Section 4.05 New Lease. In the event of termination of the Lease Term under Section 4.04, the Borough will use its best efforts to enter into a new lease of the Property on the same terms and conditions, and providing for the payment of Rent at the same times and in the same amounts, as this Indenture. Immediately upon the execution of the new lease the Borough agrees to reoccupy the Property and the Borough agrees that the new lease will be made by the Trustee for the benefit of the Owners.

## ARTICLE V

### MISCELLANEOUS LEASE PROVISIONS

Section 5.01 Property to Vest in the Borough. After all of the Certificates have ceased to be Outstanding, all of the Trustee's right, title, and interest in and to the lands, improvements, buildings, fixtures, machinery, and equipment constituting the Property shall vest in and become the property of the Borough.

Section 5.02 Prepayment of Base Rent. At or prior to any optional Redemption Date, the Borough shall pay or cause to be paid to the Trustee prepaid Base Rent in an amount sufficient to pay the redemption price and interest components of all Certificates to be redeemed on such date, as well as the proper expenses and charges of the Trustee in connection with such redemption.

Section 5.03 Damage to or Destruction of Property. If (i) the Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Property or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person, the Borough will cause the Net Proceeds of any insurance claim, condemnation award, or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification, or improvement of the Property, unless the Borough shall have exercised its option to redeem the Certificates under Section 8.03. Any balance of the Net Proceeds remaining after such work has

been completed or after the Borough has exercised the option to redeem the Certificates shall be retained by the Borough.

Section 5.04 Purchase of Trustee's Interest in Property. If the whole amount of the principal and interest components of Base Rent due and payable under this Indenture shall be paid, or if provision shall have been made for the payment of the same, together with all other sums payable hereunder, then the right, title, and interest of the Trustee in the Property under this Indenture shall thereupon cease, terminate, and become void and be discharged and satisfied; provided, that the Borough's obligations to pay fees and costs, as provided in Section 12.10, accrued to the date of such termination but unpaid, and the Trustee's right to indemnification hereunder shall survive the termination of the Trustee's interest in the Property and remain in force until such fees and costs are paid and such indemnification provision satisfied.

## ARTICLE VI

### AUTHORIZATION, EXECUTION AND DELIVERY OF CERTIFICATES

Section 6.01 Authorization and Purpose of Initial Certificates. The Borough hereby authorizes the execution and delivery of the Initial Certificates for the purpose of paying part of the Cost of the Project, satisfying the Reserve Requirement and Costs of Issuance. The Trustee shall execute and deliver the Initial Certificates as specified in a written order of the Borough, but only upon the receipt by the Trustee of:

- (a) An Opinion of Bond Counsel dated as of the date of such delivery by the Trustee to the effect that:
  - (i) The Lease, this Indenture, and the Deed of Trust have been duly authorized, executed, and delivered and are valid and binding obligations of the Borough, enforceable against the Borough in accordance with their terms.
  - (ii) The Certificates have been duly and validly executed and delivered by the Trustee in accordance with this Indenture and evidence proportionate interests of the Owners of such Certificates in Rent payments to be made by the Borough under this Indenture.
- (b) A written order as to the delivery of the Initial Certificates, signed by a Borough Representative;
- (c) An order signed by a Borough Representative designating the funds or accounts under this Indenture into which proceeds of the Initial Certificates are to be deposited, and the amounts of such deposits;
- (d) A deposit to the Reserve Fund sufficient to cause the amount in the Reserve Fund to equal the Reserve Requirement;
- (e) A copy of the Lease, certified by a Borough Representative, or counterpart original of the Lease with evidence of the recording of a memorandum thereof;

(f) A copy of this Indenture, certified by a Borough Representative, or counterpart original of this Indenture with evidence of the recording of a memorandum thereof;

(g) A copy of the Deed of Trust, with evidence of its recording;

(h) Leasehold and owner's title insurance in the form of an extended ALTA policy or commitment therefor;

(i) A federal tax certificate of the Borough in regard to the Certificates; and

(j) Such further documents, money, and securities as are required by the provisions of this Indenture.

Section 6.02 Additional Certificates.

(a) So long as no Event of Default then exists under this Indenture or the Deed of Trust, the Borough may cause the execution and delivery of Additional Certificates for any one or more of the following purposes:

(i) To refund any Certificates; or

(ii) To finance the costs of completing the Project.

(b) Each series of Additional Certificates shall be authorized by a supplemental indenture that shall, among other provisions, specify and provide for:

(i) The authorized principal amount, designation, and series of the Additional Certificates;

(ii) The purposes for which the Additional Certificates are being executed and delivered;

(iii) The Date of Issue, maturity date or dates, and amounts of each maturity of the Additional Certificates of such series;

(iv) The interest rate or rates, or the manner of determining such rate or rates of the Additional Certificates of such series, and the interest payment dates therefor;

(v) The denomination or denominations of, and the manner of numbering and lettering, the Additional Certificates of such series;

(vi) The redemption price or prices, if any, and, subject to Article VIII, the redemption terms, if any, for the Additional Certificates of such series;

(vii) The amount and due date of each sinking fund installment, if any, for the Additional Certificates of such series;

(viii) The obligation of the Borough to pay Base Rent sufficient to pay Debt Service on the Additional Certificates in addition to all other Certificates at any time Outstanding;

(ix) The increase of the Reserve Requirement upon the execution and delivery of Additional Certificates; and

(x) Any other provisions deemed advisable by the Borough and determined by the Borough, not in conflict with the provisions of this Indenture.

(c) A series of Additional Certificates may be executed and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents and deposits required by Section 6.01) of:

(i) A copy of the supplemental indenture authorizing the Additional Certificates, certified by a Borough Representative;

(ii) A certificate of the Borough stating that the Borough is not in default in the performance of any of its obligations under this Indenture;

(iii) Either (1) or (2) below:

(1) For Additional Certificates that are executed and delivered to complete the Project, a certificate of a Borough Representative to the effect that the Project is not complete and cannot be completed with funds available from the proceeds of the Initial Certificates, and the aggregate principal component of such Additional Certificates does not exceed 10% of the principal component of the Initial Certificates; or

(2) For Additional Certificates that are executed and delivered to refund any Certificates, a certificate of a Borough Representative indicating that Annual Debt Service in each Fiscal Year following the execution and delivery of such Additional Certificates will not exceed Annual Debt Service in such Fiscal Year prior to the execution and delivery of such Additional Certificates.

(d) Notwithstanding satisfaction of other conditions to the execution and delivery of Additional Certificates contained in this Section, no such execution and delivery may occur (1) should any Event of Default (or any event that, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be continuing, unless such Event of Default shall be cured upon such execution and delivery, and (2) unless the Reserve Fund is fully funded at the Reserve Requirement upon the execution and delivery of such Additional Certificates.

ARTICLE VII

DESCRIPTION, FORM, EXECUTION, AND  
REGISTRATION OF CERTIFICATES

Section 7.01 Description of Initial Certificates.

(a) The Initial Certificates shall be designated as the "Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates of Participation, 2016A." The Initial Certificates shall be executed and delivered in the aggregate principal amount of \$[\_\_\_\_]; shall be dated [\_\_\_\_], 2016; shall be numbered in the manner determined by the Trustee; and shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof; provided, that no Initial Certificate shall evidence principal components maturing in different years.

(b) The interest component of the Initial Certificates shall represent an interest in and shall be paid from the interest component of Base Rent, and shall accrue (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Issue or from the most recent Interest Payment Date to which interest has been paid, whichever is later, payable on [April 1] and [October 1] of each year, commencing [April 1, 2017], at the rates set forth below. The principal component of the Certificates shall represent an interest in and shall be payable from the principal component of the Base Rent, on [October 1] of each of the years and in the principal amounts set forth below:

Maturity Dates	Principal	Interest Rate
<u>[October 1]</u>	<u>Amount</u>	<u>Per Annum</u>

\*Term Certificates

Section 7.02 Place, Manner, and Medium of Payment of Initial Certificates.

(a) The principal components of, premium, if any, and interest components of the Initial Certificates shall be paid in lawful money of the United States of America, only to the Owner of each Initial Certificate.

(b) Prior to the Book-Entry Termination Date with respect thereto, if any, the interest component of each Initial Certificate shall be paid when due by the Trustee to DTC as the Owner thereof, for the benefit of the Beneficial Owner thereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date with respect thereto, if any, the interest component of each Initial Certificate shall be paid from funds held in the Rent Fund, by check or draft mailed by the Trustee on or before each Interest Payment Date, to the Owner of such Initial Certificate at the close of the Trustee's business on the applicable Record Date by first-class mail, postage prepaid, at such Owner's address appearing on the Register as of the close of the Trustee's business on the applicable Record Date; provided, that any Owner of \$1,000,000 or more in aggregate principal components of Initial Certificates may be paid interest by wire transfer to an account in the United States of America by making a written request of the Trustee, received before the close of the Trustee's business on the applicable Record Date, specifying the account number and address, which request may provide that it will remain in effect until changed or revoked in writing.

(c) Prior to the Book-Entry Termination Date with respect thereto, if any, the principal component of each Initial Certificate shall be paid by the Trustee to DTC as the Owner thereof, for the benefit of the Beneficial Owner thereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date with respect thereto, if any, the principal component of each Initial Certificate shall be paid by check or draft payable to the Owner of such Initial Certificate. Such check or draft shall be delivered to the Owner or such Owner's duly authorized agent on or after the maturity date or Redemption Date of such Initial Certificate, but only upon the presentation for payment and the surrender of such Initial Certificate at the principal corporate trust office of the Trustee.

Section 7.03 Book-Entry System for Initial Certificates.

(a) All Initial Certificates maturing in the same year shall be executed and delivered initially in the form of a single certificate, which certificate shall be registered in the name of DTC or its nominee, and delivered to DTC. DTC shall hold each such Initial Certificate in fully immobilized form for the benefit of the Beneficial Owners pursuant to the Letter of Representations until the earliest to occur of either (1) the date of maturity of the Initial Certificates evidenced by such certificate, at which time DTC shall surrender such certificate to the Trustee for payment of the principal and interest components of such Initial Certificates coming due on such date, and the cancellation thereof; (2) the Redemption Date of any Initial Certificates evidenced by such certificate, at which time DTC shall surrender such certificate to the Trustee for payment of the principal and interest components of such Initial Certificates coming due on such Redemption Date, and the cancellation of such certificate and the execution and delivery

to DTC of a new certificate, registered in the name of DTC or its nominee, for the aggregate principal component of the unredeemed Initial Certificates previously evidenced by such canceled certificate, if any; (3) the Book-Entry Termination Date; or (4) the date the Borough determines to utilize a new custodian for the Initial Certificates, at which time the prior custodian shall surrender the immobilized certificates to the Trustee for transfer to the new custodian and cancellation as herein provided. If the earliest to occur of the aforementioned events is a Redemption Date and upon such redemption one or more new certificates are executed and delivered to DTC for any unredeemed portion of the Initial Certificates, such new certificate(s) shall again be held by DTC in fully immobilized form for the benefit of the Beneficial Owners pursuant to the Letter of Representations until the next occurrence of one of the events described in this subsection.

(b) For so long as any Initial Certificates at any time Outstanding are registered in the name of DTC or its nominee and held by DTC in fully immobilized form, as described in subsection (a) of this Section, (1) the rights of the Beneficial Owners shall be evidenced solely by an electronic and/or manual entry made from time to time on the records established and maintained by DTC or DTC Participants in accordance with the Letter of Representations, and (2) no certificates evidencing such Initial Certificates shall be executed and delivered and registered in the name of any Beneficial Owner or such Beneficial Owner's nominee.

(c) The book-entry system of registering ownership of the Initial Certificates may be terminated by the Borough, at which time the Borough shall deliver to the Trustee (1) a written request that it execute and deliver Initial Certificates to each Beneficial Owner or such Beneficial Owner's nominee on the Book-Entry Termination Date; and (2) a list identifying the Beneficial Owners as to both name and address; and shall also deliver a supply of such certificates to the Trustee, if necessary for such purpose. Upon surrender to the Trustee of the immobilized certificates evidencing all of the Initial Certificates then Outstanding, the Trustee shall execute and deliver new certificates to each Beneficial Owner or such Beneficial Owner's duly appointed agent, naming such Beneficial Owner or such Beneficial Owner's nominee as the Owner thereof. Such certificates may be in any integral multiple of \$5,000. Following such execution and delivery, the Owners of such Initial Certificates may transfer and exchange such Initial Certificates in accordance with Sections 7.06 and 7.07.

(d) Neither the Borough nor the Trustee shall have at any time any responsibility or liability to any Beneficial Owner or to any other person for any error, omission, action, or failure to act on the part of DTC or any direct or indirect DTC Participant with respect to payment, when due, to the Beneficial Owner of the principal component, premium, if any, and interest component of the Initial Certificates, proper recording of beneficial ownership of Initial Certificates, proper transfers of such beneficial ownership, or any notices to or direction from Beneficial Owners or any other matter pertaining to the Initial Certificates.

Section 7.04 Form of Certificates. The Initial Certificates shall be in substantially the form set forth in Exhibit B with such appropriate variations, legends, omissions, and insertions as

permitted or required by this Indenture. The form of each series of Additional Certificates shall be as set forth in the supplemental indenture authorizing their execution and delivery.

Section 7.05 Registration of Certificates. The Certificates shall be executed and delivered only in registered form as to both principal and interest. The Trustee shall act as initial registrar and in such capacity shall maintain the Register for the registration and transfer of Certificates. The Borough covenants that, until all Certificates have been surrendered and canceled, it will maintain a system for recording the ownership of each Certificate that complies with the provisions of Section 149 of the Code. The Borough, the Trustee, and their respective successors, each in its discretion, may treat the person in whose name any Certificate shall be registered as the absolute owner of such Certificate for all purposes, whether or not the Certificate shall be overdue, and all payments of principal and interest components of a Certificate made to the Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid, and neither the Borough nor the Trustee shall be affected by any notice to the contrary.

Section 7.06 Transfer and Exchange of Certificates. Certificates shall be transferred only upon the Register. Upon surrender for transfer or exchange of any Certificate at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Owner or the duly authorized attorney of the Owner, the Trustee shall execute and deliver an equal aggregate principal component of Certificates of the same maturity of any authorized denominations, subject to such reasonable regulations as the Trustee may prescribe and upon payment sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid in connection with such transfer or exchange. All Certificates surrendered for transfer or exchange shall be canceled by the Trustee.

Section 7.07 Time Restrictions on Transfer and Exchange. The Trustee shall not be obligated to transfer or exchange any Certificate during the period between a Redemption Date (provided notice of redemption has been duly given to the Owner of such Certificate) and the applicable Record Date therefor.

Section 7.08 Mutilated, Lost, Stolen, or Destroyed Certificates. Upon surrender to the Trustee of a mutilated Certificate, the Trustee shall execute and deliver a new Certificate of like maturity and principal component. Upon filing with the Trustee of evidence satisfactory to the Trustee that a Certificate has been destroyed, stolen, or lost and of the ownership thereof, and upon furnishing the Trustee with indemnity satisfactory to it, the Trustee shall execute and deliver a new Certificate of like maturity and principal component. The person requesting the execution and delivery of a new Certificate under this Section shall comply with such other reasonable regulations as the Trustee may prescribe and pay such expenses as the Trustee may incur in connection therewith. Any such substitute Certificate so furnished shall be clearly marked "Duplicate" and shall be equally and proportionately entitled to the security of this Indenture as all other Certificates executed and delivered hereunder.

Section 7.09 Cancellation of Certificates. Upon payment, surrender, and re-registration or transfer, exchange, or substitution of a Certificate, the Trustee shall cancel the Certificate. The Trustee may destroy any canceled Certificate not less than 180 days after the cancellation thereof. The Trustee shall maintain all necessary and proper records with respect to any

Certificate so destroyed and shall execute a certificate of destruction describing the Certificate so destroyed and shall file such certificate with the Borough.

**ARTICLE VIII**

**REDEMPTION**

Section 8.01 Optional Redemption.

(a) The Initial Certificates maturing on [\_\_\_\_], shall be subject to redemption on any date on and after [\_\_\_\_], at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of Initial Certificates to be redeemed, plus accrued interest to the Redemption Date.

(b) Additional Certificates subject to optional or mandatory redemption prior to maturity pursuant to the provisions of the supplemental indenture authorizing their execution and delivery shall be redeemable, upon notice as provided in this Article, at such times, at such redemption prices and upon such terms (in addition to and consistent with the terms contained in Sections 8.04 through 8.07) as may be specified in such supplemental indenture.

Section 8.02 Mandatory Sinking Fund Redemption.

(a) The Initial Certificates maturing on [\_\_\_\_], are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] in the years [\_\_\_\_] through [\_\_\_\_], inclusive, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of Initial Certificates to be redeemed, plus accrued interest to the Redemption Date:

Mandatory Sinking Fund  
Redemption Dates  
[October 1]

Mandatory Sinking Fund  
Redemption Amounts

\*

\*Scheduled maturity.

(b) The Additional Certificates, if any, that are subject to mandatory redemption in part from sinking fund redemption amounts pursuant to the provisions of the supplemental indenture authorizing their execution and delivery, and the amounts and due dates of such sinking fund redemption amounts, shall be specified in such supplemental indenture.

(c) If Certificates subject to mandatory sinking fund redemption are either (i) redeemed at the option of the Borough under Sections 8.01 or 8.03, or (ii) purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such Certificates

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

Section 8.03 Extraordinary Optional Redemption. All Certificates then Outstanding are subject to extraordinary optional redemption prior to their respective maturities at the written request of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the Certificates to be redeemed, plus accrued interest to the Redemption Date, if (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person.

Section 8.04 Trustee to Undertake Redemptions, Determination of Redemption Dates.

(a) The Trustee shall undertake mandatory sinking fund redemptions of Certificates pursuant to Section 8.02 without further request from the Borough, in accordance with such Section.

(b) The Trustee shall undertake any optional redemptions of Initial Certificates pursuant to Section 8.01, and any extraordinary optional redemptions of Certificates pursuant to Section 8.03 only upon the written request of the Borough. The Redemption Dates for any optional redemption of Initial Certificates pursuant to Section 8.01 or any extraordinary optional redemption of Certificates pursuant to Section 8.03 shall be the date set by the Trustee at the direction of the Borough, but in any event shall not be fewer than 15 days from the date the Borough provides written notice to the Trustee of its request for optional or extraordinary optional redemption.

Section 8.05 Notice of Redemption.

(a) Notice of and redemption of Certificates prior to maturity shall be given by or on behalf of the Trustee by first class mail, postage prepaid, at least once, not less than 20 days nor more than 60 days before the Redemption Date to each Rating Agency and the respective Owners of any Certificates designated for redemption at their addresses shown on the Register on the date such notice is prepared; provided, that failure to notify any Rating Agency shall not affect the validity or sufficiency of the notice to the Owners or affect the subsequent redemption of the Certificates in accordance therewith.

(b) Each notice of redemption shall state: (1) that it is being given by or on behalf of the Trustee; (2) the date of the notice; (3) the name and address of the Trustee, as paying agent for the Certificates; (4) the Redemption Date; (5) the CUSIP numbers of the Certificates to be redeemed; (6) the certificate numbers of the Certificates to be redeemed; (7) in the case of Certificates to be redeemed in part only, the respective

portions of the principal component thereof to be so redeemed and that a new Certificate shall be executed and delivered for any unredeemed portion; (8) the interest rates, maturity dates, and series of the Certificates to be redeemed; (9) the Date of Issue of the Certificates; (10) that from and after such Redemption Date, interest thereon shall cease to accrue, provided the Trustee is holding sufficient funds to pay the redemption price thereof; and (11) that the Owners of such Certificates shall be required to surrender them to the Trustee, as paying agent, for redemption.

(c) The notice requirement of this Section shall be satisfied when notice in accordance herewith is mailed as provided herein regardless of whether such notice is actually received by the Owners of any Certificates. Failure to mail notice of any mandatory sinking fund redemption as provided herein shall not affect the validity of the proceedings for such mandatory sinking fund redemption. However, if notice of any optional or extraordinary optional redemption shall not have been mailed as provided herein, then the purported optional or extraordinary optional redemption, as appropriate, is void, but only as to those Owners to whom the notice shall not have been mailed.

(d) Notwithstanding the foregoing provisions of this Section, in the case of an optional redemption, the notice may state that the Borough retains the right to rescind the redemption notice and the related optional redemption of Certificates by giving a notice of rescission to the affected Owners at any time on or prior to the Redemption Date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Certificates for which the notice of optional redemption has been rescinded shall remain Outstanding.

#### Section 8.06 Partial Redemption of Certificates.

(a) Whenever provision is made in this Indenture for the redemption of fewer than all of the Certificates of the same maturity, the Trustee shall select, or cause the selection of, the Certificates of such maturity to be redeemed by lot in any manner that the Trustee, in its sole discretion, shall deem appropriate and fair.

(b) The Trustee shall call for redemption in accordance with the foregoing provisions as many Certificates or portions thereof of a series as will, as nearly as practicable, exhaust the money available therefor. The principal component of particular Certificates or portions thereof shall be redeemed only in integral multiples of \$5,000.

(c) Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the Borough, a new Certificate or Certificates (at the option of the Owner) of the same series, maturity, and interest rate and of authorized denominations equal in aggregate principal component to the unredeemed portion of the surrendered Certificate.

#### Section 8.07 Effects of Redemption of Certificates.

(a) On the Redemption Date, provided the Trustee is then holding funds sufficient to pay the redemption price (including interest accrued to the Redemption Date and premium, if any) of the Certificates to be redeemed on such date, interest on such

Certificates (or portions thereof) duly called for redemption shall cease to accrue, such Certificates (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of such Certificates shall have no rights in respect thereof except to receive payment of such redemption price and interest accrued to the Redemption Date.

(b) All Certificates redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof in accordance with the provisions of Section 7.09.

## ARTICLE IX

### CREATION AND OPERATION OF FUNDS

Section 9.01 Pledge. The Rent, the investments thereof and the proceeds of such investments, if any, all funds and accounts established by this Indenture to be held by the Trustee, the Revenue Fund, and the interest of the Trustee in the Project under the Lease and the Deed of Trust are hereby pledged and assigned for the payment of the principal and interest components of the Certificates in accordance with the terms and provisions of this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

Section 9.02 Rent Fund. There is created and established with the Trustee the Rent Fund. The Trustee shall deposit in the Rent Fund all payments of Base Rent from the Borough, and apply amounts in the Rent Fund to pay the principal and interest components of the Certificates.

Section 9.03 Reserve Fund.

(a) There is created and established with the Trustee the Reserve Fund. On the Date of Issue of any Certificates, there shall be deposited in the Reserve Fund the amount received by the Trustee necessary to cause the balance in the Reserve Fund to be equal to the Reserve Requirement.

(b) If ten (10) Business Days prior to any date on which principal or interest components of the Certificates are due, there shall be a deficiency in the amount in the Rent Fund required to pay such principal or interest components, the Trustee shall transfer from the Reserve Fund to the Rent Fund the amount necessary to cure the deficiency.

(c) Within ten (10) days after any deposit in the Rent Fund from the Reserve Fund under Section 9.03(b), or any other date on which the Trustee determines that the amount in the Reserve Fund is less than the Reserve Requirement, the Trustee shall mail a written notice of the deficiency in the Reserve Fund to the Borough. Within sixty (60) days after receipt of such notice, the Borough shall cause to be paid into the Reserve Fund the amount necessary to make the amount in the Reserve Fund equal to the Reserve Requirement. If Rent or other amounts held under this Indenture are not available for the payment required under this subsection, the requirement of that payment shall be subject to the availability of funds appropriated therefor.

(d) For the purpose of comparing the amount in the Reserve Fund to the Reserve Requirement, the Trustee shall value investments of amounts in the Reserve Fund on the first Business Day of each calendar quarter at market value. In making such valuations the Trustee may utilize and conclusively rely upon investment valuation or pricing services, including those within the accounting system used by the Trustee.

(e) On the first Business Day of each calendar quarter, the Trustee shall withdraw from the Reserve Fund any amount in excess of the Reserve Requirement, and transfer such excess to the Rent Fund.

(f) Whenever the amount in the Reserve Fund, together with the amount in the Rent Fund, is sufficient to pay in full all Certificates then Outstanding in accordance with their terms (including the principal and interest components thereof), the funds on deposit in the Reserve Fund shall be transferred to the Rent Fund.

(g) In the event of the refunding of any Certificates, the Trustee shall, upon the written direction of the Borough stating the amounts to be withdrawn, withdraw from the Reserve Fund amounts accumulated therein with respect to the Certificates being refunded and deposit such amounts with itself as Trustee or with an escrow agent to be held for the payment of the principal component redemption price, if applicable, and interest component of the Certificates being refunded; provided, that such withdrawal shall not be made unless (i) immediately thereafter the Certificates being refunded shall be deemed to have been paid pursuant to Section 14.02, and (ii) the amount remaining in the Reserve Fund after such withdrawal shall not be less than the Reserve Requirement.

Section 9.04 Construction Fund. There is created and established with the Trustee a Construction Fund, and within the Construction Fund there is created a Costs of Issuance Account for the payment of Costs of Issuance and Project Account for the payment of the Costs of the Project. Proceeds of Certificates shall be deposited in the Construction Fund in the amount stated in a certificate of a Borough Representative. Costs of Issuance will be paid from the Costs of Issuance Account in accordance with written requests from the Borough. On the 180th day after the Date of Issue of the Initial Certificates, any amount remaining in the Costs of Issuance Account shall be transferred to the Project Account and expended to pay Costs of the Project. Amounts in the Project Account shall be used to pay Costs of the Project on receipt of a requisition in the form attached hereto as Exhibit D. Separate accounts shall be established in the Construction Fund for the deposit of proceeds of Additional Certificates as provided in the supplemental indenture authorizing the execution and delivery of such Additional Certificates. The Trustee shall make payments from the Construction Fund as follows:

(a) The Trustee shall make payments of Costs of Issuance upon requisition of the Borough stating (i) the name of the Person to whom payment is due; (ii) the amount to be paid; and (iii) that such amount is a Cost of Issuance.

(b) The Trustee shall make monthly disbursements from the Construction Fund for Costs of the Project upon receipt of a requisition from the Borough in the form provided in Exhibit D.

(c) Upon receipt of a certificate of a Borough Representative of the final completion of the Project, any proceeds of the Certificates deposited in the Construction Fund for that purpose and then remaining in the Construction Fund shall be deposited by the Trustee first, in the Reserve Fund in the amount, if any, necessary to cause the amount in the Reserve Fund to be equal to the Reserve Requirement, and second, in the Rent Fund for payment of the interest component of the Certificates.

Section 9.05 Investment of Funds.

(a) So long as there is no Event of Default that has not been cured or waived as provided herein, the Trustee shall invest and reinvest the money, if any, on deposit in the Rent Fund, the Reserve Fund and the Construction Fund, to the extent practicable, only in such Authorized Investments as are directed in writing by a Borough Representative; provided, that all such Authorized Investments shall mature, or be subject to withdrawal, repurchase, or redemption, each without penalty, at the option of the holder, on or before the dates on which the invested amounts are reasonably expected to be needed for the purposes hereof. In the event of any Event of Default or in the event of the failure of the Borough Representative to provide timely directions as to such investment or reinvestment, the Trustee shall, to the extent practicable, invest or reinvest money on deposit in such funds in Authorized Investments described in clause (d) of the definition thereof. The Trustee shall not be obligated to seek or obtain the highest interest rate available. The Trustee shall be entitled to assume, absent receipt of written notice to the contrary, that any investment which at the time of purchase is an Authorized Investment remains an Authorized Investment thereafter.

(b) Whenever any transfer or payment is required to be made from any particular fund, such transfer or payment shall be made from such combination of maturing principal, redemption or repurchase prices, liquidation proceeds, and withdrawals of principal as the Trustee deems appropriate for such purpose, after taking into account such factors as the Trustee may deem appropriate.

(c) The Trustee shall not be accountable for any depreciation in the value of the investments or any losses incurred upon any authorized disposition thereof. The Trustee shall have no obligation to approve or disapprove of any direction from the Borough and shall suffer no liability whatsoever in following such direction.

(d) The Trustee, unless otherwise directed by the Borough, may make any and all investments of funds authorized under this Indenture through its own investment department or any affiliate of the Trustee and charge its standard investment handling fees. All such investments shall at all times be a part of the fund from whence the money used to acquire such investments shall have come, and all income and profits on such investments shall be credited to, and all losses thereon shall be charged against, such fund.

(e) Amounts contained in the Reserve Fund shall be invested only in the instruments described in paragraphs (a), (b), and (d) of the definition of Authorized Investments, with maturities of not longer than one year.

(f) The Borough acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Borough the right to receive brokerage confirmations of security transactions, the Borough waives receipt of such confirmations. The Trustee shall furnish to the Borough periodic statements that shall include detail of all investment transactions made by the Trustee.

## ARTICLE X

### COVENANTS AND CONTINUING OBLIGATIONS OF THE BOROUGH

Section 10.01 Warranties and Covenants of the Borough. The Borough hereby represents and warrants to the Trustee that as of the date of this Indenture the following statements are or will be true and correct:

(a) The Borough is a second class borough of the State and is duly organized, validly existing, and in good standing under the laws of the State, with corporate powers and authority to own and lease property and carry on its business as now being conducted.

(b) The Borough has full power, authority, and legal right to enter into and perform its obligations under this Indenture, and the execution, delivery, and performance of this Indenture and any other documents herein referred to have been duly authorized by all necessary corporate action on the part of the Borough.

(c) The execution, delivery, and performance by the Borough of this Indenture and any other document referred to herein and the disposition of the proceeds of the Certificates in accordance herewith do not contravene any law, governmental rule, regulation, order, or ordinance of any governmental entity having jurisdiction, and do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement, or instrument to which the Borough is a party or by which it or its property is bound.

(d) The Certificates are exempt from registration, qualification, and other requirements of the securities laws of the United States of America, including the Trust Indenture Act of 1939, as amended.

Section 10.02 Compliance with Laws. The Borough shall use its best efforts to maintain and renew all its rights, powers, privileges, and franchises and shall comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements, and directions of any legislative, executive, administrative, or judicial body pertaining to the Property or the Certificates.

Section 10.03 Further Assurances. Except to the extent otherwise provided in this Indenture, the Borough shall not enter into any contract or take any action by which the rights of the Trustee or the Owners or security for or sources of payment of the Certificates may be impaired or prejudiced, and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Indenture.

Section 10.04 Tax Exemption.

(a) The net proceeds of the Certificates will be used for the construction and acquisition of the Project, which is a public improvement of the Borough.

(b) The Borough shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause the interest component of Base Rent to become subject to federal income taxes in addition to federal income taxes to which such interest component of Base Rent is subject on the Date of Issue. The Borough shall not permit any of the proceeds of the Certificates to be used in any manner that would cause any Certificate to constitute a "private activity bond" within the meaning of Section 141 of the Code.

Section 10.05 Certificates Not to Become Arbitrage Bonds. Notwithstanding any other provision of this Indenture or any other instrument, the Borough will make no investment or other use of the proceeds of the Certificates that would cause the Certificates to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and the Borough will comply with the requirements of such Section and regulations. The foregoing covenants shall extend throughout the term of the Certificates, to all funds created under this Indenture and all money on deposit to the credit of any such fund, and to any other amounts that are Certificate proceeds for purposes of Section 148 of the Code and the regulations thereunder.

Section 10.06 Recording. The Borough shall cause this Indenture or a memorandum thereof to be recorded, in such manner and at such places as may be required by law fully to protect the security of the Owners and the right, title, and interest of the Trustee in and to the rights and interests assigned to the Trustee under this Indenture. The Borough shall execute or cause to be executed any and all further instruments as may be required by law or as shall reasonably be requested by the Trustee for such protection of the interests of the Trustee and the Owners, and shall furnish satisfactory evidence to the Trustee of recording of such instruments and of every additional instrument that shall be necessary to preserve the rights and interests assigned to the Trustee under this Indenture until the principal and interest components of the Certificates shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instruments and record such further or additional instruments or join in the recording thereof at such time or times and in such place or places as it may be advised by an Opinion of Counsel will preserve the rights and interests assigned to the Trustee under this Indenture until the aforesaid principal and interest components shall have been paid.

## ARTICLE XI

### EVENTS OF DEFAULT AND REMEDIES

Section 11.01 Events of Default Defined. Each of the following shall be an "Event of Default" hereunder:

(a) If payment of Rent is not made when due; or

(b) If payment of the principal component of any Certificate is not made when it becomes due and payable, whether as an installment, at maturity or upon call for redemption; or

(c) If payment of any interest component of any Certificate is not made when it becomes due and payable; or

(d) If a deposit in the Reserve Fund is not made as required under Section 9.02(d); or

(e) Receipt by the Trustee of written notice of the occurrence of a Deed of Trust Default; or

(f) A default in the performance of any other covenant or condition on the part of the Borough to be performed for a period of 30 days after delivery by the Trustee to the Borough of a written notice specifying a particular default under this Indenture, unless steps to cure the default have been commenced promptly by the Borough and in good faith the Borough continues to prosecute those steps to completion.

Section 11.02 Remedies of Trustee. Upon occurrence of an Event of Default under Section 11.01(a), (b), or (c), the Trustee, at its option, may immediately declare the Borough's rights under this Indenture terminated, and reenter the Property using such force as may be necessary, and repossess itself thereof, as of its former estate, and remove all persons and property from the Property. The Trustee's pursuit of the foregoing reentry remedy shall not preclude its pursuit of any other remedies provided by law. Upon the occurrence of an Event of Default under Section 11.01(d), (e), or (f) the Trustee, at its option, may bring an action to compel specific performance to correct any such Event of Default and/or to recover damages caused by such Event of Default.

Section 11.03 Other Remedies. If any Event of Default occurs and is continuing, subject to Sections 11.06 and 11.09, the Trustee may enforce each and every right of possession and leasing with respect to the Property, and exercise each and every right and remedy under the Deed of Trust. In exercising such rights and the other rights given the Trustee under this Article, the Trustee shall take such action as in the judgment of the Trustee, applying the standards described in Section 12.01, would best serve the interests of the Owners.

Section 11.04 Legal Proceedings by Trustee. If any Event of Default has occurred and is continuing, the Trustee in its discretion may, or upon the written request of the Owners of 25% of principal components of the Certificates then Outstanding and receipt of indemnity to its satisfaction shall, in its own name:

(a) By mandamus, or other suit, action, or proceeding at law or in equity, enforce all rights of the Owners and require the Borough to carry out the provisions of this Indenture for the benefit of the Owners; and

(b) By action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Owners.

Section 11.05 Discontinuance of Proceedings by Trustee. If any proceedings taken by the Trustee on account of any Event of Default are discontinued or determined adversely to the Trustee, then the Borough, the Trustee, and the Owners shall be restored to their former positions and rights hereunder as though no such proceeding had been taken, but subject to the limitations of any such adverse determination.

Section 11.06 Certificate Owners May Direct Proceedings. The Owners of a majority of principal components of the Certificates then Outstanding shall have the right to direct the method of conducting all remedial proceedings by the Trustee hereunder.

Section 11.07 Limitations on Actions By Owners. No Owner shall have any right to pursue any remedy hereunder or under the Lease unless:

- (a) the Trustee shall have been given written notice of an Event of Default;
- (b) the Owners of at least 25% of principal components of the Certificates then Outstanding respecting which there has been an Event of Default shall have requested the Trustee, in writing, to exercise the powers hereinabove granted to it or pursue such remedy in its or their name or names;
- (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses, and liabilities; and
- (d) the Trustee shall have failed to comply with such request within a reasonable time.

Section 11.08 Trustee May Enforce Rights Without Possession of Certificates. All rights under this Indenture, the Certificates, and the Deed of Trust may be enforced by the Trustee without the possession of any Certificates or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Owners.

Section 11.09 Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default, and every remedy given in this Article may be exercised from time to time and as often as may be deemed expedient.

Section 11.10 Application of Money in Event of Default. Any money received by the Trustee under this Article and/or under the Deed of Trust shall be applied:

FIRST: To the payment of expenses of the Trustee including reasonable counsel fees, any disbursements of the Trustee with interest thereon and its reasonable compensation;

SECOND: To the payment of the principal and interest components then owing on the Certificates, including any interest on overdue interest, and in case such money shall be insufficient to pay the same in full, then to the payment of the principal component or redemption price and interest component ratably, without preference or

priority of one over another or of any installment of interest over any other installment of interest; and

THIRD: To the payment of expenses of the Borough, including reasonable counsel fees, actually incurred in connection with the financing of the Project and remaining unpaid.

The surplus, if any, shall be paid to the Borough or the Person lawfully entitled to receive the same.

Section 11.11 Trustee's Right to Receiver. The Trustee shall be entitled as of right to the appointment of a receiver, and the Trustee, the Owners, and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as permitted under the laws of the State.

Section 11.12 Trustee and Owners Entitled to Remedies; Remedies Not Exclusive. It is the purpose of this Article to provide to the Trustee and the Owners all rights and remedies as may be lawfully granted under the provisions of the laws of the State; but should any remedy granted herein or under the Deed of Trust be held unlawful, the Trustee and the Owners shall nevertheless be entitled to every remedy permitted by the laws of the State. It is further intended that, insofar as lawfully possible, the provisions of this Article shall apply to and be binding upon any trustee or receiver appointed under the laws of the State.

Section 11.13 Waiver of Events of Default. The Trustee may at its discretion waive any Event of Default hereunder, and shall do so upon written request of the Owners of (i) more than 60% of principal components of all Certificates then Outstanding in respect of which default in the payment of principal or interest, or both, exists, or (ii) more than 50% of principal components of all Certificates then Outstanding in the case of any other Event of Default; provided, that there shall not be waived (a) any Event of Default in the payment of the principal component of any Certificates at any time Outstanding at the date of maturity specified therein, or (b) any Event of Default in the payment when due of the interest component of such Certificates, unless prior to such waiver, all arrears of interest or payments of principal, as the case may be, with interest thereon (to the extent permitted by law) from the date upon with such payment was due at the rate of the interest component, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for. In case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then in every such case the Borough, the Trustee, and the Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

## ARTICLE XII

### CONCERNING THE TRUSTEE

#### Section 12.01 Acceptance of Duties of Trust and Prudent Performance Thereof.

(a) The Trustee, as evidenced by its due execution of this Indenture, hereby accepts the conveyance set forth in the Granting Clauses, in trust, and agrees to keep, perform, and observe faithfully all of the covenants, conditions, and requirements imposed upon it in this Indenture and in the Certificates.

(b) The Trustee shall be required to take notice and shall be deemed to have notice of all Events of Default; provided, that the Trustee shall be deemed to have notice of an Event of Default described in Section 11.01(e) only when it has actual knowledge thereof.

(c) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are specifically imposed upon it as set forth in this Indenture, and no implied duties or responsibilities shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (that has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; provided, that except as to disbursement of funds, effecting any mandatory redemption or making payments upon the Certificates when due, if in the reasonable opinion of the Trustee any such action may tend to invoke expense or liability to the Trustee, it shall not be obligated to take such action unless it is first furnished with funds for payment of such expense or with indemnity therefor satisfactory to it.

(d) Except as otherwise expressly provided herein, the Trustee shall not be liable with respect to any action taken or omitted to be taken hereunder except for its own negligent action, its own negligent failure to act, or its own willful misconduct; provided, that:

(i) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture; the Trustee shall be obligated to take only such actions as are specifically set forth herein or as are specifically required to be taken by the Trustee when requested from time to time by the Owners of the aggregate principal amount of the Certificates then Outstanding specified herein with respect to the actions in question in accordance with the express provisions of this Indenture;

(ii) In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and to the correctness of the calculations or opinions contained therein, upon any certificate, report, or opinion furnished to the Trustee conforming to the applicable procedural

requirements of this Indenture or the Deed of Trust, and the Trustee shall not be obligated to review the accuracy of any calculations or the validity of any conclusions contained therein; but in the case of any such certificate, report, or opinion that by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the applicable procedural requirements of this Indenture or the Deed of Trust;

(iii) The Trustee shall not be liable for any error of judgment made in good faith by the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iv) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of the aggregate principal components of the Certificates then Outstanding specified herein with respect to the actions in question or in accordance with the express provisions of this Indenture;

(v) All notices or other instruments required or permitted to be delivered to the Trustee pursuant to this Indenture or the Deed of Trust must be delivered to the Trustee at the address for notices provided under Section 16.08 in order to be effective; and

(vi) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through affiliates, attorneys, accountants, and other experts, agents, servicers, receivers, or employees and shall not be liable for the acts or omissions of unaffiliated attorneys, agents, receivers, or other experts if selected by the Trustee with reasonable care. All reasonable costs incurred by the Trustee and all reasonable compensation to all such attorneys, accountants, and other experts, agents, and receivers as may reasonably be employed in connection with the trusts hereof shall be paid by the Borough.

(e) The Trustee is authorized and directed to execute the Lease in its capacity as Trustee under this Indenture.

(f) Every provision of this Indenture, the Lease, and the Deed of Trust relating to the conduct or liability of the Trustee shall be subject to the provisions of this Indenture, including this Article. In acting as Trustee hereunder, the Trustee acts solely in its capacity as Trustee hereunder and not in its individual or personal capacity, and all persons, including the Owners and the Borough, having any claim against the Trustee shall look only to the funds held by the Trustee hereunder for payment, except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual or personal capacity for the obligations evidenced by the Certificates.

Section 12.02 Trustee May Rely Upon Certain Documents and Opinions. Except as otherwise provided in Section 12.01:

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request, direction, election, order, certification, or demand of the Borough shall be sufficiently evidenced by an instrument signed by a Borough Representative (unless otherwise in this Indenture specifically prescribed), and any resolution of the Borough may be evidenced to the Trustee by a certified resolution.

(c) The Trustee may consult with its counsel, Bond Counsel, and the legal advice or Opinion of Counsel or Opinion of Bond Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with such legal advice or Opinion of Counsel or Opinion of Bond Counsel.

(d) Whenever, in the administration of the trusts created by this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof is herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of a Borough Representative; and, in the absence of negligence or bad faith on the part of the Trustee, such certificate shall be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

Section 12.03 Trustee Not Responsible for Statements, Validity.

(a) The Trustee shall not be responsible for any recital or statement in the preliminary or final official statement or any other offering materials relating to the Certificates (except such statements provided by the Trustee for use in any such offering materials), or for the validity of the execution by the Borough of this Indenture or the Deed of Trust or any supplemental indenture by the Borough, or for the sufficiency of the security of the Certificates executed and delivered hereunder or intended to be secured hereby, or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition, or agreement on the part of the Borough as set forth herein and the Deed of Trust, but the Trustee may require of the Borough full information and advice as to the performance of the covenants, conditions, and agreements aforesaid. The Trustee shall not be accountable for the use of proceeds of any Certificates executed or delivered hereunder.

(b) The Trustee shall not be responsible for the sufficiency of any insurance required pursuant to this Indenture, including any forms of self-insurance, and shall be

fully protected in accepting payment on account of such insurance or any adjustment, compromise, or settlement thereof.

Section 12.04 Limits on Duties and Liabilities of Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee, and the Trustee shall be answerable only for its own negligence or willful misconduct. The Trustee shall not be required to give any bond or surety in respect of the execution of such trusts and powers or otherwise in respect of the premises.

Section 12.05 Funds Held in Trust. All funds held by the Trustee hereunder are held in trust and shall be segregated and kept apart from other funds of the Trustee and other funds held by the Trustee in trust.

Section 12.06 Costs for Maintenance of Suit; Indemnification.

(a) The Trustee shall be under no obligation to institute any suit, to take any proceeding, or give any notice under this Indenture or the Deed of Trust, to enter any appearance or in any way defend in any suit in which it may be named as defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall have reasonable grounds for believing that prompt repayment of all costs and expenses, outlays, and counsel fees and other reasonable disbursements in connection therewith, and adequate indemnity against all risk and liability, is reasonably assured to it; provided, that the Trustee shall not be entitled to seek indemnity to make a payment of principal and interest components of the Certificates when due in accordance with Section 9.01. However, the Trustee may begin suit, or appear in, and defend suit, or do anything else in its judgment proper to be done by it as Trustee, without assurance of reimbursement or indemnity, and in such case the Trustee shall be reimbursed or indemnified by the Owners requesting such action, if any, or by the Borough in all other cases, for all fees, costs and expenses, liabilities, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith; provided, that indemnification shall not be required if such liability or disbursement is adjudicated to have resulted from the negligence or willful misconduct of the Trustee. If the Borough or the Owners, as appropriate, shall fail to make such reimbursement or indemnification, the Trustee may reimburse and/or indemnify itself from any money in its possession under the provisions of this Indenture, subject only to the prior lien of the Certificates for the payment of the principal components thereof, the premium, if any, and the interest components thereof.

(b) None of the provisions contained in this Indenture shall require the Trustee to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that prompt payment of its fees or repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 12.07 Intervention in Judicial Proceedings. In any judicial proceeding to which the Borough is a party and which, in the opinion of the Trustee, has a substantial bearing on the

interest of the Owners, the Trustee may intervene on behalf of Owners, and must do so if requested in writing by the Owners of not less than 25% in aggregate principal components of the Certificates then Outstanding; provided, that the rights and obligations of the Trustee under this Section are subject to the approval of the court having jurisdiction in the premises; and provided further, that the Trustee need not proceed unless the Owners shall have offered to the Trustee security and indemnity satisfactory to it against the fees, costs, expenses, and liabilities to be incurred therein or thereby.

Section 12.08 Trustee to Retain Financial Records. The Trustee shall retain all financial statements furnished to it by the Borough in accordance with this Indenture for a period of at least seven years after the date of receipt thereof.

Section 12.09 Reports of Activities. The Trustee hereby covenants and agrees to keep and maintain accurate and complete records of fund balances, any investments thereof and all transactions involving any part of the Trust Estate held by the Trustee pursuant to this Indenture, and to furnish monthly reports thereof to the Borough. The Borough and its respective agents shall have the right, upon reasonable prior notice to the Trustee, to inspect all such records at all reasonable times and to make such copies and extracts as it may desire.

Section 12.10 Compensation of Trustee. Except as otherwise expressly provided herein, all advances, counsel fees, and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust hereby created and reasonable compensation to the Trustee for its services in the premises, in accordance with the fee agreement between the Borough and the Trustee from time to time, shall be paid by the Borough. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. If not paid by the Borough, the Trustee shall have a lien against all funds held pursuant to this Indenture, with right of payment therefrom, for the Trustee's reasonable compensation, expenses, advances, and counsel fees incurred in and about the execution of the trusts hereby created and the exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee).

Section 12.11 Trustee May Hold Certificates. The Trustee and its officers and directors may acquire and hold or become the pledgee of Certificates and otherwise may deal with the Borough in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 12.12 Appointment of Trustee. There shall at all times be a trustee hereunder that shall be an association or a corporation organized and doing business under the laws of the United States or any state thereof, having its principal place of business within or without the State, authorized under such laws to exercise corporate trust powers and authorized under applicable State laws to serve as Trustee hereunder, having a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section, the combined capital and surplus of such association or corporation

shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section and another association or corporation is eligible, the Trustee shall resign immediately in the manner and with the effect specified in Section 12.13.

Section 12.13 Resignation of Trustee. The Trustee may resign and be discharged from the duties imposed and the trusts created by this Indenture by giving to the Borough 45 days' advance written notice. Such resignation shall take effect on the date specified in such notice, but the resigning Trustee shall not be discharged from its duties under and the trusts created by this Indenture until a successor Trustee has accepted such duties and trust. Subsequent to such acceptance, the resigning Trustee shall have no further duties and obligations under this Indenture or the Deed of Trust.

Section 12.14 Removal of Trustee.

(a) So long as no Event of Default has occurred and is continuing, and no default has occurred which with the passage of time or the giving of notice would ripen into an Event of Default, the Trustee may be removed by the Borough at any time, either with or without cause. Moreover, so long as no Event of Default has occurred and is continuing and no default has occurred which with the passage of time or the giving of notice would ripen into an Event of Default, the Borough shall remove the Trustee, either with or without cause, when requested to do so in writing by the Owners of a majority in aggregate principal components of the Certificates then Outstanding. If removal of the Trustee is without cause, the Borough shall give the Trustee 45 days' prior written notice of such removal. No prior written notice shall be required for a removal of the Trustee if such removal is with cause.

(b) Following the occurrence of an Event of Default that is continuing or any default which with the passage of time or the giving of notice would ripen into an Event of Default, the Borough shall remove the Trustee, either with or without cause, upon the written request of the Owners of a majority in aggregate principal components of the Certificates then Outstanding.

(c) Any removal of the Trustee pursuant to this Section shall be effected by delivery to the Trustee of a written instrument signed by a Borough Representative to that effect, which instrument shall also appoint a successor to the Trustee so removed and shall be accompanied by evidence of the successor's acceptance of the trusts hereunder.

Section 12.15 Appointment of Successor Trustee.

(a) If the Trustee shall resign, be removed or otherwise become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and a successor shall be appointed by the Borough, subject to the requirements of Section 12.12 and State law, at the written request of the Owners of a majority in aggregate principal components of the Certificates

then Outstanding. Any appointment shall be made by a written instrument filed with the Trustee and executed by a Borough Representative. After any such appointment by the Borough, the Borough shall cause the successor Trustee to mail notice by first class mail, postage prepaid, at least once, within 30 days of such appointment, to the Owners of the Certificates then Outstanding at their addresses on the Register.

(b) If no appointment of a successor Trustee is made pursuant to Section 12.15(a) within 90 days after the receipt by the Borough of the Trustee's notice of resignation given pursuant to Section 12.13, any Owner or the retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Section 12.16 Merger of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, if such resulting entity is qualified to serve as Trustee as described in Section 12.12.

Section 12.17 Transfer of Rights and Property to Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to its predecessor and also to the Borough a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with the Trust Estate and the rights (except the predecessor's right of payment of fees and expenses), powers, trusts, duties, and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request from a Borough Representative, execute and deliver a written instrument transferring to such successor all the Trust Estate and the rights, powers, trusts, duties, and obligations of such predecessor hereunder, and every predecessor Trustee shall deliver all funds held by it as Trustee hereunder to its successor. Should any assignment, conveyance, or written instrument from the Borough be required by any successor Trustee for more fully and certainly vesting in such successor Trustee the Trust Estate and such rights, powers, trusts, duties, and obligations hereby vested or intended to be vested in the predecessor Trustee, any and all such assignments, conveyances, and written instruments shall, on request, be executed, acknowledged, and delivered by the Borough. Each successor Trustee shall give notice of its appointment to all Owners appearing on the Register as of the date of its appointment. The successor Trustee shall reimburse the predecessor Trustee for any expense incurred under this Section.

Section 12.18 Appointment of Co-Trustee.

(a) The Trustee may appoint a co-trustee or separate trustee hereunder, but only as necessary or desirable to enable the provisions of this Indenture to be carried out without violating the laws of any jurisdiction (including particularly the law of the State)

denying or restricting the right of banking corporations or associations to transact business as required of the Trustee hereunder.

(b) If the Trustee appoints an additional Person as a separate or co-trustee, each and every necessary and appropriate remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest, and lien expressed or intended by this Indenture to be imposed upon, exercised by or vested in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by, and vest in such separate or co-trustee, but only as and to the extent deemed necessary and appropriate in the Trustee's judgment, and every covenant and obligation necessary and appropriate to the exercise thereof by such separate or co-trustee shall run to and be enforceable by any of them. Such separate or co-trustee shall deliver to the Borough and the Trustee an instrument in writing acknowledging and accepting its appointment hereunder.

(c) Should any instrument in writing from the Borough be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties, and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged, and delivered by the Borough. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign, or be removed, all the estates, properties, rights, powers, trusts, duties, and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(d) The appointment of a co-trustee hereunder shall not in any way affect the Trustee's fiduciary duties and obligations hereunder.

### ARTICLE XIII

#### CONCERNING THE OWNERS

Section 13.01 Execution of Instruments by Owners. Any request, direction, consent, or other written instrument required by this Indenture to be signed or executed by Owners may be in any number of concurrent written instruments of similar tenor and may be signed or executed by such Owners in person or by agent duly appointed by a written instrument. Proof of the execution of any such written instrument and of the ownership of Certificates shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to the effect that the Person signing such instrument acknowledged the execution thereof, or by an affidavit of a witness to such execution; and

(b) The ownership of Certificates shall be proved by the Register.

Nothing contained in this Article shall be construed as limiting the Trustee to the proof above specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient.

Section 13.02 Waiver of Notice. Except as otherwise provided herein, any notice or other communication required by this Indenture to be given by delivery, publication, or otherwise to the Owners or any one or more thereof may be waived, at any time before such notice or communication is so required to be given, by written waivers mailed or delivered to the Trustee by the Owners of all the Certificates entitled to such notice or communication.

Section 13.03 Revocation by Owners. At any time prior to (but not after) the evidencing to the Trustee of the taking of any action by the Owners of the percentage in aggregate principal components of the Certificates then Outstanding specified in this Indenture in connection with such action, any Owner may, by filing written notice with the Trustee at its corporate trust office, revoke any consent given by such Owner or the predecessor Owner of such Certificate. Except as aforesaid, any such consent given by the Owner of any Certificate shall be conclusive and binding upon such Owner and upon all future Owners of such Certificate and of any Certificate executed and delivered in exchange therefor or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Certificate. Any action taken by the Owners of the percentage in aggregate principal components of Certificates specified then Outstanding in this Indenture in connection with such action shall be conclusively binding upon the Borough, the Trustee, and the Owners of all Certificates at any time Outstanding.

## ARTICLE XIV

### DISCHARGE OF LIEN OF INDENTURE

Section 14.01 Discharge of Lien of Indenture by Payment of Certificates. At such time as all of the principal components of, premium, if any, and interest components of all or any part of the Certificates have been fully paid as and when the same is due and payable, whether by reason of maturity, redemption, or acceleration, or if any Certificate is acquired by the Borough and is surrendered to the Trustee for cancellation as permitted pursuant to this Indenture, then such Certificates shall cease to be entitled to any lien, benefit, or security of this Indenture or the Deed of Trust.

Section 14.02 Discharge of Lien of Indenture by Defeasance.

(a) Any or all Certificates at any time Outstanding of any one or more series, prior to the maturity thereof, shall be deemed to have been paid and not Outstanding under this Indenture and shall cease to be entitled to any lien, benefit, or security of this Indenture and of the Trust Estate held hereunder except the right to receive the money and the proceeds and income of the noncallable Government Obligations set aside and pledged in the manner hereinafter described, if the following conditions, as applicable, are satisfied:

(i) In the event that any or all of such Certificates are to be optionally redeemed pursuant to any optional redemption provision relating thereto, the

Borough shall have given to the Trustee irrevocable instructions to give such notice of redemption of such Certificates as may be required by the provisions of this Indenture.

(ii) There shall have been made a deposit, irrevocably and in trust, with the Trustee or another corporate fiduciary qualified to do business in the State, of any combination of money in an amount that shall be sufficient, or noncallable Government Obligations maturing at such time(s) and bearing such interest to be earned thereon, and without any reinvestment thereof, as will provide a series of payments that shall be sufficient, together with any money initially deposited, to provide for the payment of all of the principal components of, premium, if any, and interest components of such Certificates when due in accordance with their terms or in accordance with the schedule of mandatory redemption pertaining thereto, or upon the earlier redemption or prepayment thereof in accordance with a refunding plan, and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for the purpose of effecting such payment, redemption, or prepayment.

(iii) There shall have been delivered to the Borough and the Trustee a report acceptable in form and substance and addressed to the Borough and the Trustee from a nationally recognized firm of independent public accountants, which report shall verify the computations that indicate that such noncallable Government Obligations, and/or other money to be irrevocably deposited in trust, as described pursuant to Section 14.02(a)(ii), are sufficient to provide for the payment of all of the principal components, premium, if any, and interest components of such Certificates when due in accordance with their terms or in accordance with the schedule of mandatory redemption pertaining thereto, or upon the earlier redemption or prepayment thereof in accordance with a refunding plan.

(iv) There shall have been delivered to the Borough and the Trustee an Opinion of Bond Counsel, acceptable in form and substance and addressed to the Borough and the Trustee, to the effect that, upon such defeasance, such defeased Certificates shall no longer be Outstanding under this Indenture and shall not be entitled to any lien, benefit, or security under this Indenture and of the Trust Estate (except any Defeasance Deposit), and that the interest component of any Certificate being discharged by such defeasance will not be included in gross income for purposes of federal income taxation by reason of such defeasance.

(b) Nothing contained in this Section shall be construed to prohibit the partial defeasance of one or more, but not all, of the Certificates at any time Outstanding. In the event of such partial defeasance, this Indenture shall be discharged only as to the particular Certificates or portions thereof so defeased.

(c) The Trustee shall give or cause to be given to the Owners of any Certificates that are defeased as provided in this Section written notice of such defeasance, within 30 days following the effective date of such defeasance.

Section 14.03 Effect of Discharge of Lien of Indenture. Upon payment or defeasance of all Certificates then Outstanding as described in Sections 14.01 or 14.02, and upon payment of all the fees and expenses of the Trustee and all other obligations, any of which are then required to be paid hereunder or pursuant to the Deed of Trust, then:

(a) The right, title, and interest of the Trustee in and to the Trust Estate (except any Defeasance Deposit), and all of the covenants, agreements, and other obligations of the Borough to the Owners of such Certificates shall thereupon cease, terminate, and be discharged and satisfied; provided, that the covenants, agreements, and other obligations of the Trustee hereunder shall cease, terminate, and be discharged and satisfied only upon final payment of all Certificates;

(b) The Trustee shall transfer all funds (except any Defeasance Deposit) then held by the Trustee in the funds, and all other money or property held by the Trustee under this Indenture, to or upon the direction of the Borough;

(c) The Trustee shall apply each Defeasance Deposit to the payment or redemption of Certificates, together with the interest components thereof and premium, if any, thereon, as specified in the applicable refunding plan; and

(d) The Trustee shall release all liens and security interests granted pursuant to this Indenture and the Deed of Trust, and shall file and record (or cause to be filed and recorded) any and all appropriate documents reasonably requested by the Borough indicating the release of such liens and security interests.

## ARTICLE XV

### SUPPLEMENTAL INDENTURES

Section 15.01 Modification of Indenture Without Consent of Owners.

(a) After the Date of Issue of the Initial Certificates and subject to the conditions and restrictions of this Indenture, the Borough and the Trustee may enter into such indentures supplemental hereto as they may deem necessary or desirable, from time to time and at any time, but without the consent of any Owner, for any one or more of the following purposes:

(i) To add covenants and agreements to this Indenture for the protection of the Owners;

(ii) To cure any ambiguity or correct any defect or inconsistent provision in this Indenture;

(iii) To make subject to the lien of this Indenture, for the benefit of the Owners, additional revenues, properties, or collateral;

(iv) To qualify this Indenture under the Trust Indenture Act of 1939, as amended, or the securities laws of any state, if such is necessary in the Opinion of Counsel;

(v) To provide for the execution and delivery of Additional Certificates;

(vi) To preserve the exclusion of the interest component of any Certificates from gross income for purposes of federal income taxation and preserve the right of the Borough to continue to issue bonds, debts, or other obligations of any nature the interest on which is likewise excluded from gross income for purposes of federal income taxation; or

(vii) To make any other change that is not materially adverse to the interests of the Trustee, in the judgment of the Trustee, or is not materially adverse to the interests of the Owners of the Certificates then Outstanding.

(b) In each and every case provided for in subsection (a) of this Section, the Trustee shall be under no responsibility or liability to the Borough or any Owner, or to anyone whatsoever, for any act or thing that it may do or decline to do in good faith subject to the provisions of this Section, in the exercise of such discretion.

Section 15.02 Modification of Indenture With Consent of Majority of Owners. Except for supplemental indentures necessary or desirable to accomplish the purposes set forth in Section 15.01 and subject to the requirements of Section 15.03, neither the Borough nor the Trustee shall consent to any other indenture supplemental hereto after the Date of Issue of the Initial Certificates without the prior written consent of the Owners of not less than a majority in aggregate principal components of the Certificates then Outstanding. If the Owners of not less than a majority in aggregate principal components of the Certificates then Outstanding shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or to the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Borough from executing the same or from taking any action pursuant to the provisions thereof.

Section 15.03 Modification of Indenture With Consent of All Owners. Without the prior written consent of the Owners of all Certificates then Outstanding, no supplemental indenture shall change the terms of redemption or maturity of the principal component of any Certificate, or of any interest component of any Certificates, shall deprive any Owner of any Certificate at any time Outstanding of the lien or right created by this Indenture; shall give priority to any Certificate over any other Certificate; or shall reduce the percentage of Owners whose consent is required to any action taken under, or for amendment of, this Indenture.

Section 15.04 Execution and Notices of Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any supplement or amendment to this Indenture, together with a copy of the proposed supplement or amendment, to be mailed to S&P at least ten (10) days prior to the proposed effective date of such supplement or amendment;

provided, that failure of the Trustee to mail such notice to S&P or failure of S&P to receive such notice shall not invalidate such supplement or amendment or its effectiveness. The Trustee is authorized to join with the Borough in the execution of any such supplemental indenture, to make further agreements and stipulations that may be therein contained, and to accept the conveyance, transfer, and assignment of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture that affects its rights, duties, or immunities under this Indenture. The Trustee may request and rely with full acquittance upon an Opinion of Bond Counsel that any supplemental indenture complies with the provisions of this Article.

Section 15.05 Supplemental Indenture to be Part of Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture, and all the terms and conditions contained in any such supplemental indenture, as to any provisions authorized to be contained therein, shall be part of the terms and conditions of this Indenture for any and all purposes, and the respective rights, duties, and obligations under this Indenture of the Borough, the Trustee, and the Owners of all Certificates at any time Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modifications and amendments. If deemed necessary or desirable by the Trustee, reference to any such supplemental indenture or any of such terms or conditions thereof may be set forth in reasonable and customary manner in the text of the Certificates or in a legend stamped on the Certificates.

## ARTICLE XVI

### MISCELLANEOUS

Section 16.01 Covenants Bind Successors and Assigns. All the covenants, stipulations, promises, and agreements contained in this Indenture, by or on behalf of the Borough and the Trustee, shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

Section 16.02 Immunity of Officers. No recourse for the payment of any part of the principal or interest component of any Certificate or for the satisfaction of any liability arising from the execution, delivery, sale, purchase, or ownership of the Certificates or any liability arising from this Indenture or the Deed of Trust shall be had against any officer, member, employee, or agent of the Borough in his or her individual capacity, all liability being hereby expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the execution and delivery of the Certificates.

Section 16.03 Parties Interested Herein. Nothing in this Indenture, express or implied, is intended or shall be construed to give to any Person, other than the Borough, the Trustee, and the Owners, any right, remedy, or claim under or by reason of this Indenture. The covenants, stipulations, and agreements contained in this Indenture are and shall be for the sole and exclusive benefit of the Borough, the Trustee, their successors and assigns, and the Owners.

Section 16.04 Execution of Indenture in Counterparts. This Indenture may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

Section 16.05 Severability of Indenture Provisions. In case any one or more of the provisions contained in this Indenture or in the Certificates shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Indenture or of the Certificates, but this Indenture and the Certificates shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein or therein.

Section 16.06 All Obligations Due on Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall be a day that is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

Section 16.07 Time of Essence. Time and all terms and conditions shall be of the essence of this Indenture.

Section 16.08 Notices. Except as otherwise provided herein, all notices, consents, or other communications required hereunder shall be in writing and shall be sufficiently given if addressed and mailed by first-class, certified or registered mail, postage prepaid, and return receipt requested, as follows:

To the Borough:	Finance Director Matanuska-Susitna Borough 350 East Dahlia Avenue Palmer, Alaska 99645 (907) 745-9630 (907) 745-0886 (fax)
To the Trustee:	U.S. Bank National Association 1420 Fifth Avenue, 7th Floor, PD-WA-T7CT Seattle, Washington 98101 (206) 344-4678 (206) 344-4632 (fax) Attention: Global Corporate Trust Services

The Borough or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent. Notices shall be deemed served upon deposit of such notice in the United States Postal Service in the manner above provided.

Section 16.09 Survival of Trustee's Rights to Receive Compensation, Reimbursement and Indemnification. The Trustee's rights to receive compensation, indemnification, and reimbursement of money due and owing hereunder shall survive the Trustee's resignation or removal, the payment of the Certificates, and the defeasance of this Indenture.

Section 16.10 No Merger. In no event shall (a) the estate of the Trustee as lessee under the Lease or (b) the rights of the Trustee or the Owner of any Certificate or (c) the leasehold interest, estate, or rights of the Borough as lessee under this Indenture, merge with any interest of the Borough or rights of the Borough as the fee owner of the Property, it being understood that such leasehold interests, estates, or rights of the Trustee as the lessee under the Lease or the Trustee or the Owner of any Certificate and of the leasehold interest, estate, and right of the Borough as lessee under this Indenture shall be deemed to be separate and distinct from the Borough's interest, estate, and rights as fee owner of the Property, notwithstanding that any such interests, estates, or rights shall at any time or times be held by or vested in the same person, corporation, or other entity.

IN WITNESS WHEREOF, the **MATANUSKA-SUSITNA BOROUGH, ALASKA** has caused this Indenture to be executed by its Manager, and **U.S. BANK NATIONAL ASSOCIATION** has caused this Indenture to be executed by one of its authorized officers, all as of the day and year first above written.

MATANUSKA-SUSITNA BOROUGH, ALASKA

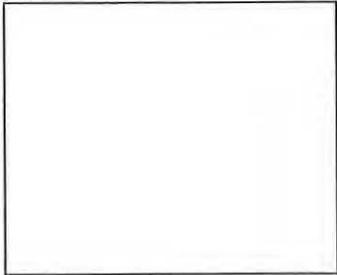
By: \_\_\_\_\_  
John Moosey, Borough Manager

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
[Name, Title]

STATE OF ALASKA                    )  
  ) ss.  
THIRD JUDICIAL DISTRICT        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by John Moosey, Borough Manager of the Matanuska-Susitna Borough, Alaska, on behalf of the Borough.



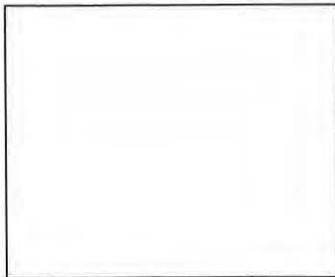
\_\_\_\_\_  
(Signature of Notary)

Notary public for Alaska  
My commission expires \_\_\_\_\_.

STATE OF WASHINGTON            )  
  ) ss.  
COUNTY OF KING                )

I certify that I know or have satisfactory evidence that [\_\_\_\_\_] is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a[n] [\_\_\_\_\_] of U.S. Bank National Association, a national banking association, to be the free and voluntary act of such association for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.



\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

EXHIBIT A

DESCRIPTION OF PROPERTY



**EXHIBIT B**

**FORM OF INITIAL CERTIFICATE**

**UNITED STATES OF AMERICA**

**STATE OF ALASKA**

NO. \_\_\_\_\_

\$ \_\_\_\_\_

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
FIRE STATION LEASE  
CERTIFICATE OF PARTICIPATION, 2016A**

INTEREST RATE \_\_\_\_\_ MATURITY DATE \_\_\_\_\_ CUSIP NO. \_\_\_\_\_

Registered Owner \_\_\_\_\_

Principal Component \_\_\_\_\_ DOLLARS

This is to certify that the registered owner named above is the Owner of the following right to receive a portion of certain Base Rent payments (the "Base Rent") to be paid under the Lease Purchase Agreement and Trust Indenture dated as of [\_\_\_\_\_] 1, 2016 (the "Indenture") entered into by and between the Matanuska-Susitna Borough, Alaska (the "Borough") and U.S. Bank National Association as trustee (the "Trustee").

The Owner of this Certificate is entitled to receive, subject to the terms of the Indenture, on the maturity date stated above, the principal component stated above, representing a portion of the Base Rent designated as principal, and to receive on [\_\_\_\_\_] 1, 2017, and semiannually thereafter on [April 1] and [October 1] of each year, the Owner's proportionate share of the Base Rent designated as interest, computed at the Interest Rate set forth above on the basis of a 360-day year of twelve 30-day months from the date hereof or from the most recent Interest Payment Date to which interest has been paid, whichever is later.

This Certificate has been executed by U.S. Bank National Association, Seattle, Washington, a national banking association organized under the laws of the United States of America, acting as Trustee. The right of the Trustee under the Indenture to receive the portion of the Base Rent due thereunder described above is hereby assigned to the Owner of this Certificate. Capitalized words and phrases used but not defined herein shall have the meanings set forth in the Indenture, unless otherwise noted.

THE OBLIGATION TO PAY RENT UNDER THE INDENTURE IS NOT A GENERAL OBLIGATION OF THE BOROUGH, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE BOROUGH ARE PLEDGED TO PAYMENT OF THE RENT. THE RENT IS PAYABLE EXCLUSIVELY FROM THE PROCEEDS OF THE CERTIFICATES, CERTAIN MONEY PLEDGED UNDER THE INDENTURE, AND FROM MONEY TO BE APPROPRIATED BY THE BOROUGH FOR THE PAYMENT OF RENT,

BUT THE BOROUGH IS NOT OBLIGATED TO APPROPRIATE MONEY FOR THIS PURPOSE.

The assignment of Base Rent under the Indenture to the Owners is without recourse, and no Owner has any rights against the Trustee for nonpayment as set forth in the Indenture. The rights of the Owner of this Certificate are defined in the Indenture, all of the terms and provisions of which are incorporated herein by reference.

The principal and interest components of Base Rent payable under this Certificate are payable in lawful money of the United States of America.

Prior to the Book-Entry Termination Date, the principal component hereof shall be paid by the Trustee to Cede & Co., as nominee for The Depository Trust Company, New York, New York, as the Owner hereof, for the benefit of the Beneficial Owner(s) hereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, the principal component hereof shall be paid by check or draft payable to the Owner hereof, delivered to such Owner or such Owner's duly authorized agent on or after the maturity date hereof or, if earlier, any applicable Redemption Date, but only upon the presentation for payment and surrender of this Certificate at the principal corporate trust office of the Trustee.

Prior to the Book-Entry Termination Date, the interest component hereof shall be paid by the Trustee to Cede & Co. as the Owner hereof, for the benefit of the Beneficial Owner(s) hereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, the interest component hereof shall be paid from the funds held in the Rent Fund, by check or draft mailed by the Trustee on or before each Interest Payment Date, and any applicable Redemption Date, to the Owner hereof at the close of the Trustee's business on the applicable Record Date by first-class mail, postage prepaid, at such Owner's address appearing on the Register as of the close of the Trustee's business on the applicable Record Date; provided, that any Owner of \$1,000,000 or more in aggregate principal components of Certificates may be paid interest by wire transfer to an account in the United States of America by making a written request of the Trustee, received before the close of the Trustee's business on the applicable Record Date, specifying the account number and address, which request may provide that it will remain in effect until changed or revoked in writing.

This Certificate is one of a duly authorized series of Certificates of Participation designated "Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates Of Participation, 2016A" (the "2016A Certificates"), aggregating \$[ ] in original principal components, of like date, tenor, and effect except as to number, maturity date, interest rate, denomination, and redemption provisions. The 2016A Certificates are executed and delivered in fully registered form in the denomination of \$5,000 each or any integral multiple thereof.

The ownership of this Certificate is transferable. Prior to the Book-Entry Termination Date, the beneficial ownership of this Certificate may be transferred only on the records established and maintained by DTC and DTC Participants. On and after the Book-Entry Termination Date, transfer of the registered ownership of this Certificate shall be valid only if this Certificate is surrendered at the principal corporate trust office of the Trustee (or such other location designated by the Trustee by written notice mailed to the Owners), with the assignment

form appearing on this Certificate duly executed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee duly executed by, the Owner or such Owner's duly authorized agent, in a manner satisfactory to the Trustee. Upon such surrender, the Trustee shall cancel the surrendered 2016A Certificate and shall execute and deliver, in exchange for such surrendered and canceled 2016A Certificate and without charge to the Owner therefor (other than any governmental fees or taxes payable on account of such transfer), a new 2016A Certificate (or 2016A Certificates, at the option of the new Owner), naming as Owner the Person(s) listed as the assignee(s) on the assignment form appearing on the surrendered 2016A Certificate, of the same maturity, interest rate, terms, and conditions and for the same aggregate principal component.

From and after the Book-Entry Termination Date, this Certificate may be exchanged without charge to the Owner therefor (other than any governmental fees or taxes payable on account of such exchanges) at the principal corporate trust office of the Trustee (or such other location designated by the Trustee by written notice mailed to the Owners) by the Owner hereof or such Owner's duly authorized agent for new 2016A Certificate(s) of any authorized denomination as specified by the Owner of the exchanged 2016A Certificate or such Owner's agent.

The 2016A Certificates maturing on [October 1], [\_\_\_\_\_] are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] in the years [\_\_\_\_\_] through [\_\_\_\_\_] inclusive, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the Redemption Date:

Mandatory Sinking Fund Redemption Dates [October 1]	Mandatory Sinking Fund Redemption Amounts
---	--

\*Scheduled maturity.

The 2016A Certificates maturing on or after [October 1], [\_\_\_\_\_] are subject to redemption on any date on and after [\_\_\_\_\_] at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the Redemption Date.

The 2016A Certificates are subject to extraordinary optional redemption prior to their respective maturities at the option of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the 2016A Certificates to be redeemed, plus accrued interest to the Redemption Date, if (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person.

*Im16-119  
OR16-080*

The 2016A Certificates are secured by a security interest in and a lien and claim against the money and investments, if any, in the Rent Fund, the Construction Fund, and the Reserve Fund, each held in trust by the Trustee. The Borough has reserved the right to cause Additional Certificates to be executed and delivered upon the terms and conditions provided in the Indenture. Reference is hereby made to the Indenture for other terms and conditions upon which this Certificate has been executed and delivered, which terms and conditions are made a part hereof by this reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture. Copies or executed counterparts of the Indenture are on file at the office of the Trustee and at the office of the Borough. The Trustee has executed this Certificate solely in its capacity as Trustee under the Indenture.

IN WITNESS WHEREOF, this Certificate of Participation has been duly executed by the Trustee pursuant to the terms of the Indenture.

DATED: [\_\_\_\_], 2016.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within 2016A Certificate and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the Register, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature on this Assignment must correspond with the name as it appears upon the face of the within 2016A Certificate in every particular, without alteration or enlargement or any change whatsoever. The Trustee will register a 2016A Certificate in the name of a transferee only if provided with the information requested above.

\_\_\_\_\_  
OWNER

Signature Guaranteed:

\_\_\_\_\_

NOTICE: Signature(s) to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

EXHIBIT C

SCHEDULE OF BASE RENT PAYMENTS

<u>Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total</u>
-------------------------	--------------------------------	-------------------------------	--------------

**EXHIBIT D**

**FORM OF REQUISITION  
FOR COSTS OF THE PROJECT**

(1) The name and address of the Person to whom a payment of Costs of the Project is due is:

(2) The purpose for which this amount is to be paid was incurred for (specify appropriate classifications) in the definition of Costs of the Project set forth in Section 1.01 of the Indenture);

(3) The amount to be paid is \$ \_\_\_\_\_;

(4) The undersigned certifies that obligations in the stated amounts have been incurred by the Borough and are presently due and payable (or reimbursable to the Borough) and that each item thereof is a proper charge against the Construction Fund and has not been previously paid from the Construction Fund;

(5) [In the case of the final requisition, add the following:] The undersigned certifies that payment of the Costs of the Project is complete or that all Certificate proceeds available to pay such Costs will be expended upon payment of such requisition;

(6) The undersigned certifies that there has not been filed with or served upon the Borough notice of lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the Persons named herein, which has not been released or will not be released simultaneously with the payment of such obligation, other than labor liens, materialmen's liens, or mechanic's liens accruing by mere operation of law;

(7) The undersigned certifies that payment of the amount requested herein for disbursement will not cause more than 10% of the net proceeds of the Initial Certificates to be used, directly or indirectly, for any "private business use," within the meaning of the Code;

(8) The undersigned certifies that no Event of Default or other event which, with the giving of notice or the passage of time or both, would constitute an Event of Default has occurred.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
Borough Representative

Date: \_\_\_\_\_

**PALMER RECORDING DISTRICT**

AFTER RECORDING, RETURN TO:

Marc R. Greenough  
Foster Pepper PLLC  
1111 Third Avenue, Suite 3000  
Seattle, Washington 98101

**DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,  
AND SECURITY AGREEMENT**

This DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, AND SECURITY AGREEMENT (this "Deed of Trust"), is made as of [\_\_\_\_\_] 1, 2016, by the Matanuska-Susitna Borough (the "Grantor" or "Borough"), whose address is 350 East Dahlia Avenue, Palmer, Alaska 99645, as Grantor, to Mat-Su Title Agency, LLC, whose address is 1981 East Palmer-Wasilla Highway #100, Wasilla, Alaska 99654, as Deed of Trust Trustee (the "Deed of Trust Trustee"), for the benefit of U.S. Bank National Association, whose address is Global Corporate Trust Services, 1420 Fifth Avenue, 7th Floor, Seattle, Washington 98101, as trustee for the Owners of the Initial Certificates (hereinafter defined), and of any Additional Certificates (hereinafter defined) hereafter issued pursuant to the Indenture (hereinafter defined), as Beneficiary (the "Trustee" or "Beneficiary").

DEFINITIONS

All capitalized terms used but not otherwise defined herein shall have the meanings found in (i) Section 1.01 of the Lease Purchase Agreement and Trust Indenture, dated as of [\_\_\_\_\_] 1, 2016, by and between the Borough and the Trustee (the "Indenture") or (ii) Article I of the Lease, dated as of [\_\_\_\_\_] 1, 2016, by and between the Borough and the Trustee (the "Lease"), such definitions to be equally applicable to both the singular and plural form of any of the terms defined.

GRANT

IN CONSIDERATION of the indebtedness herein recited and the trust herein created, Grantor hereby grants, bargains, sells, and conveys to Deed of Trust Trustee, IN TRUST, WITH THE POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, the following property whether now or hereafter existing or acquired, all of which property is sometimes collectively called the "Property":

(a) The Project. All of Grantor's right, title, and interest in all of the real property described in Exhibit A attached hereto and incorporated herein by this reference, and all minerals, oil, gas, and other hydrocarbon substances thereon, and all development rights, air rights, water, and water rights relating thereto; all appurtenances now owned or hereafter acquired of the said real property; all rights of Grantor in and to any streets, roads, or public places, easements or rights of way, or utility lines relating thereto; all structures, buildings, improvements, and fixtures of any kind on said real property, including, without limitation, all apparatus, equipment, and appliances used in connection with the operation or occupancy thereof and affixed thereon (such as heating and air conditioning systems and facilities used to provide any utility services, refrigeration, ventilation, laundry, drying, dishwashing, garbage disposal, recreation, or other services thereon, and all window coverings, drapes and rods, carpeting, and floor coverings, it being intended and agreed that all such items will be conclusively considered to be a part of the real property conveyed by this Deed of Trust, whether or not attached or affixed to the real property) (collectively, the "Project"); provided, that the Project shall not include personal property acquired by Grantor with funds other than the proceeds from the issuance of the Initial Certificates and Additional Certificates, if any.

(b) Plans and Specifications. All rights of Grantor to plans and specifications, designs, drawings, and other matters prepared for or obtained in connection with any construction on the Project.

(c) Contracts for Construction or Services. All rights of Grantor under all contracts with any provider of goods or services for or in connection with any construction undertaken on, or services performed or to be performed in connection with, the Project.

(d) Rights to Payments. All refunds of taxes and unearned insurance premiums, and all judgments, awards of damages, and settlements hereafter made as a result of or in lieu of any taking of the Project or any part thereof or interest therein under the power of eminent domain, or for any damage (whether caused by such taking or otherwise) to the Project or the improvements thereon or any part thereof or interest therein, including any award for change of grade of streets, and all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, and all insurance proceeds paid as a result of damage to all or any part of the Project or for loss of title with respect thereto, subject to the obligation of Grantor to apply the Net Proceeds of such insurance or condemnation award as set forth in the Indenture.

(e) Rents. All rents, issues, profits, royalties, avails, income, and other benefits derived or owned by Grantor directly from the Project or any part thereof (herein collectively called the "Rents").

(f) Leases. All rights of Grantor under all leases, licenses, occupancy agreements, concessions, or other arrangements, whether written or oral, whereby any person has agreed to pay money or other consideration for the use, possession, or occupancy of the Project or any part thereof, including any security deposits (herein collectively called the "Leases").

(g) Additions, Replacements, Substitutions, Etc. All additions to, replacements of, substitutions for, products of, proceeds, and all proceeds of such proceeds (including, without limitation, goods, accounts, general intangibles, chattel paper, documents, instruments, money, and the proceeds thereof) of any of the foregoing items and all rights to encumber any of the foregoing for debt.

Any part of the Project which is personal property under applicable law is sometimes herein collectively called the "Personal Property."

## LIABILITIES SECURED

To secure to Beneficiary the following (herein sometimes collectively called the "Liabilities"):

(a) (1) the payment of all sums and the performance of the covenants, obligations, and agreements (and the truth of all representations and warranties of Grantor contained and incorporated by reference therein) herein and in (i) the Indenture; and (ii) the Matanuska-Susitna Borough, Alaska, Fire Station Lease Certificates of Participation, 2016A, executed and delivered with an aggregate principal component of \$[ ] (the "Initial Certificates") (the Indenture and the Initial Certificates are collectively referred to as the "Certificate Documents"); and (2) any supplements or amendments to the Indenture relating to any Additional Certificates (defined in the Indenture) (collectively with the Additional Certificates, the "Additional Certificate Documents"); and (b) the payment of the Rent and all sums, with interest thereon, advanced under the terms of this Deed of Trust, the Certificate Documents, and any Additional Certificate Documents, including all sums advanced by Beneficiary to protect the Project.

## COVENANTS

Grantor covenants and agrees:

1. Payment and Performance of Liabilities. Grantor will pay to Beneficiary promptly when due all sums due under this Deed of Trust, the Certificate Documents, and any Additional Certificate Documents, as appropriate, and will promptly perform all other Liabilities secured hereby.

2. Possession. Unless and until a Deed of Trust Default (as defined in Section 10) occurs, Grantor may remain in possession and control of and operate and manage the Project and collect the Rents. Upon the occurrence of a Deed of Trust Default, Beneficiary may exercise all rights and remedies that Beneficiary may have in accordance with this Deed of Trust.

3. Warranties of Grantor.

3.1 Title.

(a) Grantor warrants that it holds indefeasible fee simple title to the Property described in Exhibit A, subject only to Permitted Encumbrances, that it owns the Personal Property subject only to Permitted Encumbrances, and that it has the full and valid right and power to grant, convey, transfer, and assign the Project. Grantor shall defend the title and the interests of Beneficiary and Deed of Trust Trustee against the claims and demands of all persons except on account of Permitted Encumbrances, if any.

(b) Grantor further warrants that it is in compliance with all Permitted Encumbrances applicable to the Project.

3.2 Use. The Project is not used by Grantor for personal, family, or household purposes and is not used principally for agricultural or farming purposes, and Grantor so warrants. Except as permitted pursuant to the Certificate Documents and any Additional Certificate Documents, Grantor shall not allow changes in the use for which all or any part of the Project was intended at the time this Deed of Trust was executed or initiate or consent to any change in the zoning classification of the Property, in all such cases, without Beneficiary's prior written consent.

3.3 Further Assurances. Upon Beneficiary's request, Grantor shall promptly make, execute, and deliver to Beneficiary, and where appropriate, shall record or file and rerecord or refile, at

such time and in such offices and places as shall be deemed desirable by Beneficiary, all deeds of trust, financing statements and continuation statements, instruments of further assurance, certificates, and other documents as Beneficiary may consider necessary or desirable to effectuate, complete, perfect, or continue and preserve the obligations of Grantor under this Deed of Trust and the Certificate Documents and any Additional Certificate Documents, and the lien of this Deed of Trust and security interest in the Property as a first and prior lien upon and interest in all of the Property, including, without limitation, the Project, whether now owned or hereafter acquired by Grantor, subject only to Permitted Encumbrances; and Grantor shall pay all costs of recording or filing and rerecording and refiling such documents or instruments in such offices or places as Beneficiary may deem necessary or desirable.

4. Care of Project.

4.1 Duty to Maintain and Restore; Waste. Grantor shall maintain the Project in good condition and state of repair and in such condition as will not impair its operating unity or character as a fire station and fleet maintenance facility. Except as permitted pursuant to the Certificate Documents and any Additional Certificate Documents, Grantor shall not permit, commit, or suffer any waste, impairment, or deterioration of the Property or of any part thereof; will not abandon the Property or any part thereof; will not take any action that will increase the risk of fire or other hazard to the Property or to any part thereof; and will not fail to take any action that would minimize such risk.

4.2 Removal or Alteration of Project. Except as permitted pursuant to the Certificate Documents and any Additional Certificate Documents, neither Grantor nor any tenant or other person shall remove any portion of the Project from the State, or remove, demolish, or make any alterations to the Project that change the use of the Project as a fire station and fleet maintenance facility, or lessens its value, without the prior written consent of Beneficiary.

4.3 Beneficiary's Right to Enter and Inspect. Beneficiary and its agents and representatives may (but shall not be obligated to) enter upon the Project at all reasonable times during the continuance of this Deed of Trust to attend to Beneficiary's interests and to inspect the Project. Beneficiary may from time to time, at Grantor's expense, authorize an independent architect, certified property manager or engineer of recognized standing, selected by Beneficiary, to inspect the Project and to determine if the Project is being maintained in accordance with the requirements of this Deed of Trust, if Beneficiary believes or has cause to believe that the Project is not being so maintained. Such independent inspector may render a report to Beneficiary specifying in what respects (if any) the Project is not then so being maintained, and further specifying what steps (if any) are required to remedy the condition of the Project. Grantor will remedy the defective condition within 90 days after the receipt of the report or within such shorter or longer time as may be reasonable under the circumstances in the opinion of said inspector.

4.4 Compliance With Governmental Regulations. Grantor will promptly comply with all laws, ordinances, and regulations of any governmental authority affecting the Project or the use of the Project, including, without limitation, building codes, housing, land use, health, safety, Environmental Laws, ordinances, and regulations; provided, that Grantor may, pursuant to appropriate proceedings, contest such laws, ordinances, or regulations in good faith, so long as such proceedings suspend enforcement of such laws, ordinances, or regulations and so long as no part of the Project is or will be in danger of being sold, forfeited, or subjected to lien not otherwise permitted pursuant to Section 6.2 or 6.3 as a result of Grantor's failure to comply with such laws, ordinances, or regulations.

4.5 Duty to Defend. Grantor shall give notice in writing to Beneficiary of and, unless otherwise directed in writing by Beneficiary, appear in and defend any action or proceeding purporting to affect the Project, the security of this Deed of Trust, or the rights or powers of Deed of Trust Trustee or Beneficiary. Should Beneficiary elect to appear in or defend any action or proceeding, be made a party to such by reason of this Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, Grantor shall, at all times, indemnify Beneficiary from and, on demand, reimburse Beneficiary for any and all loss, damage, expense, or cost, including cost of evidence of title and attorneys, fees, arising out of or incurred in connection with any such suit, action, or proceeding, and the same shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3.

4.6 Duty to Protect. Grantor shall do all other acts, in addition to those set forth in this Section, that are reasonably necessary to protect and preserve the security of Beneficiary.

5. Hazardous Substances.

5.1 Representations and Warranties. Grantor hereby represents and warrants as of [\_\_\_\_], 2016, as follows:

(a) Except as has been disclosed by Grantor to Beneficiary in writing prior to [\_\_\_\_], 2016, there is no claim, action, suit, proceeding, arbitration, investigation, or inquiry pending or, to the best of Grantor's knowledge, threatened against Grantor before any federal, state, municipal, foreign, or other court, or any governmental, administrative, or self regulatory body or agency, or any private arbitration tribunal, and there neither is nor has been any complaint, order, directive, claim, citation, notice, or lien by or in favor of any governmental authority or private person affecting the Project with respect to: (1) air emissions; (2) spills, releases, or discharges of Hazardous Substances, surface water, groundwater, or the sewer, septic system, or waste water treatment system; (3) noise emissions; (4) solid or liquid waste disposal; (5) the use, storage, generation, treatment, transportation, or disposal of Hazardous Substances; (6) exposure to airborne or friable asbestos; (7) violation of any Environmental Law; or (8) any other environmental matters. Except as has been disclosed by Grantor to Beneficiary in writing prior to [\_\_\_\_], 2016, Grantor has no knowledge of any circumstance, matter, or thing existing that might give rise to any of the foregoing (including, without limitation, the matters discussed in Sections 5.1(b), 5.1(c), and 5.2).

(b) Except as has been disclosed by Grantor to Beneficiary in writing prior to [\_\_\_\_], 2016, (1) neither Grantor nor, to the best knowledge of Grantor, any other Person has stored, disposed, or released in, on, or about the Project, any Hazardous Substances the removal or remediation of which is or could be required, or the maintenance of which is prohibited or penalized, by any applicable Environmental Laws, and the Project is free from all such Hazardous Substances except to the extent such Hazardous Substances are used and stored at the Project in the ordinary course of business and operation, and in compliance with Environmental Laws; (2) Grantor has not at any time disposed or caused to be disposed of at the Project any Hazardous Substances generated or existing as a result of Grantor's operation of the Project in a manner which will or could cause Grantor to be or become liable for a fine or penalty or a monetary or performance obligation arising from or related to such disposal; (3) to the best knowledge of Grantor, Grantor has no contingent liability in connection with the release of any Hazardous Substances at the Project into the environment; (4) Grantor has not given any release or waiver of liability that would waive or impair any claim based on Hazardous Substances at the Project to

(A) a prior owner or occupant, or (B) any party who may be potentially responsible for the presence of Hazardous Substances; (5) Grantor has not made any promises of indemnification to any party regarding Hazardous Substances at the Project; (6) no Asbestos Containing Materials are present at the Project; (7) no underground storage tanks are located at the Project; and (8) no environmental lien has attached to the Project.

(c) Grantor has not entered into any negotiations or agreements with any person (including, without limitation, the prior owner of any property) relating to any actions affecting the Project related to (1) cleaning up, removing, treating, or in any other way addressing Hazardous Substances in the indoor or outdoor environment; (2) preventing or minimizing the release or threat of release of Hazardous Substances so that Hazardous Substances do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; or (3) collecting environmental data or performing pre-remedial studies and investigations and performing operations and maintenance and post remedial monitoring and care.

5.2 Covenants and Agreements. Grantor hereby covenants and agrees as follows:

(a) Grantor will not cause or permit any Hazardous Substance to be brought upon, kept, used, or generated by Grantor, its agents, employees, contractors, or invitees, in the operation of the Project, unless the use or generation of the Hazardous Substance is necessary for the prudent operation of the Project in the ordinary course of Grantor's business and operations and in compliance with all Environmental Laws.

(b) In operating the Project, Grantor will at all times and in all respects use its best efforts to comply with all Environmental Laws. Grantor's foregoing duty of compliance with Environmental Laws includes, without limitation, the duty to undertake the following specific actions: (1) Grantor 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 the Project; 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 of by Grantor at the Project 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).

(c) At any time, and from time to time, if the Trustee reasonably so requests, Grantor shall have any environmental review, audit, assessment, and/or report relating to the Property theretofore provided by Grantor to the Trustee updated, at the sole cost and expense of Grantor, by an independent environmental consultant selected by Grantor and not objected to by the Trustee in writing within 30 days after receipt of notification of Grantor's selection.

(d) Grantor will, at its sole expense, take all actions as may be necessary or advisable for the clean-up of Hazardous Substances on or with respect to the Property, including, without limitation, all removal, containment, and remedial actions in accordance with all applicable laws, and shall further pay or cause to be paid all clean up, administrative, and enforcement costs of governmental agencies with respect to Hazardous Substances on or with

respect to the Property if obligated to do so by contract or by law. Grantor will immediately notify the Trustee should Grantor (1) become aware of any actual or potential liability with respect to Hazardous Substances stored, disposed, or released in, on, or about the Property, (2) receive any notice of, or become aware of, any actual or alleged violation with respect to the Property of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances, (3) receive any written request for information or for an inspection of the Project by any governmental authority with respect to any Hazardous Substances or Environmental Laws, or (4) become aware of any lien or action with respect to any of the foregoing. The Trustee may require from Grantor assurances that Grantor is taking all actions as may be reasonably required for the clean-up of Hazardous Substances in or with respect to any of the Property; provided, that for all purposes under this Section, Grantor shall, upon the Trustee's request therefor, provide the Trustee with, and the Trustee shall be fully protected in relying upon, without further investigation or further duty to determine whether any removal, containment and/or remedial actions are satisfactory, either (A) the written approval of such actions by any independent environmental consultant selected by Grantor and not objected to in writing by the Trustee within 30 days after receipt of notification of Grantor's selection; or (B) written notice from Grantor that it is contesting in good faith any such requirement by appropriate legal proceedings.

6. Taxes and Assessments; Liens and Claims.

6.1 Payment. Subject to Section 6.3, Grantor shall pay when due, directly to the proper payee, all taxes, assessments/rents, insurance premiums, water, sewer, or other utility charges or assessments that might become liens on the Project, and other costs and expenses arising from the ownership, operation, management, maintenance, occupancy, or use of the Project or any part thereof which Beneficiary shall reasonably deem necessary to protect Beneficiary's interest hereunder. Subject to Section 6.3, Grantor shall further pay when due all claims and demands arising from the ownership, operation, management, maintenance, use, or occupancy of the Project, and for work done on or for services rendered or material furnished to or in connection with the Project. Grantor may use any available installment payment plans for special assessments.

6.2 Liens. Grantor shall not allow any deed of trust, mortgage, or other encumbrance, including an encumbrance subordinate to this Deed of Trust, to be imposed on any of the Project without the prior written approval of Beneficiary, except as otherwise permitted in the Certificate Documents and any Additional Certificate Documents.

6.3 Grantor's Right to Contest. Grantor may withhold payment of any tax, assessment, claim, or demand or may elect to contest any lien if Grantor is in good faith conducting appropriate proceedings to contest the obligation to pay and if, but only if, such proceedings suspend enforcement and collection of the tax, assessment, claim, or demand, and no part of the Project or any interest therein is or will be in danger of being sold or forfeited. If any of the Project is subjected to a lien that is not discharged within 30 days after Grantor receives notice of such lien, Grantor shall deposit with Beneficiary cash, a sufficient corporate surety bond, or other security satisfactory to Beneficiary in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees, or other charges that could accrue as a result of such contest. In any contest, Grantor shall defend itself, Beneficiary, and Deed of Trust Trustee and shall satisfy any final adverse judgment before enforcement against the Project. Grantor shall name Beneficiary and Deed of Trust Trustee as additional obligees under any surety bond furnished in the contested proceedings.

6.4 Evidence of Payment. Grantor shall, upon demand by Beneficiary, furnish to Beneficiary evidence of payment of taxes and assessments, and all other payments required to be made by Grantor pursuant to this Section, and shall authorize the appropriate State or municipal official to deliver to Beneficiary at any time a written statement of the taxes and assessments against the Project.

7. Assignment of Leases, Rents, and Other Agreements.

7.1 No Assignee Duties. Beneficiary shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Grantor under any of the Leases or other agreements assigned under this Deed of Trust, if any. Grantor hereby agrees to indemnify Beneficiary for, and to save it harmless from, any and all liability arising from any such Leases and other agreements and from such assignment. Such assignment shall not place responsibility for the control, care, management, or repair of the Project upon Beneficiary, or make Beneficiary responsible or liable for any negligence in the management, operation, upkeep, repair, or control of the Project resulting in loss or injury or death to any tenant, licensee, employee, or stranger.

7.2 License. Grantor shall have a license to collect the Rents until the occurrence of a Deed of Trust Default. Upon delivery of written notice by Beneficiary to Grantor of the occurrence of a Deed of Trust Default, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Project in person, by agent, or by a court appointed receiver, Grantor's license to collect Rents shall be revoked, and Beneficiary shall immediately be entitled to possession of all Rents as the same become due and payable, including, without limitation, Rents then due and unpaid, and all such Rents shall immediately, upon delivery of such notice, be held by Grantor as trustee for the benefit of Beneficiary only; provided, that the written notice by Beneficiary to Grantor of the occurrence of a Deed of Trust Default shall contain a statement that Beneficiary exercises its rights to such Rents. Grantor agrees that, commencing upon delivery of such written notice of Grantor's default by Beneficiary to Grantor, each person obligated to pay any Rents (including, without limitation, each tenant) shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each such person therefor, delivered to each such person personally, by mail, or by delivering such demand to each rental unit, without any liability on the part of said person to inquire further as to the existence of a default by Grantor.

Grantor hereby warrants that, except for Permitted Encumbrances, Grantor has not executed any prior assignment of Leases or Rents with respect to the Project, that Grantor will not perform any acts and will not execute any instruments which would prevent Beneficiary from exercising its rights under this Section, and that, at the time of execution of this Deed of Trust, there has been no anticipation or prepayment of any of the Rents with respect to the Project except in the ordinary course of business.

Upon the occurrence of a Deed of Trust Default, Beneficiary may in person, by agent or by a court-appointed receiver, regardless of the adequacy of Beneficiary's security, enter upon and take and maintain full control of the Property, including, without limitation, the Project, in order to perform all acts necessary and appropriate for the operation and maintenance thereof, including, without limitation, the execution, cancellation, or modification of Leases, the collection of all Rents, the making of repairs to the Project, and the execution or termination of contracts providing for the management or maintenance of any of the Project, all on such terms as Beneficiary may deem best to protect the security of this Deed of Trust. In the event Beneficiary elects to seek the appointment of a receiver for the Property upon Grantor's default, Grantor hereby expressly consents to the appointment of such receiver. Beneficiary and/or the receiver, as appropriate, shall be entitled to receive a reasonable fee for so managing the Project.

All Rents collected subsequent to delivery of written notice by Beneficiary to Grantor of a Deed of Trust Default shall be applied first, to the costs, if any, of taking control of and managing the Project and collecting the Rents, including, without limitation, reasonable attorneys' fees, receiver's fees, premiums on receiver's bonds, costs of repairs to the Project, premiums on insurance policies, rents, taxes, assessments, and other charges on the Project; second, to the costs of discharging any obligation or liability of Grantor with respect to any of the Project that is secured by a lien upon the Project that is prior to the lien created by this Deed of Trust; and third, to the sums secured by this Deed of Trust. Beneficiary or the receiver shall have access to the books and records used in the operation and maintenance of the Project and shall be liable to account only for those Rents actually received. Beneficiary shall not be liable to Grantor, anyone claiming under or through Grantor, or anyone having an interest in the Project by reason of anything done or left undone by Beneficiary under this Section.

If the Rents are not sufficient to meet the costs, if any, of taking control of and managing the Project and collecting the Rents, any funds expended by Beneficiary for such purposes shall become a Liability of Grantor to Beneficiary secured by this Deed of Trust. Unless Grantor and Beneficiary agree in writing to other terms of payment, such amounts shall be payable upon notice from Beneficiary to Grantor requesting payment thereof and shall bear interest from the date of disbursement at the rate stated in Section 18.3 unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest permitted rate under applicable law.

Any entering upon and taking and maintaining control of the Project by Beneficiary or the receiver and any application of Rents as provided shall not cure or waive any default or invalidate any other right or remedy of Beneficiary under applicable law or provided in this Deed of Trust.

7.3 Performance. The full performance of all Liabilities secured by this Deed of Trust and the recorded reconveyance and release of this Deed of Trust shall render this assignment void.

8. Imposition of Tax on Indebtedness or Security Instruments.

8.1 Taxes Covered. This Section shall apply to the following taxes:

(a) A specific tax on deeds of trust or on all or any part of the indebtedness secured by a deed of trust.

(b) A specific tax on the owner of the Project which the beneficiary under a deed of trust is authorized or required to deduct from payments on the indebtedness secured by a deed of trust.

(c) A tax on a deed of trust chargeable against the beneficiary or holder of the note or other evidence of indebtedness secured thereby.

(d) A specific tax on all or any portion of the indebtedness or on payments of principal and interest made by a grantor of a deed of trust.

8.2 Effect of Taxes. If any tax to which this Section applies is enacted after the date of this Deed of Trust, Grantor shall be obligated to pay such tax promptly when due in the same manner as other taxes pursuant to Section 6 without regard to any law that might hereafter be enacted imposing payment of all or any part of such tax on Beneficiary.

9. Condemnation. Grantor shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Project, or any part thereof, and Grantor shall appear in and prosecute any such action or proceeding unless otherwise directed by Beneficiary in writing. Upon the occurrence and continuance of a Deed of Trust Default, Grantor authorizes Beneficiary, at Beneficiary's option, as attorney-in-fact for Grantor, to commence, appear in, and prosecute, in Beneficiary's or Grantor's name, any action or proceeding relating to any condemnation or other taking of the Project, whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking.

10. Deed of Trust Defaults. The following events shall constitute Deed of Trust Defaults (each, a "Deed of Trust Default"):

(a) Except as permitted pursuant to Section 6.3, failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or assessments, or any other payment necessary to prevent the creation, foreclosure, or enforcement of any lien against the Project.

(b) Material breach of any warranty or material untruth of any representation of Grantor contained or incorporated herein.

(c) The making or suffering by Grantor of a fraudulent transfer under applicable federal or state law; concealment by Grantor of any of its property in fraud of creditors; the making or suffering by Grantor of a voidable preference within the meaning of the Federal Bankruptcy Code; or the imposition of a lien through legal proceedings or distraint upon any of the Project which is not discharged or bonded in the manner required by Section 6.3.

(d) The occurrence of an "Event of Default" as defined in the Indenture.

(e) The occurrence of an "event of default" however defined in any Additional Certificate Document.

(f) Failure of Grantor to perform any other material obligation contained or incorporated by reference herein within 30 days after notice from Beneficiary specifying the nature of the default or, if the default is curable but cannot be cured within 30 days, failure within such time promptly to commence and thereafter to complete curative action with all possible diligence. No notice of default and no opportunity to cure shall be required if during the prior 12 months Beneficiary has already sent a notice to Grantor concerning default in performance of the same obligation and such prior default has not been cured as provided in this Section.

11. Rights and Remedies Upon Default.

11.1 Remedies. Upon the occurrence of any Deed of Trust Default and at any time thereafter, Beneficiary or Deed of Trust Trustee may exercise any one or more of the following rights and remedies, which rights and remedies are cumulative, in addition to any other remedy that may be available at law, in equity or otherwise:

(a) Beneficiary may seek the appointment of a receiver (which may be Beneficiary or its nominee), whether or not the apparent value of the Project exceeds the secured indebtedness, or may exercise all rights of a mortgagee in possession as provided in Section 11.3. Any receiver appointed shall serve without bond, to the extent permitted by applicable law.

(b) Following any revocation of Grantor's license to collect the Rents, Beneficiary may collect the Rents from the Project, either itself or through a receiver. To facilitate collection, Beneficiary may notify any tenant or other person to make payments of Rents directly to Beneficiary. If Rents are collected by Beneficiary, then Grantor irrevocably designates Beneficiary as its attorney-in-fact to endorse instruments received in payment in the name of Grantor and to negotiate the instruments and collect the proceeds. Payments by tenants or other persons to Beneficiary in response to Beneficiary's demand shall satisfy the obligation for which the payments are made, whether or not any proper grounds for the demand existed. Beneficiary shall not be deemed a mortgagee in possession solely by reason of exercise of the rights contained in this paragraph.

(c) Beneficiary shall have the right to invoke the power of sale (in which case Deed of Trust Trustee shall have the right to foreclose Grantor's interests in all or any part of the Project by nonjudicial notice and sale), or Beneficiary shall have the right to foreclose such interests by judicial foreclosure, in either case in accordance with applicable law.

(d) With respect to any of the Project that is Personal Property, Beneficiary may exercise the rights and remedies of a secured party under the Uniform Commercial Code of the State, or such other state in which the property is located at any time.

(e) Beneficiary and Deed of Trust Trustee shall have any other right or remedy provided in this Deed of Trust, including, without limitation, collection of Rents as authorized in Section 7.2, or in any other document or instrument representing or securing the Liabilities or available at law or in equity.

11.2 Power of Sale. If Beneficiary invokes the power of sale, Beneficiary shall give written notice to Deed of Trust Trustee of the occurrence of a Deed of Trust Default and of Beneficiary's election to cause the Property to be sold. Deed of Trust Trustee and Beneficiary shall give such notices as the applicable laws may require to Grantor and to such other persons as the applicable laws prescribe, and after the lapse of such time as may be required by applicable law, Deed of Trust Trustee shall sell the Property according to the applicable laws. Deed of Trust Trustee may sell the Property at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Deed of Trust Trustee may determine. Deed of Trust Trustee may postpone sale of all or any parcel of the Property for a period or periods not exceeding the periods permitted by applicable law by taking the actions prescribed by applicable law. Beneficiary or Beneficiary's designee may purchase the Property at any sale.

Deed of Trust Trustee shall deliver to the purchaser a deed of trust trustee's deed conveying the Property so sold without any covenant or warranty, express or implied. The recitals in Deed of Trust Trustee's deed shall be *prima facie* evidence of the truth of the statements made therein. Deed of Trust Trustee shall apply the proceeds of the sale in the following order:

(a) To pay all reasonable costs and expenses of the sale, including, without limitation, Deed of Trust Trustee's and attorney's fees and costs and the costs of title evidence; and

(b) To pay all amounts secured by this Deed of Trust in such order as Beneficiary, in Beneficiary's sole discretion, directs; and

(c) The surplus, if any, shall be paid to the Persons legally entitled thereto.

11.3 Rights of Receiver or Mortgagee in Possession. Upon taking possession of all or any part of the Project, the receiver or Beneficiary may:

- (a) Use, operate, manage, control, and conduct business at the Project;
- (b) Make expenditures for all maintenance, decorating, renewals, and replacements to the Project as in its judgment are proper;
- (c) Insure and reinsure the Project and all risks incidental to its possession, operation, and management of the Project;
- (d) Revoke Grantor's license to collect the Rents, and collect any Rents and apply such sums to the expenses of use, operation, and management in such priority as Beneficiary or the receiver deems appropriate. Grantor shall immediately upon demand turn over to Beneficiary or the receiver all documents, books, records, papers, and accounts relating to the Rents, together with the amount of any deposits and rentals from any tenant or other Person liable for Rents. Beneficiary or the receiver may appear in any proceeding or bring suit on Grantor's behalf, as necessary, to enforce obligations of any tenant or other Person liable for Rents, including actions for the recovery of rent, actions in forcible detainer and in distress for rent;
- (e) Cancel or terminate any Lease or other agreement, including, without limitation, contracts providing for the management or maintenance of any of the Project, for any cause which would entitle Grantor to cancel the same;
- (f) Extend or modify any Lease or other agreement pertaining to or affecting the Project, including, without limitation, contracts providing for the management or maintenance of any of the Project, and make any new Lease or agreement on any portion of the Project. Any such instruments shall be binding upon Grantor's interests in the Project and all persons whose interests in the Project are subordinate to the lien of this Deed of Trust, and upon the purchaser or purchasers at any foreclosure sale, notwithstanding any redemption from sale, discharge of the indebtedness, satisfaction of the foreclosure decree, or issuance of any certificate of sale or deed to any purchaser; or
- (g) At Beneficiary's option, complete any construction in progress on the Property, and in that connection pay bills, borrow funds, employ contractors, and make any changes in plans or specifications as Beneficiary deems appropriate.

If Rents are insufficient to pay expenses, the receiver or Beneficiary may borrow or advance such sums as the receiver or Beneficiary deems necessary for the purposes stated in this subsection. The amounts borrowed or advanced shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3. Such sums shall become a part of the Liabilities secured by this Deed of Trust and shall be payable by Grantor on demand.

11.4 Sale of the Property. To the extent permitted under applicable law, Beneficiary and Deed of Trust Trustee shall be free to sell Grantor's interests in all or any part of the Project together or separately or to sell certain portions of the Project and refrain from selling other portions. Beneficiary shall be entitled to bid at any public sale on all or any portion of the Project.

11.5 Waiver of Marshalling. Notwithstanding the existence of any other security interests in the Project held by Beneficiary or by any other party, Beneficiary shall have the right to

determine the order in which any or all of the Project shall be subjected to the remedies provided by this Deed of Trust. Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness secured by this Deed of Trust are satisfied from the proceeds realized upon the exercise of the remedies provided in this Deed of Trust. Grantor, any party who consents to this Deed of Trust, and any party who now or hereafter acquires a lien or security interest in the Project and who has actual or constructive notice of this Deed of Trust, hereby waive any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or by this Deed of Trust.

11.6 Remedies Cumulative. Except as otherwise specifically limited by applicable law, election by Beneficiary to pursue one remedy shall not preclude resort to any other remedy, and all remedies of Beneficiary under this Deed of Trust are cumulative and not exclusive and each remedy may be exercised concurrently, independently, successively, and in any order whatsoever. An election to make expenditures or to take action to perform an obligation of Grantor secured by this Deed of Trust after failure of Grantor to perform shall not prejudice Beneficiary's right to declare a default or constitute a waiver of the breached term or of any of the remedies provided in this Section.

11.7 Application of Proceeds from Project. All proceeds realized from the exercise of Beneficiary's rights and remedies (other than nonjudicial foreclosure, which is discussed in Section 11.2) shall be applied as follows:

(a) To pay the reasonable costs of exercising such rights and remedies, including the costs of any sale, the costs and expenses of any receiver or mortgagee in possession, and the costs and expenses provided for in Section 11.8;

(b) To pay all amounts owed by Grantor, payment of which is secured by this Deed of Trust, for principal, interest, costs, and expenses in such order as Beneficiary in its sole discretion may determine; and

(c) The surplus, if any, shall be paid to the Persons legally entitled thereto.

11.8 Attorneys' Fees; Expenses. In the event any suit, action, or appeal therefrom is instituted by Beneficiary or Deed of Trust Trustee to enforce any of the terms of this Deed of Trust to protect or enforce any of Beneficiary's rights hereunder or to protect or realize upon any of the collateral, including, without limitation, any and all bankruptcy claims, actions, and proceedings, Grantor agrees to reimburse on demand all reasonable attorneys' fees and expenses incurred by Beneficiary or Deed of Trust Trustee in such enforcement action, including fees or expenses incurred in any appellate proceeding. In determining what is a reasonable sum for attorneys' fees and litigation expenses, the actual amount of attorneys' fees the party is obligated to pay its attorney or attorneys shall be presumed to be reasonable, which presumption is rebuttable, and the actual expenses incurred in the proceeding, including all expenses of a party for travel, etc., shall be presumed to be reasonable, which presumption is rebuttable. Whether or not any court action is involved, all reasonable expenses incurred that are necessary at any time in Beneficiary's opinion for the protection of Beneficiary's interests or the enforcement of its rights, including, without limitation, the cost of searching records, obtaining title reports, surveyors reports, and attorneys' opinions or title insurance, shall become a part of the Liabilities secured by this Deed of Trust, shall be payable on demand and shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3. Beneficiary shall notify Grantor as soon as practicable after the incurrence of any such expenses.

If any proceedings are instituted or proposed to be instituted by or against Grantor under any federal or state law relating to bankruptcy, insolvency, or debtor's relief, including, without limitation, proceedings for its rehabilitation or liquidation or the composition of its debts, whether for the purpose of effecting a common law or statutory assignment for the benefit of creditors pursuant to bankruptcy laws or otherwise, the reasonable fees and expenses of legal counsel for Beneficiary incurred in connection therewith, including attendance of such counsel at meetings of creditors for the consideration of such proceedings, shall be recoverable from Grantor, and shall become a part of the Liabilities secured by this Deed of Trust payable on demand and shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3.

12. Actions to Protect the Project. Beneficiary and Deed of Trust Trustee shall have the power and authority to institute and maintain any suits and proceedings as Beneficiary may deem advisable (a) to prevent any impairment of the security of this Deed of Trust by any acts that may be unlawful or in violation of this Deed of Trust, (b) to preserve or protect its interest in the Project, and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule, or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule, or order might impair the security hereunder or be prejudicial to Beneficiary's interest. Any amounts disbursed by Beneficiary pursuant to this Section shall become a part of the Liabilities secured by this Deed of Trust, payable on demand, and shall bear interest from the date of expenditure until repaid at the interest rate provided in Section 18.3.

13. No Waiver.

13.1 Delay or Omission is No Waiver. No delay or omission of Beneficiary or Deed of Trust Trustee to exercise any right, power, or remedy accruing upon any Deed of Trust Default shall exhaust or impair any such right, power, or remedy or shall be construed to waive any such Deed of Trust Default or to constitute acquiescence therein. Every right, power, and remedy given to Beneficiary or Deed of Trust Trustee may be exercised from time to time and as often as may be deemed expedient by either or both of them.

13.2 No Waiver of One Default to Affect Another. A waiver by Beneficiary of a breach of any provision of this Deed of Trust shall not constitute a waiver of that provision or of any succeeding breach, or prejudice Beneficiary's right otherwise to demand strict compliance with the same or any other provisions. If Beneficiary (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment of indebtedness; (c) accepts a renewal note or notes therefor; (d) waives or does not exercise any right granted in this Deed of Trust, the Certificate Documents, or any Additional Certificate Documents; (e) reconveys any part of the Project from the lien of this Deed of Trust or the Certificate Documents or any Additional Certificate Documents; (f) releases anyone liable on any of the Liabilities; (g) consents to the filing of any map, plat, or replat of the Property; (h) reconveys any part of the Property; (i) consents to the granting of any easement on the Property; or (j) makes or consents to any agreement changing the terms of this Deed of Trust or subordinating the lien or any charge of this Deed of Trust, such act or omission shall not preclude Beneficiary or Deed of Trust Trustee from exercising any right, power, or privilege granted or intended to be granted by this Deed of Trust in case of any Deed of Trust Default then existing or of any subsequent Deed of Trust Default.

Except as otherwise expressly provided in an instrument executed by Beneficiary, the lien of this Deed of Trust shall not be altered by such acts or omissions. The procurement of insurance or the payment of taxes, rents, or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's

right to accelerate the maturity of the indebtedness secured by this Deed of Trust, nor shall Beneficiary's receipt of any awards, proceeds, or damages as provided in this Deed of Trust operate to cure or waive Grantor's default in payment of sums secured by this Deed of Trust. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Project, Beneficiary, without notice to Grantor or any other person, is authorized and empowered to deal with any such vendee or transferee with reference to the Project, the Liabilities secured by this Deed of Trust, or any of the terms or conditions of this Deed of Trust as fully and to the same extent as it might deal with the original Grantor and without in any way releasing or discharging any of the undertakings contained in this Deed of Trust or the Certificate Documents or any Additional Certificate Documents.

14. Security Interest in Personal Property.

14.1 Security Agreement; Financing Statements. This instrument shall constitute a security agreement under the UCC with respect to the Personal Property. To the extent that any of the Project constitutes a fixture, this Deed of Trust shall serve as a fixture filing pursuant to the Uniform Commercial Code of the State. For the purposes of this Section, Grantor shall be deemed the "Debtor" and Beneficiary shall be deemed the "Secured Party." The addresses of Grantor and Beneficiary described in Section 18.4 shall be deemed the address of Debtor and Secured Party, respectively, from which information concerning the security interest created herein may be obtained. With respect to all other Personal Property, Grantor shall promptly execute and deliver to Beneficiary the necessary financing statements in the form required by State statutes, which Beneficiary may file at Grantor's expense in all public offices where filing is required to perfect the security interest of Beneficiary. Grantor shall also pay all reasonable costs and expenses of any record searches for financing statements as Beneficiary may reasonably require. Beneficiary may file copies or reproductions of this instrument as financing statements at any time and at its option without further authorization from Grantor. Grantor shall promptly execute and deliver to Beneficiary for filing, at Grantor's sole expense, such refilings, renewals, continuations, modifications, and amendments of such financing statements as Beneficiary shall require.

14.2 After Acquired Personal Property. With respect to the portions of the Personal Property acquired after the date of this Deed of Trust, Grantor represents and warrants that Grantor will be the sole owner of such Personal Property free from any adverse lien, security interest, encumbrance, or adverse claim of any kind, except the security interest granted to Beneficiary under this Deed of Trust and except the Permitted Encumbrances, if any. Grantor shall notify Beneficiary of any claim, action, or proceeding that questions Grantor's title or Beneficiary's interest in the Personal Property, and Grantor shall resist and defend the same at Grantor's expense.

14.3 Obligations of Grantor. All covenants and obligations of Grantor contained in this Deed of Trust relating to the Project shall be deemed to apply to the Personal Property as well as the Property, whether or not expressly referred to in this Deed of Trust, unless the context requires otherwise. Upon default, Grantor shall assemble the Personal Property and make it available to Beneficiary within three days after receipt of written demand from Beneficiary.

14.4 No Duties. Beneficiary shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Grantor under the Leases or other agreements assigned and pledged under this Deed of Trust, if any, unless and until this Deed of Trust is foreclosed pursuant to Section 11. Notwithstanding foreclosure pursuant to Section 11, Beneficiary shall not be required to assume any rights or duties of Grantor as to the scope or duration of any Hazardous Substances cleanup activities or to exercise any control over Grantor's environmental compliance. Such assignment and pledge shall not place responsibility for the control, care, management, or repair of the

Project upon Beneficiary or make Beneficiary responsible or liable for any negligence in the management, operation, upkeep, repair, or control of the Project resulting in loss or injury or death to any tenant, licensee, employee, or stranger. Grantor agrees to indemnify Beneficiary for, and to save it harmless from, any and all liability arising from any such Leases and other agreements and from such assignment and pledge.

14.5 Notice of Sale. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least 30 days before the time of the sale or disposition.

15. Reconveyance on Full Performance. On payment in full of the indebtedness hereby secured and punctual performance of all Liabilities secured by this Deed of Trust, Beneficiary shall execute and deliver to Deed of Trust Trustee a request for full reconveyance of this Deed of Trust, and Deed of Trust Trustee shall reconvey to Grantor, without warranty, the Property. Beneficiary shall also execute and deliver to Grantor a suitable instrument in recordable form evidencing the termination of the assignment of Rents to Beneficiary and Beneficiary's security interest in the Personal Property. Any reconveyance fees and recording fees shall be paid by Grantor.

16. Powers and Obligations of Deed of Trust Trustee; Substitute Deed of Trust Trustee.

16.1 Powers of Deed of Trust Trustee. In addition to all powers of a deed of trust trustee arising as a matter of law, Deed of Trust Trustee shall have the power to take the following actions with respect to the Project upon the request of Beneficiary and Grantor:

- (a) Join in executing any application or document required in connection with the development of the Project.
- (b) Join in granting any easement or creating any restriction on the Project.
- (c) Join in any subordination or other agreement affecting this Deed of Trust or the interest of Beneficiary under this Deed of Trust.

16.2 Obligations to Notify. Deed of Trust Trustee shall not be obligated to notify any other party of a pending sale under any other deed of trust or lien, or of any action or proceeding in which Grantor, Beneficiary, or Deed of Trust Trustee shall be a party, unless the action or proceeding is brought by Deed of Trust Trustee.

16.3 Substitute Deed of Trust Trustee. In accordance with applicable law, Beneficiary may from time to time in the event of a breach of trust by Deed of Trust Trustee, appoint a successor deed of trust trustee or discharge and appoint a new trustee in the place of the Deed of Trust Trustee herein named. Without conveyance of the Project, upon recording of its appointment in the recording district in which this Deed of Trust is recorded, the successor deed of trust trustee shall succeed to all the title, power, and duties conferred upon Deed of Trust Trustee herein and by applicable law.

17. Modification of Deed of Trust.

17.1 Modification of Deed of Trust Without Consent of Owners. After the Date of Issue of the Initial Certificates and subject to the conditions and restrictions of the Indenture, the Trustee and the Borough may consent to and execute such supplements or amendments to this Deed of Trust as

may or shall by them be deemed necessary or desirable, from time to time and at any time, without the consent of any Owner, for any one or more of the following purposes:

- (a) To add covenants and agreements to this Deed of Trust for the protection of Owners of Certificates; or
- (b) To cure any ambiguity or correct any defect or inconsistent provision in this Deed of Trust; or
- (c) To make subject to the lien of the Indenture, for the benefit of the Owners of the Certificates, additional revenues, properties or collateral; or
- (d) To reflect additions, withdrawals, or substitutions of Property from the Project pursuant to this Deed of Trust; or
- (e) To provide for the execution and delivery of Additional Certificates; or
- (f) To preserve the exclusion of the interest component of any Certificates from gross income for purposes of federal income taxation and preserve the right of the Borough to continue to issue bonds, debts, or other obligations of any nature the interest income on which is likewise excluded from gross income for purposes of federal income taxation; or
- (g) To make any other change which, in the judgment of the Trustee, is not materially adverse to the interests of the Trustee or the Owners of Outstanding Certificates.

17.2 Modification of Deed of Trust With Consent of Majority of Owners. Except for the supplements and amendments necessary or desirable to accomplish the purposes set forth in Section 17.1, and subject to the requirements of Section 17.3, neither the Trustee nor the Borough shall consent to any other supplement or amendment to this Deed of Trust after the Date of Issue of the Initial Certificates without the prior written consent of the Owners of not less than a majority in aggregate principal amount of Outstanding Certificates; provided, that no such amendment, change, or modification shall ever affect the unconditional obligation of the Borough to make Rent payments as they become due and payable. If the Owners of not less than a majority in aggregate principal amount of Outstanding Certificates shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Borough from executing the same or from taking any action pursuant to the provisions thereof.

17.3 Modification of Deed of Trust With Consent of All Owners. Without the prior written consent of the Owners of all the Outstanding Certificates, no supplement or amendment to this Deed of Trust shall change the terms of redemption or maturity of the principal component of any Certificates or of any interest component of any Certificates; shall deprive any Owner of any Outstanding Certificate of the lien or right created by this Deed of Trust; shall give priority to any Certificate over any other Certificate; or shall reduce or extend the time for payment of any of the Rent.

17.4 Notices of Modification of Deed of Trust. The Trustee shall cause notice of the proposed execution and delivery of any supplement or amendment to this Deed of Trust, together with a copy of the proposed supplement or amendment, to be mailed to the Borough and each Rating Agency at least 30 days prior to the proposed date of execution and delivery of any such supplement or amendment;

provided, that failure of the Trustee to mail such notice to any Rating Agency or failure of any Rating Agency to receive such notice shall not invalidate such supplement or amendment or its effectiveness.

18. Miscellaneous.

18.1 Time of Essence. Time is of the essence of this Deed of Trust.

18.2 Binding Upon Successors and Assigns. Subject to the provisions of applicable law with respect to successor trustees, this Deed of Trust shall be binding on and inure to the benefit of the parties, their successors and assigns.

18.3 Beneficiary's Right to Perform Obligations of Grantor. If Grantor fails to perform the covenants and agreements contained or incorporated in this Deed of Trust, or if any action or proceeding is commenced that affects the Project or title thereto or the interest of Beneficiary therein (including, without limitation, any bankruptcy, insolvency, arrangement, reorganization, or other debtor relief proceeding or eminent domain proceedings), then Beneficiary, at Beneficiary's option, may make such appearance, disburse such sums, and take such action as Beneficiary deems necessary, in its sole discretion, to protect Beneficiary's interest, including, without limitation: (i) disbursement of attorneys' fees and expenses; (ii) entry upon the Property to make repairs; and (iii) procurement of satisfactory insurance. Grantor shall reimburse Beneficiary for all reasonable costs incurred by Beneficiary in taking any said action, together with interest from the date of expenditure until repaid at two percent per annum over the rate of interest announced by the Trustee as its prime rate from time to time, but in any event, not greater than the maximum rate of interest permitted by State law. Such sums shall become a part of the Liabilities secured by this Deed of Trust and be payable by Grantor on demand. Grantor agrees that the amounts described in this paragraph and Sections 4.5, 7.2, 11.3, 11.8, and 12 constitute necessary expenditures for the preservation of Beneficiary's security and, to the extent permitted under State law, such amounts shall have a lien priority date as of the date of recording of this Deed of Trust. Grantor agrees and covenants that Beneficiary shall be subrogated to the lien of any mortgage or other lien discharged in whole or in part by the additional indebtedness.

Such action by Beneficiary shall not constitute a waiver of the default or any other right or remedy which Beneficiary may have on account of Grantor's default. Nothing in this Section shall require Beneficiary to incur any expense or take any action.

18.4 Notices. Notices under this Deed of Trust shall be in writing and shall be sufficiently given if addressed and mailed by first-class, certified, or registered mail, postage prepaid, to the addresses set forth below, or such other address as a party may indicate by written notice to the others:

Grantor:	Finance Director Matanuska-Susitna Borough 350 East Dahlia Avenue Palmer, Alaska 99645 (907) 745-9630 (907) 745-0886 (telecopy)
----------	--

Beneficiary: U.S. Bank National Association  
Global Corporate Trust Services  
1420 Fifth Avenue, 7th Floor  
Seattle, Washington 98101  
(206) 344-3485  
(206) 344-4630 (telecop)  
Attention: Carolyn Morrison

Deed of Trust Trustee: Mat-Su Title Agency, LLC  
1981 East Palmer-Wasilla Highway #100  
Wasilla, Alaska 99654  
(907) 376-5294

A duplicate copy of each notice given to Grantor, Beneficiary, or Deed of Trust Trustee hereunder shall also be sent by first-class mail, postage prepaid, to each Owner of Certificates requesting the same in writing, at such address as may be provided to the parties in writing.

All notices shall be deemed served upon deposit of such notice in the United States Postal Service in the manner above provided.

18.5 Captions. All captions used in this Deed of Trust are intended solely for convenience of reference and shall not limit, expand, or otherwise affect any of the provisions of this Deed of Trust

18.6 Invalid Provisions To Affect No Others. If any of the provisions contained in the Certificate Documents and any Additional Certificate Documents or this Deed of Trust shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained herein or therein shall not be affected thereby.

18.7 Changes in Writing. This Deed of Trust and any of its terms may only be changed, waived, discharged, or terminated as provided and in accordance with the Certificate Documents and any Additional Certificate Documents.

18.8 Applicable Law. This Deed of Trust and its terms and conditions shall be construed, applied, and enforced in accordance with the laws of the State.

18.9 Parties Interested Herein. Nothing in this Deed of Trust, express or implied, is intended or shall be construed to give to any Person, other than the Borough, the Trustee, the Deed of Trust Trustee, and the Owners of the Certificates, any right, remedy, or claim under or by reason of this Deed of Trust. The covenants, stipulations, and agreements in this Deed of Trust contained are and shall be for the sole and exclusive benefit of the Borough, the Trustee, the Deed of Trust Trustee, their successors and assigns, and the Owners of the Certificates.

[Signature page follows]

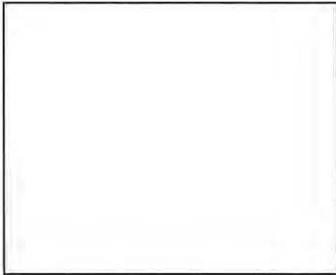
GRANTOR:

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

STATE OF ALASKA            )  
  ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by John Moosey, Borough Manager of the Matanuska-Susitna Borough, Alaska, on behalf of the Borough.



\_\_\_\_\_  
(Signature of Notary)

Notary public for Alaska

My commission expires \_\_\_\_\_.

IM16-119  
OR16-080

**EXHIBIT A**  
**Description of Property**

[ ]

51523645.1

A-1

Im16-119  
OR16-080

**CONTINUING DISCLOSURE CERTIFICATE**  
**MATANUSKA-SUSITNA BOROUGH, ALASKA**

§[ ]  
**Fire Station Lease**  
**Certificates of Participation, 2016A**

Section 1. Undertaking to Provide Annual Financial Information and Notice of Certain Events. Solely for purposes of complying with paragraph (b)(5)(i) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240 § 240.15c2-12) ("Rule 15c2-12"), for the benefit of the beneficial owners or holders of the above-referenced certificates (the "Certificates"), the Matanuska-Susitna Borough (the "Borough") hereby undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the "MSRB"), in electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(a) Annual financial information and operating data of the type included in the final official statement for the Certificates and described in Section 2 (the "Annual Financial Information");

(b) Timely notice of the occurrence of any of the following events with respect to the Certificates, not in excess of ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (vii) modifications to rights of holders of the Certificates, if material;
- (viii) Certificate calls, if material, and tender offers;

- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Certificates, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the Borough;
- (xiii) the consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; and

(c) Timely notice of a failure by the Borough to provide required Annual Financial Information on or before the date specified in Section 2.

Section 2. Description of Annual Financial Information. The Annual Financial Information that the Borough undertakes to provide in Section 1:

(a) Shall consist of:

(i) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to Alaska municipalities, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the Borough they will be provided; and

(ii) the comprehensive annual financial report of the Borough;

(b) Shall be provided not later than the last day of the seventh month after the end of each fiscal year of the Borough (currently, not later than January 31 for a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the Borough's fiscal year ending June 30, 2016; and

(c) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the United States Securities and Exchange Commission.

Section 3. Amendment of Undertaking. This undertaking is subject to amendment after the primary offering of the Certificates without the consent of any holder of any Certificate, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The Borough

will give notice to the MSRB of the substance (or provide a copy) of any amendment to this undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of Annual Financial Information to be provided, the Annual Financial Information containing the amended Annual Financial Information will include a narrative explanation of the effect of that change on the type of information to be provided.

Section 4. Beneficiaries. This undertaking shall inure to the benefit of the Borough, each participating underwriter of the Certificates and each holder of the Certificates, and shall not inure to the benefit of or create any rights in any other person.

Section 5. Termination of Undertaking. The Borough's obligations under this undertaking shall terminate upon the legal defeasance of all of the Certificates. In addition, the Borough's obligations under this undertaking shall terminate if the provisions of Rule 15c2-12 that require the Borough to comply with this undertaking become legally inapplicable in respect of the Certificates for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the Borough, and the Borough provides timely notice of such termination to the MSRB.

Section 6. Remedy for Failure to Comply with Undertaking. As soon as practicable after the Borough learns of any failure to comply with the undertaking, the Borough will proceed with due diligence to cause such noncompliance to be corrected. No failure by the Borough to comply with this undertaking shall constitute a default in respect of the Certificates. The sole remedy of any holder of a Certificate shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Borough to comply with this undertaking.

Section 7. Definitions. Terms used and not defined in this undertaking shall have the meaning ascribed to such terms in Rule 15c2-12.

Dated: [\_\_\_\_], 2016.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

NON-CODE ORDINANCE

By: Borough Manager  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH**  
**ORDINANCE SERIAL NO. 16-080**

AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO CAUSE TO BE EXECUTED AND DELIVERED AND TO SELL NOT TO EXCEED \$5,700,000 FIRE STATION LEASE CERTIFICATES OF PARTICIPATION, 2016A; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE, A LEASE PURCHASE AGREEMENT AND TRUST INDENTURE, AND A DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, AND SECURITY AGREEMENT TO SECURE THE CERTIFICATES; AUTHORIZING THE EXECUTION OF A CERTIFICATE PURCHASE AGREEMENT; AND PROVIDING FOR RELATED MATTERS.

WHEREAS, the Assembly of the Matanuska-Susitna Borough (the "Borough") finds that it is in the best interest of the Borough and in furtherance the of the public purposes of the Borough to acquire, construct, and equip a fire station and fleet maintenance facility (the "Project") within the Borough; and

WHEREAS, the Assembly finds that the Project will be used for an essential public function of the Borough; and

WHEREAS, the Assembly finds that it is in the best interest of the Borough and in furtherance of the public purposes of the Borough to finance the construction and acquisition of the Project by causing the execution and delivery of certificates of participation (the "Certificates") in lease payments to be made by the Borough for the use and occupancy of the Project; and

WHEREAS, the Borough has acquired title to real property more particularly described in Exhibit A hereto (the "Property") as the site for the Project; and

WHEREAS, the Borough proposes to lease the Property, and the Project to be constructed thereon, to a corporate trustee, which will lease the Project back to the Borough under a lease-purchase agreement under which the Borough will make lease payments consisting of a principal component and an interest component; and

WHEREAS, the right to receive the principal and interest components of lease payments to be made by the Borough under the lease-purchase agreement will be evidenced by the Certificates, which will be executed and delivered to investors in exchange for proceeds that will be used to finance the construction and acquisition of the Project; and

WHEREAS, there have been presented to the Borough forms of the following documents:

1. a Lease (the "Lease") between the Borough and U.S. Bank National Association, as trustee (the "Trustee"); and
2. a Lease Purchase Agreement and Trust Indenture (the "Indenture") between the Borough and the Trustee; and
3. a Deed of Trust, Assignment of Leases and Rents, and Security Agreement (the "Deed of Trust") on the Property securing the Borough's obligations under the Indenture, made by the Borough, as grantor, in favor of the Trustee, as beneficiary;

and it appears that each such document, which now is before the Borough, is an appropriate document for the purpose intended;

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. Authorization of Lease. The Assembly finds under Matanuska-Susitna Borough Code Section 23.05.030(G) that leasing the Property to the Trustee under the Lease without regard to its fair rental value is in the best interest of the Borough. The Property may be leased under the Lease without first being classified as required by Matanuska-Susitna Borough Code Section 23.10.030(B). Notwithstanding Matanuska-Susitna Borough Code Section 23.10.060(C), the Property may be leased for the consideration that is provided in the Lease. The Assembly finds that the leasing of the Project by the Trustee to the Borough under the terms of the Indenture, and the financing of the Project through the execution and delivery of the Certificates in the aggregate principal amount of not to exceed \$5,700,000, will serve the public interest and be in the best interest of the Borough, and are approved.

Section 3. Approval of Documents. The form and content of the Lease, the Indenture, and the Deed of Trust are in all respects authorized, approved, and confirmed, and the Borough Manager is authorized, empowered, and directed to execute and deliver such documents to the other parties thereto for and on behalf of the Borough, with such changes, modifications, additions, and deletions therein as shall to the Borough Manager, in consultation with counsel, seem necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of the approval of any and all changes,

modifications, additions, or deletions therein from the form and content of such documents now before this meeting, and from and after the execution and delivery of such documents, the Borough Manager, the Borough Director of Finance, the Borough Attorney, and the Borough Clerk each is authorized, empowered, and directed to do all such acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of such documents as executed.

Section 4. Sale of Certificates. The Certificates shall be sold at negotiated sale to RBC Capital Markets, LLC (the "Underwriter"). The Borough's financial advisor has advised the Assembly that bond market conditions are fluctuating and that the most favorable market conditions for the sale of the Certificates 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 terms of the sale of the Certificates. Therefore, the Assembly determines that it is in the best interest of the Borough to delegate the authority to approve the terms of the Certificates to the Borough Manager and the Borough Director of Finance, and the Borough Manager and the Borough Director of Finance each is authorized to determine the aggregate principal amount, principal amount per maturity, sinking fund installments, if any, interest rates, yields, dated date, principal and interest payment dates, and redemption terms, if any, and other details of the Certificates; provided, that the true interest cost of the Certificates, expressed as an annual

rate, does not exceed 5.00 percent. In determining the aggregate principal amount, principal amount per maturity, sinking fund installments, if any, interest rates, yields, dated date, principal and interest payment dates, redemption terms, if any, and other details of the Certificates, the Borough Manager or the Borough Director of Finance 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 Certificates to their maturity or prior redemption, including without limitation current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Certificates. The Borough Manager and the Borough Director of Finance each is authorized to determine, in consultation with the Borough's financial advisor and the Underwriter, whether there shall be bond insurance for the Certificates; 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 the Certificates as a result of the bond insurance. Based upon the foregoing determinations, the Borough Manager and the Borough Director of Finance each is authorized to execute a purchase contract for the Certificates with the Underwriter. The authority granted to the Borough Manager and the Borough Director of Finance by this section shall expire 270 days after the effective date of this Ordinance. If the Borough Manager or the Borough Director of Finance has not executed a purchase contract for the

Certificates with the Underwriter within 270 days after the effective date of this Ordinance, no purchase contract for the Certificates may be executed on behalf of the Borough without further authorization from the Assembly.

Section 5. Official Statement. The Borough Manager and the Borough Director of Finance each is authorized to approve a preliminary official statement for distribution in relation to the offering of the Certificates for sale. The Borough Manager and the Borough Director of Finance each is authorized to deem the preliminary Official Statement final for purposes of Securities and Exchange Commission Rule 15c2-12, and to approve the form of, and execute and deliver, the final Official Statement for the Certificates.

Section 6. Authority of Officers. The Mayor, the Borough Manager, the Borough Director of Finance, the Borough Attorney, and the Borough Clerk each is authorized and directed to execute and deliver for and on behalf of the Borough any and all additional certificates, documents, opinions, or other papers and 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 Lease, the Indenture, the Deed of Trust, and related documents and this Ordinance.

Section 7. Prohibited Sale of Certificates. 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 Certificates, is eligible to purchase the Certificates as a member of the

original underwriting syndicate, either at public or private sale.

Section 8. Continuing Disclosure. The Borough 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 this meeting. 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 the Lease, the Indenture, the Deed of Trust, or the Certificates; however, the Beneficial Owner of any Certificate may bring an action for specific performance to cause the Borough to comply with its obligations under this section.

Section 9. 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 Lease, the Indenture, the Deed of Trust, the Continuing Disclosure Certificate, or the Certificates.

Section 10. Effective Date. This Ordinance shall take effect upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

---

Vern Halter, Borough Mayor

ATTEST:

---

LONNIE R. MCKECHNIE, CMC, Borough Clerk

(SEAL)

EXHIBIT A

DESCRIPTION OF PROPERTY

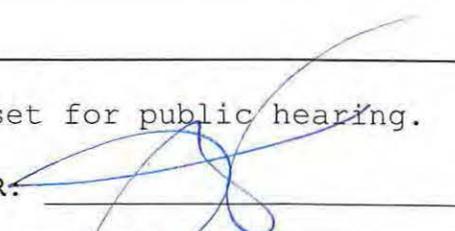
Tract A, Meadow Creek Subdivision Addition No. 1, according to Plat No. 2000-132, located in the Palmer Recording District, Third Judicial District, State of Alaska.

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 15.24.030 AND ADOPTING THE LOUISE SUSITNA TYONE LAKES COMPREHENSIVE PLAN UPDATING THE LAKE LOUISE COMPREHENSIVE PLAN.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
X	Originator - S. Jansen	<i>ij</i>	
X	Planning and Land Use Director	<i>EP/ub</i>	
X	Borough Attorney	<i>NS</i>	
X	Borough Clerk	<i>Sam</i>	<i>5/27/16</i>

**ATTACHMENT (S):** Fiscal Note: YES  NO  X  
 Ordinance Serial No. 16-081 (2 pp)  
 Public Outreach Summary (2 pp)  
 Planning Commission Resolution 16-17 (3 pp)  
 Louise Susitna Tyone Comprehensive Plan (55 pp)

**SUMMARY STATEMENT:**

Background

Lake Louise sits on the eastern edge of the Matanuska-Susitna Borough. There are numerous lakes in the area, and the three largest are Louise, Susitna, and Tyone. These three lakes are connected by two channels; one between Louise and Susitna and the other between Susitna and Tyone. In 1998, the Borough Assembly approved the Lake Louise Comprehensive Plan, which covered all three lakes as well as other areas around Lake Louise. In 2013, the non-profit association representing the area requested assistance from the Borough to update the 1998 comprehensive plan.

The non-profit community association is treated similarly to a community council for the area. The Lake Louise Non-Profit Organization recently changed its name to the Louise Susitna Tyone Lakes Community Organization in an effort to include everyone in the planning area. Both the community organization and the Comprehensive Planning Team endorse changing the name of the plan as well to the Louise, Susitna and Tyone Lakes Comprehensive Plan.

### Process

Following the Planning Commission's process outlined in Resolution 09-14, 15 community members were appointed to the planning team and monthly meetings began in February, 2014.

The planning team crafted a survey which was sent out to approximately 500 people in an effort to solicit property owner opinions on planning issues. The results of the survey were shared at the annual meeting for the non-profit organization in July, 2014. Later that afternoon there was a workshop attended by over 40 people specifically addressing the plan update and survey results.

Using the input from the survey, comments from the workshop, and the 1998 comprehensive plan, team members met throughout the winter to develop goals and strategies and agree on what to include in the plan update. Another survey was distributed in May of 2015, to determine if property owners agreed with the team's goals and strategies. As in 2014, the annual meeting of the community organization was the best place to disseminate the results of the second survey. A follow-up workshop was held later that same afternoon. The public comment period opened at this time, and ran until after Labor Day to ensure that people had ample time to submit comments.

The planning team met to review the comments and complete the draft plan. The draft plan was presented to the non-profit board in January, 2016. After meetings in January and February, the Louise Susitna Tyone Lakes Community Organization signed a resolution recommending approval of the plan by the Planning Commission and the Assembly. In April, 2016 the Planning Commission passed resolution 16-17 recommending approval of the plan.

**RECOMMENDATION OF ADMINISTRATION:** Staff respectfully recommends the assembly amend MSB 15.24.030 adopting the Louise Susitna Tyone Lake Comprehensive Plan Update.

## Public Outreach Summary

### *Louise Susitna Tyone Lakes Comprehensive Plan Update*

*Sara Jansen, Project Manager, [sjansen@matsugov.us](mailto:sjansen@matsugov.us)*

This summarizes all the public outreach conducted for this project made by the Borough and its planning partners on the above project. This information provides a snapshot of the Borough's work to ensure that stakeholders had an abundant opportunity to learn about the project. On the reverse of this page is a thumbnail description of the required steps either by Borough Code, the granting body, or Borough policy and procedure. The Stakeholders of this project are the 500 + residents who own property within the planning area boundaries.

Total Exposure	
<b>5</b>	Community Wide Mailings to 500+ Property Owners
<b>77</b>	Newspaper Advertisements
<b>28</b>	Website Articles
<b>25</b>	Public Meetings

Activity	Mailings to Community Council Area	Newspaper Advertisements	Website	Meetings
Solicit Planning Team	1	2	1	
Planning Commission Selects Team		2	1	1
Planning Team Meetings		57	19	19
2014 Survey – General Questions	1		1	
Announcing Survey Results & Workshop	1	3	1	
2015 Survey - Goal and Strategy	1	1	1	
Announcing Workshop, Survey Results and Formal Presentation of draft plan to community	1	3	1	1
Community Organization meetings		5	1	2
Planning Commission Public Hearings		2	1	1
Assembly Public Hearing		2	1	1

## Public Outreach Required

### Matanuska-Susitna Borough Requirements for Comprehensive Plans

MS 15.24.017 Requires public hearings be advertised in newspaper 15 calendar days prior to meeting with time and place and scope of the subject matter to be heard

#### Planning Commission Resolution 09-14

- Planning team solicited by a mailed general notice and advertisement
- Planning team meetings advertised in local paper and on Borough web-site
- Workshops scheduled
- Second general notice mailed and advertised when a draft document is complete
- Public meeting held to solicit comments
- Public Hearings held by Planning Commission

By: Sara Jansen  
Introduced: March 21, 2016  
Public Hearing: April 18, 2016  
Action: Approved

**MATANUSKA-SUSITNA BOROUGH  
PLANNING COMMISSION RESOLUTION NO. 16-17**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PLANNING COMMISSION RECOMMENDING ADOPTION OF THE LOUISE SUSITNA TYONE LAKES COMPREHENSIVE PLAN UPDATE PREVIOUSLY KNOWN AS THE LAKE LOUISE COMPREHENSIVE PLAN.

---

WHEREAS, in May, 2013, the Lake Louise Community Non-Profit Association requested assistance from the Matanuska-Susitna Borough to update the 1998 Lake Louise Comprehensive Plan; and

WHEREAS, Borough planning staff, in accordance with Planning Commission Resolution 09-14(AM), sent a mailing to all property owners based on the assessment records of the Borough which notified owners of the planning action and requested applications from people interested in serving on the Planning Team for the area; and

WHEREAS, fifteen people applied to be on the planning team, and fifteen people were appointed to the planning team in February, 2014; and

WHEREAS, the planning team began meeting in February, 2014; and

WHEREAS, the planning team developed a survey which was sent to all property owners and put on the Borough's website in May, 2014; and

Im16-120  
OR16-081

WHEREAS, a community workshop reviewing the results of the survey with the community was held in July, 2014; and

WHEREAS, over the period of the next 10 months, planning team members reviewed the previous plan, and used the survey as a guide to draft a plan with nine chapters; and

WHEREAS, the planning team developed in compliance with Alaska state statute Sec.29.40.030.Comprehensive Plan, goals and strategies in five broad categories including Land Use, Public Facilities, Transportation, Water Resources, and Recreation; and

WHEREAS, another area wide survey was distributed to determine if property owners agreed with the goals and strategies developed by the Planning Team; and

WHEREAS, a community workshop was held in July, 2015 immediately following the association meeting; and

WHEREAS, a call for comments was made and the comments submitted were reviewed by the planning team in the fall of 2015; and

WHEREAS, the planning team presented the community association with a draft plan in January 2016; and

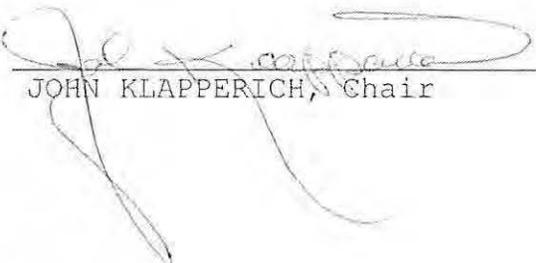
WHEREAS, the Board of Directors of the community association are responsible for the business affairs of the organization; and

WHEREAS, the Board of Directors reviewed the plan and were able to discuss the contents with the planning team in January and February of 2016; and

WHEREAS, the Board of Directors approved and signed Resolution 16-01 of the Louise Susitna Tyone Community Association resolution on March 2, 2016 recommending approval of the draft plan and asking it be forwarded to the Planning Commission and the Borough Assembly.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Planning Commission hereby recommend assembly adoption of the Louise Susitna Tyone Lakes Comprehensive Plan Update.

ADOPTED by the Matanuska-Susitna Borough Planning Commission this 18<sup>th</sup> day of April, 2016.

  
\_\_\_\_\_  
JOHN KLAPPERICH, Chair

ATTEST

  
\_\_\_\_\_  
MARY BRODIGAN, Planning Clerk  
(SEAL)

YES: *Klapperich, Anderson, Stealy, Vague, Kerdig, Adams, and Rauchenstein*  
NO:

*Im 16-120  
OR 16-081*

# Louise Susitna and Tyone Lakes Comprehensive Plan

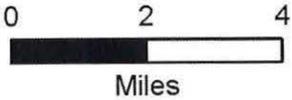
Draft Plan  
MSB Assembly  
June, 2016



# Louise, Susitna, Tyone Planning Area Land Ownership



- Property Ownership**
- PLANNING AREA
  - BOROUGH
  - FEDERAL
  - NATIVE CORP
  - STATE
  - PRIVATE



Prepared by  
Planning and Land Use  
Department  
September 2015

The planning area consists of MSB Tax Maps Lake Louise 1-16 and Tyone 1-16

# ACKNOWLEDGMENTS

## MATANUSKA – SUSITNA

### BOROUGH ASSEMBLY

Vern Halter, Mayor

Jim Sykes, Assembly District 1

Mathew Beck, Assembly District 2

George McKee, Assembly District 3

Steve Colligan, Assembly District 4

Dan Mayfield, District 5

Barbara J. Doty, Assembly District 6

Randall Kowalke, Assembly District 7

### PLANNING COMMISSION

John Klapperich, Chair, District 3

Mary Anderson, District 1

Thomas Healy, District 2

Colleen Vague, District 4

William Kendig, District 5

Tomas Adams, District 6

Vern Rauchenstein, District 7

## DEPARTMENT OF PLANNING AND LAND USE

Eileen Probasco, Planning Director

Lauren Driscoll, Chief of Planning

Sara Jansen, Planner II, Project Manager

## LOUISE SUSITNA TYONE LAKES PLANNING

### TEAM

Walt Arthur

Patti Billman

Ron Braun

Kelly Campbell

Jim Else

Uve Kalenka

Ted Kinney

Claire Marie

Ken Perkins

Tim Thornock

And a few stalwart community members who attended many team meetings





---

# TABLE OF CONTENTS

PREFACE .....	PAGE 1
INTRODUCTION .....	PAGE 3
HISTORY .....	PAGE 7
NATURAL SETTING .....	PAGE 11
HUMAN FACTOR .....	PAGE 18
LAND USE .....	PAGE 20
PUBLIC FACILITIES .....	PAGE 24
TRANSPORTATION .....	PAGE 28
WATER RESOURCES .....	PAGE 32
RECREATION .....	PAGE 36
APPENDIX .....	PAGE 38

---

# PREFACE

## PURPOSE OF PLANNING

Plans exist to provide residents, property owners and other members of the community the ability to make effective decisions about the needs and goals for their community. A comprehensive plan is a compilation of policy statements, goals, standards, and maps for guiding the physical, social, and economic development, both private and public, of a community. It is necessary for the immediate preservation of the public's peace, health, and safety.

The comprehensive plan provides the community with a method of analyzing past development and influencing the future outlook of their community. Information about a community, its economy, land use, public facilities, and transportation facilities are collected and analyzed. Projections of community growth and future needs are made. Through citizen participation, community goals and objectives are identified. Recommendation for land use, public facilities, and transportation facilities are developed based on these goals and objectives.

Alaska Statutes Title 29.40.030 requires a second-class borough adopt a comprehensive plan by ordinance. The Matanuska-Susitna Borough (Borough) was incorporated as a second-class borough in 1964. In 1970 the Borough wrote the first Borough-Wide Comprehensive Plan, when the population was just 6,509 people. In the late 1990's the Lake Louise Community undertook writing their own comprehensive plan which was adopted in 1998. At that time the estimated population of the Borough was 54,153; there are now almost 100,000 people in the Borough.

Planning should be an ongoing process. A comprehensive plan is based on information available at a particular time. In the future, new developments may occur and the needs of the community may change. The comprehensive plan should therefore be reviewed periodically, and updated as necessary.

## BOROUGH PLANNING PROCESS

The Planning Commission established a process for developing community based comprehensive plans and what shall be included in the plans. Basic elements of a comprehensive plan include: a brief history of the area; an inventory of existing conditions, issues and concerns; and goals, objectives and recommendation for land use, transportation, public facilities, green infrastructure, watershed/water quality protection and any other topic the community requests.

Under the process, local planning activities may be initiated by request of a community or area. A request for local planning assistance is forwarded to the Planning Commission for consideration. Upon Planning Commission approval of the request, planning staff advertises for members of a local advisory planning "team."

The Borough requires that an individual be a resident, property owner, business owner, or agency with an interest within the planning area boundaries in order to participate in the planning process. All

applications for membership on the planning team are reviewed and appointments made by the Planning Commission.

In 2013, the Lake Louise Community Non-Profit Corporation requested staff assistance to update the 1998 plan. The Mat-Su Borough Code 2.76 establishes community councils to afford citizens an opportunity for maximum community involvement and self-determination (MSB 2.76.010). While the Louise Susitna Tyone Community Association does not meet the definition of the code, according to MSB 2.76, the Borough does recognize the organization as the voice of the community. The Borough makes this accommodation for areas with few residents, but many property owners.

In January, 2014 a Planning Team of interested community members was appointed by the Planning Commission, and they began to meet on a monthly basis. At the beginning of the process, the Planning Team requested a survey be distributed to property owners within the Lake Louise planning area to help ensure community involvement in the process. A total of 497 surveys were mailed, and 202 responses were received, for a 41% return rate. Throughout the document survey results will be highlighted by the star symbol.



The Team requested a follow-up survey be sent to property owners seeking input on the goals and strategies drafted. The survey was mailed in May 2015 and reviewed at a community meeting in July, 2015. The survey showed a high community concurrence with the Planning Team's goals. The comment period ran throughout July and August of 2015. The Planning Team reviewed the comments and readied the draft document for review for the Non-Profit Community Board Meeting in January, 2016. After a brief meeting in February, the Planning Team and Non-Profit Organization were in agreement with the final version of the plan. The Planning Commission passed a resolution recommending adoption of the plan at their April 4, 2016 meeting.

---

## INTRODUCTION

Lake Louise, Susitna and Tyone are at the far eastern edge of the Matanuska-Susitna Borough, but they consistently attract generations of families to their shores for fishing, recreation, hunting, and just plain relaxing from throughout south central Alaska. Land owners are eager to share their passion for the area with their children and grandchildren. As a legacy area, folks are eager to protect life as it exists currently. In the late 1990's, the community came together and drafted a comprehensive plan for Lake Louise and the surrounding areas. The plan was passed by the Matanuska-Susitna Borough (Borough) Assembly in 1998.

Although the Borough has grown substantially in the intervening years, the population of the lakes has stayed constant while the number of full time residents has decreased slightly. The vast majority of the property in the area is owned and used as cabins and second homes. Lake lodges are important as they provide fuel, propane, boat launches, parking, social gathering spots, and a strong continuity in the area.

The overall goal of the plan highlights the importance of natural resources and recreation in the area.

*“To provide and promote recreational opportunities while maintaining and protecting the natural resources and the rural character of the area”.*



The goal is to strike a balance between recreation and protecting the natural resources of the area which people find so compelling. Overall, most residents would like the area to remain as it is, but that is highly improbable.

The topic which generated the most robust discussion was about infrastructure. The State of Alaska intends to offer an additional 74 parcels for sale around the lakes which will impact a number of things, including parking, channel operations, and increased use of all the resources.

Some people see the need for additional infrastructure to serve additional landowners and a growing visitor population. Others are fearful that an increase in infrastructure will lead to more casual visitors

turning the lake experience closer to that of Nancy Lake in Willow, or Big Lake. Comments from the first survey say it best:

*“The existing infrastructure within the community is already challenged. We need additional public parking, a deep water boat launch, mooring and a safe way to access those lakes north of Lake Louise.”*

Survey Comment

*“Yes, the state is putting pressure on the resource by selling additional lots. I feel the response to is not to overreact by establishing a comprehensive plan that embraces development but instead embraces a set of values reflective of conservation and a serene life style”*

Survey Comment

This comprehensive plan update seeks to find the common ground between these two sentiments.

**LOUISE, SUSITNA AND TYONE LAKES  
COMPREHENSIVE PLANNING PROCESS TIME LINE**

<b>Date</b>	<b>Activity</b>
May 2013	Lake Louise Community Non-Profit Corporation requests assistance to update 1998 Community Comprehensive Plan
July 2013	Assembly authorizes planning process through Resolution 13-082
August 2013	Planning Commission authorizes planning process through Resolution 13-37
Fall 2013	Notices and mailings sent asking for planning team members
February 2014	Planning team of 15 members appointed by Planning Commission
February 2014	First monthly planning team meetings begin; organizational meeting
March 2014	<ul style="list-style-type: none"> <li>• Vision Statement discussion</li> <li>• Other plans affecting the area</li> <li>• Review of 1998 Introduction and Background</li> </ul>
April 2014	Survey discussion
May 2014	First survey questions finalized; survey mailed
June 2014	<ul style="list-style-type: none"> <li>• Guest Speakers: Melanie Troust MSB Water Quality Coordinator</li> <li>• Eileen Probasco, MSB Director Planning and Land Use Department</li> </ul>
July 2014	<ul style="list-style-type: none"> <li>• Survey results discussed</li> <li>• Prepare for Community Meeting</li> </ul>
July 19, 2014	First Community Meeting and Workshop – Lake Louise, AK
August 2014	<ul style="list-style-type: none"> <li>• Guest Speaker: Roy Robertson, AK DEC, Drinking Water Program</li> <li>• Community Meeting review</li> </ul>
Sept & Oct 2014	No meetings – hunting season & staff illness
November 2014	<ul style="list-style-type: none"> <li>• Planning Area Boundaries</li> <li>• Review Background Section changes</li> </ul>
December 2014	<ul style="list-style-type: none"> <li>• Review Background Section changes</li> <li>• General goal discussion</li> </ul>
January 2015	<ul style="list-style-type: none"> <li>• Great Land Trust Presentation</li> <li>• Review 1998 Plan Recommendations and Implementations</li> </ul>
February 2015	Review 1998 Plan Recommendations and Implementations
March 2015	Two Meetings <ul style="list-style-type: none"> <li>• Update from MSB Solid Waste Division</li> <li>• Land Use Discussion</li> <li>• Review Transportation Section</li> <li>• Review Land Use Section</li> </ul>

	Two Meetings
<i>April 2015</i>	<ul style="list-style-type: none"> <li>• Review Transportation Section Review Public Facilities</li> <li>• Water Review</li> <li>• Recreation Review</li> <li>• Land Use Review</li> <li>• Introduction</li> </ul>
<i>May 2015</i>	Two Meetings <ul style="list-style-type: none"> <li>• Full Plan Review</li> <li>• Survey Question Review</li> </ul>
<i>July 2015</i>	Review Survey Results Prepare for Community Meeting
<i>July 18, 2015</i>	Community Meeting – Lake Louise, AK
<i>July – August, 2015</i>	Draft Plan Comment Period
<i>September 29, 2015</i>	Review Comment Summary
<i>January 23, 2016</i>	Non-Profit Community Board Meeting
<i>February 24, 2016</i>	Planning Team Meeting
<i>April 4, 2016</i>	Planning Commission Public Hearing.
<i>June 7, 2016</i>	Introduced to Assembly

### Vision Statement

***“To provide and promote recreational opportunities while maintaining and protecting the natural resources and the rural character of the area”.***

## SUMMARY

Archaeological studies, conducted to date, indicate possible habitation of the area as early as 10,600 years ago. Numerous archaeological and historic sites certainly indicate habitation of the region as long ago as 3,000 to 4,000 years. The western Ahtna known as the "Small Timber People" may have been in the region around 1500 A.D. and radiated out from camps on the Tyone River. As the tribe made incursions westward into Upper Dena'ina territory, a splinter group became known as the "Mountain People" through intermarriage. Fluent in both languages, they occupied predominantly the Talkeetna mountain area. The western Ahtna, reputedly larger in stature, often intimidated the Dena'ina of Upper Cook Inlet. This behavior was observed as recently as the late 19th Century. A network of trails radiated in diverse directions from the area, allowing communication and trade between the inhabitants of Lake Louise and those of the Upper Cook Inlet, Copper River, Susitna, Nenana, and Tangle Lakes. Trails were also used for long journeys to favorite hunting and fishing sites.

The most prominent sites are situated on the north and south peninsulas separating Lake Louise and Susitna Lake, and on the north shore of Tyone Lake at Tyone Village. Historical accounts note Russian contact with interior natives through their coastal trading posts but do not support Russian penetration into the interior other than a disastrous trip taken up the Copper River which ended with the whole party being murdered. It is quite evident by the name of Tyone village, the family name of Secondchief, and a child's name of Olga that there was a strong Russian influence.

Recent history of the region is characterized by a continuance of native occupation in portions of the area, as typified by more contemporary structures in Tyone Village, and by increased uses, primarily for the purposes of mineral exploration work and outdoor recreational activities such as hunting and fishing. For the most part, the physical remnants of these activities are not detectable. A few geophysical exploration trails are still found crossing the countryside but this pattern is indistinct even when viewed from the air.

## EXPANDED ARCHAEOLOGY AND EARLY HISTORY

Lake Louise, Lake Susitna and Lake Tyone, are all located within the Copper-Susitna River lowlands. These lowlands once harbored an extensive preglacial lake, Glacial Lake Atha. As the glaciers retreated, the Copper and Susitna Rivers provided outlets for the once extensive glacial lake. Glacial deposits became reworked by lake currents or buried by lacustrine sediments. The plateau, therefore, supports numerous glacially formed drumlins and eskers, ranging between 2,500 to 3,700 feet high which trend north - south. Today the plateau, with an elevation of 2,000 feet, is dotted and carved by numerous glacial lakes and streams. While most of the tributaries to the Copper River flow south, the Lake Louise chain is drained by the Tyone River which flows north into the Susitna River. The Susitna River flows west through the Talkeetna mountains and south into Cook Inlet. Salmon Berry, Game Trail, Second Hill and Crosswind Lakes, located east of Lake Louise, all drain southeasterly into the Copper River which

continues south, eventually emptying into Prince William Sound and the Gulf of Alaska (P'ew'e & Reger, 1983).

The period following the glacial retreat is often referred to as the Tundra Period. Areas previously locked in ice, opened up as new vegetation took hold along recently formed rivers and streams. Steppe grasslands gave way to shrub tundra, enabling both animals and people greater freedom to search for new subsistence resources. Approximately 10,600 years BP (Before Present) the plateau, supporting numerous lakes and rivers, served as a natural corridor for big game. The scattered drumlins and eskers probably served as "look-out points" and hunting camps for the earliest inhabitants. Spearheads and microblades recovered from area sites indicate a prevalence of hunting camps. Inhabitants of this era probably lived primarily on caribou, moose, bison and possibly fish. Although the date of 10,600 years BP for early hunters in the region has not been totally substantiated, it is probable that the earliest occupants were hunting on the plateau by 3,500 BP at least. It is unknown how these early inhabitants relate to succeeding populations of Athabaskans who are known to have reached this area by 500 AD. For the last several hundred years, the region around Lake Louise has been winter feeding grounds for Nelchina Caribou herds. This provided Athabaskan populations with a fairly predictable meat source during long hard winter months (James E. Dixon, 1985 and Ronald Skoog, 1968).

The Tyone-Susitna Rivers, prior to 1500 A.D., supported one of the largest inland recorded Ahtna village sites. The Western Ahtna expanded westward into the Talkeetna Mountains and northwest into the Nenana River drainage. Known as the *Hwt'aay Hwt'aene* or "Small Timber People" they probably were "Central Based Wanderers" and undertook lengthy trading journeys down river to supplement their supplies, often traveling distances of 40-50 miles. Their main fishing sites, permanent winter villages, and hunting camps were frequently located in close proximity along lake shores (James Fall, 1981).

By the mid-19th Century, the Small Timber People had village camps on Tyone, Susitna, Louise and Tazlina Lakes. When conducting trade with native populations, the Russians would generally seek out the recognized chief and deal with them, thus preserving traditional native social systems. An elaborate system of trails between Lake Louise and the Matanuska Valley enabled the Dena'ina and Ahtna to travel between Upper Knik Arm to and from the Copper River-Susitna plateau. Wrangell made note of a settlement called "Dorf Nuchta" at the head of Knik Arm on his 1839 map (others have referred to the village as Niteh). Wrangell noted: "trails lead from Nuchta to Lakes Chtuben (believed to be Lake Louise) and Mantilbana (Fall and Kari, 1987).

After the sale of Russian America to the United States, the Russian Alaska Company (RAC) trading posts were bought out by the Alaska Commercial Company (ACC). When the Ahtna came to trading posts at the headwaters of Knik to procure their own goods, tensions ran high between them and the Upper Dena'ina. Used to acting as middlemen in the fur trade, the Dena'ina resented and feared the Western Ahtna. This often resulted in the most sought after goods being sold out before the Tyone village people would make it to the trading post.

Lt. Castner, who was leading one of several expeditions under Captain Glenn in search of an "All American Route" to the gold fields, believed his party in 1898 was the first Euro-American contact with

Matanuska natives. His expedition was eventually greeted with enthusiasm as they joined the native camp. Castner had hoped to hire several natives to help shoulder his load, but was unsuccessful in retaining more than one. For a brightly colored blanket and \$2.00 per day he managed to secure a Matanuska native willing to carry 60 pounds and guide them to the Tanana (Lt. Castner, 1998).

After extracting their mules from numerous mud holes, the expedition only traveled 14 miles the following day. Arriving on August 6, 1898, after having sustained a very arduous journey to Lake Louise, Lt. Castner marveled at its beauty, claiming his party was the first white men to see "the largest lake of the Copper plateau region." Upon encountering the beauty of the lake, Castner named it Lake Adah, after a pretty girl of his acquaintance. This name, however, did not last long, after Captain Glenn traversed the region he persuaded Lt. Castner to change the name to Lake Louise after Glenn's own "esteemed" wife. Castner declared the region:

"Well worth a visit by the lover of mountain scenery. To the east of us, and beyond the Copper River, ran that great spur of the St. Elias Alps in which are the mighty glaciated peaks Sanford, Tillman, Blackburn, and the great dome-shaped, ice-covered, smoking volcano, Mt. Wrangell, 14,000 feet in elevation.

South of us stretched the snow caps of our old enemies, the Chugach Range, through which we had at last broken away. West of us more glaciated masses, called Talkeetna Mountains, trended north of the Alaskan Alps. Highest, most snow covered and forbidding of all, these last interposed between us and the Tanana River. We were in a tract made rectangular by four great mountain ranges, and from our position almost in its center, one obtained a view of mountain scenery unequaled anywhere else on earth."

Once gold was discovered on Maclaren and Valdez Creeks in 1903, the Tyone village people migrated to those locations to participate in the gold rush. Russian authorities often designated the son of a chief "Second Chief" or "hunting chief" (English translation). It is therefore, interesting to note that a family of "Secondchiefs" lived in the village of Tyone at the turn of the 20th Century. Although they continued to return to their ancestral home to hunt, they too, participated in the Valdez-Maclaren gold rush. Today the descendants of the "Secondchiefs" live in Cantwell (James Fall, 1981 and BLM ANSCA).

The Tyone village people who continued to live in the lower villages on Susitna and Louise Lakes were instrumental in locating gold in the Talkeetna Mountains, which precipitated the 1913 Nelchina rush. Although they never staked a claim, they became freighters and haulers for those who joined the rush. Later, in 1916 through the 1920's, as coal mines opened up in the Central Matanuska Valley, the remaining villagers drifted to the coal mining sites or joined larger villages in Cantwell, Glennallen and Copper Center. The 1918 flu epidemic took its toll on the Small Timber People; many succumbed to it in Chickaloon and other regions, which decimated the population. Although few lived on the plateau after the 1920's, native populations still returned to their traditional homes to hunt caribou. It is likely that Euro-American hunters and trappers also used the area for harvesting furs and game (Katie Wade).

## MILITARY PRESENCE

The US Army built recreational camps in the region in the 1940's, as construction of the AICan and Glenn Highways made inroads into the wilderness. These complexes provided the military with an exclusive recreational location, far away from the rigors of war in the Aleutians. In August, 1947, two years after the close of World War II, the General of All Armies (allied), General Eisenhower (five star) planned to stay one night at the lodge but it appears the peacefulness and beauty of the area persuaded him to relax for four full nights before continuing his journey.

Spotting Lake Louise as a likely place to have a Rest and Recuperation (R & R) site, the U.S. Air Force started construction of cabins and a large comfortable lodge on the southwest shores of Lake Louise in the mid 1950's. The armed services continued to use their facilities until the buildings sustained major damage from the 1964 earthquake, after that use of the complex ceased. An environmental restoration is underway and the military hopes to have it completed after the 2015 field season, have worked on the project since 2009.

After completion of the Glenn Highway in the mid-1940's, people had greater access to the area, which precipitated increased interest in recreational properties. By 1953, the first road into Lake Louise was constructed. Mineral exploration and geophysical work also began in the area during this time frame.

---

## THE NATURAL SETTING

The Copper River Basin, where the lakes are located, is bounded on the west by the Talkeetna Mountains, to the east by the volcanic Wrangell Mountains, to the south by the Chugach Mountains, and to the north by the Alaska Range. Elevation in the basin varies in elevation from 500 feet along the Copper River near Chitina to nearly 4,000 feet in the western uplands.

The upland area consists of hummocky hills and undulating terrain, characteristics of the glacial moraine and ice stagnation deposits left by glaciers retreating into the Chugach Mountains during the Pleistocene Age. Drainage of the surrounding basin is by the Copper and Susitna Rivers with the planning area sitting primarily west of the drainage divide.

The area around the lakes is dotted with hundreds of water bodies ranging from ponds to very large lakes of twenty or more square miles in surface area. The largest lakes in the area are Lake Louise (16,100 acres), Susitna Lake (9,425 acres), and Tyone Lake (960 acres). Lake Louise itself is situated in the west central uplands at an elevation of about 2,500 feet. Separated from Lake Louise by an isthmus, Susitna Lake makes up the bulk of the remaining water surface in the planning area. Tyone Lake is generally narrow, and very weedy and shallow in some spots. There are large submerged boulders throughout the lake which can cause navigation challenges in the summer. The lake is sparsely populated with mostly seasonal recreational cabins, which can be accessed in the summer by boat and winter by snow machine, however ice thickness can be questionable due to the varying width and depth of the lake along with changing currents.

The Copper River Basin possesses a continental climatic regime; this is modified in the summer by marine influence from the Gulf of Alaska. There is generally a high water table and poor drainage. Tree growth is difficult in such areas and fire can result in retrogression to grass or low shrub communities. Even without fires, the areas may not progress to the climax of white spruce, but will develop into poorly drained areas with black spruce as the dominant species.

### GEOLOGY, GEOGRAPHY, AND SOILS

The lakes lie in a natural basin at an altitude of 2,360 feet above sea level. The drainage is from the south end of Lake Louise through Susitna and Tyone Lakes, into the Tyone River and finally into the Susitna River.

The Copper River Basin has been subject to both mountain building and erosion processes, although the chronology is not clear. During the Triassic era, seas receded from the area and crustal formations resulted, producing the basin's present form.

Glaciation has been the dominant geologic process during the last million years. The glaciers grew, moving along river courses and down the valleys, coalescing and spreading along the fronts of the ranges until the entire basin was filled with ice. It has been estimated that the thickness of this ice was several thousands of feet. Evidence of this extensive glaciation exists today in the form of glaciers still

retreating into the Chugach Mountains (e.g., Tazlina Glacier) and the mantle of glacial debris that is found in the lowlands.

The area related to the plan is situated in a broad lowland floored with glacial silts and gravels. The terrain is poorly drained and lake-dotted with a rolling, nearly level surface broken by gravel ridges. Kettles, kames, eskers, and other glacial depositional forms are common. A bedrock hill of basaltic green stone occurs in the extreme northwest corner of the area south of Tyone Lake. Reaching an elevation of nearly 3,100 feet, it is the topographic high point in the area. Agricultural soils are negligible.

Extreme variations in soil grain sizes, degree of grading, and texture of unconsolidated surface deposits are common in the area. As a result, distribution of the deposits can be mapped only generally by showing dominant materials likely to be encountered and by describing subordinate types. Finer particles generally consist of finely ground glacial rock-flour, silt, or clay. Coarser particles consist primarily of rock types brought by glaciers from outside the area, primarily from the Chugach Mountains. Other than the basaltic green stone bedrock previously described, these coarse, unconsolidated deposits are the only source of resistant rock material suitable for construction.

There is a distribution of six associations of unconsolidated surface materials, nearly all of which are underlain by permafrost. In the unconsolidated deposits, permafrost is at a shallow depth ranging from one to two feet in muskeg with thick sphagnum moss; to two to five feet in lake and glacial deposits depending on drainage conditions, vegetative cover, and slope aspect. In some more favorable locations such as gravelly outwash plains, river terraces, and ice-stagnation knolls and ridges, permafrost is probably deeper than six feet. Beneath small permanent streams, lakes, and grass or sedge marshes that border lakes, permafrost is probably much deeper; perhaps deeper than 20 feet under major rivers such as Tyone River.

During January and February, the most severe winter months, seasonal frost exceeds two feet in all soil associations. Seasonal frost penetration may be retarded in local soils with high levels of dissolved minerals or organic solids, or in which decay of plant material produces heat. In some of the gravelly or sandy unsaturated ridges and ice-stagnation knolls, where the water table is low enough to permit formation of "a dry frost," particles may not be cemented and winter excavation might be possible.

Although there are no indications of faulting on any available geologic or soils maps of the area, the planning area is found within the area of central Alaska, which is seismically active.

**Insert relief map**

## **HYDROLOGY AND WATER QUALITY**

The entire area is dotted with lakes, a product of recent glaciation. These lakes range from shallow marshy ponds to large lakes like Tazlina Lake to the south of Lake Louise, which covers 60 square miles and is as much as 400 feet deep. Many of the small lakes and ponds are subject to large seasonal and annual fluctuation in water level and may change from a marsh to a lake from one year to the next. The drainage network is young and poorly developed with interstream areas containing ponds and lakes

with no apparent outlets. Approximately 110 square miles (or 50%) of the area is water surface with the principal lakes, Lake Louise, Susitna Lake, and Tyone Lake, accounting for over 40 square miles of surface area. These three lakes serve as headwaters to Tyone River which in turn flows into the Susitna River.

The water from Lake Louise (2,362 feet mean sea level) flows into Susitna Lake (2,361 feet mean sea level) through a narrow channel at the northwest end of the lake. The channel has been straightened and deepened by local residents to improve boating access between the lakes. The terrain tributary to Susitna Lake is drained by seven minor unnamed streams. The outlet of this hydrologic system is Tyone Lake which narrows to Tyone River, a broad (80 to 100 feet) deep, slow moving river flowing over mud and gravel. The smaller streams in the area are generally less than 25 feet wide and in most instances are less than two feet deep. Stream bottoms are generally composed of sand and gravel or silty sand.



Susitna Lake has depths which vary from 20' to 120' through the southwestern section of the lake. Lake Louise is a cold, clear lake fed by streams emanating from spring-fed lakes to the north and west. The lake has two deep holes reaching 132 feet. The central portion of the lake reaches 66 feet in depth with most of the islands rising from the 25 to 50 foot level. The shore areas and banks are composed primarily of gravel and some sand. The northwestern end of the lake, being exposed to prevailing south-southeast winds throughout the summer, has developed a considerable expanse of shallow, sandy bottom which, in places, is as little as four feet deep 3/8 mile off-shore. The east and west lake shores are primarily gravel except for the shallow bays. The deeper inlets on the south and west shores are muck-filled with abundant aquatic vegetation.

Mid-day surface temperatures of Lake Louise range around 60° F during July and August. By way of comparison, surface temperatures of Little Lake Louise, just to the west of the larger lake, range around 70° F, reflecting the differences in relative size and depth of the two lakes.

Typically the lakes freeze in October and are ice free by the end of May, although this is variable and depends on climatic factors such as air temperature, amount of snowfall and surface water temperature. Ice thickness on Lake Louise and most other lakes in the immediate vicinity average near four feet and can be as deep as five feet during severe winters (1970-71). Local residents have indicated that a thin spot develops in the ice at the southerly narrow neck between Susitna and Tyone Lakes when the lakes are frozen. Several snow machines and even an automobile have been lost through the ice, resulting in three deaths. Although no data is available to explain this phenomena, the weakness may be

caused by a current developing in the narrow pass, by organic decomposition of the shallow bottom, gas deposits, by warm water seeps on the bottom, or by saline seeps on the bottom.

## VEGETATION

The vegetation that covers the relatively flat rolling terrain has developed in the severe environmental conditions that typify northern latitudes. The interior forests of Alaska struggle in extremely cold winters and very short summer growing seasons. Development towards climax has been interrupted by wildfire; in some continually burned areas, the forest has yielded to brush cover. Permafrost and poor



drainage patterns have brought the water table close to the surface in much of the area, stunting or preventing tree growth. In spite of these conditions, some areas are covered with dense stands of trees, although no commercial quantity of timberlands exist.

Considering the northerly latitude and low relief, there is considerable vegetative diversity. Five tree species, about 50 shrubs, herbs, and several hundred mosses and lichens can be found in the vicinity. There are six vegetative associations which consist of the following:

- Vegetative Association 1 - High Forest. This is typically white spruce mixed with black spruce, quaking aspen, balsam poplar, white birch, willow, and alder are found on the well-drained better soils.
- Vegetative Association 2 - Low Forest. Similar to the high forest except that black spruce predominate, low forest occurs in areas of poor drainage.
- Vegetative Association 3 - High Brush. A transition association typified by white birch, willow, and alder, it occupies areas burned 10 to 50 years ago. Drainage and wildfire determines whether forest or brush will develop.
- Vegetative Association 4 - Low Brush. The low brush association is characterized by fireweed, heath and berry bushes on poorly drained or recently burned sites.
- Vegetative Association 5 - Muskeg. Muskeg consists of a dense growth of dwarf birch, willow, and heath shrubs with a thick ground cover of mosses, sedges, and grasses growing in inundated or wet areas.
- Vegetative Association 6 - Marshes and Bogs. Marshes contain pond lilies, rushes, sedges, grasses, and other plants up to four feet high growing in a shallow water environment. Bogs

consist of acid-loving, semi-aquatic vegetation in local spongy hummocks and tussocks. This association is a valuable habitat for wildlife and waterfowl.

#### FISH AND FOWL

Some common birds are willow ptarmigan, rock ptarmigan, white-tailed ptarmigan, spruce grouse, cormorant and the trumpeter swan. The planning area plateau supports a sizable nesting population of many duck species. An estimated fall flight of about 212,000 ducks originates from the area. The area is not considered an important migration resting area or wintering area because of the late spring ice break-up and early fall freeze-up.

The Trumpeter Swan is a fairly uncommon species of bird. Studies indicate one-quarter of the continent's population nests in the Copper River region, placing the swan high on the list of important species to consider when developing the area. These huge birds need solitude and freedom from human disturbance during their nesting period. They are migratory and nest in the planning area; and the area's nesting grounds are the key to their continued existence.



Some common fish inhabiting the streams and lakes in the Lake Louise area are arctic grayling, lake trout, fresh water lingcod, whitefish, and long-nose suckers. Fishing is governed by the State of Alaska, Northern Region, Upper Copper - Upper Susitna Drainage regulations.

#### WILDLIFE

Wildlife resources are abundant in the area. Big game populations including grizzly bear, moose, furbearers, and related broken forest species are numerous. The Nelchina caribou herd with upwards of 40,000 animals migrates through the area each year. A host of smaller species are also plentiful in the area.

#### CLIMATOLOGY

The climate is controlled primarily by the location and intensity of a semi-permanent low usually centered near the Alaska Peninsula or over the Aleutians, a semi-permanent high south-southeast of Alaska, topographic influences of surrounding high mountains, and, to a lesser degree, marine influences.

In summer the intensification of the Pacific semi-permanent high, coupled with occasional inland thermal low pressures, cause a flow of air from Cook Inlet and Prince William Sound up the Matanuska and Copper River Valley into the Copper River Basin. This moist marine air sometimes condenses with

the increase in elevation, causing clouds and light rain in the basin, producing most of the precipitation that occurs in the area. In winter, high pressure in the inland area and lows in the Gulf of Alaska reverse the flow resulting in little precipitation in the basin. As a result, the summer climate is of a modified marine type with a continental climate in the winter.

At an elevation of 2,300 to 2,800 feet, the area averages about 14 inches of total annual precipitation. Snow cover in the area may vary considerably (average maximum accumulation is about 21 inches) with the exposed open lakes and high areas blown clear and much accumulation in sheltered, tree covered areas. However, the winds are generally light with gradual snow drifting.

Temperatures in the Copper River Basin show continental (as opposed to marine) influences with colder nights and warmer days. Average temperatures remain below freezing from October through May in nearby Gulkana. During June through September, temperatures reach above freezing on a regular basis and can get as high as 60 degrees in July and August.

The area is relatively flat, and winds can come up suddenly. Localized weather is often observed by property owners; however there is no specific data for the lakes. The nearest weather station is Gulkana, which records prevailing winds out of the Copper River Canyon through the Chugach Mountains in the summer (southeast) and reverse during the winter (north). Lake Louise is close to the Matanuska River Valley which provides some of the air flow into the area. Winds will rarely exceed 50 mph.



Relative humidity should, on the average, be above 80% during early morning hours with daytime values below 50% during May through August, the warmest period.

Gulkana cloud data indicates that the maximum cloud cover occurs during the summer rainy season, although the variation through the year is relatively small. Storms in the Gulf of Alaska do not directly affect the Copper River Basin; however, clouds at the higher levels of this storm area probably

contribute significantly to the lack of clouds. During winter, slightly less than one-half of the days are usually cloud free or partly cloudy.

Year-round residents of Lake Louise report that ice fog lays over Lake Louise and other nearby lakes frequently during winter months. The ice fog usually does not extend more than 100 feet above lake level.

Seasonal variation in the length of daylight at the latitude of Lake Louise, 62°N, is great enough to modify recreational activities to a far greater extent than in mid-latitudes. While 20 hours of daylight

may be expected in June at the summer solstice, there is only about six hours of daylight in December at the winter solstice.

Severe storms are uncommon as the mountains generally prevent passage through the area. However, very low temperatures, slightly in excess of -65° F, were recorded during the winter of 1970-71 at Lake Louise. Thunderstorms occur with an average frequency of four per year at Gulkana. These storms may have some short intense showers, but hail is rare and usually small and soft. Winds with these storms are normally less than 30 mph. Unusually high winds of 100 mph occurred in October 1986.

## THE HUMAN FACTOR

### POPULATION

Today there are a small number of families living in the area on a year-round basis with many more recreational cabins present along the lakes shores. The population of the planning area has been erratic over the last 20 years, increasing to a high of 88 residents in 2000 and then decreasing to 46 in 2010 before rising again to 53 in 2013 (see table 1). The number of recorded housing units suggests a high percentage of recreational units around the lakes.

**TABLE 1**  
**Population Information**

1994	2000	2010	2011	2012	2013
50	88	46	49	50	53

Sources: 1994 information from the 1998 Lake Louise Comprehensive Plan; 2000 and 2010 Decennial US Census (Lake Louise Census Tract); 2011-2013 State of Alaska, Dept. of Labor, Research and Analysis Division

### HOUSING

Borough assessment data for 2014 show a total of 493 buildings, of which 451 or 99.56% are single family units by borough standards. Most parcels have seasonal cabins and associated outbuildings on them. The 2010 census estimates less than one percent of those single family units are occupied year round.

The average parcel size in the area is 4.67 acres; with the largest parcel at 160 acres and the smallest parcel at .13

### Comparison of MSB & Lake Louise Residential Parcels



acres. Of those, 91% of the parcels are owned by Alaskans and account for just less than one percent of all Matanuska-Susitna Borough parcels at .95%. (Source: MSB Assessment Data)

## ECONOMY

The local economy is based on recreation for visitors and property owners. The primary recreation opportunities include hunting, fishing, snow machining, dog mushing, cross country skiing, skijoring and boating. Area lodges operate on a seasonal basis. The lodges provide essential services including fuel, storage for boats, snowmachines and cars, boat docks, boat launches, as well as offering food and beverage. This is the primary economic activity in the area. The community of Glennallen, located about 35 miles to the southeast is the planning area's commercial center.

## ASSESSED VALUATION AND TAXES

The 2014 assessed valuation for land was \$10,030,300, and buildings were \$10,540,050 for a total of \$20,626,400. This is approximately double what the assessed valuation for real property in 1994 was; \$10,377,800. Approximately \$240,250 of property tax is collected annually.

Area accommodations also collect a bed tax in the Borough; the current rate is 5%.

## EXISTING LAND USE

Land use patterns are primarily related to cabins and second-home residential use. The 2013 estimated number of permanent residents in the area was 53 individuals. Property owners and visitors increase the population to more than 500 persons throughout the summer and fall months, when people visit the area to fish, hunt or camp. Spring break in March and summer holiday weekends, particularly the Fourth of July are crowded on the lake. Winter sports activities attract visitors as well. The present road access into the planning area is a paved road, rife with frost heaves, extending from an intersection at Mile 159 of the Glenn Highway and running approximately 21 miles north to the southwest end of Lake Louise.

The area is a popular visitor destination throughout the year for many different recreational groups. Visitors to the planning area come primarily to enjoy the area's recreational opportunities which abound throughout the year. The exception is during ice break-up and freeze up when travel on the lakes is minimal.



The majority of summer visitors come to the area to participate in water oriented recreational pursuits which include fishing, boating, sightseeing, camping, wildlife observation, limited hiking, and swimming.

With the opening of the hunting season and the colder nights in late summer, few visitors enter the area except to hunt. Ice usually forms on the larger lakes in mid to late October. Off-road transportation during this period is difficult until a sufficient buildup of ice occurs to permit operation of over-ice vehicles and ski planes. Recreational activities in winter months include hunting, ice fishing, cross country skiing, dog mushing, and snow machining. The Lake Louise Snow Machine Club, aka the "Wolf Pack", a non-profit organization, groom a network of snow machine trails in the planning area popular with property owners and visitors.

Few hiking trails exist. Motorized use during break-up results in rutted trails which become difficult for foot traffic.

## LAND OWNERSHIP

Private property in the area was originally obtained from the Federal Bureau of Land Management prior to Statehood in 1959, and the State of Alaska after that time. Some land has also been sold from private citizen to private citizen. The State of Alaska plans to sell another 74 remote recreational parcels on the three lakes sometime in the future.

The State of Alaska owns the majority of land in the planning area, which is currently covered by the 1985 Susitna Area Plan. The Borough's parcel data is based on assessment data and since the Borough does not tax the State of Alaska, the data is incomplete. However some State properties have been identified and for illustrative purposes are used in the table below. Private property amounts to 3,406 acres divided into 558 parcels.

Parcel Size	Private Land		State Land		Total Parcels	
Less than 3.5 Acres	197	35%	29	12%	226	29%
Less than 10 Acres	326	58%	168	72%	494	62%
Less than 100 Acres	30	5%	21	9%	51	6%
Over 100 Acres	5	1%	15	6%	20	3%
<b>Total Parcels</b>	558		233		791	



When asked whether property owners favored large lots of 3.5 acres or more for future development, the response was overwhelmingly in favor, with over 85% of the respondents favoring the larger lot size.

## FUTURE STATE LAND DISPOSALS

In 2012, the State of Alaska Department of Natural Resources (DNR) proposed to sell a total of 94 lots in the planning area. The sale was challenged by individuals which resulted in the Commissioner's office issuing a Final Finding and Decision in 2012. The decision was appealed but denied in October, 2014. The Final Finding and Decision (FFD) decreased the number of lots to be offered from 94 to 74. The 20 lots eliminated from the proposed sale (all located on Lake Susitna) will be retained in state ownership in light of the issues raised in public comments to the FFD and the observations made by DNR during their site visit.

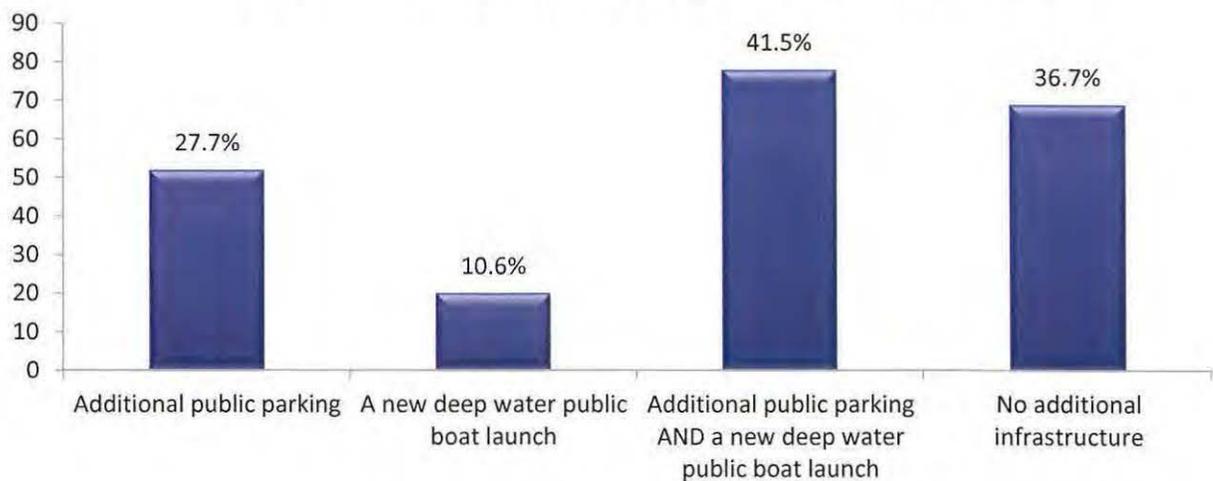
The sale of the remaining lots will be achieved incrementally with the first offering being in 2015. The first sale is limited to eight (8) parcels located on Lake Louise offered at auction. The number of lots offered in each phased sale or auction will continue to be limited and these sales may not occur every year. When this sale is completed, it will have transferred into public ownership those lots originally

surveyed by BLM and transferred to the state. For a map of the sale parcels, visit the DNR website, Division of Mining, Land & Water and enter "Auction #477" into the search bar, select Copper River Valley as the region, and click on "The Lakes".



The survey addressed state land sales in a couple of questions. An overwhelming majority – 76% do not support future land sales by the State. However, as described above, the state’s mission is to put land in private hands and the intention is to go forward with future land sales. One survey question stated lot sales by the State would have a significant impact on existing infrastructure and asked respondents what they would support.

### Community Opinions on DNR Land Sales



## Land Use Goals

### Goal 1: Maintain the rural and recreational character of Louise, Susitna and Tyone Lakes.

While difficult to define rural character exactly, property owners suggest it includes a strong connection to nature, scenic views, low population density, hunting and fishing, recreational uses and recreational uses.

#### Strategies to Achieve this Goal

- Support development that is visually unobtrusive and that addresses the importance of protecting the scenic vistas and environment.
- Encourage residential, recreational and commercial areas to develop and/or maintain visual buffers.

- Monitor State Plans for Recreational Development and offering for state-owned land.

**Goal 2: Respect existing private property rights while minimizing impacts to neighboring property owners.**

Strategies to Achieve this Goal

- Encourage a fair and reasonable balance between private property rights and community interests.
- Encourage Louise, Susitna, Tyone Lakes property owners to be active in the planning process to ensure their interests and rights are adequately protected.
- Work with the Borough to ensure land use regulations are consistent with this comprehensive plan.

---

# PUBLIC FACILITIES

## PUBLIC FACILITIES AND SERVICES

Few public facilities and services exist for several reasons. The small resident population and cabin property owners enjoy the rural life style of the area, and require only those facilities and services that will continue to protect health, safety, and welfare.

### SCHOOLS

No schools exist. Students attend school in Glennallen. The Copper River School District claims the planning area's students and the State of Alaska Regional Educational Attendance Area pays 100% for each student, school, and transportation costs.

### PUBLIC SAFETY

Police protection is provided by the Alaska State Troopers, with the nearest detachment in Glennallen which has three troopers reporting out of that station. The response time is about one hour for police assistance to arrive. Although few problems have occurred in the area, the high vacancy rate of many cabins makes them vulnerable to burglary and vandalism. As a way to counter this, residents of the Lakes have long used a "Good Neighbor" approach, with property owners keeping an eye on unoccupied cabins whenever possible. Throughout rural Alaska, bear break-ins are a concern. Bears break into cabins, causing much damage to property and danger to people. However, this has been a rare occurrence in the three lakes area for the past several years.



VOLUNTEERS HAVE WORKED HARD FOR THE LAST 15 YEARS TRYING TO MAKE THE LAKES BETTER AND SAFER FOR THEIR NEIGHBORS BY PROVIDING A VOLUNTEER FIRE DEPARTMENT AND EMERGENCY MEDICAL SERVICES.

### FIRE

The State of Alaska, Division of Forestry is responsible for wildland fire protection in the area. The lakes are not in an organized fire service of the Borough. Because of limited resources and the rural location, property owners are encouraged to be fire wise and self-sufficient.

Throughout the years, volunteers have been crucial in providing assistance around the lake. A volunteer fire department was established in 2001 under the auspices of the Louise, Susitna, Tyone Community Association (then known as the Lake Louise Community Non-Profit Corporation). Training has been ongoing since then, and is critical to the success of the service. Grants and donations were responsible for a number of community assets including approximately 20 pumps, 20 fire caches, a fire/rescue boat,

Im 16-120  
OR 16-081

a fire truck, and miscellaneous equipment and supplies. Volunteers have worked hard to maintain an active force, ready equipment, a dispatch system, and keep current with training. Between 2001 and 2014, the volunteer fire department responded approximately 10 times to incidents including vehicle, wild land, and structure fires.

### **EMERGENCY MEDICAL SERVICE (EMS)**

There is a long history of volunteerism around the lakes. Long time property owners served the needs of the community before the Lake Louise Emergency Medical Service (LLEMS) was organized in 1995 to serve all three lakes. Volunteers trained to become Emergency Trauma Technicians (ETT) with the Copper River EMS service initially, and later with the Borough. Throughout the years, the number of trained responders ebbed and flowed (see Appendix One for more statistics).

An ambulance was donated to the service from the Valdez Creek Mine, via the Borough. Over the years, the Borough has provided a patient transportation sled, two new snow machines with a trailer, two GPS units, a SAT phone, and equipment and supplies to stage at responder locations necessary for patient stabilization. For the first 10 to 12 years of the service, volunteer equipment, fuel, and personal time was not compensated. In 2011, the Borough required all responders to become Borough employees for insurance purposes and responders now receive some payment for services based on time and level of training. Fuel and equipment is still voluntary.

Lakes Louise, Susitna, and Tyone are supported by the Borough's paid on-call responders who strive to provide quality care in a safe manner as quickly as possible. Trained by Matanuska-Susitna Borough personnel adhering to Alaska State Standards, the staff consists of certified medical responders. Responders keep up their skills by attending monthly training meetings. Consolidated headquarters for all three lakes is located in the Matthews Public Safety Building located approximately 1 mile off Lake Louise Road. The area is served by the 911 dispatch system or 9G Base; however, due to the immense size and locality, the EMS system is hampered not only by terrain but by distance.

### **HEALTH SERVICES**

The nearest medical facility is Cross Road Medical Center in Glennallen. The Clinic offers a family practice clinic staffed with a doctor, a nurse practitioner, and three physician assistants as well as a pharmacy, laboratory services, counseling, and urgent care. For patients needing advanced care, MEDEVAC services to Anchorage are available. The Copper River Native Association also operates a health care clinic in Tazlina.

The nearest hospital is Mat-Su Regional Medical Center in Palmer, which is located approximately 140 miles away. Additionally, there is a state public health office in Glennallen. It is staffed full-time by a clerk, with an itinerant public health nurse based in Wasilla.

## UTILITIES

There are no publically owned water, sewer, or energy distribution systems in the Lake Louise area. Electrical power is generated by privately owned and maintained systems of generators, solar panels and wind turbines. The majority of residences use the lakes as a source of water for at least some purposes. Sewage disposal is handled throughout the area with open pit toilets, seepage pits and DEC approved septic systems. There is a public transfer station for solid waste disposal presently located at Dinty Bush Services.

## SOLID WASTE

Solid waste is collected at two dumpsters located at mile 15.5 of Lake Louise Road through a contract provider on private land. Some hazardous materials, including waste oil, paint, and batteries are accepted. The dumpsters have made a significant difference in the overall cleanliness of the area. Their prominence along Lake Louise Road helps to increase usage by visitors. The community desires better access to the dumpsters. Currently people lift garbage into the dumpsters, which is problematic with heavy containers.

## ELECTRICAL POWER

There are no electrical utility lines providing power to the area. Electricity used is supplied from private generators, solar panels, and some wind turbine generators.

## COMMUNICATIONS

Cell phone service is available at Lake Louise and satellite internet and phones are available through commercial companies. Radio-telephone service is available through Alaska Communications and Copper Valley Telephone Co-op. Citizen Band radio and several cellular services provide other communication options. Marine VHF radios are also used in the lakes community.

---

## PUBLIC FACILITIES GOALS

**Goal 1: Continue to improve Fire and EMS training, equipment, and response in the Louise, Susitna and Tyone Lake area.**

### Strategies to Achieve this Goal

- Work with the Borough Emergency Medical Service to obtain training for Emergency Trauma Technicians or Emergency Medical Technician.
- Continue to train throughout the year to keep on-call responder responses sharp.
- Improve communications for emergency purposes.

- Seek funding for EMS and Rescue equipment through a variety of funding sources, including the Borough’s Capital Improvement Program.
- Encourage the Community Association to seek funding for firefighting equipment through a variety of funding sources.
- Encourage maintenance of a local dispatch option in conjunction with the Borough’s 911 call center and State Troopers.

**Goal 2: Improve access to the dumpsters.**

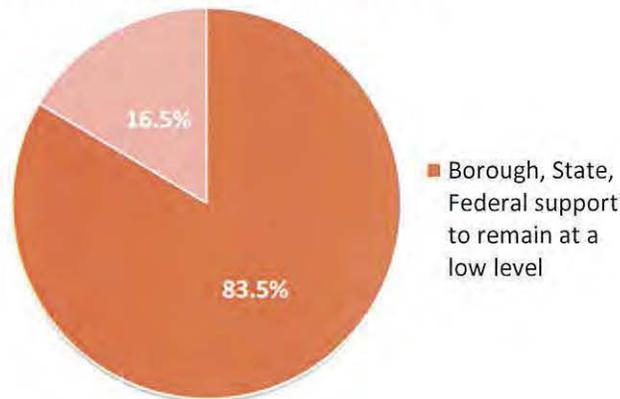
Strategies to Achieve this Goal

- Work with the Borough to devise an easier method of putting trash into the dumpster. Ideas include stairs next to the empty dumpsters or a ramp for vehicles to pull up parallel to the dumpsters, allowing trash to be placed, rather than thrown.
- Encourage the Borough to effectively and efficiently manage the contract with the solid waste provider and prepare for event weekends.



Survey respondents were asked about their wishes for the area in the next 20 years.

**Government Services**



*Im16-120  
0R16-081*

---

# TRANSPORTATION

## CURRENT TRANSPORTATION MODES

Transportation in the planning area consists of a state maintained road, state maintained airport, and lake travel. The State of Alaska Department of Transportation and Public Facilities own and operate the Lake Louise Airport, with the identifier Z55. Runway 13-31 is a gravel strip 3,000 feet long with a parking apron. The state classifies the facility as having low levels of activity and minimum amounts of maintenance. The airport receives little use due to difficulties with transportation from the airport to the lakes and boats, although it was instrumental in fighting the Talbert Lake Fire in 2013.



## LAKE LOUISE ROAD

The Lake Louise Road is an approximately 21 mile road which connects the community to Mile 159 on the Glenn Highway. For many years it was a gravel road; graded in the summer months. The road is paved, however it is susceptible to frost heaves making travel at a constant speed impossible. Maintenance of the road is intermittent during the summer months due to the remoteness of the area and there are very few pull outs along the roadway. This becomes an issue during hunting season when people simply pull over and park on the side of the road. There is also a subdivision adjacent to the road with no access which presents the same scenario.

## PARKING

Parking throughout the area is limited. Each of the lodges offers storage and parking, but not enough to accommodate all the property owners, day visitors or casual users. Consequently, large vehicles with boat trailers and/or campers require additional parking. There is a limited parking area near the Dinty Lake Causeway, often creating an overflow where the only option for people is to park on the road, making it difficult to maneuver and launch boats. The State of Alaska has announced plans to sell an additional 74 lots in the lakes area, which will only compound this problem.

There is a parcel of State of Alaska, Department of Natural Resource land near the causeway which is under the management of the State Department of Transportation and Public Facilities which would make a convenient area for parking expansion.

## LAKE TRAVEL

Water transportation has played a key role in the development of the area. In summer months, the three interconnected lakes provide boat access to over 100 miles of shoreline. However, weather conditions on the main lakes often make small boat operations hazardous. The wind can rise quickly resulting in small craft warnings and unsafe conditions. Unmarked gravel bars and rock outcroppings are navigational hazards.

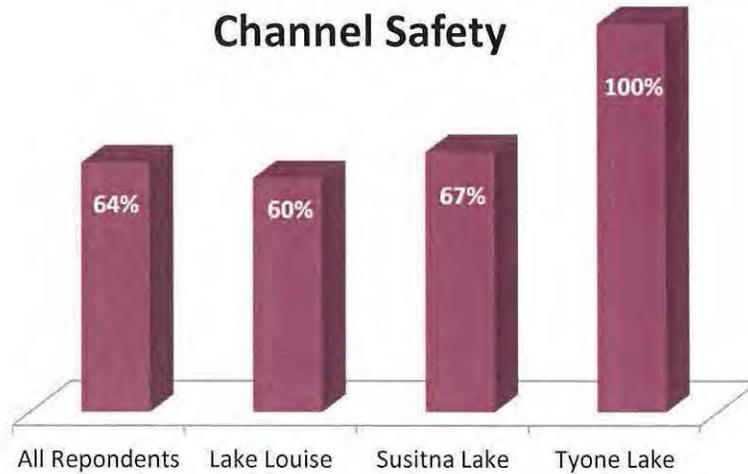
### THE CHANNEL

There is an S shaped, narrow channel that connects Lake Louise to Susitna Lake that presents two blind curves with shallow approaches on both lakes. When entering the channel from either side, the operator cannot see the other end. The local community has posted a channel traffic schedule at all boat ramps. North bound traffic goes through during the first half hour (as an example: 1:00 to 1:30) and south bound traffic goes through during the second half hour (as an example: 1:30 to 2:00).



As the channel is very shallow, most boats go through it on step; however, there is limited navigational space. The Department of Natural Resources Boating Safety has no record of reported accidents at the channel, however there have been numerous sightings of boats run aground in the shallow waters. Some people walk their boat through and cannot be seen, which produces another hazard. When coming from Susitna Lake into Lake Louise during an extreme SE Wind, Lake Louise presents a wall of white capped waves that cannot be seen until the last blind corner is rounded. This presents a serious issue as rising winds can result in small craft warnings.

## Overall Concern for Channel Safety



The survey asked property owners a series of questions regarding the channel; with 84% of the respondents noting they use the channel. When asked if channel boat travel was a safety concern, folks on the different lakes had slightly different viewpoints; see the table below for a breakdown.

Channel Safety			
Location	# of Responses	# of People Concerned	% of People Concerned
Lake Louise	113	68	60%
Lake Susitna	70	47	67%
Tyone Lake	5	5	100%

One possible solution might be a road to Susitna Lake, but respondents were consistently against that idea, with 70% of all respondents, 72% of Susitna Lake respondent, and 60% of Tyone Lake respondents saying they were not interested in the possibility of a road being constructed.

### TYONE WEIR PROJECT

The 1998 Comprehensive Plan included language on investigating a weir on the Tyone River to help balance the water levels between Louise and Susitna Lakes. In 1999, the Borough received a state grant to address the difference in water level and channel passage between Lake Louise and Susitna Lake. The Borough requested an evaluation by the U.S. Fish and Wildlife Service of a proposal received from the Navy SeeBees to install a control structure for Tyone River and Tyone Lake. The goal of the water control structure was to raise lake water levels to facilitate travel through a shallow channel in the lake and dock access to adjacent lodges regardless of seasonal changes to water level. This became known as the Tyone Weir Project.

At the conclusion of the evaluation in 2008, the U.S. Fish and Wildlife Service found that further analysis and design of the weir was necessary and environmental documents would need to be filed for a variety of permits.

Additionally they determined that other factors had a substantial impact on the channel depth and concluded:

“The control of boat wake is necessary to control sand erosion at the shallow channel. Discussions indicated that natural wave action and ice movement creates some of the shallow channel conditions and that *may not change even with lake elevation increase (emphasis added)*. Boat traffic exacerbates the shallow channel problems and alternatives analyzed for permitting should include evaluation of management practices that control boat speed and size on the lake system. Evaluation should be part of a lake management plan and may be required for any future permit applications (U.S. Fish & Wildlife Service, 2008).”

The Borough returned the state grant and the project did not move forward.

#### CONCLUSION

The planning team did not arrive at a definitive answer for the channel, however everyone agrees that safe passage is a goal. In November 2008, the MSB returned the weir project grant funds to the State of Alaska and the weir project was cancelled. Currently, there are no pending projects at the Federal, State or Borough levels of government to resolve either the channel safety or the water level stabilization issues. The Community Association continues to cut brush around the channel to improve visibility, short of implementing any other actions.

---

## TRANSPORTATION GOALS

### Goal 1: Seek a safe, dependable passage between all the lakes

#### Strategies to Achieve this Goal

- Support and encourage plans for repairs and improvements to the Lake Louise/Susitna Lake Channel.
- Encourage the Community Association to submit a nomination to the Borough’s Capital Improvement Program to make repairs to the channel.
- Encourage the Community Association to work with the Department of Natural Resources to make improvements to the channel.

## Goal 2: Create a parking area for use by property owners and visitors

### Strategies to Achieve this Goal

- Encourage the Community Association to make a request to the Borough's Capital Improvement Program for development improvements to the boat launch at the Dinty Lake Causeway.
- Seek additional parking at Army Point.
- Investigate the potential of working with the Department of Natural Resources and the Department of Transportation to utilize the state land near the causeway for parking.

## Goal 3: Improve Lake Louise Road

### Strategies to Achieve this Goal

- Retain paved road.
- Work with the Department of Transportation and Public Facilities to create off road parking near trailheads and subdivisions with no access.
- Request more regular maintenance of the road, instead of additional warning signs.

---

## WATER RESOURCES

Healthy fish and wildlife habitats translate into healthy human habitats by supporting a full range of ecosystem services, such as water filtration, flood mitigation, and food chain productivity. Lakes are important for scenic views, wildlife habitat, recreational opportunities, and an overall enhancement of quality of life. As the Borough's population continues to grow and urbanization increases, so does the need for information about our waterbodies.

### WATER SUPPLY

Local aquifers are unconsolidated sands, gravels, silts and clays yielding water that may be of high mineral content at low rates. Drilling wells is expensive and problematic, although two of the lodges have water wells. One person acquainted with the area says that there are some sand-point wells in the area, which would be shallow, hand dug wells. Being very shallow, these wells also extract water from the lake, but via locally saturated sand and gravel adjacent to the lake.



When asked how owners got potable water, 73% replied they transported water, while 51.3% said they use the lakes. Many respondents indicated their source of water was dependent upon the usage - for instance they haul drinking water, but use the lakes for dish washing and showering.

The lack of road access to most properties in the area, permafrost requiring deeper wells, and low product aquifers combine to make well development an expensive proposition. This in turn makes use of the lake as a water source a popular option.

Two of the lodges operate Class B water systems with wells. One lodge operates a Class C water system, with treated and filtrated water from the lake.

### SANITARY AND WASTEWATER DISPOSAL

Conventional soil absorption wastewater treatment systems will apparently work in the area although the cold climate and soil conditions make it difficult if the system is not in continuous use. By far the majority of private properties are serviced by pit privies. The three lodges have on-site septic systems. There is no dump station for the use of recreational vehicles. One would best be located in the State campground.

### WATER QUALITY

The importance of water quality is the number one issue on property owners' minds according to the survey – 87% said water quality is a high priority, although when asked if overall water quality was a problem, 47% said no, and another 30% mildly agreed with the statement. People are concerned about water quality before it develops into an issue. When asked how people got potable water, 73% replied they transport it, and 51% use the lakes for



some of their water needs (many respondents reported they boiled the water first).



Louise, Susitna and Tyone Lakes are all included in the Borough's Volunteer Lake Monitoring Program. One of the advantages of the program is the creation of baseline water quality data. Years of data can demonstrate cycles in the lakes. Fortunately for the lakes, data is available from tests performed every year (except 2013) since 2002 thanks to stalwart volunteers. Volunteers use their own boats to take measurements at the deepest spot of the lakes. Measurements include:

- Secchi disk reading (for water clarity)
- Observations (weather, wildlife, human activity, aquatic plants, water level)
- Lake profile (multi-parameter sensor is used to read temperature, conductivity, dissolved oxygen and pH at each meter depth)
- Collecting a water sample for lab analysis of chlorophyll *a* and phosphorus

One of the most common and serious health concerns of contaminated water supply is bacteria and other microcosms. The Borough's program does not currently test for hydrocarbons or bacteria which are under the purview of the State of Alaska Department of Environmental Conservation (DEC). It is a possibility that the community could help pay for testing for hydro-carbons and/or bacteria.

The comprehensive plan update encourages good practices for healthy lakes and healthy shorelines. Run off can be tempered by rain gardens or bioswales which help to slow down run off and spread it out. More information about rain gardens is on the Borough's website. A natural shoreline landscape reduces negative impacts from pollutants, sediment and algae blooms that can lead to loss of recreation use and lower fish and wildlife populations (Michigan State Extension). As development of the lakes expands, it is important to keep natural shoreline vegetation in place to keep the lakes healthy.

## WATERSHEDS

A watershed, or drainage area, is a geographic area where all rainwater, snowmelt, and any other type of precipitation drains into lakes, rivers, or other bodies of water. The boundaries of these areas are defined by the movement of water throughout a region. Watersheds provide a number of essential services to communities. They are necessary for water supply and filtration, flow regulation, and erosion and sedimentation control. Properly functioning watersheds can reduce the need for constructing and operating expensive infrastructure systems to provide these services. Healthy watersheds also provide

the benefits of water quality, flood damage prevention, habitat protection, biodiversity, agriculture, fishing and forestry industries, aesthetic enjoyment, and recreation. The population of the Borough relies on surface and ground water for drinking water, magnifying the importance of watershed protection.

The preservation, restoration, and maintenance of a watershed requires communities to establish a balance among needs for water supply, water quality, flood control, navigation, hydropower generation, fisheries, biodiversity, habitat conservation, and recreation. Watersheds containing higher proportions of forest lands, wetlands, vegetation, and other permeable surfaces provide greater capacity for filtering pollutants, moderating water flow, and erosion and sedimentation control. Maintaining greater proportions of forest land, wetlands, and other vegetated areas provides improved wildlife habitat and increased biodiversity. Increased vegetation can also assist in climate stabilization by providing more shade.

---

## WATER RESOURCE GOALS

**Goal 1: To protect the water resources of Lake Louise, Susitna and Tyone and maintain its quality and quantity.**

Strategies to Achieve this Goal

- Continue the water quality testing program on all three lakes to add to the database and monitor future conditions.
- Provide information at specified locations for residents, recreational users and visitors concerning:
  - Setbacks and “best management” practices for shoreline development.
  - Dangers and hazards existing in the area.
  - The area’s special features and recreational opportunities.
  - Emergency and safety systems, environmental concerns, sanitary waste locations, etc.
  - Trail maps.
- Work with the Alaska State Department of Fish and Game to protect environment, wildlife, and community.
- Work with the Borough and the State to develop remote public campsite.

## Goal 2: Encourage property owners to retain as much natural shoreline as possible.

### Strategies to Achieve this Goal

- Encourage property owners to curve paths that head down to the water – straight paths down slopes channel the water into gullies.
- Encourage property owners to keep the shoreline vegetated with a minimum of 20 to 25 foot wide buffers to decrease erosion along the lakeshores.

## Goal 3: Encourage visitors and boaters to be good stewards of the lakes.

### Strategies to Achieve this Goal

- Provide educational material about invasive aquatics, particularly elodea, at boat launches.
- Work with the Community Association to provide educational material about how boats and float planes can help avoid transferring invasives in to the lakes by dumping water from other areas prior to introduction in the lake system.
- Raise awareness that ice houses, houseboats, and other uses directly on the lake do not have the benefit of natural buffers to help clean material filtering into the lakes and encourage users to keep a clean campground.

---

## RECREATION

Louise, Susitna and Tyone Lakes have significant recreational resources, which are important to the area's quality of life, the local economy, and the community's identity. The community's lakes, fish and wildlife, and mix of opportunities—for both solitude and quiet and for active recreation, and for both summer and winter activities—are a primary reason people choose the site for cabins and second homes. Outdoor recreation including hunting and fishing are also major draw for visitors to the area.

The lodges play an important role in recreational life at the lakes. In addition to providing lodging for day visitors, they offer parking, fuel, information, and a gathering place. The ebb and flow of the local economy is mirrored in lodge operations.

Life in the area revolves around the lakes which are ice-free from May to September. Boat launches are available at each of the area lodges, and at the end of the road near the state campground. The Division of State Parks also operates a summer campground at the old Army Point recreation site. A boat launch also is located at the site. Parking for vehicles and trailers is becoming problematic as more people purchase property and visitors increase, especially over holiday weekends in the summer and hunting season. The need for additional parking areas is noted in the transportation chapter.



Recreational activities in the summer months include fishing, camping and other water activities such as sailing and kayaking. Activities in the winter months include ice fishing, snow machining, cross country skiing, and snowshoeing. In the past there have been dog races, snowmachine poker runs, and cross country ski races which attract visitors to the lakes.

---

## RECREATION GOALS

**Goal 1: To protect the resources of Lake Louise, Susitna and Tyone and maintain its quality and quantity.**

### Strategies to Achieve this Goal

- Provide information at specified locations for residents, recreational users and visitors concerning:

- Dangers and hazards existing in the area.
  - The area's special features and recreational opportunities.
  - Emergency and safety systems, environmental concerns, sanitary waste locations, etc.
  - Trail maps.
- Work with the Borough and the State to develop remote public campsites with a fire ring and provision for trash.
  - Encourage recreational uses to support local businesses.

## **Goal 2: Maintain a healthy fish, game, and bird population.**

### Strategy to Achieve this Goal

- Request Alaska Fish and Game to study the fish resource and release a report.
- Inform local Fish and Game Advisory Board of lake concerns.

# Appendix One

## Lake Louise Emergency Medical Service Calls and Responses

Emergency Trauma Technician Snap Shot		
Year	Number of trained ETT	Became Inactive
1995 - 1997	Seven (7)	
1998	Two (2) - full time residents	5
1997-2002	Eleven (11) - seven full time residents; remainder seasonal	
2001 – 2008	Eight to ten (8-10)	
2003 – 2009	Six (6)	
2004		4
2007		2

Between 2001 and 2008 the LLEMS maintained 8 - 10 active and dependable responders.

Volunteer Responses to EMS Calls March 2001 to May 2013		
Month	# of Responses	Seasonal Data
Jan	3	Winter Months - 23
Feb	3	
Mar	12	
April	5	Summer Months – 24 Incidents
May	3	
June	10	
July	5	
August	2	
September	4	Winter Months - 5
October	2	
November	1	
December	2	

Origin of EMS Calls	
Direct	21
Alaska State Troopers	9
Wolverine Lodge	5
9GB (Dispatch)	9
The Point Lodge	2
Lake Louise Lodge	6

Jm 16-120  
OR 16-081

EMS Response Made to:	
Lake Louise Lodge	9
Wolverine Lodge	7
The Point Lodge	1
Evergreen Lodge	1
Lake Louise	7
Tyone Lake	3
Crosswind Lake	2
Misc. Locations: Lake Louise Road, Island Lake, Dinty Bush, Glenallen, etc.	22

These tables help emphasize the difficulties of terrain and sheer size of response area.

# Appendix Two

---

## Lake Monitoring Reports

The 2015 Lake Monitoring Reports are attached.

Im16-120  
OR16-081

# Lake Louise 2015 Data Summary

## Lake Louise Snapshot

**Years Monitored:** 15  
**Total # of Events:** 66  
**Events:** 3  
**Total Monitored Hours:** 113.5

## Observations

**Wildlife Observed:**  
Ducks

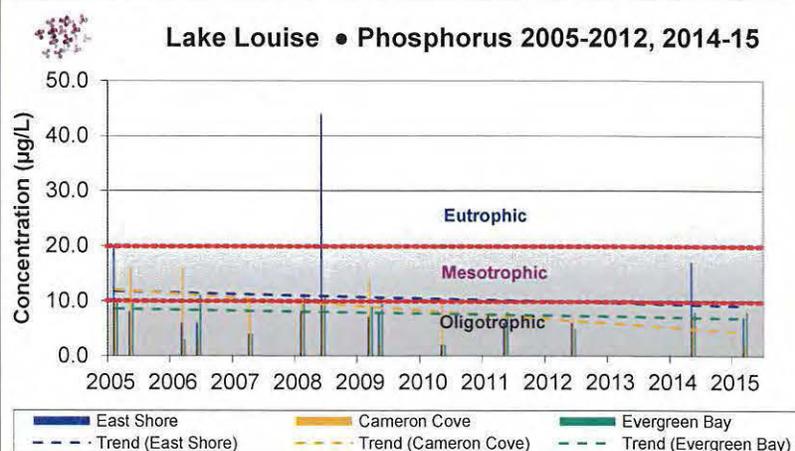
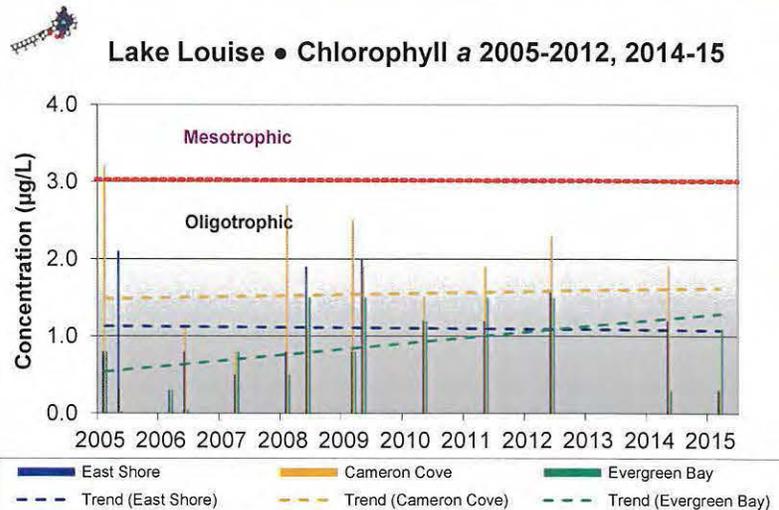
**Water Level:**  
Low

**Water Color:**  
Light green

**Algae:**  
None observed

**Aquatic Plants:**  
None to sparse

**Additional:**  
Water level lower than usual for July.



Note: Data through 2003 is omitted from this graph, as the previous laboratory used different analytical methods.

## Lake Louise Profile Measurements

Lake Louise East Shore		Depth (m)	Temperature (°C)	Conductivity (mS/cm)	Dissolved Oxygen (mg/L)	pH standard units	Secchi Depth mean (m)
Date	7/7/2015	0.0	17.17	0.17	9.15	8.28	7.88
		1.0	17.19	0.17	8.97	8.31	
Site Depth (m)	32.60	2.0	17.12	0.17	8.97	8.31	
		3.0	16.79	0.17	8.88	8.32	
Phosphorus (µg/L)	7	4.0	16.64	0.17	9.07	8.32	
		5.0	16.61	0.17	8.80	8.31	
Chlorophyll a (µg/L)	0.3	6.0	16.46	0.17	9.04	8.30	
		7.0	15.99	0.17	8.84	8.30	
		8.0	12.79	0.17	9.38	8.24	
		9.0	12.10	0.17	9.45	8.21	
		10.0	11.71	0.17	9.35	8.16	
		15.0	8.85	0.17	9.34	8.08	
		20.0	8.06	0.17	9.13	7.97	
		25.0	7.95	0.17	9.00	7.91	
		30.0	7.84	0.17	9.01	7.88	
		32.0	7.80	0.17	8.72	7.59	
ChIA	TP	Depth	T°	Cond	DO	pH	Secchi
<b>0.3</b>	<b>7.0</b>	<b>32.60</b>	17.19	0.17	9.45	8.32	<b>7.88</b>
<b>0.3</b>	<b>7.0</b>		7.80	0.17	8.72	7.59	<b>7.88</b>
<b>0.3</b>	<b>7.0</b>		12.79	0.17	9.01	8.24	<b>7.88</b>
<b>0.3</b>	<b>7.0</b>		12.93	0.17	9.06	8.15	<b>7.88</b>
<b>NA</b>	<b>NA</b>		4.0	0.0	0.2	0.2	<b>NA</b>

Max  
Min  
Median  
Average  
Std Dev

Lake Louise Cameron Cove		Depth (m)	Temperature (°C)	Conductivity (mS/cm)	Dissolved Oxygen (mg/L)	pH standard units	Secchi Depth mean (m)
Date	7/7/2015	0.0	18.02	0.160	9.19	8.65	6.15
		1.0	18.08	0.160	9.21	8.65	
Site Depth (m)	12.50	2.0	18.08	0.160	8.88	8.65	
		3.0	17.96	0.160	8.97	8.65	
Phosphorus (µg/L)	2	4.0	17.69	0.160	9.02	8.64	
		5.0	16.42	0.160	9.01	8.60	
Chlorophyll a (µg/L)	0.3	6.0	15.21	0.160	8.99	8.50	
		7.0	12.76	0.161	9.06	8.35	
		8.0	12.05	0.161	8.86	8.21	
		9.0	10.57	0.164	7.82	8.04	
		10.0	8.87	0.167	5.87	7.93	
		12.0	6.78	0.172	3.24	7.82	
ChIA	TP	Depth	T°	Cond	DO	pH	Secchi
<b>0.3</b>	<b>2.0</b>	<b>12.50</b>	18.08	0.172	9.21	8.65	<b>6.15</b>
<b>0.3</b>	<b>2.0</b>		6.78	0.160	3.24	7.82	<b>6.15</b>
<b>0.3</b>	<b>2.0</b>		15.82	0.160	8.98	8.55	<b>6.15</b>
<b>0.3</b>	<b>2.0</b>		14.37	0.162	8.18	8.39	<b>6.15</b>
<b>NA</b>	<b>NA</b>		4.04	0.004	1.82	0.31	<b>NA</b>

Max  
Min  
Median  
Average  
Std Dev



**Bold & Italics:** Values based on only one monitoring event

Highlighted data does not meet Alaska Water Quality Standards (WQS)

The Alaska Water Quality Standards do not apply absolutely to lakes without taking multiple factors into account. For more information on WQS, please see <http://www.dec.state.ak.us/water/wqsar/wqs/>.

Im 16-120  
OR 16-081

## Lake Louise Profile Measurements

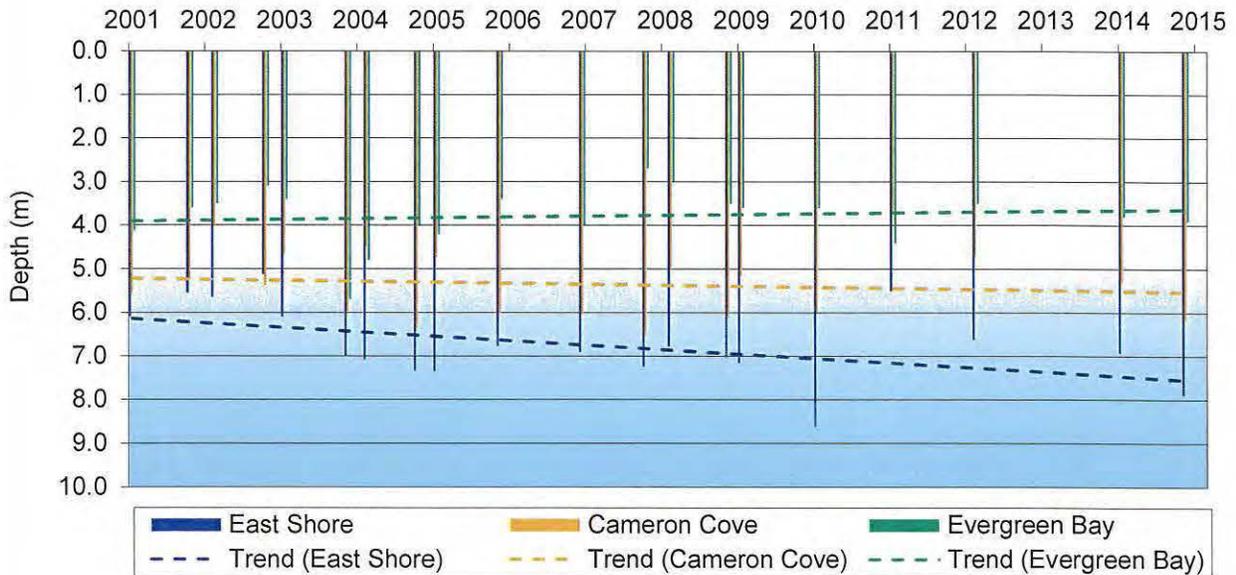
Lake Louise Evergreen Bay		Depth (m)	Temperature (°C)	Conductivity (mS/cm)	Dissolved Oxygen (mg/L)	pH standard units	Secchi Depth mean (m)
Date	7/7/2015	0.0	16.14	0.165	9.50	8.41	3.90
		1.0	15.24	0.165	9.43	8.44	
Site Depth (m)	3.90	2.0	15.13	0.165	9.40	8.46	
Phosphorus (µg/L)	8	3.0	14.00	0.167	9.49	8.47	
Chlorophyll a (µg/L)	1.1						
<b>ChIA</b>	<b>TP</b>	<b>Depth</b>	<b>T°</b>	<b>Cond</b>	<b>DO</b>	<b>pH</b>	<b>Secchi</b>
1.1	8.0	3.90	16.14	0.167	9.50	8.47	3.90
1.1	8.0		14.00	0.165	9.40	8.41	3.90
1.1	8.0		15.19	0.165	9.46	8.45	3.90
1.1	8.0		15.13	0.166	9.46	8.45	3.90
NA	NA		0.88	0.001	0.05	0.03	NA

Max  
Min  
Median  
Average  
Std Dev

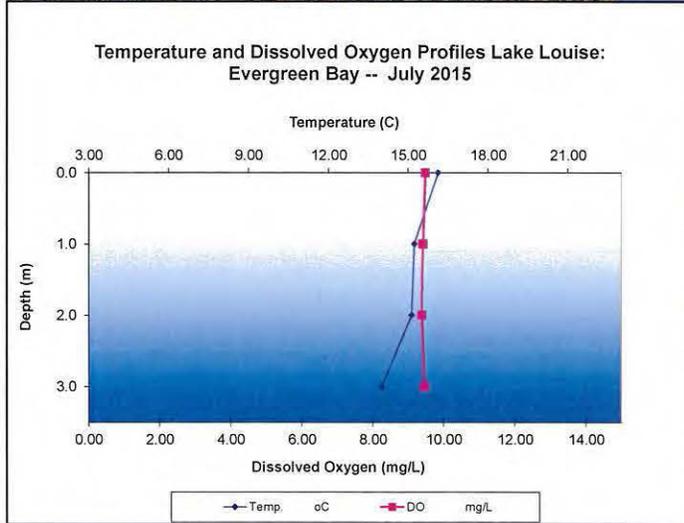
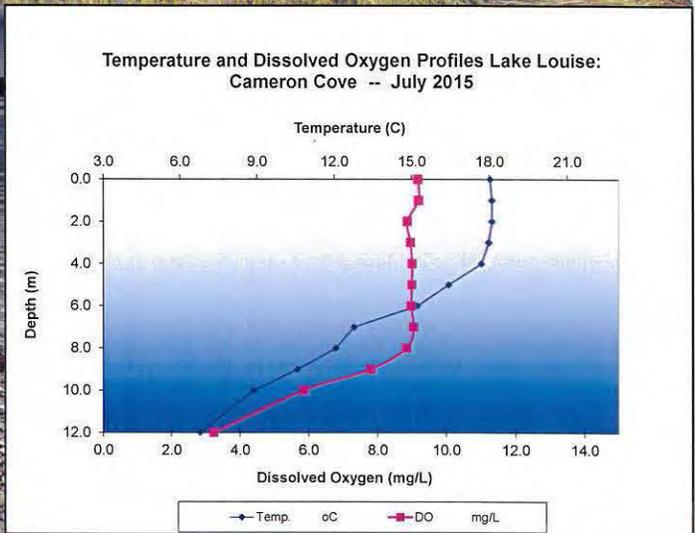
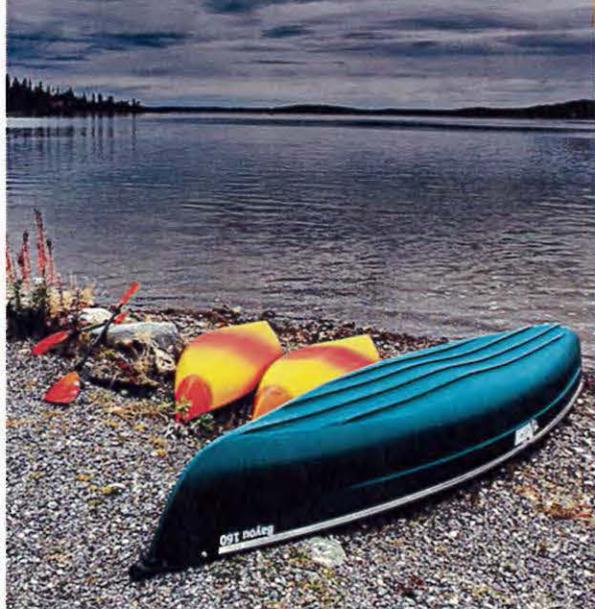
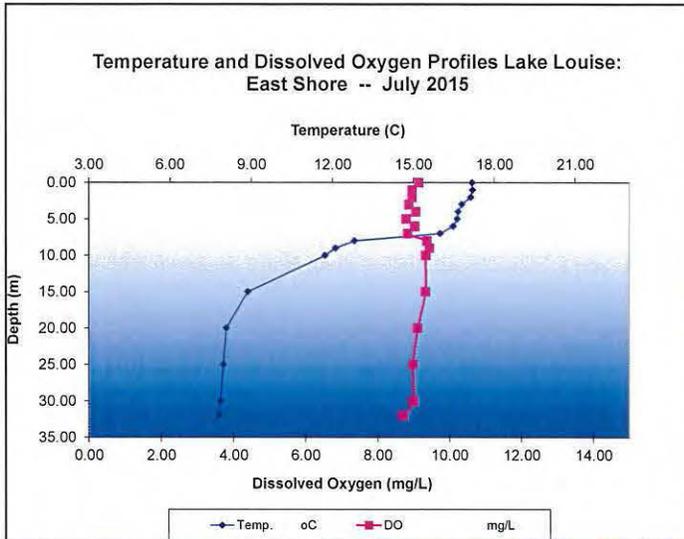
# Matanuska-Susitna Borough Volunteer Lake Monitoring Program



**Lake Louise  
Secchi Data 2001-2012, 2014-2015**



IM16-120  
OR16-081



Im16-120  
OR16-081

# Susitna Lake 2015 Data Summary

## Susitna Lake Snapshot

Years Monitored: 14  
 Total # of Events: 44  
 2014 Events: 2  
 Total Hours Monitored: 74.2

## Observations

### Human Activity

**Observed:**  
 Boat traffic

### Water Level:

Low

### Water Color:

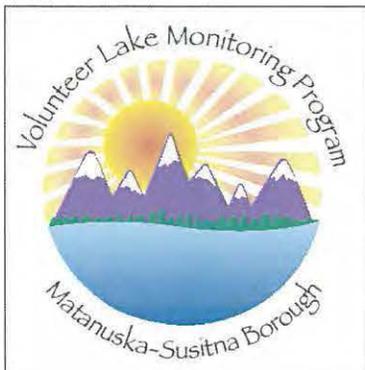
Light Green

### Algae:

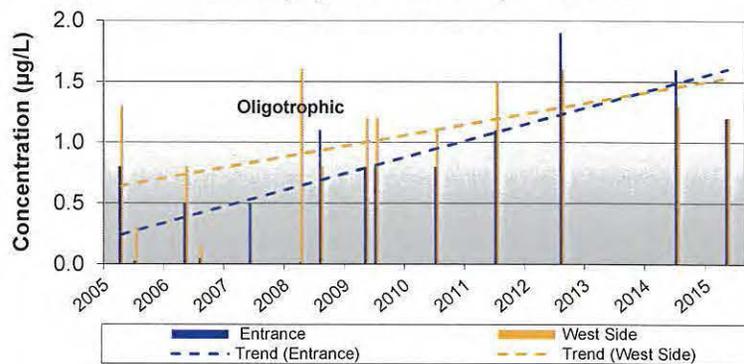
None observed

### Aquatic Plants:

None observed



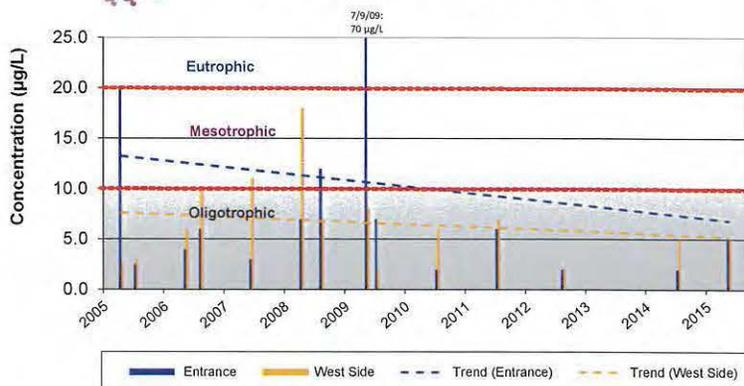
Susitna Lake Entrance & West Side Sites  
 Chlorophyll a 2005-2012, 2014-2015



Data through 2003 is omitted from this graph, as the previous laboratory used different analytical methods.



Susitna Lake Entrance & West Side Sites  
 Phosphorus 2005-2012, 2014-2015



Data through 2003 is omitted from this graph, as the previous laboratory used different analytical methods.

Im16-120  
 OR16-081

## Susitna Lake Profile Measurements

Susitna Lake Entrance		Depth (m)	Temperature (°C)	Conductivity (mS/cm)	Dissolved Oxygen (mg/L)	pH standard units	Secchi Depth mean (m)	
Date	7/7/2015	0.0	15.80	0.249	8.59	8.28	8.10	
		1.0	13.85	0.312	9.13	8.24		
Site Depth (m)	8.1	2.0	13.40	0.321	9.21	8.23		
		3.0	12.91	0.321	9.13	8.20		
Phosphorus (µg/L)	5.0	4.0	12.74	0.318	9.12	8.19		
		5.0	12.35	0.320	9.17	8.15		
Chlorophyll a (µg/L)	1.2	6.0	12.20	0.320	9.06	8.13		
		7.0	12.17	0.322	9.09	8.10		
		8.0	10.75	0.324	9.03	8.06		
ChlA	TP	Depth	T°	Cond	DO	pH	Secchi	
1.2	5.0	8.10	15.80	0.324	9.21	8.28	8.10	Max
1.2	5.0		10.75	0.249	8.59	8.06	8.10	Min
1.2	5.0		12.74	0.320	9.12	8.19	8.10	Median
1.2	5.0		12.91	0.312	9.06	8.18	8.10	Average
NA	NA		1.39	0.024	0.18	0.07	NA	Std Dev

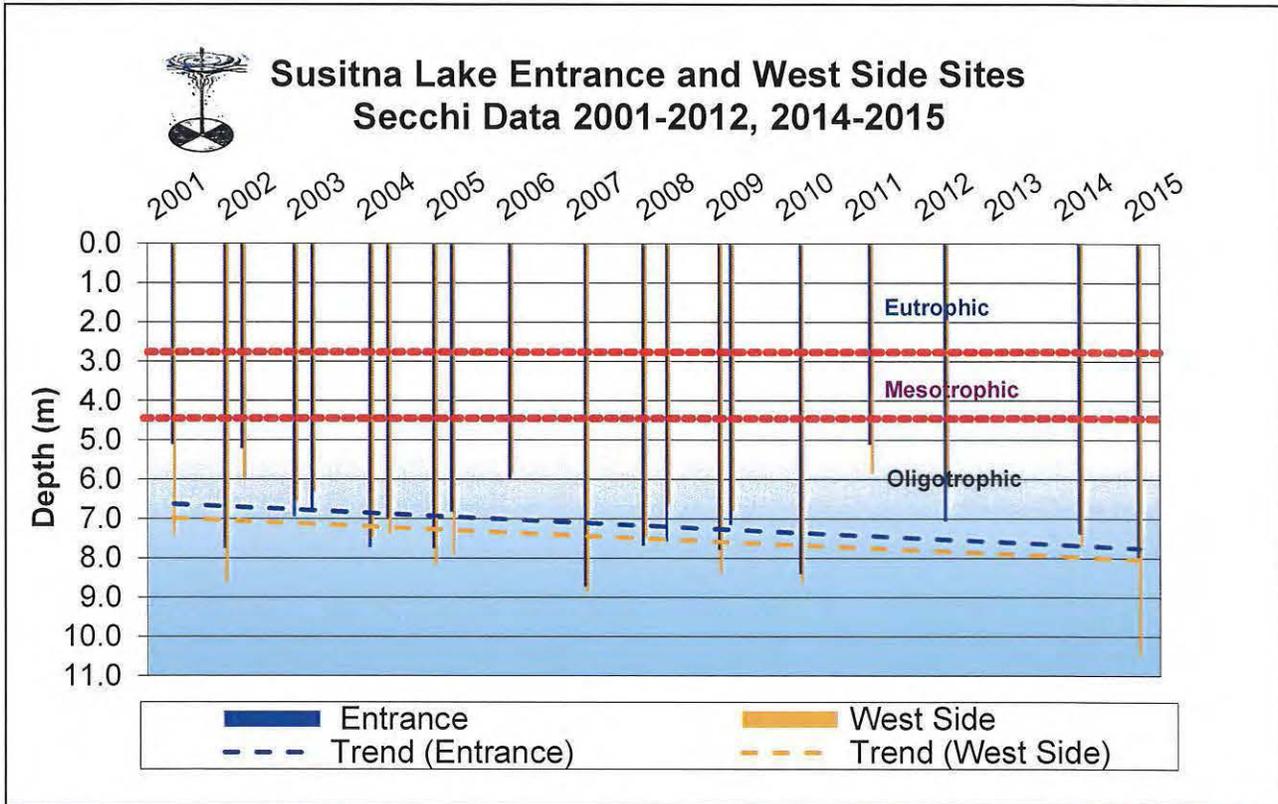
Susitna Lake West Side		Depth (m)	Temperature (°C)	Conductivity (mS/cm)	Dissolved Oxygen (mg/L)	pH standard units	Secchi Depth mean (m)	
Date	7/7/2015	0.0	17.77	0.320	8.76	8.29	10.45	
		1.0	16.39	0.322	9.05	8.33		
Site Depth (m)	15.90	2.0	15.51	0.321	9.06	8.34		
		3.0	15.42	0.321	8.93	8.34		
Phosphorus (µg/L)	5	4.0	15.38	0.320	8.91	8.33		
		5.0	15.38	0.324	9.04	8.33		
Chlorophyll a (µg/L)	1.2	6.0	15.36	0.320	9.08	8.33		
		7.0	15.29	0.321	8.95	8.33		
		8.0	14.96	0.322	9.00	8.33		
		9.0	11.75	0.324	9.02	8.24		
		10.0	9.88	0.326	8.88	8.14		
		13.5	9.53	0.324	8.76	8.02		
ChlA	TP	Depth	T°	Cond	DO	pH	Secchi	
1.2	5.0	15.90	17.77	0.326	9.08	8.34	10.45	Max
1.2	5.0		9.53	0.320	8.76	8.02	10.45	Min
1.2	5.0		15.37	0.322	8.98	8.33	10.45	Median
1.2	5.0		14.39	0.322	8.95	8.28	10.45	Average
NA	NA		2.57	0.002	0.11	0.10	NA	Std Dev

Highlighted data does not meet Alaska Water Quality Standards (WQS)

The Alaska Water Quality Standards do not apply absolutely to lakes without taking multiple factors into account. For more information on WQS, please see <http://www.dec.state.ak.us/water/wqsar/wqs/>.

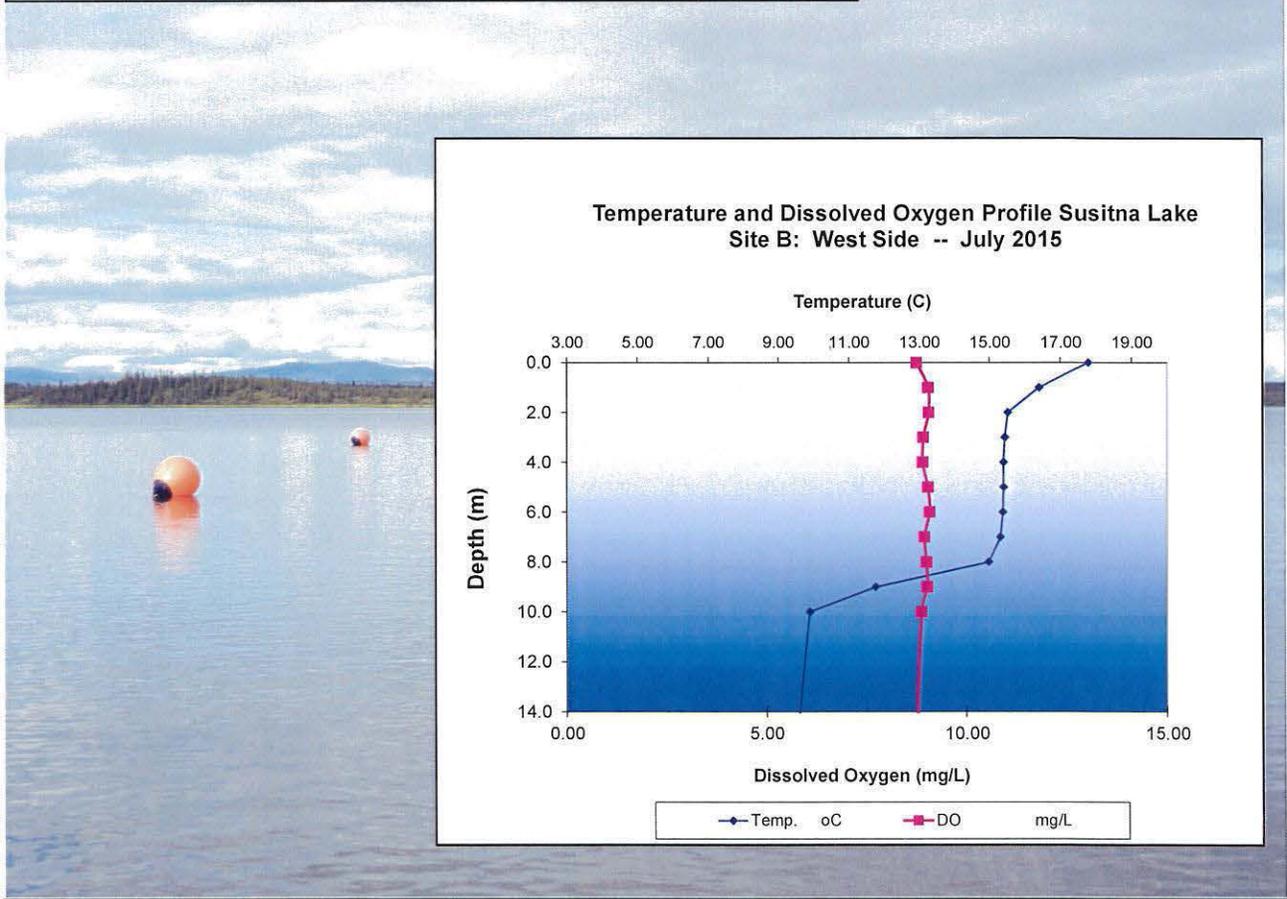
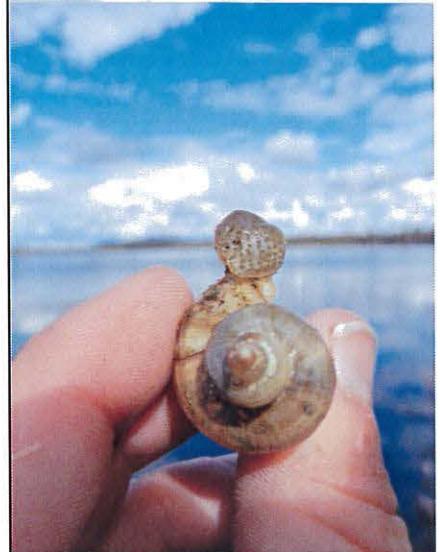
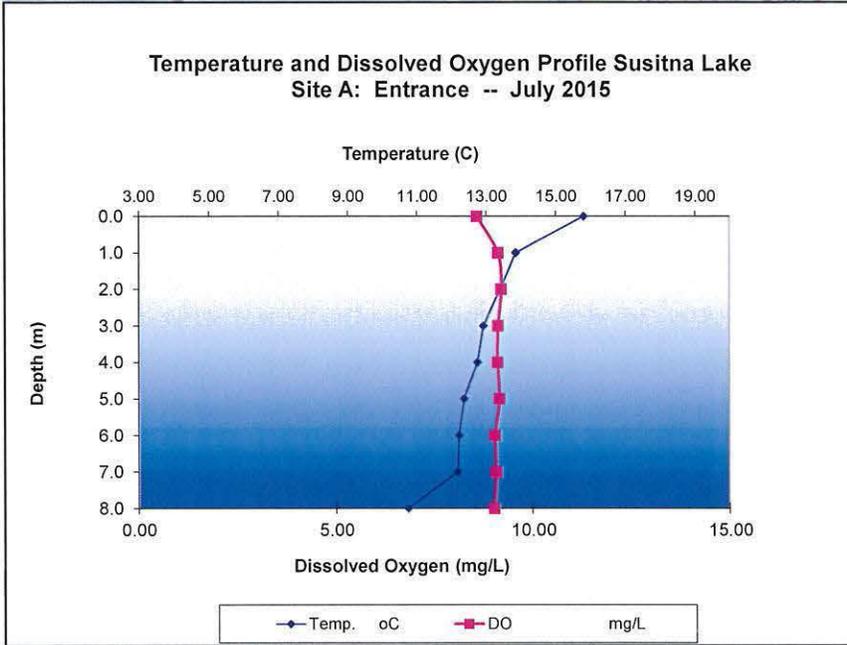
Im16-120  
OR16-081

# Matanuska-Susitna Borough Volunteer Lake Monitoring Program



Susitna Lake

MSB Volunteer Lake Monitoring Program



Susitna Lake

MSB Volunteer Lake Monitoring Program

page 4

Im 16-120  
OR 16-0811192

# Tyone Lake 2015 Data Summary

## Tyone Lake Snapshot

Years Monitored: 13  
 Total # of Events: 17  
 2015 Events: 1  
 Total Hours Monitored: 20.5



## Observations

### Wildlife Observed:

Swallows  
 Seagulls  
 Terns

### Water Level:

Low

### Water Color:

Brownish

### Algae:

None observed

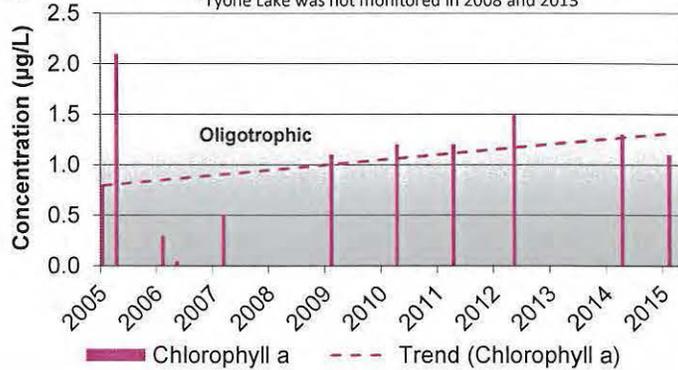
### Aquatic Plants:

Heavy; submerged plants; distributed throughout 80% of the lake.



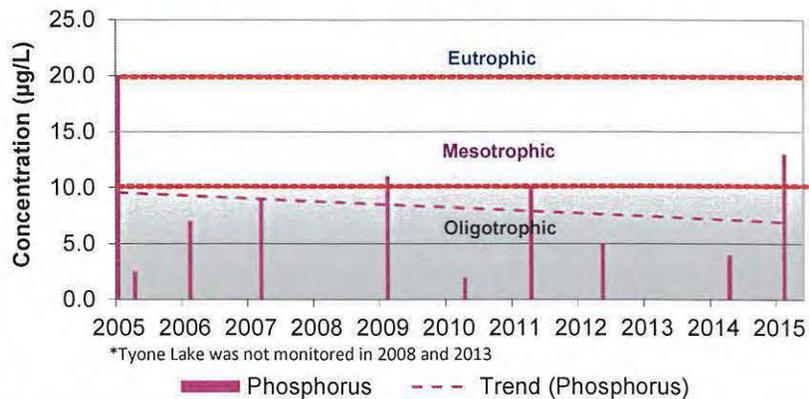
### Tyone Lake • Chlorophyll a 2005-2015

\*Tyone Lake was not monitored in 2008 and 2013



### Tyone Lake • Phosphorus 2005-2015

\*Tyone Lake was not monitored in 2008 and 2013



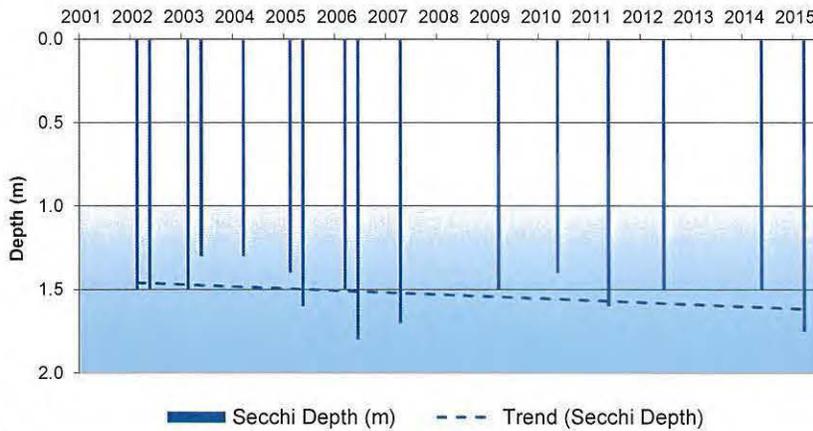
# Tyone Lake Profile Measurements

		Depth (m)	Temperature (°C)	Conductivity (mS/cm)	Dissolved Oxygen (mg/L)	pH standard units	Secchi Depth mean (m)	
Date	7/7/2015	0.0	19.76	0.36	8.78	8.58	1.10	
Site Depth (m)	1.10	1.0	19.76	0.36	8.56	8.69		
Phosphorus (µg/L)	13.0							
Chlorophyll a (µg/L)	1.1							
ChIA	TP	Depth	T°	Cond	DO	pH	Secchi	
1.1	13.0	1.10	19.76	0.355	8.78	8.69	1.10	Max
1.1	13.0		19.76	0.355	8.56	8.58	1.10	Min
1.1	13.0		19.76	0.355	8.67	8.64	1.10	Median
1.1	13.0		19.76	0.355	8.67	8.64	1.10	Average
NA	NA		0.00	0.000	0.16	0.08	NA	Std Dev

Highlighted data does not meet Alaska Water Quality Standards (WQS).



**Tyone Lake • Secchi Data 2001-2015**

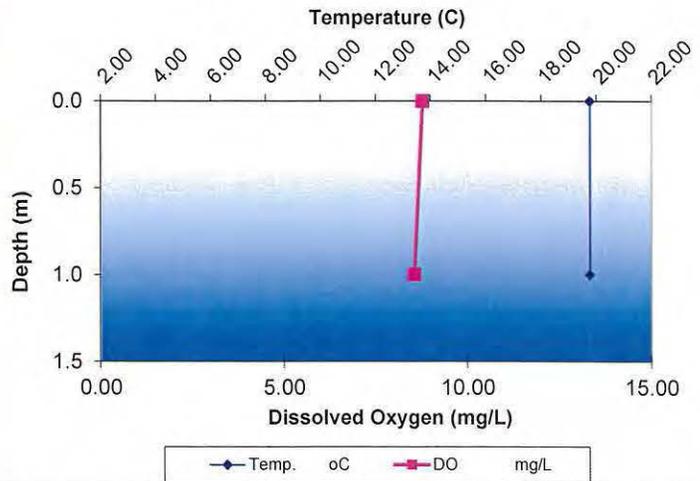


The Alaska Water Quality Standards do not apply absolutely to lakes without taking multiple factors into account. For more information on WQS, please see <http://www.dec.state.ak.us/water/wqsar/wqs/>.



Tyone Lake 2015

**Temperature and Dissolved Oxygen Profile Tyone Lake -- July 2015**



MSB Volunteer Lake Monitoring Program

Im 16-120  
OR 16-081

CODE ORDINANCE

Sponsored by:  
Introduced:  
Public Hearing:  
Action:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-081**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 15.24.030 AND ADOPTING THE LOUISE SUSITNA TYONE LAKES COMPREHENSIVE PLAN UPDATING THE LAKE LOUISE COMPREHENSIVE PLAN.

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Amendment of section. MSB 15.24.303 is hereby amended as follows:

**(38) Louise Susitna Tyone Lakes Comprehensive Plan Update, adopted in June, 2016, amending the Lake Louise Comprehensive Plan adopted 1998.**

Section 3. Effective date. This ordinance shall take effect upon adoption.

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

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

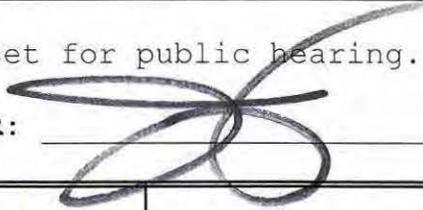
(SEAL)

**SUBJECT:** Reappropriation of \$214,000 from the Talkeetna Sewer and Water Fiscal Year 2016 operating fund, Fund 293 to Fund 415, Project No. 25053, Talkeetna Sewer and Water.

**AGENDA OF: June 7, 2016**

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator	JM 5/19/16	
	Public Works Director	TDL	19 MAY 16
	Finance Director	JAC	05/26/16
	Borough Attorney	NS	
	Borough Clerk	JMM	5/27/16

**ATTACHMENT (S):** Fiscal Note: YES  NO   
 Ordinance Serial No. 16-002 (2 pp)

**SUMMARY STATEMENT:** On January 26, 2016 the Assembly approved a loan from the service area revolving loan fund with resolution serial no. 16-007. This loan is to make funds available for any projects and purchases needed to bring the Talkeetna sewer lagoon discharge into compliance with the Alaska State Department of Environmental Conservation discharge permit. The funds were placed in the fiscal year 2016 operating fund, Fund 293 in case we had immediate direction for repairs or purchases. As of this date, no purchases have been made. With 2016 fiscal year end approaching, the Public Works Department is requesting a reappropriation of \$214,000 from the fiscal year 2016 operating budget, Fund 293 to Fund 415, Project 25053, Talkeetna Sewer and Water.

**RECOMMENDATION OF ADMINISTRATION:** Approve the reappropriation of \$214,000 from the Talkeetna Sewer and Water Fiscal Year 2016 operating fund, Fund 293 to Fund 415, Project No. 25053, Talkeetna Sewer and Water.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

SUBJECT: Reappropriation of \$214,000 from the Talkeetna Sewer and Water Fiscal Year 2016 operating fund, Fund 293 to Fund 415, Project No. 25053, Talkeetna Sewer and Water.

ORIGINATOR: Jennifer Ballinger, Public Works Department

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>(YES)</u> NO
AMOUNT REQUESTED <u>\$214,000</u>	FUNDING SOURCE <u>Fund 293 Operating budget</u>
FROM ACCOUNT # <u>293.000.000.4xx.xxx</u>	PROJECT #
TO ACCOUNT : <u>415.000.000.3xx.xxx</u>	PROJECT # <u>25053</u>
VERIFIED BY: <u>Barbara Baumgartner</u>	CERTIFIED BY:
DATE: <u>5-20-16</u>	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	<u>214</u>					
---------	------------	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other	<u>214</u>					
TOTAL	<u>214</u>					

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: [Signature] DATE: 05/26/16

IM No. 16-121  
ORNO. 16-082

NON-CODE ORDINANCE

Sponsored By:  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH**  
**ORDINANCE SERIAL NO. 16- 082**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING A REAPPROPRIATION OF \$214,000 FROM THE TALKEETNA SEWER AND WATER FISCAL YEAR OPERATING FUND, FUND 293 TO FUND 415, PROJECT 25053, FOR TALKEETNA SEWER AND WATER.

---

WHEREAS, ON January 26, 2016, the Assembly approved a loan in the amount of \$214,000 from the service area revolving loan fund with resolution 16-007; and

WHEREAS, this loan was to make funds available for any purchases and projects required to bring the Talkeetna sewer lagoon discharge into compliance with the Alaska State Department of Environmental Conservation discharge permit; and

WHEREAS, the funds were placed in the fiscal year 2016 operating budget, fund 293 in case we had immediate direction for repairs or purchases; and

WHEREAS, no immediate direction was made to expense any of the funds; and

WHEREAS, the fiscal year end is approaching; and

WHEREAS, the Public Works Department requests reappropriation of \$214,000 from the Talkeetna Sewer and Water fiscal year 2016 operating budget, fund 293 to fund 415, project 25053, Talkeetna Sewer and Water.

BE IT ENACTED:

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

Section 2. Reappropriation Source. The Matanuska-Susitna Borough Assembly hereby approves the reappropriation of \$214,000 from the Talkeetna Sewer and Water fiscal year 2016 operating budget, Fund 293 to Fund 415, Project 25053, Talkeetna Sewer and Water.

Section 3. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 5.25.142, TO ANNEX PROPERTY LOCATED IN AND AROUND CREEKSIDE PERCH SUBDIVISION AREA INTO THE GREATER PALMER CONSOLIDATED FIRE SERVICE AREA NO. 132.

**AGENDA OF:**

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** \_\_\_\_\_

Route To:	Department/Individual	Initials	Remarks
	Originator	LRM	
	Emergency Services Director		
	Finance Director	<i>jam</i>	
	Borough Attorney	<i>MS</i>	
	Borough Clerk	<i>jam</i>	<i>5/27/16</i>

**ATTACHMENT (S) :** Fiscal Note: NO \_\_\_\_\_ YES X  
 Ordinance Serial No. 16-083 (6 pp)  
 Resolution Serial No. 16-056 (2 pp)  
 Map of proposed area for annexation (1 pp)  
 Greater Palmer Consolidated FSA Board of Supervisors Recommendation (1 pp)

**SUMMARY STATEMENT:**

The Borough received a petition to annex property located in and around the Creekside Perch Subdivision area into the Greater Palmer Consolidated Fire Service Area. The petition met the requirements of MSB 5.10.010 and 5.20.005 by containing the signatures of 100 percent of the real property owners within the proposed area and was certified by the Borough Clerk (50 percent required by code).

The proposed area for annexation is in the South Colony Road Service Area.

MSB 5.20.005(G) allows for annexation into a fire service area without going forward to ballot, if the increase is not more than 6 percent and would add not more than 1,000 residents. The proposed annexation would increase the number of parcels in the fire service area by 6 parcels to the existing 7,502 parcels. The proposed annexation would add "6" residents to the fire service area. The petition meets the criteria required by code to annex property into a fire service area without the question going forward to the ballot.

1. The legal description of the area to be annexed into the Greater Palmer Consolidated Fire Service Area is found in the ordinance.
2. The assessed or estimated value of all taxable property within the area to be annexed is as follows:
  - a. Real Property \$1,147,000
  - b. Personal Property \$0
3. The total number of parcels to be annexed is 6.
4. The estimated cost of the proposed services for the first year expressed in mills and dollar amount for the area to be annexed:
  - a. FSA Mill Levy: .96
  - b. Cost of services: \$96 per \$100,000 of assessed value
5. The map of the proposed area for annexation into the fire service area is attached.

The property owners within the proposed area were notified by letter from the Borough Clerk. The letter affirmed when the legislation would be introduced and when the public hearing would be before the Assembly. The letter also advised that if a property owner could not participate in the public hearing written comments can be submitted to the Assembly.

**RECOMMENDATION OF ADMINISTRATION:** Respectfully requests adoption of the proposed annexation.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date:

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 5.25.142, TO ANNEX PROPERTY LOCATED IN AND AROUND CREEKSIDE PERCH SUBDIVISION AREA INTO THE GREATER PALMER CONSOLIDATED FIRE SERVICE AREA NO. 132.

ORIGINATOR: L. McKechnie

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES <input checked="" type="checkbox"/> NO
AMOUNT REQUESTED <sup>8</sup> 1101-FY17, *	FUNDING SOURCE Total Revenues
FROM ACCOUNT #	PROJECT #
TO ACCOUNT: 259-000-000.311	PROJECT #
VERIFIED BY: <i>[Signature]</i>	CERTIFIED BY:
DATE:	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE		1,101	*	*	*	*
---------	--	-------	---	---	---	---

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other		1,101	*	*	*	*
TOTAL		1,101	*	*	*	*

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

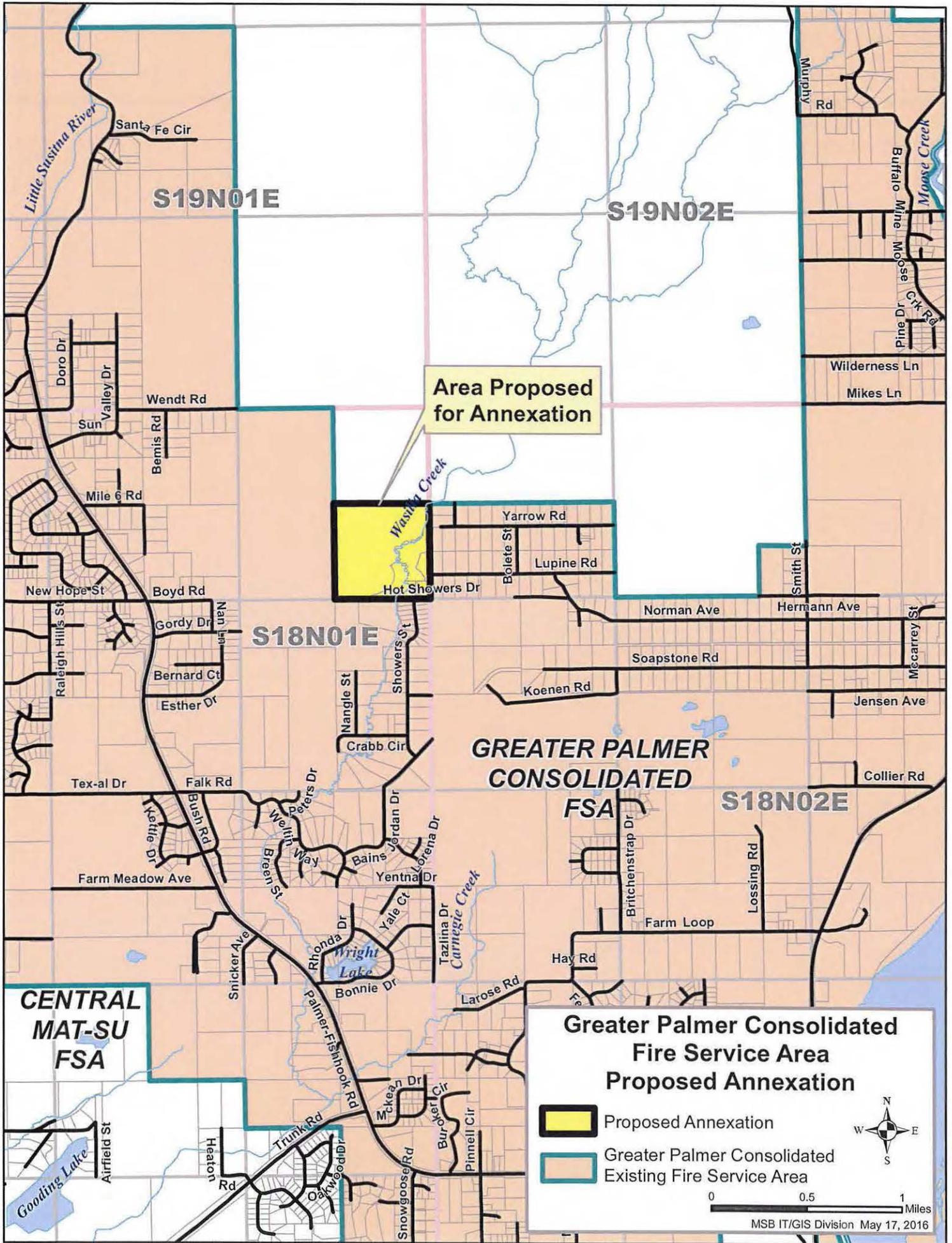
\* Future year taxes are dependent upon the mill levy set by the assembly.

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: *[Signature]* DATE: 5/27/16

IM No. 16-123  
Ordinance Serial No. 16-083  
Resolution Serial No. 16-050



CODE ORDINANCE

Sponsored by: Assemblymember Doty

Introduced:

Public Hearing:

Action:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-083**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AMENDING MSB 5.25.142, TO ANNEX PROPERTY LOCATED IN AND AROUND CREEKSIDE PERCH SUBDIVISION AREA INTO THE GREATER PALMER CONSOLIDATED FIRE SERVICE AREA NO. 132.

---

WHEREAS, a petitioner has come forward requesting annexation of two parcels in and around Creekside Perch Subdivision area into the Greater Palmer Consolidated Fire Service Area; and

WHEREAS, the petitioner has secured 100 percent of the signatures of the real property owners in the proposed area and the petition has been certified by the Clerk; and

WHEREAS, MSB 5.20.005(G) allows the annexation of property into a fire service area without placing the question of the annexation on the ballot if the result in increasing the number of parcels of land is not more than 6 percent and would add not more than 1,000 residents; and

WHEREAS, according to the best available assessment data, this annexation would be adding 6 parcels to the existing fire service area of 7,502 parcels, and would increase the total number of residences by "6"; and

WHEREAS, the Manager considers the proposed annexation to be feasible and serving the public interest, as the proposed annexation would provide fire coverage to the property, which is

required by MSB 5.10.020; and

WHEREAS, the cost of services is .96 mills or \$96 per \$100,000 of assessed valuation as adopted by the Assembly in fiscal year 2015.

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Amendment of section. MSB 5.25.142, Service Area No. 132, Greater Palmer Consolidated Fire Service Area, legal description is hereby amended to read as follows:

**Township 19 North, Range 1 East, Seward Meridian, Alaska**

Section 22	S ½
Section 23	SW ¼ of that portion that lies west of Palmer Fishhook Road
Section 26	All
Section 27 and 28	All
Section 29	E ½
Sections 32, 33, 34, and 35	All

**Township 19 North, Range 2 East, Seward Meridian, Alaska**

Section 21	SW ¼
Section 28	That portion westerly of the western ordinary high water mark of Moose Creek
Section 33	That portion southerly and westerly of the southern ordinary high water mark of Moose Creek
Section 34	That portion southerly and westerly of the southern ordinary high water mark of Moose Creek

**Township 18 North, Range 1 West, Seward Meridian, Alaska**

Section 13                    S ½  
Section 24                    N ½, N ½ S ½, SW ¼ SE ¼

**Township 18 North, Range 1 East, Seward Meridian, Alaska**

Section 1                    W ½, SE ¼  
Sections 2, 3, 4,  
and 5                        All  
Sections 7, 8, 9,  
10, 11, and 12            All  
Sections 13, 14, 15,  
16, 17, and 18            All  
Section 20                   All  
Section 23                   NE ¼  
Section 24                   N ½, SE ¼, N ½ SW ¼  
Section 25                   E ½, together with that portion of the W ½  
described as: Beginning at a point on the  
East boundary of Ptarmigan Heights  
Subdivision, according to Plat No. 2000-72  
recorded August 24, 2000, in the Palmer  
Recording District, Alaska, lying South  
00°06'53'' East and 477.86 feet distant from  
the northeast corner of said subdivision;  
thence South 43°51'12'' West for 690.96 feet;  
thence South 46°15'00'' East for 353.55 feet;  
thence South 00°00'00'' East for 100 feet;  
thence North 89°56'11'' East for 225.00 feet  
to the center one-quarter corner of Section  
25; thence North 00°06'53'' West for 842.50  
feet to the point of beginning  
Section 34                   SE ¼, E ½ SW ¼  
Section 35                   S ½  
Section 36                   S ½, NE ¼

**Township 18 North, Range 2 East, Seward Meridian, Alaska**

Section 2 That portion northerly and westerly of the northern right-of-way line of the Glenn Highway and southerly of the southern ordinary high water mark of Moose Creek

Section 3 W ½ and that portion of the E ½ northerly of the northern right-of-way line of the Glenn Highway and southerly of the southern ordinary high water mark of Moose Creek

Section 4 All

Section 6 S ½

Sections 7, 8, and 9 All

Section 10 That portion northerly and westerly of the northern right-of-way line of the Glenn Highway

Section 11 U.S. Government Lot 1, SE ¼, E ½ SW ¼, SW ¼ SW ¼

Section 12 U.S. Government Lot 1, that portion of Alaska Ranchos Unit No. 1 Subdivision Plat Nos. 71-28 and 92-52 Palmer Recording Office lying within U.S. Government Lots 3 and 4, SE ¼ NE ¼, S ½

Section 13 That portion of SW ¼ southerly of a line beginning at the N-S1/64 corner common with Sections 13 and 14, thence South 70°39' East 2797.60 feet to a point on the center quarter line 1056.00 feet northerly of the S ¼ corner, NE ¼ NE ¼, NW ¼ NE ¼, N ½ N ½ NW ¼

Section 14 S ½ NE ¼ NE ¼, NW ¼ NE ¼, S ½, S ½ N ½, N ½ NE ¼ NE ¼, N ½ NW ¼

Section 15 S ½, S ½ N ½

Sections 16, 17, 18, 19, 20, 21, 22, and 23 All

Section 24 N ½, NW ¼ SW ¼  
Section 25 SW ¼, W ½ SE ¼

Sections 26, 27,  
28, 29, 30, 31, 32,  
33, 34, 35, and 36 All

**Township 17 North, Range 1 East, Seward Meridian, Alaska**

Section 1 NW ¼, E ½  
Section 2 N ½  
Section 3 NE ¼  
Section 12 E ½  
Section 13 All  
Section 23 N ½  
Section 24 N ½

**Township 17 North, Range 2 East, Seward Meridian, Alaska**

Section 3 That portion lying westerly of the thread of  
the Matanuska River  
Sections 4, 5, 6,  
7, 8, and 9 All  
Section 10 That portion lying westerly of the thread of  
the Matanuska River  
Sections 15 and 16 That portion lying northerly and westerly of  
the thread of the Matanuska River  
Sections 17 and 18 All  
Section 19 N ½  
Section 20 That portion lying northwesterly of the  
thread of the Matanuska River

**Township 18 North, Range 3 East, Seward Meridian, Alaska**

Section 5 NE ¼ SE ¼, W ½ SE ¼, E ½ SW ¼, SW ¼ SW ¼

Section 6 U.S. Government Lots 9 and 10  
Section 7 All excepting U.S. Government Lots 18 through 26 also excepting Wolf Lake  
Section 8 U.S. Government Lots 1 through 4, U.S. Government Lots 7 through 11

Excepting from all the above area within the corporate limits of the city of Palmer.

Section 3. Effective date. This ordinance shall take effect upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_ day of, \_\_\_\_\_ 2014.

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

Sponsored by:  
Introduced:  
Public Hearing:  
Action:

**MATANUSKA-SUSITNA BOROUGH  
RESOLUTION SERIAL NO. 16-0510**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY FINDING THE ANNEXATION OF PROPERTIES LOCATED IN AND AROUND CREEKSIDE PERCH SUBDIVISION AREA INTO THE GREATER PALMER CONSOLIDATED FIRE SERVICE AREA NO. 132 SERVES THE PUBLIC INTEREST WITHOUT THE PLACEMENT OF THE QUESTION ON THE BALLOT.

---

WHEREAS, a petition has been certified by the Clerk requesting annexation of property into the Greater Palmer Consolidated Fire Service Area; and

WHEREAS, MSB 5.20.005(G) allows the annexation of property into a fire service area without placing the question of the annexation on the ballot, if that annexation is not increasing the number of parcels more than six percent and would not add more than a 1,000 people; and

WHEREAS, the Greater Palmer Consolidated Fire Service Area Board of Supervisors has reviewed the request and their recommendation is attached to the informational memorandum; and

WHEREAS, a letter to the residents in the proposed annexation has been sent advising them of when the legislation will be before the Assembly for introduction and public hearing and requesting their comment; and

WHEREAS, the Assembly, through the adoption of this resolution, finds that the public interest is being served through

the annexation to the Greater Palmer Consolidated Fire Service Area in that the residents in the area will receive fire protection and insurance benefits that they currently are not receiving, and does not require the question for annexation to be placed on the ballot; and

WHEREAS, a map of the geographic boundaries of the proposed annexation is attached to the informational memorandum.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly approves the annexation of the aforementioned property into the Greater Palmer Consolidated Fire Service Area No. 132, without the question of annexation being placed on the ballot.

ADOPTED by the Matanuska-Susitna Borough Assembly this - day of -, 2014.

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

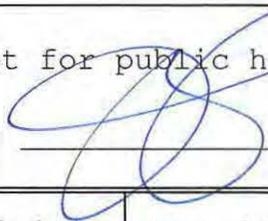
(SEAL)

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH APPROVING THE DEPUTY BOROUGH MANAGER POSITION AND ESTABLISHING THE POWERS GRANTED.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
	Originator/ rr for GH		
	Finance Director	JUC	5/26/16
	Borough Attorney	NS	
	Borough Clerk	JMM	5/27/16

**ATTACHMENT(S):** Fiscal Note: YES \_\_\_ NO x  
 Ordinance Serial No. 16-084 (2 pp)  
 Assistant Borough manager Job Description (4 pp)

**SUMMARY STATEMENT:** The Borough staff is clarifying Borough Code in many areas where there was missing or inaccurate information. Although the Assistant Borough Manager position has been authorized and funded in the Borough budget for over 20 years and the position has been a consistently filled, it has not been separately listed in Borough Code. To make this position consistent with other Borough Staff positions; such as the Deputy Attorney, Deputy Clerk and Deputy Director positions, this legislation will authorize the Borough manager to appoint a Deputy Borough Manager and gives the Deputy Borough Manager the authority to act as the Borough Manager when the Borough Manager is absent. This authority and these duties are consistent with the Assistant Borough Manager's current authority, as listed in the existing job description, and this legislation simply codifies this authority.

**RECOMMENDATION OF ADMINISTRATION:** Respectfully requests support of the legislation.

## ASSISTANT BOROUGH MANAGER

### I. BASIC FUNCTIONS:

The employee occupying the position of this class assists the Borough Manager in managing the day-to-day affairs of the Matanuska-Susitna Borough, integrating the Borough's strategic plan within operations, and ensuring that the mission, vision, and values of a High Performance Organization are met by all staff. This position may also directly manage specific operating units of the Borough while also assisting the Human Resources Manager in personnel matters. This is a non-bargaining unit management position.

### II. DISTINGUISHING CHARACTERISTICS:

The Assistant Borough Manager is expected to serve as liaison between the Manager and department heads on day-to-day matters and to keep the Manager apprised of critical issues. The Assistant Borough Manager is also responsible for specific functions as assigned by the Manager, including assisting with economic development efforts, human resources, labor relations, and directly managing specific operating units of the Borough. From time to time a division (i.e., operating unit) may be moved to the Manager's Office and placed under the direction of the Assistant Borough Manager for development and eventual migration to department status. Work is characterized by the broad scope and magnitude of responsibility, and requires knowledge of the principles and laws governing municipal management, strategic planning, and human resources management. The Assistant Borough Manager exercises management responsibility over staff to ensure efficient, effective services that are designed to meet the needs of the public, the governing body, and the staff. This will either be done directly, or through delegation of responsibility to the management staff. Work is performed with considerable independence and requires considerable judgment and discretion in carrying out the position responsibilities.

The Assistant Borough Manager is expected to act as the Borough Manager in the absence of the Borough Manager.

#### **Supervision Received:**

Works under the administrative direction of the Borough Manager. Assignments are received in the form of both specific and general requests and require considerable judgment and discretion in defining a plan of action for carrying projects through to completion.

#### **Supervision Exercised:**

In conjunction with the Borough Manager, supervision is exercised over department directors and those operating units placed under the Assistant Manager's supervision. Direction and guidance is provided to managers and supervisors carrying division responsibilities in the functional areas assigned to the Assistant Borough Manager.

#### **Working Conditions/Work Environment:**

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Work is performed primarily in an office setting, although work activities require visiting all the Borough facilities, involving travel and some exposure to weather conditions. The noise level in the work environment will

## ASSISTANT BOROUGH MANAGER

quiet to moderately noisy depending on office equipment/telephones in use, and other employees/members of the public with business in the office.

### III. REPRESENTATIVE EXAMPLES OF WORK:

Serves as liaison between the Manager, department directors, division managers, and other employees on day-to-day matters and special projects, and keeps the Manager apprised of critical issues. Coordinates and facilitates interdepartmental activities.

Performs complex administrative work in overseeing the specific functions and subject matter areas assigned by the Manager. Implements administrative and legislative policy as directed by the Manager.

Directly supervises 5 Department Directors (Information Technology, Capital Projects, Public Works, Emergency Services and Animal Care) as well as the Borough Health and Safety Manager and the Administrative Department Secretary

Investigates and resolves citizen complaints on a wide variety of issues which are not resolved at Department level.

Acts as the Borough Manager in the absence of the Borough Manager and has full authority of the Manager in that capacity.

Assists the Borough Manager in developing the annual budget, goals, and objectives.

Serves as the Department Director for assigned operating units (Animal Care and Borough Health and Safety), oversees the administration of the operating unit, and develops policies and procedures as needed.

Works with department directors and division managers to ensure the consistent application of the Borough's policies, procedures, mission, vision and values as well as ensuring the organization works toward becoming a High Performance Organization.

Works with the Human Resources Manager on labor relations, labor contract negotiations, and personnel matters.

Ensures that the Borough's policies and procedures comply with federal and state laws and regulations, the Borough Code, and prudent management principles.

Confers with other administrative personnel, and government and regulatory agencies; represents the Borough before civic or other organizational groups; attends regular and special assembly meetings.

Conducts investigations, research, and special projects as assigned by the Manager.

## ASSISTANT BOROUGH MANAGER

Develops and fosters effective collaboration between departments, divisions, staff, union, and outside organizations to ensure an integrated approach to providing services.

Performs related work as required.

### IV. KNOWLEDGE, ABILITIES, AND SKILLS:

Considerable knowledge of the organization, functions, and activities of local governments.

Demonstrated leadership and complex organizational management skills.

Knowledge of state and federal laws and regulations applicable to local government operations and to personnel management.

Ability to perform assigned staff and administrative functions with general direction and minimal supervision.

Ability to gather, correlate, and analyze information, prepare accurate reports, and devise solutions to issues analyzed.

Ability to establish and maintain effective working relationships with management and employees, public and private officials, and the public.

Ability to communicate effectively, both orally and in writing.

Ability to read English and analyze technical written materials.

Skilled in the use of personal computers.

### V. GENERAL RECRUITING QUALIFICATIONS:

**Minimum:** Four years of responsible experience in municipal management, of which two years included managing organizational change. 10 years of supervisor and leadership experience with at least one at senior level. Bachelor's Degree in public or business administration, management, public policy or related field. Additional directly related responsible experience may substitute for up to two years of the required education.

Valid Alaska driver's license and clear driving record and criminal history required.

### VI. ADDITIONAL INFORMATION:

#### **Tools and Equipment Used:**

General office equipment and tools including telephone, personal computer, calculator, fax machine, copier. Motor vehicles.

**ASSISTANT BOROUGH MANAGER****Physical Demands:**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is regularly required to talk and hear. The employee frequently is required to sit, use hands to finger, handle, or feel, and climb or balance. The employee is required to stand, walk, reach with hand and arms, stoop, kneel, crouch, or crawl. The employee must occasionally lift and/or move up to 25 pounds. Employee may be expected to drive a vehicle.

Specific vision abilities required by this position include close vision, distance vision, ability to adjust focus, and adequate vision to operate a vehicle in daylight, darkness, and all types of weather conditions.

CODE ORDINANCE

Sponsored by:  
Introduced:  
Public Hearing:  
Action:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-084**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE DEPUTY BOROUGH MANAGER POSITION AND ESTABLISHING THE POWERS GRANTED.

---

BE IT ENACTED:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the Borough Code.

Section 2. Amendment of section. MSB 2.20.030 (A) is hereby amended as follows:

(A) The manager is the chief administrative officer of the borough. The manager is responsible for the proper administration of all borough affairs placed in the manager's charge by law and ordinance and shall implement the policy of the borough as established by the assembly. The manager may appoint a Deputy Borough Manager, who may also be called an Assistant Borough Manager. In the managers absence the Deputy Borough Manager may perform all duties of the manager with the exception of making a new Deputy Borough Manager. The manager may hire necessary administrative assistants and may authorize an administrative official to appoint, suspend, or remove subordinates. The manager always retains ultimate responsibility

and authority, but may delegate any authority as the manager deems necessary for the well functioning of the borough. The manager shall:

Section 3. Effective date. This ordinance shall take effect upon adoption.

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

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

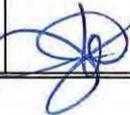
**SUBJECT:** Issuance of General Obligation Bonds in the amount of \$22,260,000 to finance the Construction, Acquisition, Improvement and Equipping of Recreation Capital Facilities and related Capital Improvements and placing the question of issuance at the regular election on October 4, 2016.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN M. Moosey, BOROUGH MANAGER** 

Route To:	Department/Individual	Initials	Remarks
	Originator-T. Clayton & E. Phillips	EP	
1	Community Development Director	EP	
2	Finance Director	EP	
3	Borough Attorney	NS	Reviewed by bond counsel
4	Borough Clerk	JMM	 5/27/16

**ATTACHMENT (S) :**

Fiscal Note: Yes X No       
 Ordinance Serial No. 16-085 (5 pp)

**SUMMARY STATEMENT:**

The attached ordinance has been prepared which would authorize the issuance of general obligation bonds for Recreation Projects. Additionally it would authorize the submittal of the

question of the issuance to the voters.

The composition of the proposition is shown below. Also shown is the estimated cost to the taxpayers. The amount shown is per \$100,000 of assessed value

Recreation and Related Capital Improvements

<u>Project Description</u>	<u>Cost</u>	<u>Cost to Taxpayer</u>
Palmer and Wasilla Pool Improvements	\$12,830,900	\$12.22
Brett Memorial Ice Arena Improvements	3,744,700	3.57
Nine Trail Projects	2,128,500	2.03
Talkeetna and Willow Outdoor Ice Rinks	1,530,000	1.46
Willow Community Park Improvements	325,900	.31
Big Lake Area Trail Bridges	1,250,000	1.19
Fish Lake Parking (Talkeetna)	100,000	.10
Trapper Creek Park and Community Center Improvements	75,000	.07
Meadow Lakes Sports Complex Improvements including Parking Lot Paving	<u>175,000</u>	<u>.17</u>
Total	<u>\$22,160,000</u>	<u>\$21.12</u>

Total annual debt service is estimated to be \$1,830,000. This would equate to .212 mills per \$100,000 of assessed value. This amount could change as market conditions do change daily. Following is a description of each project.

Palmer and Wasilla Pool Improvements: This project is to complete extensive renovation of both the Palmer and Wasilla Pools. A comprehensive facility evaluation was completed for both facilities. The option selected for the Palmer pool includes a six lane competition pool, leisure pool with a play element, renovation and replacement of surfaces, corrective work to meet code requirements, renovation and remodel of locker

rooms and restrooms, renovation and replacement of mechanical systems including air handling, boilers, pumps, piping, fire suppression sprinklers, duct work, roof work and hydronic systems, and renovation and replacement of electrical systems including panels, lighting, fire alarms, wiring and fixtures. It will also include renovation and replacement of staff areas.

The option selected for the Wasilla pool include a six lane competition pool, leisure pool and seating, renovation and replacement of surfaces, corrective work to meet code requirements, renovation and remodel of locker rooms and restrooms, renovation and replacement of existing mechanical systems including air handling units, boilers, pumps, piping, fire suppression sprinklers, duct work, roof work and hydronic systems and renovation and replacement of existing electrical system including panels, lighting, fire alarms, wiring and fixtures. It will also include renovation and replacement of staff areas.

Brett Memorial Ice Arena Improvements: A comprehensive facility analysis was completed for the Brett Ice Arena. The project will replace the existing rink floor, replace rink heaters, replace the existing R22 refrigeration system with a CO2 system, renovate and replace operating systems and fixtures, renovate and replace mechanical and ventilation systems and corrective work to meet code requirements.

Nine Trail Projects: The nine (9) trails to be reconstructed, improved and/or relocated include the Ridge Trail, Wasilla Creek Headwaters Trail, Menard Sports Complex Trail System, Plumley-Maud, Matanuska Riverfront Trail South, Matanuska Riverfront Trail North, Brasil Springs to Crevasse Moraine, the Haessler-Norris Trail System, and the Herning Trail.

Talkeetna and Willow Outdoor Ice Rinks: Talkeetna ice rink will include renovation and replacement of the asphalt base and replacement of the soils under the northeast corner with non-frost susceptible soils, and improvements to the retaining walls. An open air steel roof will be built to cover the rink and bleachers and stadium lighting will be installed. Willow Ice Rink will include renovation and replacement of the asphalt base and improvements to the retaining walls. An open air steel roof will be built to cover the rink and bleachers and stadium lighting will be installed.

Willow Community Park Improvements: Improvements to Willow Park will include installation of the West side driveway and gate,

the parking area, a vault toilet and a trail head with informational kiosk and picnic tables. A short trail segment with a raised boardwalk over wetlands to a pond and pavilion will also be constructed.

Big Lake Area Trail Bridges: Project includes construction of trail bridge crossings over Groomer Gully Bridge on the Iron Dog Trail and construction over Fish Creek on the Fish Creek Trail.

Fish Lake Parking: Construct parking area for Fish Lake access in the Talkeetna area.

Trapper Creek Park and Community Center Improvements: Miscellaneous improvements and upgrades to community park and adjacent community center.

Meadow Lakes Sports Complex Improvements including Parking Lot Paving: Pave parking areas at Meadow Lakes Sports complex.

It should be noted that the issuance costs are not included in the propositions. The bonds will be sold at a premium which will be utilized to pay the issuance costs. These issuance costs include amounts estimated to be paid for the printing of the official statements, paying agent fees, fees to obtain our bond ratings, bond insurance, underwriter's discount, bond counsel, financial advisor fees and other miscellaneous costs.

Following assembly approval of the ordinances, these projects will be submitted to the qualified voters of the borough at a regular borough election on October 4, 2016.

**RECOMMENDATION OF ADMINISTRATION:** Submit to Assembly for consideration.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

SUBJECT: Issuance of General Obligation bonds in the amount of \$22,160,000 to finance the Parks and Recreational Capital Facilities Improvements and placing the question of issuance at the regular election on October 4, 2016.

ORIGINATOR: Tammy E. Clayton, Director of Finance

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
AMOUNT REQUESTED 22,160,000	FUNDING SOURCE Bond Proceeds
FROM ACCOUNT # 440-000-000-4xx	PROJECT # Various
TO ACCOUNT : 440-000-000-3xx	PROJECT #
VERIFIED BY: <i>T.E. Clayton</i>	CERTIFIED BY:
DATE: 5/26/16	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL	22,160	→	→			
---------	--------	---	---	--	--	--

REVENUE	22,160	→	→			
---------	--------	---	---	--	--	--

FUNDING: (Thousands of Dollars)

General Fund		1,830	1,830	1,830	1,830	1,830
State/Federal Funds						
Other						
TOTAL		1,830	1,830	1,830	1,830	1,830

POSITIONS:

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: *T.E. Clayton* DATE: 5/26/16

IM No. 16- 125  
Ordinance Serial No. 16- 085

NON-CODE ORDINANCE

Sponsored By: Borough Manager  
Introduced:  
Public Hearing:  
Adopted:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16- 085**

AN ORDINANCE RELATING TO THE CONSTRUCTION, ACQUISITION, IMPROVEMENT, AND EQUIPPING OF PARKS AND RECREATIONAL CAPITAL FACILITIES AND RELATED CAPITAL IMPROVEMENTS IN THE MATANUSKA-SUSITNA BOROUGH, AUTHORIZING THE ISSUANCE OF AREAWIDE GENERAL OBLIGATION BONDS OF THE BOROUGH, IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$22,160,000, TO FINANCE THE COST, IN WHOLE OR IN PART, OF SUCH PARKS AND RECREATIONAL CAPITAL FACILITIES AND RELATED CAPITAL IMPROVEMENTS, AND PROVIDING FOR THE SUBMISSION TO THE VOTERS OF THE BOROUGH OF A PROPOSITION RATIFYING THE AUTHORIZATION OF SUCH BONDS AT THE OCTOBER 4, 2016, BOROUGH REGULAR ELECTION.

---

WHEREAS, the Borough exercises parks and recreation powers on an areawide basis, except as otherwise provided by ordinance;

WHEREAS, the Palmer and Wasilla pools as well as the Brett Memorial Ice Arena have reached the end of their useful lives and need substantial improvements to continue operations; and

WHEREAS, the continued population growth has placed increasing demands for recreational amenities such as trails and bridges as well as improvements to existing recreational facilities; and

WHEREAS, under the provisions of AS 29.47.190, a municipality may incur general obligation debt only after a bond authorization ordinance is approved by a majority of those voting on the question at a regular or special election;

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. Purpose. It is hereby determined to be for a public purpose and in the public interest of the Matanuska-Susitna Borough (the "Borough") to incur general obligation bonded indebtedness, in an amount not to exceed Twenty-Two Million One Hundred Sixty Thousand Dollars (\$22,160,000), for the purpose of financing the construction, acquisition, improvement, and equipping of the parks and recreational capital facilities and related capital improvements in the Borough described in Section 4.

Section 3. Pledge. The Borough is authorized to borrow the principal amount of not to exceed \$22,160,000 to finance the capital improvements described in Section 4, and the borrowing shall be evidenced by the issuance of general obligation bonds of the Borough in one or more series. The full faith and credit of the Borough is pledged for the payment of the principal of and interest on the bonds, and ad valorem taxes upon all taxable property in the Borough shall be levied without limitation as to rate or amount to pay the principal of and interest on the bonds when due.

Section 4. Proposition. The Borough shall submit the following proposition to the qualified voters of the Borough at the October 4, 2016, Borough regular election. The proposition must receive an affirmative vote from a majority of the qualified voters voting on the question to be approved.

PROPOSITION NO. \_\_\_\_\_

PARKS AND RECREATIONAL FACILITIES  
AND RELATED CAPITAL IMPROVEMENT BONDS

Shall the Matanuska-Susitna Borough incur debt and issue general obligation bonds, in one or more series, in the aggregate principal amount of not to exceed Twenty-Two Million One Hundred Sixty Thousand Dollars (\$22,160,000), to finance the construction, acquisition, improvement, and equipping of parks and recreational capital facilities and related capital improvements in the Borough, including without limitation the projects described below?

<u>Project</u>	<u>Estimated Cost</u>
Palmer and Wasilla Pool Improvements	\$12,830,900
Brett Memorial Ice Arena Improvements	3,744,700
Nine Trail Projects	2,128,500
Talkeetna and Willow Outdoor Ice Rinks	1,530,000
Willow Community Park Improvements	325,900
Big Lake Area Trail Bridges	1,250,000

Fish Lake Parking (Talkeetna)	100,000
Trapper Creek Park and Community Center Improvements	75,000
Meadow Lakes Sports Complex Improvements including Parking Lot Paving	175,000
Total	\$22,160,000

The bonds shall be secured by a pledge of the full faith and credit of the Borough. (Ordinance Serial No. 16-\_\_.)

Section 5. Ballot. The proposition, both for paper ballots and machine ballot, shall be printed on a ballot that may set forth other general obligation propositions, and the following words shall be added as appropriate and next to a space provided for marking the ballot for voting by hand or machine:

PROPOSITION NO. \_\_\_\_\_ Yes   
 No

Section 6. Effective Date. Sections 2 and 3 of this ordinance shall become effective only if the proposition described in Section 4 is approved by a majority of the qualified voters voting on the proposition at the Borough regular election on October 4, 2016. The remaining sections of the ordinance shall become effective upon adoption by the Matanuska-Susitna Borough Assembly.

ADOPTED by the Matanuska-Susitna Borough Assembly this  
\_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)

**SUBJECT:** AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ENACTING AN AREAWIDE RETAIL SALES TAX ON MARIJUANA AND MARIJUANA PRODUCTS AND PLACING THE QUESTION BEFORE THE VOTERS AT THE OCTOBER 4, 2016 REGULAR BOROUGH ELECTION.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** \_\_\_\_\_

Route To:	Department/Individual	Initials	Remarks
	Originator	NS	For Manager
	Finance Director	zcl	
	Borough Attorney	NS	
	Borough Clerk	ym	5/27/16

**ATTACHMENT(S):** Fiscal Note: YES  NO   
 Ordinance Serial No. 16-086(22) pp)

**SUMMARY STATEMENT:** This ordinance is being brought forward by the Borough Manager.

Alaska law requires that voters approve of a sales tax before it may be imposed by the Matanuska-Susitna Borough. The proposal here would levy a sales tax of five percent (5%) on all retail sales of marijuana products made within the borough. The definition of marijuana products is intended to be extremely broad and include any item or object made with any part of the marijuana plant including edibles, concentrates, fibers, hemp products, creams, lotions, resins, seeds, etc.

The proposed tax is areawide and would apply within the cities of Palmer, Wasilla and Houston.

The proposed ordinance requires all persons selling marijuana or marijuana products to obtain a certificate of registration and file quarterly tax returns. Selling marijuana or marijuana products without the certificate is illegal. In the event of certain violations of the ordinance (failing to file returns, willful or flagrant violations, failure to allow inspections of tax records, etc.) the certificate can be revoked. If a certificate is revoked a person or entity, and any person with any ownership interest in the entity, is not eligible for another certificate for the period of one year.

If approved by the voters, the ordinance will take effect immediately upon certification of the election which is anticipated to be October 18, 2016 unless the Assembly sets a different date when adopting this ordinance.

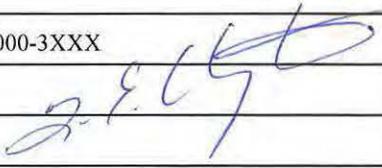
**RECOMMENDATION OF ADMINISTRATION:** Adopt legislation and place the question before the areawide voters at the October 4, 2016 regular Borough election.

MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE

Agenda Date: **June 7, 2016**

SUBJECT An Areawide Retail Sales Tax on Marijuana and Marijuana Products and placing the question before the voters at the October 4, 2016 Regular Borough Election.

ORIGINATOR:

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <u>YES</u> / NO
AMOUNT REQUESTED **	FUNDING SOURCE Areawide Revenue
FROM ACCOUNT:	PROJECT #
TO ACCOUNT : 100-000-000-3XXX	PROJECT #
VERIFIED BY: 	CERTIFIED BY:
DATE:	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY17	FY18	FY19	FY20	FY21	FY22
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE	**	**	**	**	**	**
---------	----	----	----	----	----	----

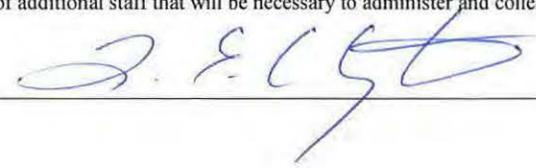
FUNDING: (Thousands of Dollars)

General Fund	**	**	**	**	**	**
State/Federal Funds						
Wasilla-Lakes FSA						
TOTAL	**	**	**	**	**	**

POSITIONS:

Full-Time	**	**	**	**	**	**
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary) \*\* The estimated amount of revenues to be generated from this tax is unknown at this time. Additionally, it is unknown the number of additional staff that will be necessary to administer and collect this tax.

APPROVED BY: 

DATE: 5/27/16

CODE ORDINANCE

Sponsored by: Borough Manager  
Introduced:  
Public Hearing:  
Action:

**MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-086**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY ENACTING AN AREAWIDE RETAIL SALES TAX ON MARIJUANA AND MARIJUANA PRODUCTS AND PLACING THE QUESTION BEFORE THE VOTERS AT THE OCTOBER 4, 2016 REGULAR BOROUGH ELECTION.

---

WHEREAS, Alaska Statute 17.38 was adopted by Ballot Measure 2, An Act to Tax and Regulate the Production, Sale and Use of Marijuana, and provided for legal sale of marijuana in Alaska; and,

WHEREAS, under the provisions of AS 17.38, retail sales of marijuana will begin sometime in 2016; and

WHEREAS, A sales tax or an increase in the rate of levy of a sales tax must be approved by the voters; and

WHEREAS, any other intent and rationale for this ordinance is contained in the Informational Memorandum accompanying this ordinance.

BE IT ENACTED:

Section 1. Classification. Sections 1, 3 and 4 of this ordinance are non-code. Section 2 of this ordinance is of a general and permanent nature and shall become a part of the Borough Code if the ballot question contained in Section 3 is approved by a majority of the voters at the October 4, 2016

regular borough election.

Section 2. Adoption of Chapter. MSB 3.60 is hereby adopted to read as follows:

MSB 3.60 MARIJUANA SALES TAX.

MSB 3.60.010 Definitions.

MSB 3.60.020 Applicability.

MSB 3.60.030 Marijuana sales tax levy; Presumption of taxability.

MSB 3.60.040 Due date; Delinquency.

MSB 3.60.050 Obligation of seller to collect.

MSB 3.60.060 Seller registration; Certificate.

MSB 3.60.070 Receipts; Segregation.

MSB 3.60.080 Returns; Payments; Penalties.

MSB 3.60.090 Involuntary filing; Appeal.

MSB 3.60.100 Records; Confidentiality.

MSB 3.60.110 Records; Maintenance and inspection.

MSB 3.60.120 Suits for collection.

MSB 3.60.130 Tax lien.

MSB 3.60.140 Collection policy.

MSB 3.60.150 Prohibited acts.

MSB 3.60.160 Penalties for violations; Mandatory revocation.

MSB 3.60.170 Revocation of certificate; Notice.

MSB 3.60.180 Hearing; Appeal.

MSB 3.60.190 Reissue of certificate.

MSB 3.60.190 Regulations.

MSB 3.60.200 Refunds.

MSB 3.60.010 DEFINITIONS.

Any words, terms and phrases not defined in this section shall, if defined therein, have the meaning given in AS 17.38.900 or regulations adopted by the Alaska Marijuana Control Board, or otherwise shall have their ordinary and common meaning. The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different

meaning:

"Buyer" means without limiting the scope thereof, any person or other entity that purchases or contracts to purchase marijuana or marijuana product.

"Certificate" or "Certificate of registration" means the certificate issued by the finance director under 3.60.060.

"Consideration" means anything of value, including but not limited to money, credit, rights, goods, services, and property, received by a seller from a buyer.

"Finance Director" means the Matanuska-Susitna Borough Finance Director or the director's designee.

"Marijuana" means all parts of the plant (genus) Cannabis, whether growing or not, the seed thereof, the resin extracted from any part of the plant, and any compound, manufacture, derivative, mixture, or preparation of the plant, its seeds, or its resin, including marijuana concentrate; marijuana does not include fiber produced from the stalks, oil or cake made from the seeds of the plant, sterilized seed of the plant that is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

"Marijuana products" means fiber produced from the stalks, oil or cake made from the seeds of the plant, sterilized seed of the plant that is incapable of germination, concentrated

marijuana and products that are comprised of marijuana, or marijuana combined with other ingredients such as, but not limited to, edible products, ointments, oils, mixtures, tinctures, textiles and resins. Marijuana products is intended to encompass any product grown or made from or containing any part of the plant (genus) Cannabis.

"Retail sale" means the transfer of any marijuana or marijuana product from a retail establishment or any person to any person or entity, for any consideration, for purposes other than resale. If state law is amended to allow other marijuana establishments to conduct sales of marijuana directly to buyers who are not licensed marijuana establishments, such sales will also be considered retail sales subject to taxation under this Chapter.

"Sale" means any retail sale where: (1) the buyer takes possession of, or title to, the purchased marijuana or marijuana product within the borough; and/or (2) the seller receives consideration for the purchased marijuana or marijuana product within the borough.

"Sales price" means the price of any marijuana or marijuana product.

"Seller" means any person or any other entity that sells or contracts to sell any marijuana or marijuana product to a buyer.

"Tax" means the marijuana sales tax as levied under this

article.

"Quarter" means any one of the four consecutive three-month periods in a calendar year, the first of which commences January 1.

"Taxable retail sale" means any sale made within the borough that is not entirely exempt from the tax levied under this article.

"Unremitted tax means"

(1) Any tax not remitted to the borough that a seller is required by this article to collect from a buyer, notwithstanding whether the seller actually collects such tax from a buyer; and

(2) Any estimated tax not remitted to the borough.

MSB 3.60.020 APPLICABILITY.

Unless specifically provided otherwise, this chapter applies to all areas of the Matanuska-Susitna Borough including within the cities of Palmer, Wasilla, and Houston.

MSB 3.60.030 MARIJUANA SALES TAX LEVY; PRESUMPTION OF TAXABILITY.

There is levied a tax of five percent (5%) upon the sales price of all retail sales of marijuana and marijuana products within the Matanuska-Susitna Borough. Every retail sale made within the Matanuska-Susitna Borough, unless explicitly exempted by this chapter, is presumed to be subject to the tax imposed

under this chapter in any action to enforce the provisions of this chapter.

MSB 3.60.040 DUE DATE; DELINQUENCY.

The obligation for the payment of the tax is upon the buyer. All taxes imposed by this article are due and payable by the buyer at the time of sale, or with respect to credit transactions at the time of collection, and are delinquent if not paid when due.

MSB 3.60.050 OBLIGATION OF SELLER TO COLLECT.

Every seller making sales taxable under this article shall collect the taxes from the buyer at the time of sale, or with respect to credit transactions at the time of collection of sales price, and shall deliver the same to the Matanuska-Susitna Borough in accordance with the requirements in this chapter.

MSB 3.60.060 SELLER REGISTRATION.

(a) All sellers of marijuana and marijuana products within the Matanuska-Susitna Borough must possess a current certificate of registration, for the purpose of collecting and remitting the tax under this article, prior to engaging in any retail sales or opening additional places of business. A seller with more than one location must obtain a certificate for each location.

(b) All sellers requiring a certificate of registration under subsection (a) of this section must first possess current State of Alaska and Matanuska-Susitna Borough business licenses,

a current state marijuana license as required by AS 17.38 if applicable, a Matanuska-Susitna Borough marijuana license or permit, if applicable, and a Matanuska-Susitna Borough conditional use permit, if applicable. Copies of the business licenses and all applicable licenses or permits must be provided to the Matanuska-Susitna Borough before a certificate of registration will be issued.

(c) Upon receipt of a properly executed application for the certificate of registration, on a form prescribed by the finance director, the finance director will issue without charge to the seller a certificate of registration. The certificate of registration shall bear the name of the seller and the address of the registered place of business. The certificate must be prominently displayed at the place of business along with all business and marijuana licenses.

(d) The certificate of registration is neither assignable nor transferable. The seller must immediately surrender the certificate to the finance director if the seller ceases to do business at the location named on the certificate, or if the seller otherwise sells, assigns, transfers, conveys, or abandons the seller's business to any person or any other entity. When there is a change of address for the seller's place of business, a new certificate of registration is required bearing the same registration number, but showing the new location address.

(e) A seller must submit an updated application as prescribed by the finance director upon any change in form of ownership, business name, or contact information. The finance director, after receipt of the updated application, shall then determine whether a new certificate of registration should be issued. If a new certificate of registration is issued, the seller must first surrender the prior certificate of registration to the finance director before taking possession of the new certificate.

MSB 3.60.070 RECEIPTS; SEGREGATION.

Title to the taxes collected pursuant to this chapter shall vest in the borough upon collection. The taxes shall be segregated by the seller from the funds of the seller or the business entity subject to the tax and safeguarded until transmitted to the borough as provided under MSB 3.60.080. A separate account shall be maintained for all taxes collected.

MSB 3.60.080 RETURNS; PAYMENTS; PENALTIES.

(A) On or before 30 days after the end of each quarter, each seller shall prepare and submit to the finance director a return for the preceding quarter upon forms furnished by the finance director. In addition, the operator shall submit other information and supporting papers required by regulations issued by the finance director. The operator shall sign the return and transmit it together with the taxes collected to the finance

director on or before the due date. A return shall be filed even if no sales were made. The return shall set for the amount for:

(1) All sales of marijuana and marijuana product made within the Matanuska-Susitna Borough;

(2) The amount received from wholesale or otherwise nontaxable sales;

(3) The amount received from all taxable sales;

(4) The taxes collected;

(5) Such other information and supporting papers as the finance director may require.

(B) Taxes collected by a seller are due 30 days after the end of each quarter. If taxes collected by a seller have not been received by the finance director on or before the due date, the operator shall be charged interest at the rate of eight percent (8%) per annum for each day the tax is delinquent. In addition to interest, if taxes collected by an operator have not been received by the finance director on or before the due date, the seller shall incur a penalty as follows:

(1) Up to and including one month late, the penalty is five percent (5%) of the tax due;

(2) Over one month late, the penalty is an additional three percent (3%) of the tax due;

(3) Failure to file a return at all and when an involuntary filing under MSB 3.60.090 is made, the penalty is an additional

ten percent (10%) of the tax due.

MSB 3.60.090 INVOLUNTARY FILING; APPEAL.

(A) Involuntary return. When a seller fails to file a return under MSB 3.60.080, or when the finance director finds that a return filed by a seller is not supported by the records maintained pursuant to MSB 3.60.080, the finance director may prepare and file a return or amended return on behalf of the seller. Taxes estimated on a return filed on behalf of a seller under this subsection may be premised upon any information that is available to the finance director including, among other things, comparative data for similar businesses. A seller for whom an involuntary return is filed under this subsection shall be liable for the taxes stated on the return, as well as the penalties and interest provided in subsection (B) of this section and pursuant to MSB 3.60.080 and 3.60.160.

(B) Assessment notice. When an involuntary return is filed, the finance director shall provide each seller by certified mail, return receipt requested, or personal service, a notice of assessment which includes the total amount of tax, penalties, and interest due. The notice shall inform the seller that the seller has ten calendar days from the date of the notice to contest the amount of the assessment and request a hearing in writing. The hearing request shall be made on a form provided by the finance director.

(C) Collection. If the seller does not pay the tax in full or appeal the assessment, the borough may proceed with an action as provided by MSB 3.60.120 and lien as provided by MSB 3.60.130 in addition to any other remedy under local, state, or federal law.

MSB 3.60.100 RECORDS; CONFIDENTIALITY.

(A) All returns filed with the borough pursuant to this chapter and all financial data obtained from the returns are confidential and may not be released for inspection by any person except as provided in this section.

(B) The manager, finance director, borough attorney, or the assembly may inspect the returns and all financial data on them. In addition, data may be disclosed for purposes as per MSB 3.60.100(D).

(C) The use of returns in any appeal under this chapter or in any criminal or civil action brought to enforce the terms of this article against any person is not a violation of this article. The Borough in the determination, prosecution, or defense of any such action may allege, prove, and produce any return filed by and on behalf of the defendant, including any data obtained from such return.

(D) Except as provided in this section, no person may divulge to another any information obtained from a return filed with the borough or from data obtained from a return unless the

person receiving the information is a person authorized to review the return under the terms of this chapter.

(E) It is the duty of the finance director to safely keep returns and all financial data taken from the returns secure from public and private inspection, except as provided by this chapter.

(F) This section does not prohibit the borough from compiling and publishing statistical evidence concerning the data submitted, provided no identification of particular returns or reports is made, nor does it prohibit the borough from releasing the business names, owners, mailing address and filing status to the public. "Filing status" means: whether the taxpayer is exempt, non-exempt, delinquent, or current in payment of the tax. Nothing in this section shall be deemed to prohibit an internal auditor from examining returns, provided that no information obtained from specific or identifiable returns shall be made available to persons other than those authorized to review returns under subsection (A) of this section.

(G) Any other disclosure of returns may be had only upon court order.

MSB 3.60.110 RECORDS; MAINTENANCE AND INSPECTION.

(A) A seller shall maintain the following records for the two previous calendar years:

(1) complete and accurate books, records, and accounts, showing all inventory purchases and the gross receipts for all sales of marijuana and marijuana product made within the borough; and

(2) All local, state, and federal tax reports and forms;

(3) All accounting records;

(4) All sales receipts; and

(5) All documentary evidence supporting any claimed exemption or adjustment due.

(B) Upon reasonable notice and during normal business hours, a seller must make all records and materials specified in subsection (A) of this section available for inspection by the finance director to ascertain the correctness of a return or for the purpose of determining the amount of tax collected or which should have been collected by any seller.

(C) The finance director may also conduct random audits of seller's monthly reports by examining any of the records and materials specified in subsection (a) of this section and other data deemed necessary. Upon reasonable notice and during normal business hours, a seller must make all records and materials specified in subsection (A) of this section available for inspection by the finance director for any such audit.

(D) Where the constitution of the United States or of the State of Alaska requires, the finance director may obtain an

administrative search warrant authorizing an inspection and exhibit the warrant to the person in charge of the premises before conducting the inspection. The finance director shall apply to the trial courts of the state to obtain an inspection warrant, stating in the application the name and address of the premises to be inspected, the authority to conduct the inspection, the nature and extent of the inspection, and the facts and circumstances justifying the inspection. Warrants issued under this section shall be returned within ten days.

MSB 3.60.120 SUITS FOR COLLECTION.

(A) Taxes due but not paid may be recovered by an action against the buyer. Taxes collected but not transmitted may be recovered by an action against the seller, and sales tax returns shall be prima facie proof of taxes collected but not transmitted.

(B) In addition to any other remedies and administrative procedures provided under this article, the borough may file a civil action against any seller or buyer for recovery of any tax, unremitted tax, penalties, interest, costs, and fees, that have not been paid or remitted when due.

(C) Any person who holds an ownership interest in a seller, or any other person who is an agent of the seller, is personally liable for all taxes, penalties and interest due from such seller under this article.

MSB 3.60.130 TAX LIEN.

(A) Any tax, unremitted tax, penalties, interest, costs and fees that this article requires a seller or buyer to pay or remit shall constitute a lien in favor of the borough upon all assets, earnings, revenue and property of the seller, other persons liable under subsection MSB 3.60.120(C), or the buyer. This lien arises when any such payment or remittance is not made when due and continues until the payment or remittance is fully satisfied through execution, foreclosure sale, or any other legal means. This lien is not valid as against a mortgagee, pledgee, purchaser, or judgment creditor until notice of the lien is recorded in the office of the district recorder for the third judicial district.

(B) Prior to filing a lien, the finance director shall cause an additional written notice of intent to file to be mailed to the last known address of the seller.

(C) When recorded, a lien authorized under this section has priority over all other liens, except:

(1) liens for property taxes and special assessments;

(2) liens that were perfected before the recording of the sales tax lien for amounts actually advanced before the recording of the sales tax lien; and

(3) mechanics' and materialmen's liens which have been recorded before the recording of the sales tax lien.

(D) Upon such filing, the lien is superior to all other liens except as otherwise provided by state or federal law.

MSB 3.60.140 COLLECTION POLICY.

It shall be the policy of the borough that delinquent taxes shall be promptly collected without offset, compromise or time extensions for payment.

MSB 3.60.150 PROHIBITED ACTS.

(A) A person may not fail or refuse to pay the tax imposed by this chapter when it is due and payable to a seller authorized to collect the tax.

(B) A seller may not advertise or state to the public or to any buyer, or render directly or indirectly that the tax, or any part of it, shall be assumed or absorbed by the seller, or that the tax shall not be added to the sale or that it shall be refunded. A seller may not absorb or fail to add the tax or any part of it, or refund any tax or fail to state the tax separately to the buyer.

MSB 3.60.160 PENALTIES FOR VIOLATIONS; MANDATORY REVOCATION.

(A) A seller who fails to file a tax return as required by this chapter shall incur penalties and interest as provided in MSB 3.60.080. A second violation within a 24 month period shall additionally result in mandatory revocation of the certificate issued under MSB 3.60.060.

(B) A seller who fails to collect the tax levied by this chapter shall incur a civil penalty of double the tax which should have been collected.

(C) A seller who does not provide required records as per MSB 3.60.080 or who fails to permit inspection of the records as per MSB 3.60.110 shall incur a civil penalty of \$1000. A second violation within a 24 month period shall additionally result in mandatory revocation of the certificate issued under MSB 3.60.060.

(D) A person who violates any part of the provisions of this chapter is guilty of an infraction and is also subject to the enforcement and penalties provided by MSB 1.45 and AS 29.25.070.

(E) Any violation of this chapter determined by the finance director to be made in a willful, flagrant, or recalcitrant manner by any seller shall result in a mandatory revocation of the certificate issued under MSB 3.60.060.

(F) All penalties shall be considered cumulative remedies and shall not relieve an operator or guest of the duties imposed under this chapter.

MSB 3.60.170 REVOCATION OF CERTIFICATE; NOTICE.

(A) In addition to the mandatory revocations under MSB 3.60.160, the finance director may revoke a certificate of registration if a seller fails to comply with any of the

provisions of this article. A seller may not engage in retail sales while the certificate of registration is revoked.

(B) The finance director may revoke the certificate of registration by issuing a notice of intent to revoke to the seller listing the reasons for proposed revocation. The notice shall inform the seller that the seller has ten calendar days from the date of the notice to contest the notice and request a hearing in writing.

(C) If no hearing is requested, the finance director shall issue the seller a notice of revocation and the seller may no longer sell under this chapter.

(D) Any seller who violates any requirement of this section is subject to the penalties provided under this article and any other provision of local, state, or federal law. The Matanuska-Susitna Borough is also entitled to injunctive relief to prevent the seller from engaging in retail sales without a certificate of registration.

MSB 3.60.180 HEARING; APPEAL.

(A) Hearing. If the hearing provided for by MSB 3.60.090 or MSB 3.60.170 is requested by the seller, the finance director shall hold a hearing within 30 calendar days and notify the seller at least 15 calendar days in advance of the date, time and place of the hearing. The seller shall make available for inspection and copying all the seller's books, records, or any

evidence which the seller relies on in contesting the assessment under MSB 3.60.090 or notice of intent under MSB 3.60.170 and the same shall become part of the record. The finance director shall disclose to the seller all the documents or other evidence which the director relied upon in making the tax assessment under MSB 3.60.090 or notice of intent under MSB 3.60.170 and the same shall become part of the record. Hearings for a single seller with more than one location, filing period, or appeal may be consolidated.

(B) Determination. Within ten calendar days of the hearing the finance director shall issue a written decision with findings of fact and conclusions. The notice shall also provide that it is the finance director's final decision and advise the seller of the seller's right to appeal the decision to the Superior Court within 30 calendar days.

(C) Appeal. An appeal may be filed pursuant to Part 6 of the Alaska Rules of Appellate Procedure. On appeal taken, the Superior Court shall defer to the findings of fact rendered by the finance director if they are supported by substantial evidence in the record. If the amount of the tax, interest, and penalty is upheld by the court on appeal, the court shall issue a judgment for the amount, plus additional interest, penalty (if any), costs, and attorney fees. The finance director's decision is not stayed on appeal unless ordered by the court.

MSB 3.60.190 REISSUE OF CERTIFICATE.

(A) Any person who has a certificate revoked is not eligible to receive another certificate for a period of one year from the date of revocation. In addition, any person who has a certificate revoked is not eligible to receive another certificate until all prior taxes, penalties fees and interest due are paid.

(B) Any entity which has a certificate revoked is not eligible to receive another certificate for a period of one year from the date of revocation. Any person who holds an ownership interest in the entity is likewise not eligible to receive another certificate for a period of one year from the date of revocation. In addition, any entity who has a certificate revoked is not eligible to receive another certificate until all prior taxes, penalties fees and interest due are paid. Any person who holds an ownership interest in the entity is likewise not eligible to receive another certificate until all prior taxes, penalties fees and interest due are paid.

MSB 3.60.200 REGULATIONS.

The finance director may adopt regulations providing for the application and interpretation of this chapter and providing methods and forms for reporting and collecting the taxes imposed by this chapter.

MSB 3.60.210 REFUNDS.

(A) The finance director shall refund to a seller the amount of taxation paid to the finance director sales not subject to taxation or any overpayment of taxes remitted to the borough.

(B) The seller shall apply for a tax refund in writing on a form provided by the finance director not later than two years from the date the tax is transmitted to the finance director.

Section 3. Ratification. At the regular election to be held on October 4, 2016, the following question will be placed before all qualified voters in the Matanuska-Susitna Borough:

Shall the Matanuska-Susitna Borough enact an areawide five percent (5%) tax on the retail sale of marijuana and marijuana products?

Yes \_\_\_\_\_ No \_\_\_\_\_

Section 4. Effective date. Sections 1, 3 and 4 of this ordinance take effect immediately. Section 2 takes effect upon certification of the election results if the ballot question contained in Section 3 is approved by a majority of the voters at the October 4, 2016 regular borough election.

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

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

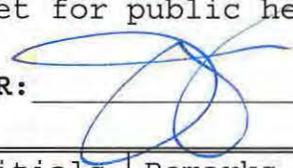
(SEAL)

**SUBJECT:** Issuance of Animal Care Facility Lease Refunding Certificates of Participation, 2016C, in one or more series in an amount not to exceed \$3,000,000.

**AGENDA OF:** June 7, 2016

**ASSEMBLY ACTION:**

**MANAGER RECOMMENDATION:** Introduce and set for public hearing.

**APPROVED BY JOHN MOOSEY, BOROUGH MANAGER:** 

Route To:	Department/Individual	Initials	Remarks
1	Originator - Fin. Dir.		
2	Finance Director	<i>JAC</i>	
3	Attorney	<i>NS</i>	Reviewed by bond counsel
4	Borough Clerk	<i>JAM</i>	<i>5/27/16</i>

**ATTACHMENT(S):** Fiscal Note: Yes X No       
 Ordinance Serial No. 16-087 (11 pp)  
 Draft Preliminary Official Statement (69 pp)  
 Draft Purchase Agreement (22 pp)  
 Draft Continuing Disclosure Certificate (3 pp)  
 Draft First Supplement to the Lease Purchase Agreement and Trust Indenture (19 pp)  
 Draft Refunding Trust Agreement (11 pp)

**SUMMARY STATEMENT:**

Before you is an ordinance authorizing the issuance of Animal Care Facility Lease Refunding Certificates of Participation, 2016C, in the principal amount not to exceed \$3,000,000. This will be utilized for the refunding of the Lease Certificates of Participation that were issued in 2008 for the Animal Care Facility.

Assembly approval is being requested to authorize up to

\$3,000,000 for the possible refunding of the 2008 Animal Care Facility Lease, Certificates of Participation. Pursuant to the original Indenture and provided it is financially advantageous, the borough may cause the execution and delivery of and sell of 2016C Certificates to refund all or a portion of the 2008 Certificates. In simple terms, the Borough would attempt to sell new lower interest certificates which would pay off the older higher interest certificates.

The refunding of these Certificates is subject to market conditions. Additionally, it is subject to the issuance of the Lease Certificates of Participation, 2016A and 2016B. If those certificates are not issued, it would be cost prohibitive to only issue the 2016C Certificates.

Currently, the projected savings will exceed \$195,000 overall. This is net of the prorated issuance costs which will be paid from the premium. The issuance costs include amounts estimated to be paid for the preparation of the official statements, paying agent fees, underwriter's discount, bond counsel and financial advisor fees and other miscellaneous costs.

In order to proceed, approval of the Assembly is necessary to authorize the issuance of the Animal Care Facility Lease Refunding Certificates of Participation, 2016C, in one or more series in an amount not to exceed \$3,000,000. Drafts of the Preliminary Official Statement, the Purchase Agreement, Continuing Disclosure Certificate, First Supplement to the Lease Purchase Agreement and Trust Indenture and the Refunding Trust Agreement are attached.

**RECOMMENDATION OF ADMINISTRATION:** Authorize issuance of the Animal Care Facility Lease Certificates of Participation, 2016C in one or more series in an amount not to exceed \$3,000,000.

**MATANUSKA-SUSITNA BOROUGH  
FISCAL NOTE**

Agenda Date: June 7, 2016

**SUBJECT:** Issuance of Animal Care Facility Lease Refunding Certificates of Participation, 2016C, in one or more series in an amount not to exceed \$3,000,000.

**ORIGINATOR:** Tammy E. Clayton, Director of Finance

FISCAL ACTION (TO BE COMPLETED BY FINANCE)	FISCAL IMPACT <input checked="" type="radio"/> YES <input type="radio"/> NO
AMOUNT REQUESTED *	FUNDING SOURCE Bond Proceeds
FROM ACCOUNT # 325-000-000-4xx	PROJECT # Various
TO ACCOUNT :	PROJECT #
VERIFIED BY:	CERTIFIED BY:
DATE:	DATE:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Personnel Services						
Travel						
Contractual						
Supplies						
Equipment						
Land/Structures						
Grants, Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

General Fund						
State/Federal Funds						
Other						
<b>TOTAL</b>						

POSITIONS:

Full-Time						
Part-Time						
Temporary						

**ANALYSIS:** \* Issuance of the Animal Care Facility Lease Refunding Certificates of Participation, 2016C, could save an estimated \$195,000 in debt service payments over the remaining life of the Certificates.

PREPARED BY: \_\_\_\_\_ PHONE: \_\_\_\_\_  
 DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 APPROVED BY: DATE: 5/20/16

IM No. 16- 131  
Ordinance Serial No. 16- 087

**NEW ISSUE**

**S&P RATING: [ ]**

In the opinion of Foster Pepper PLLC, Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the Date of Issue of the 2016 Certificates, interest evidenced and represented by the 2016 Certificates (the "Interest") is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. While Interest also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, Interest received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, Interest received by certain S corporations may be subject to tax, and Interest received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of Interest may have other federal tax consequences for certain taxpayers. Interest is free from taxation by the State of Alaska, except for transfer, estate and inheritance taxes. See "TAX MATTERS."

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



\$ \_\_\_\_\_ \*

**CERTIFICATES OF PARTICIPATION, 2016**

consisting of

\$ \_\_\_\_\_ \* Fire Station Lease, 2016A

\$ \_\_\_\_\_ \* Fire Station Lease, 2016B

\$ \_\_\_\_\_ \* Animal Care Facility Lease Refunding, 2016C

**Evidencing Undivided Proportionate Interests  
in Payments of Base Rent to be made by the  
MATANUSKA-SUSITNA BOROUGH, ALASKA**

**Dated: Date of Delivery**

**Due: [October 1], as shown on the inside cover**

The Fire Station Lease Certificates of Participation, Series 2016A (the "2016A Certificates"), the Fire Station Lease Certificates of Participation, Series 2016B (the "2016B Certificates") and the Animal Care Facility Lease Refunding Certificates of Participation, Series 2016C (the "2016C Certificates" and together with the 2016A Certificates and the 2016B Certificates, the "2016 Certificates"), each of the Matanuska-Susitna Borough, Alaska (the "Borough"), will be executed and delivered as fully registered certificates under a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the 2016 Certificates. Individual purchases of interests in the 2016 Certificates will be made in book-entry form only, in principal components of \$5,000 or any integral multiple thereof. The interest components of the 2016 Certificates are payable on [October 1, 2016] and semiannually thereafter on [April 1] and [October 1] of each year. The 2016A Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "2016A Indenture"), by and between the Borough and U.S. Bank National Association, as trustee (the "Trustee"). The 2016B Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "2016B Indenture"), by and between the Borough and the Trustee. The 2016C Certificates are executed and delivered under and pursuant to a Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the "Original Animal Care Indenture"), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the "First Supplemental Animal Care Indenture" and together with the Original Animal Care Indenture, the "Animal Care Indenture"), each by and between the Borough and the Trustee. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the "Indentures" and each an "Indenture." Each series of 2016 Certificates are subject to optional, extraordinary optional and mandatory sinking fund redemption as described herein.

The payments of applicable Base Rent due under each Indenture are payable from legally available funds of the Borough. The availability of funds to make payments of Base Rent and the obligation of the Borough to make payments of Base Rent are subject to annual appropriations by the Borough Assembly. If sufficient funds are not appropriated to make payments of Base Rent pursuant to an Indenture, then the Lease Term with respect to the applicable Project will terminate and the Borough will not be obligated to make payments of Base Rent beyond the last fiscal year for which funds have been appropriated for payments of Base Rent. The Borough's obligation to make payments of Base Rent is not a general obligation of the Borough, and neither the full faith and credit nor the taxing power of the Borough is pledged to the payment of Base Rent or the 2016 Certificates.

**See the Inside Cover for Maturity Schedule**

The 2016 Certificates are offered when, as and if executed and delivered and received by the Underwriter, subject to the approving legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Underwriter by Katten Muchin Rosenman LLP, of Chicago, Illinois. Acacia Financial Group, of Anchorage, Alaska, is serving as financial advisor to the Borough. It is expected that the 2016 Certificates will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about \_\_\_\_\_, 2016.

**RBC Capital Markets**

Dated: \_\_\_\_\_, 2016

\* Preliminary, subject to change.

Jm16-131  
0216-087 **1259**

**MATURITY SCHEDULE\***

\$ \_\_\_\_\_ \* Fire Station Lease, 2016A

<u>Maturity ([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ \* Fire Station Lease, 2016B

<u>Maturity ([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ \* Animal Care Facility Lease Refunding, 2016C

<u>Maturity ([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
 \$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\* Preliminary, subject to change.

*Im 16-131  
UR 16-087*

# **MATANUSKA-SUSITNA BOROUGH**

350 East Dahlia Avenue  
Palmer, Alaska 99645  
(907-745-4801)

## **MAYOR**

Vern Halter

## **BOROUGH ASSEMBLY**

Matthew Beck (Deputy Mayor)  
Steve Colligan

Jim Sykes  
Dan Mayfield  
Randall Kowalke

George McKee  
Barbara Doty

## **APPOINTED OFFICIALS**

Borough Manager  
Director of Finance  
Clerk  
Assessor  
Attorney  
Assistant Manager  
Director of Public Works  
Director of Emergency Services  
Director of Information Technology  
Director of Community Development  
Director of Planning  
Director of Capital Projects

John Moosey  
Tammy E. Clayton  
Lonnie R. McKechnie  
Brad Pickett  
Nicholas Spiropoulos  
George Hays  
Terry Dolan  
Bill Gamble  
Eric Wyatt  
Eric Phillips  
Eileen Probasco  
Jude Bilafer

## **BOND COUNSEL**

Foster Pepper PLLC  
Seattle, Washington

## **FINANCIAL ADVISOR**

Acacia Financial Group  
Anchorage, Alaska

## **TRUSTEE**

U.S. Bank National Association  
Seattle, Washington

No dealer, salesman or any other person has been authorized by the Borough or the Underwriter to give any information or to make any representation with respect to the 2016 Certificates other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2016 Certificates by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Borough and other sources which the Borough believes to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

Neither this Official Statement nor any statement which may have been made orally or in writing (other than the Ordinances referred to herein) is to be construed as a contract with the owners of any of the 2016 Certificates.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2016 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED, AND IF DISCONTINUED THEN RECOMMENCED, AT ANY TIME.

THE 2016 CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2016 CERTIFICATES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2016 CERTIFICATES HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2016 CERTIFICATES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement is submitted by the Borough in connection with the sale of the 2016 Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

**TABLE OF CONTENTS**

	Page
INTRODUCTION.....	1
Purpose of Issue.....	1
Plan of Finance and Refunding .....	2
Sources and Uses of Funds.....	3
DESCRIPTION OF THE PROJECTS.....	4
DESCRIPTION OF THE 2016 CERTIFICATES .....	4
General Description.....	4
Optional Redemption.....	4
Extraordinary Optional Redemption .....	5
Mandatory Sinking Fund Redemption .....	5
Notice of Redemption.....	7
SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES .....	7
Sources of Payment .....	7
Appropriation of Rent.....	8
Effect of Failure to Appropriate Rent.....	8
Deeds of Trust .....	9
Reserve Fund.....	9
Additional Certificates.....	9
2016 CERTIFICATES DEBT SERVICE SCHEDULE .....	10
BOROUGH INDEBTEDNESS .....	10
Debt Limitation .....	11
GENERAL OBLIGATION DEBT STATEMENT.....	12
Direct and Overlapping Debt.....	12
Future General Obligation Bond Financing .....	13
CAPITAL LEASE OBLIGATIONS.....	14
STATE PRISON LEASE REVENUE BONDS.....	14
OTHER INDEBTEDNESS.....	15
STATE DEBT REIMBURSEMENT PROGRAMS.....	15
School Debt Reimbursement Program .....	15
Borough School Debt Reimbursement Entitlement .....	16
Municipal Capital Project Debt Reimbursement Program .....	17
STATE OPERATING AID FOR EDUCATION.....	17
ASSESSED VALUATION AND PROPERTY TAXATION .....	18
Property Tax and Tax Limitations.....	18
Assessed Valuation and Tax Collections.....	18
EXCISE TAXES.....	19
BOROUGH FINANCIAL MATTERS.....	20
General .....	20
Budgeting .....	20
Labor Relations .....	20
Retirement Plans.....	20
Risk Management.....	22

Self-insurance Coverage.....	23
Cash Management and Investment Policy.....	23
Revenues and Expenditures.....	24
Resource Sales and Conveyances.....	27
<b>BOROUGH GOVERNMENT .....</b>	<b>27</b>
Powers .....	27
School District.....	28
Borough Administration.....	28
School District Administration.....	29
<b>GENERAL AND ECONOMIC DATA .....</b>	<b>29</b>
Description of Borough.....	29
Population.....	29
Employment .....	31
Military Bases.....	32
New Construction.....	32
Bank Deposits.....	33
Port MacKenzie Development .....	33
Economic Development .....	34
<b>CERTAIN VERIFICATIONS .....</b>	<b>36</b>
<b>CONTINUING DISCLOSURE .....</b>	<b>36</b>
<b>LITIGATION AND REGULATORY PROCEEDINGS.....</b>	<b>37</b>
<b>CERTAIN LEGAL MATTERS.....</b>	<b>38</b>
<b>FINANCIAL ADVISOR.....</b>	<b>39</b>
<b>UNDERWRITING.....</b>	<b>39</b>
<b>RATING.....</b>	<b>40</b>
<b>TRUSTEE .....</b>	<b>40</b>
<b>TAX MATTERS.....</b>	<b>40</b>
Tax Exemption of the 2016 Certificates.....	40
Certain Other Federal Tax Consequences .....	42
<b>MISCELLANEOUS.....</b>	<b>43</b>
<b>APPENDICES</b>	
A    Basic Financial Statements For the Fiscal Year Ending June 30, 2015	
B    Proposed Form of Opinion of Bond Counsel	
C    Book Entry System	
D    Form of Continuing Disclosure Certificate	
E    Summaries of the Indentures, Leases and Deeds of Trust	

## SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. The offering of the hereinafter-defined 2016 Certificates by the Matanuska-Susitna Borough, Alaska (the "*Borough*") to potential investors is made only by means of this entire Official Statement, including the Appendices hereto. No person is authorized to detach this Summary Statement from this Official Statement or otherwise to use it without this entire Official Statement, including the Appendices hereto.

### The Borough

**[To be updated.]** The Borough is a municipal corporation of the State of Alaska located in southcentral Alaska, approximately 40 miles northeast of the business district of Anchorage. The Borough encompasses approximately 25,265 square miles and had an official U.S. Census 2010 population of 88,995 and a 2014 estimated population of 98,063. As of January 1, 2014, the certified assessed valuation of taxable property in the Borough is \$9,004,077,191 (as compared to the assessed valuation of \$8,702,239,019, as of January 1, 2013).

The Borough operates under an Assembly-Manager form of government. Policy-making and legislative authority are vested in a governing assembly consisting of a mayor and seven assembly members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Borough Manager, Attorney and Clerk. The Borough Manager is responsible for carrying out the policies and ordinances of the Borough, for overseeing the day-to-day operations of the Borough and for appointing the heads of the various departments.

The Borough is empowered to levy a property tax on both real and personal property located within its boundaries. State law mandates that the Borough provide certain services on an areawide basis. The Borough exercises the following areawide powers: general administration, education, property assessment and collection of taxes, planning and zoning, parks and recreation, ports, emergency medical services, transportation and historic preservation. The Borough is financially accountable for a legally separate school district.

### Purpose of Issue

2016A Project. The Borough's Fire Station Lease Certificates of Participation, Series 2016A (the "*2016A Certificates*"), are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "*2016A Indenture*"), by and between the Borough and U.S. Bank National Association, as trustee (the "*Trustee*"), to provide funds to \_\_\_\_\_ (the "*2016A Project*") for use by the Borough. Proceeds of the 2016A Certificates will also be used to fund the 2016A Reserve Fund under the 2016A Indenture and to pay costs of issuance of the 2016A Certificates.

2016B Project. The Borough's Fire Station Lease Certificates of Participation, Series 2016B (the "*2016B Certificates*") are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "*2016B Indenture*"), by and between the Borough and the Trustee, to provide funds to \_\_\_\_\_ (the "*2016B Project*") for use by the Borough. Proceeds of the 2016B Certificates will also be used to fund the 2016B Reserve Fund under the 2016B Indenture and to pay costs of issuance of the 2016B Certificates.

Animal Care Project and 2016C Refunding. The Borough's Animal Care Facility Lease Refunding Certificates of Participation, Series 2016C (the "*2016C Certificates*") and together with the

2016A Certificates and the 2016B Certificates, the “2016 Certificates”) are being executed and delivered pursuant to the Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the “Original Animal Care Indenture”), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the “First Supplemental Animal Care Indenture” and together with the Original Animal Care Indenture, the “Animal Care Indenture”), each by and between the Borough and the Trustee, to provide funds to advance refund \$2,390,000 of the Borough’s \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the “2008 Certificates,” such principal component to be refunded being referred to herein as the “Prior Certificates” and the refunding of such Prior Certificates being referred to herein as the “Refunding”). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the “Animal Care Project” and together with the 2016A Project and the 2016B Project, the “Projects” and each a “Project”), as well as fund a Reserve Fund under the Original Animal Care Indenture and pay costs of issuance of the 2008 Certificates. Proceeds of the 2016C Certificates will also be used to pay costs of issuance of the 2016C Certificates. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the “Indentures” and each an “Indenture.”

### **Plan of Finance and Refunding**

2016A Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_ (the “2016A Ordinance”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016A Project. The 2016A Project will be constructed on real property owned by the Borough (the “2016A Property”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the “2016A Lease”), the Borough will lease the 2016A Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016A Certificates. The proceeds will be used by the Borough to construct the 2016A Project. To provide for the repayment of the 2016A Certificates, the Trustee will sublease the 2016A Property to the Borough under the 2016A Indenture for Base Rent sufficient to pay the principal and interest components of the 2016A Certificates.

2016B Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_ (the “2016B Ordinance”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016B Project. The 2016B Project will be [constructed] on real property owned by the Borough (the “2016B Property”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the “2016B Lease”), the Borough will lease the 2016B Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016B Certificates. The proceeds will be used by the Borough to [construct] the 2016B Project. To provide for the repayment of the 2016B Certificates, the Trustee will sublease the 2016B Property to the Borough under the 2016B Indenture for Base Rent sufficient to pay the principal and interest components of the 2016B Certificates.

2016C Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_ (the “2016C Ordinance” and together with the 2016A Ordinance and the 2016B Ordinance, the “Ordinances”), adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the Refunding. The Animal Care Project was constructed on real property owned by the Borough (the “Animal Care Property”). Pursuant to the Lease dated as of May 1, 2008 (the “Original Animal Care Lease”), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Upon issuance of the 2016C Certificates, the Borough will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the “First Amendment to Animal Care Lease” and together with the Original Animal Care Lease, the “Animal Care Lease”), [which will amend payments of rent under the Original Animal Care Lease to account for the 2016C Certificates]. The proceeds will be used by the Borough to advance refund the Prior Certificates. To provide for the repayment of the 2016C Certificates, the Trustee will sublease the Animal Care Property to the Borough under the Animal Care

Indenture for Base Rent sufficient to pay the principal and interest components of the 2008 Certificates and the 2016C Certificates.

### Security

The payments of Base Rent due under each Indenture are payable from legally available funds of the Borough. The availability of funds to make payments of Base Rent and the obligation of the Borough to make payments of Base Rent are subject to annual appropriations by the Borough Assembly. If sufficient funds are not appropriated to make payments of Base Rent, then the Lease Term with respect to the applicable Project will terminate and the Borough will not be obligated to make payments of Base Rent beyond the last fiscal year for which funds have been appropriated for payments of Base Rent. The Borough's obligation to make payments of Base Rent is not a general obligation of the Borough, and neither the full faith and credit nor the taxing power of the Borough is pledged to the payment of Base Rent or the 2016 Certificates.

The Borough has granted to the Trustee security interests with the power of sale and right of entry and possession as follows: (i) with regard to the Series 2016A Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "2016A Deed of Trust"); (ii) with regard to the Series 2016B Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "2016B Deed of Trust"); and (iii) with regard to the Animal Care Property, pursuant to the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the "Original Animal Care Deed of Trust") and amended by the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Deed of Trust" and together with the Original Animal Care Deed of Trust, the "Animal Care Deed of Trust").

Pursuant to each Indenture, the Borough is required to establish and maintain Reserve Funds in an amount equal to the respective Reserve Requirement pursuant to the applicable Indenture. As of the Date of Issue of the 2016 Certificates, the amount of the Reserve Requirement will be: (i) with respect to the 2016A Indenture, \$\_\_\_\_\_ ; (ii) with respect to the 2016B Indenture, \$\_\_\_\_\_ ; and (iii) with respect to the Animal Care Indenture, \$\_\_\_\_\_. With respect to the 2016A Indenture and 2016B Indenture, such amounts will be deposited in the applicable Reserve Fund from the proceeds of sale of the 2016A Certificates and 2016B Certificates. With respect to the Animal Care Indenture, \_\_\_\_\_.

# OFFICIAL STATEMENT

\$ \_\_\_\_\_ \*

## CERTIFICATES OF PARTICIPATION, 2016

consisting of

\$ \_\_\_\_\_ \* Fire Station Lease, 2016A  
\$ \_\_\_\_\_ \* Fire Station Lease, 2016B  
\$ \_\_\_\_\_ \* Animal Care Facility Lease Refunding, 2016C

### Evidencing Undivided Proportionate Interests in Payments of Base Rent to be made by the MATANUSKA-SUSITNA BOROUGH, ALASKA

## INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, Summary Statement, and Appendices attached hereto, is furnished by the Matanuska-Susitna Borough, Alaska (the "*Borough*") to provide information regarding the Borough and (i) \$ \_\_\_\_\_ \* aggregate principal component of Fire Station Lease Certificates of Participation, 2016A (the "*2016A Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016A Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the "*2016A Indenture*") by and between the Borough and U.S. Bank National Association, as trustee (the "*Trustee*"); (ii) \$ \_\_\_\_\_ \* aggregate principal component of Fire Station Lease Certificates of Participation, 2016B (the "*2016B Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016B Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the "*2016B Indenture*") by and between the Borough and the Trustee and (iii) \$ \_\_\_\_\_ \* aggregate principal component of Animal Care Facility Lease Refunding Certificates of Participation, 2016C (the "*2016C Certificates*") and together with the 2016A Certificates and the 2016B Certificates, the "*2016 Certificates*") evidencing undivided proportionate interests of the registered owners of the 2016C Certificates in payments of Base Rent to be made by the Borough pursuant to a Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the "*Original Animal Care Indenture*"), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the "*First Supplemental Animal Care Indenture*" and together with the Original Animal Care Indenture, the "*Animal Care Indenture*"), each by and between the Borough and the Trustee. The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the "*Indentures*" and each an "*Indenture*."

### Purpose of Issue

*2016A Project.* The 2016A Certificates are being executed and delivered to provide funds to acquire, construct and equip a fire station and fleet maintenance facility (the "*2016A Project*") for use by the Borough. Proceeds of the 2016A Certificates will also be used to fund the 2016A Reserve Fund under the 2016A Indenture and to pay costs of issuance of the 2016A Certificates.

*2016B Project.* The 2016B Certificates are being executed and delivered to provide funds to acquire, construct and equip a fire station, emergency services training and warehouse facility (the

\* Preliminary, subject to change.

Im16-131  
OR16-087

“2016B Project”) for use by the Borough. Proceeds of the 2016B Certificates will also be used to fund the 2016B Reserve Fund under the 2016B Indenture and to pay costs of issuance of the 2016B Certificates.

2016C Refunding. The 2016C Certificates are being executed and delivered to provide funds to advance refund \$2,390,000 of the Borough’s \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the “2008 Certificates,” such principal component to be refunded being referred to herein as the “Prior Certificates” and the refunding of such Prior Certificates being referred to herein as the “Refunding”). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the “Animal Care Project” and together with the 2016A Project and the 2016B Project, the “Projects” and each a “Project”), as well as fund a Reserve Fund under the Original Animal Care Indenture and pay costs of issuance of the 2008 Certificates. Proceeds of the 2016C Certificates will also be used to pay costs of issuance of the 2016C Certificates.

The Prior Certificates consist of the March 1, 2023 maturity of the 2008 Certificates. The Borough will redeem the Prior Certificates on March 1, 2018 (the “Redemption Date”) at par. On the date of issuance of the 2016C Certificates, a portion of the proceeds of the 2016C Certificates will be deposited in an irrevocable escrow fund established to refund the Prior Certificates. The escrow fund will be held by U.S. Bank National Association, as refunding trustee (the “Refunding Trustee”) under the Refunding Trust Agreement by and between the Borough and the Refunding Trustee. The moneys held in the escrow fund will be invested in noncallable direct obligations of the United States of America (the “Government Obligations”) that will mature at such times and in such amounts, and will bear interest payable at such times and in such amounts so that sufficient moneys will be available, together with an initial cash deposit, to make full and timely payment of the redemption price of the Prior Bonds on the Redemption Date, and the interest due on the Prior Bonds on each interest payment date to and including the Redemption Date. The sufficiency of the deposit made to the escrow fund will be verified by [Causey Demgen & Moore P.C.], as verification agent. See “CERTAIN VERIFICATIONS” herein

Upon issuance of the 2016C Certificates and refunding of the Prior Certificates, \$[795,000] of the 2008 Certificates will remain outstanding (the “Outstanding 2008 Certificates”). The 2016C Certificates are being executed and delivered as Additional Certificates pursuant to the Animal Care Indenture on a parity with the Outstanding 2008 Certificates.

## **Plan of Finance and Refunding**

2016A Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016A Project. The 2016A Project will be constructed on real property owned by the Borough (the “2016A Property”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the “2016A Lease”), the Borough will lease the 2016A Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016A Certificates. The proceeds will be used by the Borough to construct the 2016A Project. To provide for the repayment of the 2016A Certificates, the Trustee will sublease the 2016A Property to the Borough under the 2016A Indenture for Base Rent sufficient to pay the principal and interest components of the 2016A Certificates.

2016B Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the construction and acquisition of the 2016B Project. The 2016B Project will be [constructed] on real property owned by the Borough (the “2016B Property”). Pursuant to the Lease dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the “2016B Lease”), the Borough will lease the 2016B Property to the Trustee in consideration of prepaid rent to be derived from the proceeds of sale of the 2016B Certificates. The proceeds will be used by the Borough to [construct] the 2016B Project. To provide for the repayment of the 2016B Certificates, the Trustee will

sublease the 2016B Property to the Borough under the 2016B Indenture for Base Rent sufficient to pay the principal and interest components of the 2016B Certificates.

2016C Certificates. Pursuant to Ordinance Serial No. 16-\_\_\_, adopted by the Borough Assembly on June 21, 2016, the Borough has authorized the Refunding. The Animal Care Project was constructed on real property owned by the Borough (the “Animal Care Property”). Pursuant to the Lease dated as of May 1, 2008 (the “Original Animal Care Lease”), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Upon issuance of the 2016C Certificates, the Borough will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the “First Amendment to Animal Care Lease” and together with the Original Animal Care Lease, the “Animal Care Lease”), [which will amend payments of rent under the Original Animal Care Lease to account for the 2016C Certificates]. The proceeds will be used by the Borough to refund the Prior Certificates. To provide for the repayment of the 2016C Certificates, the Trustee will sublease the Animal Care Property to the Borough under the Animal Care Indenture for Base Rent sufficient to pay the principal and interest components of the 2008 Certificates and the 2016C Certificates.

**Sources and Uses of Funds**

The following table shows the estimated sources and uses of funds in connection with the execution and delivery of the 2016 Certificates.

SOURCES OF FUNDS	2016A	2016B	2016C	Total
Principal Component.....	_____	_____	_____	_____
Plus: [Net] Original Issue Premium .....	_____	_____	_____	_____
Total Sources of Funds.....	=====	=====	=====	=====
USES OF FUNDS				
Project Costs.....			--	
Refunding of Prior Certificates .....	--	--		
Deposit to Reserve Fund .....				
Costs of Issuance (1) .....	_____	_____	_____	_____
Total .....	=====	=====	=====	=====

(1) Includes Underwriters’ discount, legal, rating agency, financial advisory, accounting, printing and other fees and expenses associated with the execution and delivery of the 2016 Certificates.

This Official Statement includes descriptions of the Borough and the security for the 2016 Certificates. All references herein to agreements and documents are qualified in their entirety by references to the definitive forms thereof, and all references to the 2016 Certificates are further qualified by references to the information with respect thereto contained in the Indentures. Certain terms used in this Official Statement, and not otherwise defined herein, are defined in APPENDIX E, “SUMMARIES OF THE INDENTURES, LEASES AND DEEDS OF TRUST.” In this Official Statement, the term “Certificates” refers to the 2016 Certificates and any Additional Certificates executed and delivered pursuant to the respective Indentures, and the term “Rent” includes both “Base Rent” and “Additional Rent” pursuant to the applicable Indenture. Any statements or information indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

Im16-131  
0216-087

## DESCRIPTION OF THE PROJECTS

2016A Project. The 2016A Project consists of the acquisition, construction and equipping of a fire station and fleet maintenance facility. [Detailed description of Series 2016A Project to come.]

2016B Project. The 2016B Project consists of the acquisition, construction and equipping of a fire station, emergency services training and warehouse facility. [Detailed description of Series 2016B Project to come.]

Animal Care Project and 2016C Refunding. The Animal Care Project consists of an addition to the animal care center and renovation of the facility to create usable space. The Animal Care Project involved the renovation of the then-existing 7,650 square feet structure and addition of approximately 13,858 square feet in space. The Animal Care Project was completed in \_\_\_\_\_ 20\_\_\_. The Animal Care Property houses administrative functions, reception areas, limited veterinarian functions, kennels and vehicular/storage areas. In addition to the base facility, included is a large animal area to replace the then-existing barn, the addition of approximately 80 exterior canine kennel runs, paving and steel roofing.

## DESCRIPTION OF THE 2016 CERTIFICATES

### General Description

Each series of 2016 Certificates will be dated as of their Date of Issue, will mature on the maturity dates and in the principal components shown on the inside cover page hereof. Interest components of each series of the 2016 Certificates are payable on [October 1, 2016] and semiannually thereafter on [October 1] and [April 1] in each year, at the rates per annum set forth on the inside cover page hereof. U.S. Bank National Association, at its corporate trust office in Seattle, Washington, as Trustee, is the paying agent and registrar for the 2016 Certificates.

The 2016 Certificates will be executed and delivered only as fully registered certificates and when executed and delivered will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. So long as DTC, or its nominee, Cede & Co., is the registered owner of all the 2016 Certificates, all payments on the 2016 Certificates will be made directly to DTC. Individual purchases of interests in the 2016 Certificates will be made in book-entry form only in principal components of \$5,000 or any integral multiple thereof within a single maturity. Purchasers will not receive certificates representing their interests in the 2016 Certificates purchased. For additional information concerning the DTC book-entry system, see APPENDIX C, “BOOK ENTRY SYSTEM.”

### Optional Redemption

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date.

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal

to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date.

*2016C Certificates.* The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date.

**Extraordinary Optional Redemption**

Each series of the 2016 Certificates are subject to extraordinary optional redemption prior to their respective maturities at the option of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the 2016 Certificates to be redeemed, plus accrued interest to the redemption date, if (i) the applicable Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the applicable Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain. See, APPENDIX E, “SUMMARY OF INDENTURE — Damage to or Destruction of Project.”

**Mandatory Sinking Fund Redemption**

*2016A Certificates.* The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

If 2016A Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such 2016A Certificates the principal component of the 2016A Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016A Certificates so redeemed or purchased.

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

Year	Amount
(maturity)	\$

The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

Year	Amount
(maturity)	\$

If 2016B Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking fund redemption amounts (including the payment due at final maturity) with respect to such 2016B Certificates the principal component of the 2016B Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016B Certificates so redeemed or purchased.

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

Year	Amount
(maturity)	\$

The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

Year	Amount
(maturity)	\$

If 2016C Certificates subject to mandatory sinking fund redemption are either redeemed at the option of the Borough or purchased by the Borough, there shall be credited to one or more future sinking

fund redemption amounts (including the payment due at final maturity) with respect to such 2016C Certificates the principal component of the 2016C Certificates so redeemed or purchased that the Borough designates in written instructions delivered to the Trustee before the date of the optional redemption or purchase. If the Borough does not deliver such written instructions to the Trustee, there shall be credited to each such sinking fund redemption amount (including the payment due at final maturity) a pro rata portion of the principal component of the 2016C Certificates so redeemed or purchased.

### **Notice of Redemption**

For so long as all outstanding 2016 Certificates of a series are in fully immobilized form, the Borough, or the Trustee on behalf of the Borough, will provide notice to DTC of the intention to redeem such 2016 Certificates in the manner specified in the Letter of Representations entered into by the Borough and DTC. Notice of redemption will be given by DTC to the Direct Participants (see, APPENDIX C, "BOOK ENTRY SYSTEM") by mailing such notice not less than 20 days nor more than 60 days prior to the redemption date.

In the event that a series of the 2016 Certificates are no longer registered in fully immobilized form, notice of any such redemption shall be given by the Trustee on behalf of the Borough by mailing a copy of a redemption notice by first class mail at least 20 days and not more than 60 days before the redemption date to the respective registered owners of any such series of 2016 Certificates designated for redemption at their addresses shown on the Register on the date such notice is mailed.

The notice requirement of the respective Indenture will be satisfied when notice in accordance therewith is mailed as provided therein regardless of whether such notice is actually received by the registered owners of the applicable series of 2016 Certificates. Failure to mail notice of any mandatory sinking fund redemption as provided in the applicable Indenture will not affect the validity of the proceedings for such mandatory sinking fund redemption.

In the case of an optional redemption, the notice may state that the Borough retains the right to rescind the redemption notice and the related optional redemption of applicable 2016 Certificates by giving a notice of rescission to the affected registered owners at any time on or prior to the redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and the 2016 Certificates for which the notice of optional redemption has been rescinded will remain Outstanding.

## **SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES**

### **Sources of Payment**

Each series of 2016 Certificates represent undivided proportionate interests in Base Rent to be paid by the Borough under each Indenture, as applicable. Base Rent pursuant to each respective Indenture, components of which are designated as principal and interest, is to be paid from appropriated and legally available funds of the Borough.

The Base Rent pursuant to each Indenture and the applicable series of 2016 Certificates evidencing rights to receive such Base Rent are payable solely from payments to be received by the Trustee from the Borough pursuant to each Indenture, as applicable.

Pursuant to each Indenture and subject to annual appropriation, the Borough is also obligated to pay Additional Rent pursuant to such Indenture. "Additional Rent" in each Indenture means all costs and expenses of maintenance, insurance premiums, taxes, governmental, and other charges that lawfully may

be assessed or levied against or with respect to the applicable Property, and all other payments with respect to such Property (it being understood that each Indenture is intended to be an absolute net lease) and all costs and expenses associated with each series of Certificates, including Costs of Issuance, ongoing fees and expenses of the Trustee, and payments required under each Indenture to restore the amount in the applicable Reserve Fund to the applicable Reserve Requirement.

**The 2016 Certificates do not constitute a general obligation of the Borough, and neither the faith and credit nor the taxing power of the Borough is pledged to the payment of the 2016 Certificates. The payment of Base Rent is subject to annual appropriation by the Borough. Principal and interest components of each series of 2016 Certificates shall be payable solely from the Base Rent paid by the Borough under the applicable Indenture and other funds held by the Trustee under such Indenture as provided therein.**

The Indentures and the 2016 Certificates do not constitute moral obligations of the Borough. The Trustee is obligated only to pass through payments of Base Rent from the Borough to the registered owners of the Certificates in accordance with their relative interests.

The Indentures provides that the Borough's obligation to pay Rent is absolute and unconditional, subject to annual appropriation, and that Rent is payable without any right to set-off or counterclaim regardless of any contingencies and whether or not the Borough uses the Property (as defined in each Indenture).

### **Appropriation of Rent**

The obligation of the Borough to pay Rent is subject to annual appropriation by the Borough Assembly and does not constitute a debt of the Borough within the meaning of any constitutional or statutory debt limit or restriction and does not constitute an obligation for which the Borough has levied or pledged any form of taxation. **Because payments of Base Rent are not bond debt service, property taxes available to be appropriated for payments of Base Rent are subject to certain limitations. See, "Assessed Valuation and Property Taxation – Property Tax and Tax Limitations."**

The Borough has covenanted in each Indenture, prior to the commencement of each fiscal year during which Rent payments are payable from Borough appropriations, to include such Rent in its annual budget request to the Assembly. The Borough has agreed to use any appropriation legally available for the Rent in such fiscal year and to promptly encumber available appropriations for such payments prior to allocating or encumbering funds for projects or costs for which no legal obligation to pay exists.

### **Effect of Failure to Appropriate Rent**

In the event that the Borough Assembly does not appropriate funds for the payment of Rent related to a series of 2016 Certificates in any fiscal year, the Borough would have no liability for any additional Base Rent or Additional Rent related to such series of 2016 Certificates. The Borough is required to vacate the Property subject to the applicable Lease and deliver possession of such Property to the Trustee at the beginning of the fiscal year for which funds have not been appropriated. The Trustee would be permitted to re-lease such Property to other lessees. In the event of non-appropriation, the Trustee also may foreclose its lien on the applicable Property under the related Deed of Trust through exercise of the power of sale granted by such Deed of Trust, or through a judicial foreclosure proceeding.

If the Borough does not appropriate funds for the payment of Rent related to a series of 2016 Certificates, there can be no assurance that the related Property can be re-leased or sold, or if re-leased or sold that there will be sufficient funds received to pay the outstanding principal and interest components of such 2016 Certificates, and no assurance that any amounts so received that are allocable to the interest

components of such 2016 Certificates will be excluded from gross income for federal income tax purposes.

### **Deeds of Trust**

The Borough, as grantor, has granted to Mat-Su Title Agency, LLC, deed of trust trustee (the “*Deed of Trust Trustee*”), for the Trustee, as beneficiary, securities interests with the power of sale and right of entry and possession pursuant to: (i) with respect to the 2016A Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*2016A Deed of Trust*”); (ii) with respect to the 2016B Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*2016B Deed of Trust*”); and (iii) with respect to the Animal Care Property, the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the “*Original Animal Care Deed of Trust*”) as amended by the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of \_\_\_\_\_ 1, 2016 (the “*First Amendment to Animal Care Deed of Trust*” and together with the Original Animal Care Deed of Trust, the “*Animal Care Deed of Trust*”). The 2016A Deed of Trust, the 2016B Deed of Trust and the Animal Care Deed of Trust are referred to herein as the “*Deeds of Trust*” and each as a “*Deed of Trust*.”

The rights under each respective Deed of Trust may be exercised by the Trustee upon an event of default under the related Deed of Trust. These events of default include an Event of Default under the related Indenture. (See APPENDIX E, “SUMMARIES OF THE INDENTURES, LEASES AND DEEDS OF TRUST”). Pursuant to each Indenture, the Trustee has agreed to exercise its rights as beneficiary under the related Deed of Trust. The remedies provided under each Deed of Trust, including the remedy of foreclosure, may require judicial action, which is often subject to discretion and delay. Accordingly, there is no assurance that the Trustee will be able to obtain timely possession of the related Property.

### **Reserve Fund**

Pursuant to each Indenture, the Borough covenants to establish and maintain the related Reserve Fund with the Trustee in an amount equal to the related Reserve Requirement. Under each Indenture, the Reserve Requirement is an amount equal to the least of (a) Maximum Annual Debt Service with respect to all applicable Certificates then Outstanding, (b) 125% of average Annual Debt Service with respect to all applicable Certificates then Outstanding, or (c) 10% of the original principal amount of the applicable Initial Certificates plus any applicable Additional Certificates executed and delivered to finance Costs of the applicable Project.

Upon the execution and delivery of the 2016 Certificates, the Reserve Requirement will be: (i) with respect to the 2016A Indenture, \$ \_\_\_\_\_; (ii) with respect to the 2016B Indenture, \$ \_\_\_\_\_; and (iii) with respect to the Animal Care Indenture, \$ \_\_\_\_\_. With respect to the 2016A Indenture and 2016B Indenture, such amounts will be deposited in the applicable Reserve Fund from the proceeds of sale of the 2016A Certificates and 2016B Certificates. With respect to the Animal Care Indenture, \_\_\_\_\_. If, at any time, the amount held in a Reserve Fund is less than the applicable Reserve Requirement, then the Borough is obligated to cure such deficiency by the payment of Additional Rent. The Borough’s obligation to pay Additional Rent is subject to appropriation by the Borough.

### **Additional Certificates**

Additional Certificates may be executed and delivered under an Indenture on a parity with the applicable 2016 Certificates to complete the applicable Project and to refund applicable Outstanding Certificates. The aggregate principal component of Additional Certificates executed and delivered to

Jm16-131  
OR16-087

complete a Project may not exceed 10% of the principal component of the related series of 2016 Certificates. Additional Certificates may be executed and delivered to refund Outstanding Certificates only if the Annual Debt Service in each fiscal year will not be increased by virtue of such execution and delivery.

The 2016C Certificates are being executed and delivered as Additional Certificates pursuant to the Animal Care Indenture to refund certain 2008 Certificates. The 2016C Certificate are being executed and delivered on a parity with the remaining Outstanding 2008 Certificates.

## 2016 CERTIFICATES DEBT SERVICE SCHEDULE

Fiscal Year Ending June 30	2016A Certificates			2016B Certificates			2016C Certificates			Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2016	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2017										
2018										
2019										
2020										
2021										
2022										
2023										
2024										
2025										
2026										
2027										
2028										
2029										
2030										
2031										
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

## BOROUGH INDEBTEDNESS

[To be updated.] The Borough has various types of outstanding indebtedness including unlimited tax general obligation debt, capital lease obligations, lease revenue bonds and loans payable to the State. For additional information concerning Borough indebtedness see the information under the headings “General Obligation Debt Statement,” “Capital Lease Obligations” and “Other Indebtedness” and in APPENDIX A – BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2015.

### Summary of Borough Indebtedness

Type	Principal Amount
Unlimited Tax General Obligation Bonds.....	\$
Capital Leases.....	(1)
State Loans .....	
Total Indebtedness.....	\$ (2)

(1) Includes 2016 Certificates.

(2) Excludes \$[197,880,000] in Lease Revenue Bonds related to the Goose Creek Correctional Facility payable solely by lease payments made by the State of Alaska Department of Administration. See, “State Prison Lease Revenue Bonds.”

Im16-131  
UR16-087

## **Debt Limitation**

There are no constitutional or statutory debt limitations under State law. The Borough can issue general obligation bonds without limitation, upon approval of a bond authorization proposal by the qualified voters of the Borough. Voter approval is not required for the issuance of revenue debt and general obligation refunding bonds. On December 20, 1983, the Borough Assembly adopted Ordinance No. 83-85, which as a matter of current Borough policy limits the outstanding general obligation debt of the Borough to seven percent of the total assessed valuation of taxable property in the Borough.

## GENERAL OBLIGATION DEBT STATEMENT

### Direct and Overlapping Debt

The following table sets forth the direct and overlapping general obligation debt applicable to the Borough after the execution and delivery of the 2016 Certificates and the refunding of the Prior Certificates. The table excludes obligations of the Borough that have previously been refunded, capital leases, and lease revenue bonds. (See, "Capital Lease Obligations" and "State Prison Lease Revenue Bonds"). **[To be revised.]**

Direct Debt	Principal Amount Outstanding
2004 Series D Bonds .....	\$ 6,880,000
2005 Series A Bonds .....	1,255,000
2006 Series A Bonds .....	2,070,000
2006 Series B Bonds .....	1,935,000
2007 Series A Bonds .....	33,505,000
2007 Series B Bonds .....	1,970,000
2009 Series A Bonds .....	15,720,000
2011 Series A Bonds .....	30,085,000
2012 Series A Bonds .....	81,925,000
2012 Series B Bonds .....	7,665,000
2012 Series C Bonds .....	5,250,000
2012 Series D Bonds .....	10,735,000
2013 Series A Bonds .....	12,350,000
2014 Series A Bonds .....	17,280,000
2014 Series B Bonds .....	28,580,000
2015 Series A Bonds .....	37,350,000
2015 Series B Bonds .....	55,195,000
2015 Series C Bonds .....	1,560,000
Total Direct Debt (1) .....	\$ 351,310,000
Overlapping Debt:	
City of Palmer .....	\$1,010,000
City of Wasilla .....	1,540,000
Total Overlapping Debt .....	\$2,550,000
Total Direct and Overlapping Debt .....	\$ 353,860,000
<b>Bonded Debt Ratios</b>	
January 1, [2016] Certified Taxable Assessed Value .....	\$9,004,077,191
2016 Estimated Borough Population .....	98,063
Ratio of:	
Direct Debt to [2016] Certified Taxable Assessed Value .....	3.90%
Direct and Overlapping Debt to [2016] Certified Taxable Assessed Value .....	3.93%
Per Capita:	
[2016] Certified Taxable Assessed Value .....	\$91,819
Direct Debt .....	\$3,582
Direct and Overlapping Debt .....	\$3,608
Debt Amortization:	
Within 5 years .....	28%
Within 10 years .....	55%

(1) Except for the 2007 Series B Bonds, the 2012 Series C Bonds, the 2012 Series D Bonds, the 2014 Series A Bonds and the 2015 Series C Bonds, all of the above issues are school bonds. See "State Debt Reimbursement Programs – School Debt Reimbursement Program." The 2012 Series C Bonds are eligible for debt service reimbursement. See "State Debt Reimbursement Programs – Municipal Capital Project Debt Reimbursement Program."

Source: Borough records.

**General Obligation Debt Service Schedule**

Fiscal Year Ending 6/30	Outstanding General Obligation Debt Service (1)
2017	\$
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
TOTAL	\$

**Future General Obligation Bond Financing**

Authorization by the qualified voters of the Borough is required before general obligation bonds (other than refunding bonds) may be issued.

On October 7, 2008, the voters of the Borough approved a bond proposition (the “2008 Transportation Bond Proposition”) authorizing the issuance of \$15,000,000 aggregate principal amount of general obligation bonds of the Borough for specified transportation projects. The bonds authorized by the 2008 Transportation Bond Proposition may be issued only if and when 70% matching funds are received from the State, which to date has not occurred.

On October 4, 2011, the voters of the Borough approved a bond proposition (the “2011 School Bond Proposition”) authorizing the issuance of \$214,495,000 aggregate principal amount of general obligation bonds of the Borough for school construction projects. The 2012 Series A Bonds, the 2013 Series A Bonds, the 2014 Series B Bonds and the 2015 Series B Bonds were issued pursuant to the 2011 School Bond Proposition. \$2,465,000 principal amount of general obligation bonds remain authorized and unissued under the 2011 School Bond Proposition.

On October 1, 2013, the voters of the Borough approved a bond proposition (the “2013 Transportation Bond Proposition”) authorizing the issuance of \$16,215,000 aggregate principal amount of general obligation bonds of the Borough for transportation projects. The bonds authorized by

the 2013 Transportation Bond Proposition may be issued only if and when 50% matching funds are received from the State. To date, the State has appropriated \$1,600,000 of matching funds. The 2015 Series C Bonds were issued pursuant to the 2013 Transportation Bond Proposition. \$14,615,000 principal amount of general obligation bonds remain authorized and unissued under the 2013 Transportation Bond Proposition.

### CAPITAL LEASE OBLIGATIONS

In March of 2008, the Borough caused the issuance of the 2008 Certificates. Upon issuance of the 2016C Certificates and the refunding of the Prior Certificates, \$[795,000] outstanding principal amount of the 2008 Certificates is payable in the years 2017 and 2018. In October of 2013, the Borough caused the issuance of \$8,585,000 Public Safety Building Lease Certificates of Participation, 2013, for the purpose of financing the acquisition and construction of a public safety building. The \$[7,770,000] outstanding principal amount of these Certificates of Participation is payable in the years 2016 to 2028.

The payment obligations of the Borough with respect to Certificates of Participation are subject to annual appropriation of the required sums by the Borough Assembly. Neither the full faith and credit nor the general taxing power of the Borough is pledged to pay the principal or interest evidenced by Certificates of Participation.

### STATE PRISON LEASE REVENUE BONDS

In January of 2009, the Borough issued \$244,285,000 principal amount of State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) (the “*Series 2008 Lease Revenue Bonds*”) for the purpose of financing the Goose Creek Correctional Facility (the “*Facility*”) pursuant to a “triple net” Lease Purchase Agreement by and between the Borough, as lessor, and the State of Alaska Department of Administration (the “*DOA*”), as lessee. In April of 2015, the Borough issued \$105,720,000 principal amount of State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project) (the “*Series 2015 Lease Revenue Refunding Bonds*”) for the purpose of advance refunding \$101,850,000 of the then-outstanding Series 2008 Lease Revenue Bonds. [In \_\_\_\_\_ of 2016, the Borough issued \$ \_\_\_\_\_ principal amount of State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) (the “*Series 2016 Lease Revenue Refunding Bonds*”) and together with the Series 2008 Lease Revenue Bonds and the Series 2015 Lease Revenue Refunding Bonds, the “*Lease Revenue Bonds*”) for the purpose of advance refunding \$ \_\_\_\_\_ of the remaining outstanding Series 2008 Lease Revenue Bonds.]

The lease payments to be made by the DOA are designed to provide for the punctual payment of the principal of and interest on the Lease Revenue Bonds. The \$[30,095,000] outstanding principal amount of Series 2008 Lease Revenue Bonds are payable in the years [2016] to 2019. The \$[104,390,000] outstanding principal amount of Series 2015 Lease Revenue Refunding Bonds are payable in the years 2026 to 2032. The \$[ ] outstanding principal amount of Series 2016 Lease Revenue Refunding Bonds are payable in the years 20\_\_ to 20\_\_. The Lease Revenue Bonds are limited obligations of the Borough payable solely from the lease payments to be made by the DOA. Neither the full faith and credit nor the taxing power of the Borough is pledged for the payment of the Lease Revenue Bonds.

## OTHER INDEBTEDNESS

In addition to the general obligation bonds, certificates of participation and lease revenue bonds described above, as of [January 1, 2016], the Borough had outstanding \$[4,346,366] in solid waste revenue indebtedness under the State Clean Water Fund Loan Program. See Note [8] in APPENDIX A, "BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

## STATE DEBT REIMBURSEMENT PROGRAMS

### School Debt Reimbursement Program

Alaska Statute 14.11.100 provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse debt service on bonds issued by municipalities to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities.

Funds to provide reimbursement under Alaska Statute 14.11.100 must be appropriated annually by the State Legislature. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to make appropriations to fund the payments authorized.

The percentage of debt service payments that the State will reimburse depends on whether the project has been approved or reviewed by the Commissioner of Education and Early Development ("*Commissioner*"). The requirement of approval or review, as the case may be, applies to the educational specifications, schematic designs, and final contract documents for the project. Where approval of a school construction project is required, State and school district officials must agree on design, projected enrollment and distribution of space in the school to the various required uses.

The school construction debt service reimbursement program provides generally that the State will reimburse:

- For debt authorized for projects approved by the Commissioner, 70% of debt service payments made during the current fiscal year; and
- For debt authorized for projects reviewed by the Commissioner, 60% of debt service payments made during the current fiscal year.

All costs of financing and acquiring, constructing, enlarging, repairing, remodeling, equipping, or furnishing public elementary and secondary schools are eligible for reimbursement, including the cost of all necessary studies, surveys, plans and specifications, architectural, engineering, or other services; site acquisition, preparation and development; an allocable portion of the administrative and operating expenses of the issuer; insurance; and the cost of financing the project, including bond interest, legal fees, fees and expenses of trustees, depositories, financial advisors, underwriters and paying agents. Costs for most single-purpose sports or recreational facilities and costs that are paid from State or federal funds are excluded.

For the Borough to obtain reimbursement it first must submit to the Department of Education and Early Development a request for an allocation of funds for reimbursement not later than October 15 of the fiscal year before the fiscal year for which the request is made. The State makes a reimbursement payment to the Borough upon receipt of a notice of payment by the Borough from the paying agent for the Borough's bonds. Only cash disbursements from locally-generated funds are eligible for reimbursement.

There is no guarantee that the State Legislature will make appropriations to fund at any level the payments authorized. In the event funds are not available to fully fund the State school debt reimbursement program, the funds that are available will be distributed pro rata among the eligible local governments. The following table shows total Statewide entitlements and actual State aid payments made to the Borough reported by the Alaska Department of Education and Early Development for the State fiscal years ended June 30, 2016 to 2015. Since 1993, the State has fully funded all entitlements under the school debt reimbursement program.

**ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT  
STATEWIDE DEBT SERVICE REIMBURSEMENT**

<u>Fiscal Year Ended June 30</u>	<u>Statewide Entitlement Payments</u>	<u>Borough Entitlement Payments</u>
2015	\$	\$
2014	109,800,821	19,679,679
2013	113,539,996	18,932,007
2012	100,907,833	14,105,642
2011	99,594,456	12,280,710
2010	96,507,492	11,237,576
2009	94,017,490	11,239,989
2008	91,764,563	11,216,715
2007	88,474,622	9,218,981
2006	81,117,673	9,124,439

*Source: Alaska Department of Education and Early Development*

**Borough School Debt Reimbursement Entitlement**

The Borough has 13 series of outstanding school bonds eligible for State reimbursement under the school debt reimbursement program. The following table shows the outstanding balance, final payment date, and reimbursement eligibility for each series.

**OUTSTANDING BOROUGH SCHOOL BONDS**

<u>Series</u>	<u>Outstanding Balance</u>	<u>Final Maturity</u>	<u>Debt Service Reimbursement Eligibility</u>
2004 Series D	\$ 6,880,000	4/1/15	69.1%
2005 Series A	1,255,000	4/1/15	60.0
2006 Series A	2,070,000	2/1/17	70.0
2006 Series B	1,935,000	2/1/17	60.0
2007 Series A	33,505,000	4/1/25	64.0
2009 Series A	15,720,000	7/1/29	70.0
2011 Series A	30,085,000	4/1/31	70.0
2012 Series A	81,925,000	3/1/32	70.0
2012 Series B	7,665,000	3/1/24	63.3
2013 Series A	12,350,000	3/1/33	70.0
2014 Series B	28,580,000	11/1/34	70.0
2015 Series A	37,350,000	2/1/26	66.7
2015 Series B	55,195,000	11/1/34	70.0

*Im16-131  
OR16-087*

If the State appropriates funds for debt service reimbursement at less than the full entitlement, the Borough's local share will increase accordingly. The Borough received \$ \_\_\_\_\_ in reimbursement in fiscal year 2015 or 100 percent of annual debt service reimbursement entitlement in that fiscal year. Its local share was \$ \_\_\_\_\_.

### **Municipal Capital Project Debt Reimbursement Program**

Alaska Statute 29.60.700 provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse debt service on bonds issued by municipalities to pay costs of specified capital projects. The statute provides for the State to reimburse 100% of the costs paid by an eligible municipality during the immediately preceding fiscal year for the principal of and interest on outstanding debt for a specified project. The statute includes an authorization to reimburse payments by the Borough to retire up to \$10,000,000 in debt incurred for the Port MacKenzie Project. The Borough's General Obligation Port Refunding Bonds, 2012 Series C (the "2012C Bonds") were issued to finance the Port MacKenzie Project. See "General and Economic Data – Port MacKenzie Development."

This debt reimbursement program is administered by the State Department of Transportation and Public Facilities, which has confirmed that the 2012C Bonds are eligible for debt reimbursement under the program.

Full appropriations for reimbursement of debt service on the 2012C Bonds were made in the fiscal years ending June 30, 2013 to [2015], both inclusive.

Funds to provide State debt reimbursement under Alaska Statute 29.60.700 must be appropriated annually by the State Legislature. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to make appropriations to fund the payments authorized. There is no guarantee that the State Legislature will make appropriations to fund at any level the payments authorized.

## **STATE OPERATING AID FOR EDUCATION**

The State is required under the State constitution to establish and maintain a system of public schools. Each public school district in the State is funded through three primary sources: State aid, a required local contribution and eligible federal impact aid. In addition to aid for school construction, the State also provides aid to local school districts for the payment of operating expenses under the public school foundation program. The purpose of the foundation program is to provide a uniform system of public school aid throughout the State.

State aid to boroughs and cities is subject to annual appropriations. The price of oil and the quantity of oil produced in the State may have an impact on the willingness and/or the ability of the State to continue these aid programs at the same levels.

In November 2014, a trial court in the First Judicial District in Ketchikan, Alaska, ruled in a challenge by the Ketchikan Gateway Borough that the State's required local contribution violates the State constitutional prohibition against dedicated funds. The Alaska Supreme Court has stayed that decision pending an appeal. If the decision is upheld on appeal, it is unclear if or how the decision would impact the Borough.

## ASSESSED VALUATION AND PROPERTY TAXATION

The assessed valuation of the taxable property within the Borough, except property described below, is determined as of January 1 each year by the Borough Assessor (the "Assessor"). The Assessor is required to complete the assessment roll of all taxable property as of January 1 of each year, from which he prepares the abstract of assessment. The abstract is reviewed by the State Property Tax Administration. If necessary, the Borough Board of Equalization orders the Assessor to adjust the assessments on appeal, which may be subject to further appeal in the State courts. Under provisions of State law, the Assessor assesses all taxable property in the Borough at its full and true value. Taxes are levied on July 1 and are payable in two installments in August and February.

Property used in exploration, production or pipeline transportation of gas or unrefined oil is assessed by the State Department of Revenue as authorized by the State Legislature in 1973. The State levies a 20 mill tax on such property. Local governments and service areas may levy and collect a property tax based on the State's assessed valuation of those properties within the local jurisdiction. Payments made to local jurisdictions are allowed as a credit toward payments due the State.

### Property Tax and Tax Limitations

State law imposes no limitation on the rate or amount of taxes which may be levied for debt service on general obligation bonds. Ad valorem taxes levied by an Alaska municipality for purposes other than debt service on general obligation bonds are limited by State statute (Alaska Statute 29.45.090) to an amount equal to 3% of the assessed valuation of taxable property in the municipality. Accordingly, this limitation applies to the payments of Base Rent evidenced and represented by the 2016 Certificates. All property on which an ad valorem tax is levied must be taxed at the same rate during the year. In addition, a municipality, or combination of municipalities occupying the same geographical area, in whole or in part, may not levy ad valorem taxes for purposes other than debt service on general obligation bonds (a) that will result in tax revenues from all sources exceeding \$1,500 a year for each person residing within the municipality or (b) upon value that, when combined with the value of property otherwise taxable by the municipality, exceeds the product of 375% of the average per capita assessed valuation of all taxable property in the State multiplied by the number of residents in a municipality, such as the Borough, that does not levy a tax on oil and gas property under Alaska Statute 43.56.010 in excess of 18 mills.

In 2005, the Borough adopted an ordinance (the "2005 Ordinance") limiting substantially all Borough taxes to the previous year's tax levy increased by the consumer price index for the preceding year and average population growth or loss over the last five years. Taxes required to fund additional services mandated by voter approved ballot issues are excluded from the limit. **As payments of Base Rent are not general obligation bond debt service, taxes levied to pay Base Rent and other expenditures of the Borough are limited by the 2005 Ordinance. In the event that Borough expenditures, including the payments of Base Rent, exceed Borough revenues, the Borough may reduce expenditures, which may include not appropriating funds for the payment of Base Rent. By ordinance, the Borough may levy taxes in excess of the limits of, or amend, the 2005 Ordinance.**

### Assessed Valuation and Tax Collections

The certified assessed valuation of the taxable property in the Borough for the fiscal year ending June 30, 2015 is \$\_\_\_\_\_. This represents an increase of approximately \_\_\_ percent over the prior year's assessed valuation.

## Historical Assessed Valuation and Tax Collection Record

Fiscal Year Ending June 30	Assessed Valuation (All Property)	% Increase in Assessed Valuation From Previous Year	Areawide Tax Rate (Mills) (1)	Net Tax Levy (2)	Tax Collections on Current Levy		Collections Subsequent Years	Total Collections to Date	
					Amount	%		Amount	%
2016	\$	%		\$	\$		(4)	(4)	
2015	9,004,077,191	3.5	9.662	\$114,328,576	\$		(4)	\$	
2014	8,702,239,019	2.0	9.852	109,986,586	106,109,708	96.5	\$	106,109,708	96.5
2013	8,533,064,317	1.8	9.691	106,069,979	102,321,617	96.5	1,138,009	103,459,626	97.5
2012	8,384,028,066	2.1	10.051	106,116,574	101,881,857	96.0	2,311,732	104,193,589	98.2
2011	8,209,692,603	1.7	9.956	102,459,539	98,954,998	96.6	2,394,130	101,349,128	98.9
2010	8,071,844,601	1.4	9.980	100,736,350	97,109,667	96.4	2,940,021	100,049,688	99.3
2009	7,957,521,667	3.9	10.326	100,433,204	96,318,045	95.9	3,655,116	99,973,161	99.5
2008	7,657,858,482	10.5	9.644	91,367,040	87,627,539	95.9	3,436,819	91,064,358	99.7
2007	6,928,664,332	22.1	9.644	81,798,328	77,652,943	94.9	3,907,644	81,560,587	99.7
2006	5,674,980,225	24.5	10.880	74,154,906	71,450,048	96.4	2,606,474	74,056,522	99.9

- (1) Areawide rate; does not include Service Areas or Non-Areawide rates.  
 (2) Tax Levy after adjustment for senior citizens and disabled veterans' levy reductions mandated under State law. Includes Non-Areawide and Service Areas levies.  
 (3) Includes collections on prior year's levies and penalty payments. Interest rate on delinquent taxes is currently 5.25% per annum.  
 (4) Not available.

Source: 2015 Comprehensive Annual Financial Report of the Borough and Borough records.

### Ten Largest Taxpayers

Taxpayer	Nature of Business	[2014] Assessed Valuation (1)	Percentage of Borough's [2014] Assessed Valuation
Mat-Su Regional Medical Center	Medical Facilities	\$102,515,900	1.13%
Enstar Natural Gas	Private Utility	42,382,000	.47
Alaska Hotel Properties	Hotel	41,309,200	.45
Fred Meyer Stores, Inc.	Retail Store	39,408,610	.43
Wal-Mart Stores, Inc.	Retail Store	29,114,166	.32
GCI/GCI Cable/Alaska Digital	Telecommunications	27,961,937	.31
Cook Inlet Region, Inc./CIRI Land Development Co.	Real Estate Rental, Leasing and Management	27,222,894	.30
Global Finance/Gary Lundgren	Real Estate, Rental/Leasing	25,777,900	.28
DBC, LLC/Target	Property Development/Retail	20,918,015	.23
Alaska Pipeline Co.	Gas Transmission Lines	16,695,700	.18
Total		<u>\$373,306,322</u>	<u>4.15%</u>

(1) Reflects certified data of the Borough as of [July 1, 2014]. Includes real and personal property.

## EXCISE TAXES

There is no Borough sales tax. The Borough levies an excise tax of 0.114 cents per cigarette and 55% of the wholesale price of other tobacco products. The excise tax revenue for fiscal year [2014] was \$7,326,269. The Borough levies a 5.00% tax on rentals for hotel and motel accommodations. The bed tax revenue for fiscal year [2014] was \$1,113,368. The City of Palmer levies a 3.00% sales tax, the City of Wasilla levies a 2.00% sales tax and the City of Houston levies a 3.00% sales tax. There is no State sales tax or personal income tax.

## **BOROUGH FINANCIAL MATTERS**

### **General**

The Borough's accounting records are maintained on a modified accrual basis in conformity with generally accepted accounting principles. Alaska law requires that an annual independent audit be made of the books of account and financial records and transactions of the Borough by a public accountant. The Borough has complied with this requirement, and the auditor's report for the fiscal year ended June 30, 2015 is included herein as APPENDIX A. The Government Finance Officers Association of the United States and Canada has awarded to the Borough its Certificate of Achievement for Excellence in Financial Reporting for the past [30] years.

The State Department of Education and Early Development promulgates the basis of accounting and reporting for schools, including the School District. These procedures must be adhered to for eligibility for State revenues under the public school foundation program. See "State Operating Aid for Education." The Education Operating Fund is utilized to account for all education related revenues and expenditures. The School District maintains detailed departmental accounting records for operating budget and reports to the State.

### **Budgeting**

Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All departments and service areas submit budgets to the Borough Manager on or about January 31 of each year. The Borough Manager uses these requests for developing a proposed budget. The Borough Manager submits the proposed budget to the Assembly on the third Tuesday of April. The Assembly is required to hold public hearings on the proposed budget and to adopt the budget by May 31.

The School District is required by Borough Code to submit its annual budget including capital expenditures to the Borough Assembly for approval. All educational capital outlay expenditures are made directly by the School District with budgetary control and detailed accounting records maintained by the Borough Finance Department. The Borough Finance Department is responsible for the issuance of budgetary status and general ledger reporting. The School District does not have the authority to engage in direct treasury activity.

### **Labor Relations**

As of March 1, [2015], the Borough employed 298 people on a full-time basis in general government positions and approximately 2,001 full time equivalent employees in school operations. Borough officials consider employee relations to be satisfactory. General government employees of the Borough are represented by the Matanuska-Susitna Borough Employees Association and have a three year contract with the Borough that extends through [December 31, 2015]. There have been no strikes by Borough employees in recent years. Most employees of the School District are represented by the Matanuska-Susitna Borough Education Association. The current contract with the School District extends through June 30, 2017.

### **Retirement Plans**

Permanent employees of the Borough participate in the Alaska Public Employees Retirement System ("PERS") and the Supplemental Benefits System ("SBS"), and teachers of the School District participate in the Alaska Teachers Retirement System ("TRS").

State legislation passed in 2005 affected retirement benefits for new employees under PERS and TRS. The legislation requires all new eligible employees hired on or after July 1, 2006 to be participants in newly created defined contribution retirement plans. For fiscal year 2016, employees are required to contribute 8% of compensation and employers are required to contribute 8% of compensation for PERS-covered employees and 10% for TRS-covered employees, plus additional amounts for certain medical insurance (1.68% of compensation for PERS-covered employees and 2.04% for TRS-covered employees) and occupational death and disability benefits (1.05% for police and fire and 0.22% for other PERS-covered employees).

Employees hired prior to July 1, 2006 continue to accrue benefits under the existing defined benefit plans and, with respect to those plans, the employer will pay contribution rates set by the Alaska Retirement Management (“ARM”) Board. Pre-July 1, 2006, non-vested employees may elect to switch from the defined benefit to the appropriate defined contribution plan.

As part of the 2005 legislation, the then existing rate-setting and investment boards were eliminated and replaced with the ARM Board on October 1, 2005. The assets of PERS, TRS, and SBS are managed and invested by the ARM Board. The State of Alaska Department of Administration is the administrator of the plans.

In April 2008, the State converted the existing PERS from an agent-multiple employer plan to a cost-sharing plan. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers. TRS has been operating as a cost-sharing plan for some time.

PERS requires a uniform employer contribution rate of 22% or less of active member wages, subject to a wage floor, and TRS requires a uniform employer contribution rate of 12.56% or less. The State is required to contribute in the event that the employer contribution rates adopted by the ARM Board, which include a component to amortize past service liability, exceeds those rates. Any such additional contributions are currently recognized by each employer as an on-behalf payment from the State.

In 2014, the State Legislature appropriated \$1 billion to reduce the unfunded actuarial accrued liability of PERS and \$2 billion to reduce the unfunded actuarial accrued liability of TRS. The State Legislature also directed the ARM Board to adopt employer contribution rates for liquidating the past service liability of PERS and TRS using a level percent of pay method over a closed term of 25 years ending in 2039, rather than the level dollar method that had been used by the ARM Board. This change in methodology resulted in significantly lower adopted employer contribution rates for fiscal year 2016. All of the reduction in employer contributions for fiscal year 2016 will be reflected in lower on-behalf payments from the State.

PERS participants first hired before July 1, 2006, participate in a defined benefit plan. Under that plan, employees contribute 6.75% of their annual covered salaries to PERS (7.5% for peace officers and firefighters).

In September 2014, employer contribution rates were set for fiscal year 2016 based on assumptions and projections from the actuary designed to achieve full funding over a closed term of 25 years. The consolidated rate for fiscal year 2016 was set at 27.19% for all PERS employers, compared to 44.03% for fiscal year 2015. Since the consolidated rate exceeds the uniform employer contribution rate of 22%, the State is required to make a 5.19% on-behalf payment for fiscal year 2016, compared to 22.03% for fiscal year 2015.

As of June 30, 2013 (the latest adopted actuarial valuation data), the PERS defined-benefit pension fund showed assets (on an actuarial valuation basis) of \$12.163 billion against total liabilities of \$19.993 billion. Assets as a percent of pension fund obligations are 60.8%, representing system-wide underfunding of \$7.830 billion. If market values for assets were used, assets as a percentage of obligations would be 62.6%. The actuarial valuations for PERS include calculations for the health insurance of retirees which are a contractual obligation of the system.

TRS participants first hired before July 1, 2006, participate in a defined benefit plan. Under that plan, employees contribute 8.65% of their annual covered salaries to TRS.

In September 2014, the employer contribution rates were set for fiscal year 2016 based on assumptions and projections from the actuary designed to achieve full funding over a closed term of 25 years. The consolidated rate for fiscal year 2016 was set at 29.27% for all TRS employers, compared to 70.75% for fiscal year 2015. Since the consolidated rate exceeds the uniform employer contribution rate of 12.56%, the State is required to make a 16.71% on-behalf payment for fiscal year 2016, compared to 58.19% for fiscal year 2015.

As of June 30, 2013 (the latest adopted actuarial valuation data), the TRS defined-benefit pension fund showed assets (on an actuarial valuation basis) of \$4.974 billion against total liabilities of \$9.592 billion. Assets as a percent of pension fund obligations are 51.9%, representing system-wide underfunding of \$4.618 billion. If market values for assets were used, assets as a percentage of obligations would be 53.6%. The actuarial valuations for TRS include calculations for the health insurance of retirees which are a contractual obligation of the system.

The true costs of a defined benefit retirement plan cannot be determined until its future unfolds. The return on fund assets, member termination rates, future salary levels, medical costs, mortality experience, etc. cannot be precisely predicted. Estimates based on experience with similar groups, along with the judgment of the actuary and the plan sponsor, can provide a reasonable approximation of this true cost. However, as actual experience emerges under any retirement plan, it will be necessary to study the continued appropriateness of the techniques and assumptions employed and to adjust the contribution rate as necessary.

The SBS was designed to provide benefits in lieu of those under Social Security when the State withdrew from that system. Certain political subdivisions, including the Borough, also elected to participate in the SBS. The Borough currently contributes 6.13% of an employee's wages up to the current Social Security wage base.

## **Risk Management**

The Borough and School District are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and illness of and injuries to employees, for all of which the Borough and School District carry commercial insurance. Claims on insurance have not exceeded coverages in any of the last three years. The Borough's insurance, including the School District, is on a claims occurred basis except the school leaders' errors and omissions, which is on a claims made basis. Major coverages, which are in effect until June 30, [2017], are as follows:

Type of Major Coverage	Limit of Coverage	Deductible / Retention
Property* .....	\$[1,064,944,584]	\$[100,000]
Excess liability occurrence and aggregate.....	\$[20,000,000]	\$[250,000]

\* Limited to \$50 million per occurrence and annual aggregate and \$25 million earthquake and flood per occurrence and annual aggregate.

### Self-insurance Coverage

The Borough and the School District jointly participate in self-insurance for unemployment claims and for property and casualty coverage.

Unemployment insurance is paid by the Borough and School District on a reimbursement basis to the State when individual claims are filed.

Property and casualty claims within the retention are paid by the Borough and School District on a reimbursement basis. The Borough and School District accrue an estimate for claims incurred but not reported at year end. The Borough and School District have a \$250,000 per occurrence retention for casualty claims.

The Borough (excluding the School District) provides health insurance on a self-insured basis up to \$130,000 each occurrence or \$1 million in aggregate for all medical claims during the fiscal year. Health insurance claims are paid by the Borough on a reimbursement basis. The Borough uses a third party administrator for this fund. Health insurance for the School District is paid on a premium basis.

For the fiscal year ending June 30, [2015], the Borough and the School District are self-insured in their workers' compensation insurance program. All claims reported under the self-insurance retention of \$500,000 are paid by the Borough for all employees except fire responders. The self-insurance retention for fire responders is \$750,000. All claims reported under the self-insurance retention of \$500,000 are paid by the School District. Anything in excess of the limit is covered by an insurance carrier.

### Cash Management and Investment Policy

The Borough's investment policy is to invest public funds in a manner which will provide the highest investment return consistent with the maximum preservation of capital while meeting the daily cash flow demands of the Borough. Investments of the Borough's short-term operating funds (not including bond proceeds) are authorized only in (i) obligations of, or guaranteed by, the United States; (ii) obligations of an agency or instrumentality of the United States; (iii) repurchase agreements and certificates of deposit collateralized with obligations described under (i) and (ii); (iv) money market mutual funds invested only in obligations described under (i) and (ii); (v) taxable general obligations of a state or municipality rated AA or higher by at least two nationally recognized rating agencies; and (vi) the Alaska Municipal League Investment Pool, whose investments are limited to those permitted under Alaska Statutes Chapter 37.23.

As of June 30, [2014], substantially all of the Borough's cash was invested. The amount of interest income for Governmental Fund Types during fiscal year 2014 was \$876,148. In addition, the amount of interest income for Agency Funds during fiscal year 2014 was \$4,264. Total interest income for fiscal year 2014 was \$879,095.

## Revenues and Expenditures

State contributions and property taxes are the major revenue sources for the Borough; general government and school operations accounted for approximately 88% of total expenditures in fiscal year [2014]. The State makes payments to Alaska local governments that operate schools under various programs (for operating, debt service and capital improvement purposes). (See “State Operating Aid For Education” and “State Debt Reimbursement Programs – School Debt Reimbursement Program”). State funds accounted for approximately 72% of the Borough’s educational operating revenues in fiscal year [2014].

Revenues for general governmental functions (which include the General, Special Revenue and Debt Service Funds) totaled \$390.1 million in fiscal year [2014] and \$378.1 million in fiscal year 2013. General property taxes, registration fees and special assessments produced \$122.4 million in fiscal year [2014] and \$115.9 million in fiscal year [2013].

### Fiscal Years 2015 and 2014 Revenues

(Amounts in thousands)

Source	2015		2014	
	Amount (000)	Percent of Total	Amount (000)	Percent of Total
Taxes and Assessments ....	[\$122,419	31%	\$115,956	31%
State and Federal Funds....	254,626	65	251,155	66
Other.....	13,082	4	10,942	3
<b>TOTAL.....</b>	<b>\$390,126</b>	<b>100%</b>	<b>\$378,053</b>	<b>100%</b>

Source: *Comprehensive Annual Financial Report of the Borough, June 30, [2015].*

Expenditures totaled \$387.8 million during fiscal year [2014] and \$370.1 million during fiscal year [2013] as shown on the following table.

### Fiscal Years 2015 and 2014 Expenditures

(Amounts in thousands)

Source	2015		2014	
	Amount (000)	Percent of Total	Amount (000)	Percent of Total
General Government .....	\$ 25,755	7%	\$ 25,755	7%
Education Operating.....	285,626	74	285,626	74
Education Debt Service..	29,182	8	29,182	8
Other.....	47,328	11	47,328	11
<b>TOTAL.....</b>	<b>\$387,891</b>	<b>100%</b>	<b>\$387,891</b>	<b>100%</b>

Source: *Comprehensive Annual Financial Report of the Borough, June 30, [2015].*

**General Government Operating Revenues**  
(Amounts in thousands)

Fiscal Year (June 30)	Property Taxes	% of Total	State Funds	% of Total	Federal Funds	% of Total	Other	% of Total	Total
2015	\$	%	\$	%	\$	%	\$	%	\$
2014	122,419	31	232,460	60	22,165	5	13,081	4	390,126
2013	115,956	31	226,921	60	24,234	6	10,942	3	378,053
2012	109,872	31	207,700	60	23,989	6	9,107	3	350,668
2011	113,297	33	187,499	54	35,875	10	10,332	3	347,003
2010	111,422	35	172,653	54	22,821	7	12,028	4	318,924
2009	105,632	35	168,257	55	18,334	6	13,415	4	305,638
2008	96,875	33	165,818	56	16,569	6	15,708	5	294,970
2007	89,773	36	129,145	51	16,365	7	15,744	6	251,027
2006	84,977	37	113,226	50	17,553	7	12,934	6	228,690

Source: Comprehensive Annual Financial Report of the Borough, June 30, [2015].

**General Government Expenditures**  
(Amounts in thousands)

Fiscal Year (June 30)	General Government (1)	% of Total	Education		% of Total	Other (3)	% of Total	Total
			Operating (2)	Debt Service				
2015	\$	%	\$	\$	%	\$	%	\$
2014	25,755	7	285,626	29,182	81	47,328	11	387,891
2013	21,778	6	274,557	28,101	82	45,693	12	370,129
2012	24,031	7	257,683	21,875	81	41,331	12	344,920
2011	23,273	7	244,834	18,750	82	36,586	11	323,443
2010	25,193	8	223,466	17,397	80	35,253	12	301,309
2009	22,742	8	216,112	16,895	80	35,853	12	291,602
2008	20,690	7	207,342	16,858	80	36,414	13	281,304
2007	18,068	8	165,712	14,212	79	29,857	13	227,849
2006	15,499	7	158,726	13,731	81	26,107	12	214,063

Source: Compiled from the Comprehensive Annual Financial Report of the Borough, June 30, [2015].

- (1) Includes General Government, Road Service Areas and Land Management Expenditures, net of Recovery of Expenses from Other Funds.
- (2) Education Operating and Education Special Revenue expenditures.
- (3) Includes Public Safety, Fire Service Area Debt Service, Parks and Indoor Recreation, Matanuska-Susitna College, Libraries, Cultural Resources and Solid Waste Disposal.

**Combined Statement of Revenues, Expenditures and Transfers for All Governmental Funds**  
(Fiscal Years Ended June 30)  
(Amounts in thousands)

	[2015]	2014	2013	2012	2011	2010
Combined Beginning Fund Balance, July 1 ..		\$287,387	\$282,777	\$185,318	\$138,126	\$132,091
<b>Revenues:</b>						
Taxes and Assessments .....		\$122,419	\$115,956	\$109,872	\$113,297	\$111,422
Intergovernmental.....		340,090	295,213	262,760	256,234	213,138
Charges for Services.....		8,340	6,869	5,412	5,899	5,661
Interest Income & Other.....		4,857	4,344	4,044	4,451	11,428
<b>Total Revenues .....</b>		<b>\$475,706</b>	<b>\$422,382</b>	<b>\$382,088</b>	<b>\$379,881</b>	<b>\$341,649</b>
<b>Expenditures:</b>						
General Government.....		\$25,755	\$ 21,778	\$ 24,031	\$ 23,273	\$ 25,192
Public Safety.....		18,499	20,124	18,148	16,533	15,475
Public Services .....		307,713	294,076	276,309	262,937	241,313
Debt Service .....		31,650	29,664	23,303	20,177	18,843
Capital Outlays & Other.....		156,591	80,600	43,848	44,510	34,434
<b>Total Expenditures.....</b>		<b>\$540,208</b>	<b>\$446,242</b>	<b>\$385,639</b>	<b>\$367,430</b>	<b>\$335,257</b>
Excess of Revenues over Expenditures .....		\$(64,502)	\$(23,860)	\$(3,551)	\$12,451	\$6,392
<b>Other Financing Sources (Uses)</b>						
Bond Proceeds .....		61,459	28,620	101,265	34,855	0
Net Transfers & Other.....		5,564	(150)	(255)	(114)	(357)
Excess of Revenues over Expenditures and Other Financing Sources.....		\$2,521	\$4,610	\$97,459	\$47,192	\$6,035
Combined Ending Fund Balance.....		\$289,908	\$287,387	\$282,777	\$185,318	\$138,126
Ending General Fund Balance.....		\$59,768	\$58,579	\$54,032	\$64,964	\$56,939
Ending General Fund Cash Balance.....		\$45,369	\$43,191	\$42,870	\$54,406	\$51,765

Source: Comprehensive Annual Financial Reports of the Borough.

**School District Debt Service Account**  
Year Ended June 30,

	[2015]	2014	2013	2012	2011	2010
Beginning Account Balance....		\$758,042	\$1,004,897	\$986,832	\$267,299	\$774,734
<b>Revenues</b>						
State Reimbursement (1).....		\$19,679,679	\$18,932,007	\$14,105,641	\$12,280,710	\$11,237,576
General Fund Transfers.....		8,843,745	8,717,993	6,919,146	6,832,804	5,652,424
Other Revenues.....		1,268	0	80,906	159	29
<b>TOTAL .....</b>		<b>\$28,524,692</b>	<b>\$27,650,000</b>	<b>\$21,105,693</b>	<b>\$19,113,673</b>	<b>\$16,890,029</b>
<b>Expenditures</b>						
Bond Redemption .....		\$17,515,000	\$16,675,000	\$12,635,000	\$11,035,000	\$9,960,000
Bond Interest.....		11,452,775	11,221,855	8,374,184	7,359,140	7,437,464
Bond Issuance Costs .....		0	0	78,444	0	0
Bond Fees .....		0	0	0	0	0
<b>TOTAL .....</b>		<b>\$28,967,775</b>	<b>\$27,896,855</b>	<b>\$21,087,628</b>	<b>\$18,394,140</b>	<b>\$17,397,464</b>
Ending Account Balance.....		\$314,959	\$758,042	\$1,004,897	\$986,832	\$267,299

Source: Comprehensive Annual Financial Reports of the Borough. The School Debt Service Account is maintained in the Debt Service Fund.

(1) See "State Debt Reimbursement Programs – School Debt Reimbursement Program".

## Resource Sales and Conveyances

Under Alaska Statute 29.65.010, boroughs in Alaska were given the right to select ten percent of “vacant, unappropriated and unreserved” State lands within their boundaries. The State has the right to select certain quantities of land owned by the United States government. Under the State of Alaska Municipal Entitlement Act, the Borough has been granted a land entitlement of 355,210 acres. The Borough has received patent to over 271,009 acres of this entitlement and has management authority for an additional 79,981 acres which must be surveyed before being patented. The Borough has finalized its land selections under the Municipal Land Act and resolved all differences with the State on what land should be conveyed to the Borough.

As part of the Borough’s Municipal Entitlement land from the State, the Borough has received a patent for key tidelands at Port MacKenzie. As well, the Borough is in the process of surveying 4,786 acres at Hatcher Pass. Once the survey is complete there is a Borough Assembly approved land exchange between the Borough and the State of Alaska Department of Natural Resources for an additional 260 acres in the Hatcher Pass Development Area. It is expected that obtaining patent to this parcel will aid in the facilitation of financing by private developers and the Borough obtaining federal and State grants for the ski area resort and residential development planned for this area. See “General and Economic Data – Economic Development.”

Land sales (residential, recreational, commercial and agricultural and natural resource (timber and gravel)) during fiscal year 2013 included three transactions primarily through over-the-counter sales and sealed bids. Properties are offered for cash or terms, requiring 20 percent down payment and amortized over five or ten years. Overall revenue generated from these resource sales for fiscal year 2013 was in excess of \$415,200. Proceeds from land sales, leases, timber, gravel and associated fees are deposited in the Land Management Fund.

Land Management Fund money may be spent as appropriated by the Borough Assembly for the following purposes only: capital improvements (including, but not limited to, school debt service, trails, roads, streets, buildings, port infrastructure, harbors, air fields, park acquisition and development, utilities and land acquisition), and for administration of the Borough land selection and management program.

## BOROUGH GOVERNMENT

The Borough was incorporated as a second class borough on January 1, 1964. The Borough is governed by a seven-member Borough Assembly, elected from single-member districts, and a Mayor, elected at large. The Borough Assembly appoints the Borough Manager, who serves as chief administrator, and an Attorney and Clerk. There is an appointed Planning Commission, Platting Board, Transportation Advisory Board, and several other advisory committees.

### Powers

There are three categories of Borough powers: areawide powers (exercised throughout the Borough), non-areawide powers (not exercised within cities), and powers exercised through a service area (a district in which a tax is levied to finance special services provided within the district). The Borough’s areawide powers include: assessment and collection of taxes; education; planning and zoning; parks and recreation; ports, harbors and wharves; ambulance service; transportation; air pollution control; day care facilities; historic preservation; and transient accommodations taxation.

The Borough exercises the following areawide powers: general administration, education, property assessment and collection of taxes, planning and zoning, parks and recreation, ports, emergency

medical services, transportation and historic preservation. The Borough also exercises the following non-areawide powers: solid waste, libraries, septage disposal, animal care and regulation and economic development. Additionally, following voter approval, the Borough is responsible for 30 active service areas for water, sewer, flood, water erosion, fire and/or roads. Service area boards of supervisors are appointed by the Borough Assembly to oversee the affairs of each service area.

### School District

The School District is a dependent unit of the Borough, governed by an elected school board. The Borough issues bonds and levies taxes on behalf of the School District. The school system consists of seven high schools; five middle schools; two combined junior/senior high schools; four primary/secondary schools (K-12) and 20 elementary schools and six charter schools and is the second largest school district in the State, after Anchorage.

#### School District Enrollment

Fiscal Year Ending June 30	Average Daily Attendance (K-12)	Average Daily Enrollment	Professional Teaching Staff	Number of Schools
2015	17,751	17,764	1,159	45
2014	16,940	17,479	1,159	45
2013	16,961	17,247	1,133	45
2012	16,766	17,338	1,117	44
2011	16,351	16,962	1,247	44
2010	16,053	16,653	1,211	44
2009	15,954	16,464	1,186	41
2008	15,778	16,115	1,120	40
2007	15,098	15,847	1,089	37
2006	14,514	15,440	1,051	37

Source: School District records.

### Borough Administration

The administration of the Borough government is directed by the Borough Manager. The Director of Finance is responsible for financial matters. Biographical information with respect to the Borough Manager and the Director of Finance is set forth below:

*John Moosey* was appointed the Borough Manager in May 2011. He began his career in local government management within the Borough of Clarion, Pennsylvania in 1985. Including Clarion, Mr. Moosey has served 29 years as Chief Executive/Administrative Officer in the communities of Middlefield, Ohio, Defiance, Ohio, Brewster, Ohio, North Branch, Minnesota and Chisago County, Minnesota. Mr. Moosey holds a Master's Degree of Public Administration from Kent State University. He also holds a membership in the International City County Management Association.

*Tammy E. Clayton* was appointed as the Director of Finance of the Borough in September 1998. From February 1991 until September 1998, she was the Borough Comptroller. Ms. Clayton is a former member of the Executive Board of the Government Finance Officers Association of the United States and Canada. She has also served as the President of the Alaska Government Finance Officers Association. She is on the Board of Directors of the Alaska Municipal League Investment Pool. Ms. Clayton is a Certified Public Accountant in the State of Alaska and previously worked with Coopers & Lybrand for a period of six years. Prior employment experience included several years with a financial institution as

comptroller. Ms. Clayton has a bachelor's degree in business administration from the University of Alaska.

### **School District Administration**

*Dr. Deena M. Paramo* was appointed Superintendent in July 2011. Dr. Paramo became an Alaskan educator in 1991 when she began teaching in interior Alaska. She moved to the Borough in 1993 to teach at the School District. She started her career in school administration in 1996 as an Assistant Principal in two of the District's middle schools. In 2003 she became a Principal. Dr. Paramo became the Assistant Superintendent of Instruction in 2007. Dr. Paramo has a Bachelor of Science Degree, with a specialization in bilingual education, from Texas State University and a Master of Education in Administration from the University of Alaska. She earned her Doctor of Education degree at the University of Oregon.

*Rebecca Wright* was appointed Chief Financial Officer of the School District in March 2012. She has earned a Masters of Business Administration degree and has over 21 years of experience in accounting, payroll, office management, negotiations, contract management, risk management, human resources and customer service. She has held positions in banking, commercial shipping, government and publishing industries, as well as owned and operated a small recruiting business. She is a member of the Government Finance Officers Association, Alaska Government Finance Officers Association, Association of School Business Officials, Alaska Association of School Business Officials, National Institute of Governmental Purchasing and the Society of Human Resources.

## **GENERAL AND ECONOMIC DATA**

### **Description of Borough**

The Borough lies in the heart of southcentral Alaska, encompassing more than 25,000 square miles of rolling low land, mountains, lakes, rivers and streams. The Borough includes portions of the Alaska Range to the northwest; portions of the Chugach Mountains to the southeast; and essentially the entire Talkeetna and Clearwater Ranges in its interior. The Municipality of Anchorage, Upper Cook Inlet, and Knik Arm delineate the Borough's southern boundary.

There are three incorporated cities within the Borough: Palmer, Wasilla, and Houston. Additionally, there are several unincorporated communities and 21 Borough recognized community councils. One unincorporated community, Big Lake, is currently exploring incorporation, though the timing and ultimate approval of such incorporation is presently unknown.

The majority of the Borough's population resides in the "core area," surrounding the cities of Palmer and Wasilla and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites. Two major highways, the Glenn Highway and George Parks Highway, traverse the Borough. Virtually all out-of-state highway traffic travels through the Borough via one of these two highways. The Alaska Railroad's mainline also traverses the Borough connecting southcentral Alaska and Anchorage with interior Alaska.

### **Population**

The estimated population for [2014] for the Borough is 98,063, with an estimated population of 1,965 in the City of Houston, 6,053 in the City of Palmer and 8,275 in the City of Wasilla. The Borough has been Alaska's fastest growing region for the last two decades and is the third most populous

municipality in the State, after Anchorage and Fairbanks. The [2014] estimated population represents an increase of 10% over the 2010 U.S. Census population of 88,995.

The population of the Borough, along with its two largest cities, Palmer and Wasilla, are shown below:

	<b>Population</b>				
	[2015]	2010	2000	1990	1980
Borough .....	98,063	88,995	59,322	39,683	17,816
Wasilla .....	8,275	7,831	5,469	4,028	1,559
Palmer .....	6,053	5,937	4,533	2,866	2,141

Sources: [2015] estimates of Alaska Department of Commerce, Community and Economic Development; 1980, 1990, 2000 and 2010 U.S. Census.

### Population Distribution

Age Groups	[2015]		2005	
	Population	% Total	Population	% Total
Under 25	35,740	36.4%	29,312	39.2%
25-34	13,174	13.4	7,940	10.6
35-44	12,687	12.9	11,961	16.0
45-54	13,673	13.9	13,402	17.9
55-65	13,168	13.5	7,166	9.6
Over 65	9,621	9.9	5,090	6.8
<b>TOTAL</b>	<b>98,063</b>	<b>100.0%</b>	<b>74,871</b>	<b>100.0%</b>

Source: Alaska Department of Labor and Workforce Development.

Originally settled by gold miners in the late 1800's, Palmer is now characterized as the agricultural center of Alaska, due to the Matanuska Valley colony. The federal government took over the local railroad's efforts to attract settlers to Palmer in 1935. A total of approximately 160 families were involved; at the peak there were more than 70 dairy farmers in the Palmer area.

The Matanuska Valley region has been the State's primary agricultural producer since the mid-1930's. Grains and grasses and commercial vegetables are the major crops; total cropland includes approximately 14,000 acres. In recent years, some land previously devoted to agriculture has been converted to residential use.

Residential and recreational land, the subject of development and subdivision since 1970, is one of the most important Borough resources. The southern portion of the Borough provides residential support to Anchorage. The State estimates that 32% of the working population within the Borough commutes on a regular basis to Anchorage and that 12% commutes to areas outside of southcentral Alaska.

Government, transportation, construction, retail trade and other services provide the bulk of employment within the Borough; agriculture also plays an important role in the economy. Tourism and the development of natural resources, primarily coal and forest products, could expand the economic base in the future.

## Employment

There has been significant growth in employment in the Borough. From 2000 to 2010, wage and salary employment in the Borough grew more than 60%, compared with 15% growth Statewide. Most of the growth in the Borough was a result of population growth.

The Borough's employment level and major employment categories are detailed in the tables below. The difference in total employment and employment in the Borough reflects the large portion of the labor force that works in the Anchorage area (approximately 32%) or outside of southcentral Alaska (12%). The relatively high unemployment rate in the Borough reflects the fact that a large number of Borough residents are engaged in part time oil related employment on the North Slope or are seasonal workers in the fishing industry.

While unemployment has traditionally been higher in the Borough and income lower when compared to Statewide figures, the long term trends indicate decreasing differentials in unemployment and income between the Borough and the State. The work force has a strong commuter pattern and a strong seasonal pattern and this is reflected in the higher than average unemployment figure. The unemployment rate for December, [2014] was 7.1%.

### Borough Labor Force and Unemployment Rate

	[2014]	2013	2012	2011	2010	2009	2008	2007
Labor Force .....		43,703	43,764	44,256	44,008	42,425	41,677	39,959
Unemployment Rate.....		7.3%	8.0%	9.0%	9.3%	9.3%	7.3%	7.0%

**Borough Employment by Industry**  
2010 — 2015

	[2015]	2014	2013	2012	2011	2010
<b>Goods – Producing</b> .....		2,914	2,165	1,964	1,896	1,898
Natural Resources & Mining .....		246	159	174	182	160
Construction.....		2,152	1,799	1,594	1,505	1,531
Manufacturing.....		516	207	196	209	207
<b>Service – Providing</b> .....		15,792	14,437	14,202	13,960	13,678
Trade, Transportation & Utilities .....		5,006	4,611	4,504	4,417	4,511
Wholesale Trade.....		125	122	75	99	84
Retail Trade.....		3,901	3,614	3,561	3,528	3,391
Transportation, Warehousing .....		735	671	632	606	846
Utilities.....		218	N/A	236	184	190
Information .....		471	510	596	642	621
Financial Activities .....		794	744	751	738	740
Professional & Business Services .....		1,429	1,243	1,213	1,159	1,094
Educational & Health Services .....		4,048	4,014	3,955	3,707	3,574
Leisure & Hospitality Services .....		3,185	2,520	2,402	2,516	2,341
Other Services .....		749	749	733	743	730
Unclassified establishments .....		110	45	47	38	67
<b>Government — Total</b> .....		4,004	4,800	4,643	4,446	4,267
Federal.....		203	197	210	216	273
State.....		1,549	1,423	1,259	1,185	1,166
Local.....		2,252	3,180	3,174	3,045	2,828
<b>Total</b> .....		<u>22,710</u>	<u>21,402</u>	<u>20,808</u>	<u>20,302</u>	<u>19,843</u>

Source: Alaska Department of Labor.

Wages and income have traditionally been lower in the Borough than the average in the State. In 2012, the average monthly wage and salary job in the Borough earned \$3,194 vs. \$4,175 Statewide. Most of this difference is explained by the employment mix. More jobs in the Borough fall into lower paying industry categories such as retail and services, while fewer are available in the higher-paying industries such as oil.

**Military Bases**

Joint Base Elmendorf-Richardson, located in Anchorage, is an important part of the economy of the Anchorage area, including the Borough. In addition to the approximately 13,300 military personnel stationed on the joint base, some 3,300 civilian personnel are employed at the facilities. The annual payroll for military personnel is \$837 million and the annual payroll for civilian employees is \$230 million.

**New Construction**

The number of units and the value of non-residential construction and residential construction in the Borough in the years ended 2006 to 2015 are set forth in the following table.

**Value of New Construction**  
2006 — 2015

Year	Nonresidential construction		Residential construction	
	Number of Units	Value	Number of Units	Value
2015	—	\$ _____	—	\$ _____
2014	—	_____	—	_____
2013	29	19,128,900	537	118,562,500
2012	26	11,836,308	659	93,623,700
2011	31	34,434,786	622	82,499,521
2010	25	20,802,400	328	55,930,941
2009	37	19,010,480	547	86,668,220
2008	36	45,761,861	775	114,754,139
2007	97	31,039,000	1,224	233,957,300
2006	186	115,217,400	1,533	258,054,200

Source: Borough Assessment Department.

**Bank Deposits**

The value of bank deposits in the Borough for the fiscal years 2006 to 2015 is set forth in the following table.

**Bank Deposits**  
2006 — 2015

Year	Value
2015	\$ _____
2014	_____
2013	1,122,687,000
2012	1,090,639,000
2011	1,063,708,000
2010	763,603,000
2009	707,402,000
2008	594,122,000
2007	566,330,000
2006	544,924,000

Source: Sheshunoff Information Services, Inc.

**Port MacKenzie Development**

A portion of the Borough's southern boundary borders Cook Inlet. Port MacKenzie is located on the Knik Arm of Cook Inlet, about two nautical miles, but over 80 road miles, from Anchorage, where over 50% of Alaska's population resides. Based upon the Port MacKenzie Master Plan and the Port MacKenzie Development Project Prefeasibility Study, the Borough began construction of a port facility in 1999. The Port MacKenzie barge dock and access road were completed in 2000. Port MacKenzie has a 500 foot long barge dock (20 feet mean lower low water) and 8,940 acres (14 square miles) of undeveloped land that are wholly owned by the Borough and will be developed as an operational port and industrial area. The barge dock accommodates barges and small cargo and passenger vessels. Port MacKenzie also includes a 1,200 foot deep-draft dock (60 feet at mean low tide) to accommodate Panamax and Cape size vessels. The Borough also has title to 1,240 acres of the adjacent tidelands which will help ensure compatible off-shore development in the Port MacKenzie area.

Im 116-131  
UR 116-087 1300

A Special Use District Ordinance for Port MacKenzie to control land uses, facilitate leasing, property site and develop infrastructure, and locate industries has been adopted by the Borough Assembly.

The Borough has executed a Dock Lease and Non-Exclusive Priority Use Right Agreement with NPI LLC, an Alaskan company. The company has developed a woodchip storage and loading facility at Port MacKenzie. Although primarily for wood chips, the loading of other bulk commodities such as sand, gravel, peat, coal and grain is allowed. NPI, LLC has also constructed a 24,000 square foot warehouse and silo to import and distribute cement. Other Port tenants include Alutiiq Manufacturing Contractors, which manufactures HUD housing and pre-fabricated buildings; PacArctic which is a trucking and logistics company; and Central Alaska Energy, which will be constructing a 4.8 million gallon fuel tank farm in 2016.

A 32-mile rail link connecting Port MacKenzie to the main line of the Alaska Railroad is under construction. The link will shorten the distance between the Interior and tidewater, enhancing opportunities for the development of new industries with low transportation costs. Completion of the rail spur is projected for September 2017. Since 2009, the Borough has received \$184 million from the State for this rail spur project.

The Borough secured several federal appropriations from the Department of Transportation's Federal Transit Administration totaling \$22.0 million for the design and construction of ferry terminal facilities at Port MacKenzie and Anchorage. A \$3.6 million ferry terminal building at Port MacKenzie was completed in November 2006. To date, the Municipality of Anchorage has not approved any plan for the construction of the Anchorage terminal facility that would be required for any ferry service. A \$70 million icebreaking ferry funded by the United States Navy Office of Naval Research was completed in 2010. Title to the ferry has been transferred to the Borough. The ferry requires an estimated \$40 million in additional improvements in order to be operational, and such funds have not been allocated to date.

In August 2014, the Federal Transit Administration requested that the Borough repay the Federal Transit Administration in the amount of \$12 million for non-use of the ferry and the ferry terminal facilities. The Borough is engaged in preliminary negotiations for the sale of the ferry. Subject to approval by the Borough Assembly, the Borough also intends to use proceeds from a proposed issuance of Certificates of Participation to finance the purchase of the ferry terminal building. It is intended that these proceeds will be used to repay a portion of the \$12 million reimbursement to the Federal Transit Administration. The Borough further intends to negotiate a reduction in the amount owed to the Federal Transit Administration and pursue a multi-year payment plan for the remaining balance. [Update.]

[A discussion of the ongoing dialogue between the Borough and the Federal Transit Administration is included in the Borough's audited financial statements for the year ended June 30, 2014]. See Note [7] in APPENDIX A, "BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, [2014]."

## **Economic Development**

[Update.] During 2010, the Borough completed an Economic Development Strategic Plan designed to provide a blue print for positioning the Borough for sustainable economic growth and prosperity. The plan placed heavy emphasis on business community involvement and included over 140 business representatives and approximately 40 public entity representatives in the planning process. In 2012, an Economic Development Advisory Council was formed as well as workgroups for each of the 24 strategies in the Economic Development Strategic Plan. The top strategies include Port Development and Marketing, Transportation Infrastructure, and Business Attraction, Retention, and Expansion. These

bodies were formed from many of the same stakeholders that architected the Economic Development Plan.

Since 2013, economic expansion among small- and medium-sized businesses in the Borough has been rapid. Approximately 1,001 new business licenses were issued. This trend is expected to continue as businesses from Fairbanks, Anchorage and outside of Alaska look for locations that offer a business friendly climate and strong potential for growth.

In July 2012 the Goose Creek Correctional Center became fully operational and has resulted in the creation of 345 permanent jobs. This \$260 million facility is a joint project between the Borough and the State, whereby the Borough built the facility and leased it to the State, Department of Corrections under a lease-purchase agreement. Lease payments made by the State are equal to the debt service on the Borough's Lease Revenue Bonds which were issued in January 2009. The State operates the facility, which is located nine miles from Port MacKenzie. The Borough Assembly recently voted to support the creation of a new town site adjacent to the Correctional Center. See "State Prison Lease Revenue Bonds."

The Mat-Su Regional Medical Center, a new 74 bed hospital in the Borough that opened in 2006, has grown faster than expected. This \$110 million acute care facility has credentialed over 130 medical staff members, 85 of whom hold active medical staff privileges. These 85 physicians represent numerous specialties previously unavailable to Borough residents unless they drove to Anchorage. The Medical Center and the nearby Mat-Su College form the nucleus of a medical care and med-tech cluster on the newly completed Trunk Road corridor.

Another major medical facility, Valley Native Primary Care Center, opened August 2012 in the Borough. This new 84,000 square foot facility expands primary care, behavioral health, dietary, radiology and pharmacy services. In August 2013, Phase II was completed which added dental services and 60 new exam rooms and 28 talking rooms. Phase III will provide other services including optometry, audiology, laboratory and expanded behavioral health care. Once complete the facility will employ 200 staff including healthcare professionals.

The Alaska Department of Transportation and Public Facilities has funded over \$500 million in transportation improvements within the Borough in the last 10 years to respond to the Borough's rapid growth in population and resultant increase in vehicle traffic. These transportation improvements and enhancements have reduced the travel time to Anchorage. The Parks Highway now has four lanes through the core population area of the Borough and accommodates over 30,000 vehicles a day. The Parks Highway serves as the gateway to Alaska and is the State's most important commercial corridor, connecting the year-round Port of Anchorage to the Borough, Fairbanks and the oil fields of Prudhoe Bay on the Arctic Ocean.

[The Borough is also currently engaged in additional road paving and upgrade projects throughout the Borough totaling \$64.4 million. The Borough is also carrying out \$116 million in construction projects related to schools throughout the Borough. It is anticipated that the projects will be completed by the fall of 2015.] Since 2004, the Borough has issued \$333 million of bonds for school construction projects, which include nine new schools.

Thirty percent of Denali National Park, which includes Mount McKinley, lies within the Borough. The Borough is one of two major gateways to the Park, which is the principal tourist destination within Alaska. Over 450,000 recreational visitors visit Denali National Park each year. The National Park Service, the State, and the Borough are working together to develop the South Denali Visitor Center in the Borough, which is expected to draw an estimated 250,000 to 300,000 annual

visitors. Alaska State Parks has received \$10 million to design and construct the transportation hub and a road to the transportation hub. Construction of the road was completed during the summer of 2014.

The Borough has been working on a Hatcher Pass ski and recreation area development facility for several years totaling approximately \$6 million. This facility is located in the Hatcher Pass area of the Talkeetna Mountains, approximately 55 miles north of Anchorage. Recent investments in the project have included economic feasibility studies, upgrading access roads, extending electricity to the ski area, and constructing camping facilities, rest stops and viewing areas. Additionally, another access road and parking area was constructed during the summer of 2012. A contract was awarded to design a facility to be utilized as a visitors center and lodge. During the summer and fall of 2013 the parking areas were also expanded. A 4,000 square foot chalet was opened in January 2014 following completion of construction. It is now being upgraded to include a commercial kitchen. Lights are also being installed on the Nordic trails for night skiing.

Since 1995, there has been rapid growth in Borough tourism. The Borough's bed tax revenues have increased over 800% from \$120,607 in 1995 to \$1,099,803 in 2013. A Tourism Infrastructure Needs Study commissioned by the Borough in 2008 identified types of tourism infrastructure, such as refurbished trailheads, road waysides with restroom facilities and additional tourism information that could increase Borough tourism. Each year the Borough Assembly sets aside a portion of the bed tax revenues to address tourism infrastructure needs. This has included the refurbishing of trailheads and the construction of road waysides with restroom facilities and other miscellaneous projects to address tourism needs.

## CERTAIN VERIFICATIONS

Upon delivery of the 2016C Certificates, [Causey Demgen & Moore P.C.], as verification agent, will deliver a report to the Borough and the Underwriter, stating that the firm, at the request of the Borough and the Underwriter, has examined the arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to (i) the sufficiency of principal and interest received on Government Obligations to be applied, together with other available funds, to timely pay the principal, redemption premium and interest on the Prior Bonds, and (ii) the actuarial yields on the 2016C Certificates and the Government Obligations irrevocably deposited to accomplish the advance refunding and defeasance of the Prior Bonds.

## CONTINUING DISCLOSURE

For purposes of complying with paragraph (b)(5)(i) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240 § 240.15c2-12) ("*Rule 15c2-12*"), the Borough will execute a Continuing Disclosure Certificate (the "*Disclosure Certificate*") constituting a written undertaking for the benefit of the holders of the 2016 Certificates to provide continuing disclosure. The form of the Disclosure Certificate is attached hereto as APPENDIX D.

The Borough will undertake to provide or cause to be provided to the Municipal Securities Rulemaking Board (the "*MSRB*"), in electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, (i) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to Alaska municipalities, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and

available to the Borough they will be provided, and (ii) the comprehensive annual financial report of the Borough. Such information will be provided to the MSRB not later than the last day of the seventh month after the end of each fiscal year of the Borough (currently, not later than January 31 for a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the Borough's fiscal year ending June 30, [2016].

The Borough will also undertake to provide or cause to be provided to the MSRB timely notice of the occurrence of certain events with respect to the 2016 Certificates as set forth in the Disclosure Certificate attached hereto as APPENDIX D.

No failure by the Borough to comply with its undertaking shall constitute a default in respect of the 2016 Certificates. The sole remedy of any holder of a 2016 Certificate shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Borough to comply with its undertaking. The Borough's undertaking is subject to amendment and termination as set forth in the Disclosure Certificate attached hereto as APPENDIX D.

The Borough has entered into continuing disclosure undertakings with respect to all outstanding series of its general obligation bonds, lease revenue bonds and certificates of participation. With respect to filing of annual financial information: the Borough's CAFR for FY 2013 was not linked by CUSIP numbers to certain of the Borough's outstanding bonds; the Borough's CAFR for FY 2012 was not linked by CUSIP numbers to certain of the Borough's outstanding certificates of participation. [The Borough has subsequently filed all required annual financial information and correctly linked it to all outstanding bonds and certificates of participation for which the Borough was an issuer or obligated person.]

With respect to filing of listed events, the Borough did not file certain notices of rating changes attributable to general recalibrations of ratings by certain rating agencies for certain of its outstanding bonds and certificates of participation. The Borough has adopted procedures to assure future compliance with its continuing disclosure undertakings. Other than as may be described in this section, in the previous five years, the Borough has complied in all material respects with each continuing disclosure undertaking that it has previously entered into pursuant to Rule 15c2-12.

## LITIGATION AND REGULATORY PROCEEDINGS

[To be updated.] In the ordinary course of business, from time to time the Borough has been and is named as a defendant in lawsuits relating to personnel, commercial and environmental matters and as a plaintiff in inverse condemnation proceedings. Although the ultimate effect, if any, of these matters is not presently determinable, the Borough has determined in consultation with counsel that, collectively, such matters will not have a material adverse impact on the finances or operations of the Borough.

The Borough Department of Emergency Services has long used an on-call responder system to staff the various fire and ambulance needs of the department. Under the Borough's collective bargaining agreement, these on-call responders are expressly excluded from receiving benefits and union representation afforded regular employees. On-call responders are paid hourly rates, and different responders work a wide range of differing hours depending on the number and types of emergencies. On January 17, 2014, several plaintiffs filed suit against the Borough seeking eligibility of on-call responders for retirement benefits under PERS, and thereafter, the case was removed to federal court. The suit seeks class action certification and alleges breach of fiduciary duty, breach of contractual duties and breach of constitutional rights and requests declaratory and injunctive relief in addition to retroactive and prospective inclusion in PERS. The Borough answered the complaint and discovery is pending. As a result, the Borough cannot predict the likelihood of success or value of the claim. The Borough does not

expect the claim, if successful, to materially and adversely affect the ability of the Borough to pay the principal of and interest on the 2016 Certificates when due.

The Borough provides certain road maintenance and services through Road Service Areas (“RSAs”). (See “BOROUGH GOVERNMENT – Powers”). The Borough levies an ad valorem property tax on properties within an RSA to finance the services provided. Under State law, the proceeds of property taxes levied in an RSA cannot be used for any other purpose. In 2012, an owner of property in one of the RSAs in the Borough sued the Borough alleging violation of equal protection, due process and statute because the road serving the property owned by the plaintiff is maintained by the State. The plaintiff claims that it is unconstitutional and illegal for the Borough to tax property within an RSA that does not use a road maintained by the RSA. The plaintiff seeks declaratory and injunctive relief mandating that the Borough remove from the RSA all property not using RSA roads. The Borough prevailed at the trial court and the plaintiff appealed to the Alaska Supreme Court. The Borough expects a ruling by summer of 2015. If the Alaska Supreme Court reverses the trial court, the Borough will be forced to re-evaluate and may be required to re-structure its operations with respect to service areas. The Borough does not expect the claim, if successful, to materially and adversely affect the ability of the Borough to pay the principal of and interest on the 2016 Certificates when due.

The Borough secured several federal appropriations from the Department of Transportation’s Federal Transit Administration totaling \$22.0 million for the design and construction of ferry terminal facilities at Port MacKenzie and Anchorage. A \$3.6 million ferry terminal building at Port MacKenzie was completed in November 2006. To date, the Municipality of Anchorage has not approved any plan for the construction of the Anchorage terminal facility that would be required for any ferry service. A \$70 million icebreaking ferry funded by the United States Navy Office of Naval Research was completed in 2010. Title to the ferry has been transferred to the Borough. The ferry requires an estimated \$40 million in additional improvements in order to be operational, and such funds have not been allocated to date.

In August 2014, the Federal Transit Administration requested that the Borough repay the Federal Transit Administration in the amount of \$12 million for non-use of the ferry and the ferry terminal facilities. The Borough is engaged in preliminary negotiations for the sale of the ferry. Subject to approval by the Borough Assembly, the Borough also intends to use proceeds from a proposed issuance of Certificates of Participation to finance the purchase of the ferry terminal building. It is intended that these proceeds will be used to repay a portion of the \$12 million reimbursement to the Federal Transit Administration. The Borough further intends to negotiate a reduction in the amount owed to the Federal Transit Administration and pursue a multi-year payment plan for the remaining balance.

Upon the delivery of the 2016 Certificates, the Borough will furnish a certificate to the effect that, among other things, other than as disclosed in this section of this Official Statement, there is no litigation pending in any court to restrain or enjoin the execution and delivery of the 2016 Certificates, or in any way contesting the validity or enforceability of the 2016 Certificates or the Ordinances.

## CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, execution, delivery and sale of the 2016 Certificates are subject to the legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Katten Muchin Rosenman LLP, of Chicago, Illinois. The proposed form of the opinion of Bond Counsel is included herein as APPENDIX B. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the 2016 Certificates, and Bond Counsel assumes no

obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. Bond Counsel will be compensated only upon the execution, delivery and sale of the 2016 Certificates. From time to time, Bond Counsel serves as counsel to the Underwriter on transactions unrelated to the 2016 Certificates.

The various legal opinions to be delivered concurrently with the delivery of the 2016 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion the attorney does not guarantee a particular result, or become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## FINANCIAL ADVISOR

The Borough has retained the services of Acacia Financial Group, of Anchorage, Alaska, as financial advisor to advise it concerning the terms, timing of sales, and other factors relating to the sale of the 2016 Certificates. The financial advisor has not audited, authenticated or otherwise verified the information in this Official Statement, or other information available to the Borough with respect to appropriateness, accuracy and completeness of that information or any other matter related to that information.

## UNDERWRITING

RBC Capital Markets, LLC (the “Underwriter”) has agreed to purchase the 2016 Certificates subject to certain conditions, and has agreed to pay for the 2016 Certificates, a price of \$ \_\_\_\_\_ (reflecting an underwriting discount of \$ \_\_\_\_\_ and [a net] original issue [premium/discount] of \$ \_\_\_\_\_). The Underwriter will be obligated to purchase all the 2016 Certificates, if any 2016 Certificates are purchased.

The prices and other terms respecting the offering and sale of the 2016 Certificates may be changed from time to time by the Underwriter after the 2016 Certificates are released for sale, and the 2016 Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the 2016 Certificates into investment accounts. In connection with the offering of the 2016 Certificates, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the 2016 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Borough. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Borough.

## RATING

Standard & Poor's Ratings Services has assigned the 2016 Certificates a rating of "\_\_\_." No application was made to any other rating agency for the purpose of obtaining an additional rating on the 2016 Certificates. A rating reflects only the views of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. The Borough has furnished to the rating agency certain information and materials relating to the 2016 Certificates and the Borough, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Certificates.

## TRUSTEE

The Borough has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The obligations of the Trustee are described in the Indenture. The Trustee has undertaken only those duties and obligations that are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the 2016 Certificates, the security of the payment therefor, the value or condition of any assets pledged to the payment thereof, the adequacy of the provisions for such payment, the status for federal or state income tax purposes of the interest components of the 2016 Certificates, or any other matter with respect to the execution and delivery of the 2016 Certificates. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and has assumed no responsibility for the nature, content, accuracy, or completeness of the information included in this Official Statement.

## TAX MATTERS

### Tax Exemption of the 2016 Certificates

**Exclusion from Gross Income.** In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the Date of Issue of the 2016 Certificates, interest evidenced and represented by the 2016 Certificates will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

**Continuing Requirements.** The Borough is required to comply with certain requirements of the Code after the Date of Issue of the 2016 Certificates in order to maintain the exclusion of the interest evidenced and represented by the 2016 Certificates from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of 2016 Certificate proceeds and the facilities financed with 2016 Certificate proceeds, limitations on investing gross proceeds of the 2016 Certificates in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirement to the extent applicable to the 2016 Certificates. The Borough will covenant to comply with those requirements, but if the Borough fails to comply with those requirements, interest evidenced and represented by the 2016 Certificates could become taxable retroactive to the Date

of Issue of the 2016 Certificates. Bond Counsel has not undertaken and does not undertake to monitor the Borough's compliance with such requirements.

**Corporate Alternative Minimum Tax.** While interest evidenced and represented by the 2016 Certificates is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax-exempt interest, including interest evidenced and represented by the 2016 Certificates, received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75 percent of the excess of the corporation's adjusted current earnings (including any tax-exempt interest) over the corporation's alternative minimum taxable income determined without regard to such increase. A corporation's alternative minimum taxable income, so computed, that is in excess of an exemption of \$40,000, which exemption will be reduced (but not below zero) by 25 percent of the amount by which the corporation's alternative minimum taxable income exceeds \$150,000, is then subject to a 20 percent minimum tax.

A small business corporation is exempt from the corporate alternative minimum tax for any taxable year beginning after December 31, 1997, if its average annual gross receipts during the three-taxable-year period beginning after December 31, 1993, did not exceed \$5,000,000, and its average annual gross receipts during each successive three-taxable-year period thereafter ending before the relevant taxable year did not exceed \$7,500,000.

**Tax on Certain Passive Investment Income of S Corporations.** Under Section 1375 of the Code, certain excess net passive investment income, including interest evidenced and represented by the 2016 Certificates, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25 percent of the gross receipts of such S corporation is passive investment income.

**Foreign Branch Profits Tax.** Interest evidenced and represented by the 2016 Certificates may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the 2016 Certificates are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

**Possible Consequences of Tax Compliance Audit.** The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax-exempt obligations, such as the 2016 Certificates, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS would commence an audit of the 2016 Certificates. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the 2016 Certificates could adversely affect the market value and liquidity of the 2016 Certificates until the audit is concluded, regardless of its ultimate outcome.

**Original Issue Discount.** The 2016 Certificates maturing in 2020 with a coupon of 2.50% and maturing in 2022, 2026 and 2028 have been sold at prices reflecting original issue discount ("Discount Certificates"). Under existing law, the original issue discount in the selling price of each Discount Certificate, to the extent properly allocable to each owner of such Discount Certificate, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Certificate over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Certificates of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Certificate during any accrual period generally equals (i) the issue price of such Discount Certificate plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable with respect to such Discount Certificate during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Certificate. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Certificate will be treated as gain from the sale or exchange of such Discount Certificate.

The portion of original issue discount that accrues in each year to an owner of a Discount Certificate may result in certain collateral federal income tax consequences. The accrual of such portion of the original issue discount will be included in the calculation of alternative minimum tax liability as described above, and may result in an alternative minimum tax liability even though the owner of such Discount Certificate will not receive a corresponding cash payment until a later year.

Owners who purchase Discount Certificates in the initial public offering but at a price different from the first offering price at which a substantial amount of those Discount Certificates were sold to the public, or who do not purchase Discount Certificates in the initial public offering, should consult their own tax advisors with respect to the tax consequences of the ownership of such Discount Certificates. Owners of Discount Certificates who sell or otherwise dispose of such Discount Certificates prior to maturity should consult their own tax advisors with respect to the amount of original issue discount accrued over the period such Discount Certificates have been held and the amount of taxable gain or loss to be recognized upon that sale or other disposition of Discount Certificates. Owners of Discount Certificates also should consult their own tax advisors with respect to state and local tax consequences of owning such Discount Certificates.

**Original Issue Premium.** The 2016 Certificates maturing in 2020 with a coupon of 4.00% and maturing in 2014 through 2019, inclusive, 2021, 2023 and 2024 have been sold at prices reflecting original issue premium ("*Premium Certificates*"). An amount equal to the excess of the purchase price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity. The amount of amortizable premium allocable to an interest accrual period for a Premium Certificate will offset a like amount of qualified stated interest evidenced and represented by such Premium Certificate allocable to that accrual period, and may affect the calculation of alternative minimum tax liability described above. As premium is amortized, the purchaser's basis in such Premium Certificate is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of Premium Certificates, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Certificates.

### **Certain Other Federal Tax Consequences**

**2016 Certificates Not "*Qualified Tax-Exempt Obligations*" for Financial Institutions.** Section 265 of the Code provides that 100 percent of any interest expense incurred by banks and other financial institutions for interest allocable to tax-exempt obligations acquired after August 7, 1986, will be

disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as “qualified tax-exempt obligations,” only 20 percent of any interest expense deduction allocable to those obligations will be disallowed.

The Borough is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) during the current calendar year and has **not** designated the 2016 Certificates as “qualified tax-exempt obligations” for purposes of the 80 percent financial institution interest expense deduction. Therefore, no interest expense of a financial institution allocable to the 2016 Certificates is deductible for federal income tax purposes.

***Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies.*** Under Section 832 of the Code, interest evidenced and represented by the 2016 Certificates received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15 percent of tax-exempt interest received during the taxable year.

***Effect on Certain Social Security and Retirement Benefits.*** Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest evidenced and represented by the 2016 Certificates into account in determining gross income.

***Other Possible Federal Tax Consequences.*** Receipt of interest evidenced and represented by the 2016 Certificates may have other federal tax consequences as to which prospective purchasers of the 2016 Certificates may wish to consult their own tax advisors.

***Potential Future Federal Tax Law Changes.*** Current and future legislative proposals, if enacted into law, may directly or indirectly cause interest evidenced and represented by the 2016 Certificates to be subject in whole or in part to federal income taxation, prevent the beneficial owners of the 2016 Certificates from realizing the full benefits of the current federal tax status of interest evidenced and represented by the 2016 Certificates, or affect, perhaps significantly, the market value or marketability of the 2016 Certificates. Prospective purchasers of the 2016 Certificates should consult with their own tax advisors regarding the potential impact of any pending or proposed legislation or regulations.

## MISCELLANEOUS

The summaries or descriptions of provisions in the Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions and reference is hereby made to the complete documents relating to such matters for further information, copies of which will be furnished by the Borough on request.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated.

The Borough has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the Borough's Director of Finance on behalf of the Matanuska-Susitna Borough, Alaska.

**MATANUSKA-SUSITNA BOROUGH**

---

Director of Finance

**APPENDIX A**

**Basic Financial Statements  
For the Fiscal Year Ending June 30, 2015  
(with Independent Auditors' Report Thereon)**

**APPENDIX B**

**Proposed Form of Opinion of Bond Counsel**



FOSTER PEPPER PLLC

[Date of Issue]

B-1

**APPENDIX C**

**Book Entry System**

## BOOK ENTRY SYSTEM

The following information has been provided by The Depository Trust Company, New York, New York (“DTC”). The Borough makes no representation regarding the accuracy or completeness thereof. Each actual purchaser of a 2016 Certificate (a “Beneficial Owner”) should therefore confirm the following with DTC or the Participants (as hereinafter defined).

DTC will act as securities depository for the 2016 Certificates. The 2016 Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016 Certificates, in the aggregate principal component of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the “Exchange Act”). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with Direct Participants, “Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “SEC”). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2016 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Certificates on DTC’s records. The ownership interest of each actual purchaser of each 2016 Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Certificates, except in the event that use of the book-entry system for the 2016 Certificates is discontinued.

To facilitate subsequent transfers, all 2016 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Certificates with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2016 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Certificate documents. For example, Beneficial Owners of the 2016 Certificates may wish to ascertain that the nominee holding the 2016 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Certificates of like maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Certificates unless authorized by a Direct Participant in accordance with DTC's Operational Arrangements and the Issuer/Paying Agent General Operating Procedures ("MMI Procedures"). Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the 2016 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Borough or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Certificates at any time by giving reasonable notice to the Borough or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of the book-entry transfers through DTC (or a successor securities depository). In that event, 2016 Certificates will be printed and delivered to DTC.

**APPENDIX D**

**Form of Continuing Disclosure Certificate**



**APPENDIX E**

**Summaries of the Indentures, Leases and Deeds of Trust**

## SUMMARY OF THE INDENTURE

### [To be revised by Bond Counsel]

The following is a summary of certain provisions of the Indenture, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Indenture and shall have the same meanings herein as contained therein.

### Grant of Trust Estate

The Borough grants to the Trustee the interest of the Trustee in the Project under the Lease and the Indenture, all right, title and interest of the Borough in the Project, all funds and accounts established under the Indenture, and all money and securities held by the Trustee under the Indenture.

### Indenture Constitutes a Contract

The Indenture constitutes a contract among the Borough, the Trustee and the Owners of the Certificates.

### Certain Definitions

“Additional Certificates” means one or more series of additional parity Certificates executed and delivered pursuant to the Indenture.

“Additional Rent” means all costs and expenses of maintenance, insurance premiums, taxes, governmental and other charges that lawfully may be assessed or levied against or with respect to the Project, and all other payments with respect to the Project (it being understood that the Indenture is intended to be an absolute net lease) and all costs and expenses associated with the Certificates, including costs of issuance, ongoing fees and expenses of the Trustee, and payments required to restore the amount in the Reserve Fund to the Reserve Requirement.

“Annual Debt Service” means the Debt Service in any specified Fiscal Year.

“Base Rent” means the payments to be made by the Borough to the Trustee under the Indenture, which are identified as such in the Indenture.

“Certificates” means the 2016 Certificates and any Additional Certificates executed and delivered pursuant to the Indenture.

“Cost of the Project” means all costs paid or incurred by the Borough in connection with the acquisition and construction of the Project, and the placing of the same in operation, including the interest component of Base Rent during such period as may be fixed in the Indenture; paying or reimbursing the Borough or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of the Project and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of the Project, the financing of the same and the placing of the same in operation.

“Debt Service” means, with respect to any period, the sum of:

(a) The interest component of all Certificates then Outstanding during such period, computed on the assumption that all such Certificates are retired on their maturity dates or at the times and in the amounts of any required sinking fund or other mandatory redemption prior to maturity; and

(b) The principal (or sinking fund or other mandatory redemption prior to maturity) components or deposits required with respect to all Certificates then Outstanding during such period, computed on the assumption that no portion of such Certificates shall cease to be Outstanding during such period except by reason of the application of such scheduled payments.

“Fiscal Year” means the fiscal year of the Borough, which currently is the 12-month period commencing on July 1 and ending the following June 30.

“Government Obligations” means (a) SLGS; (b) other certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

“Lease” means the Lease dated as of October 1, 2013 between the Borough and the Trustee, under which the Borough leases the Project to the Trustee.

“Maximum Annual Debt Service” means, as of any date, the greatest amount of Debt Service in the current or any future Fiscal Year.

“Net Proceeds” means, with respect to any insurance claim, condemnation award or sale under threat of condemnation, the amount remaining from the gross proceeds of the insurance claim, condemnation award, or sale under threat of condemnation after deducting all expenses, including costs and attorneys’ fees, incurred in the collection thereof.

“Owner” means, with respect to any Certificate, the Person named as the registered owner of such Certificate on the Register.

“Rent” means Base Rent and Additional Rent.

“Reserve Requirement” means \$764,450 as of the Date of Issue of the 2016 Certificates, and thereafter an amount equal to the least of (a) Maximum Annual Debt Service with respect to all Certificates then Outstanding, (b) 125% of average Annual Debt Service with respect to all Certificates then Outstanding, or (c) 10% of the original principal amount of the 2016 Certificates plus any Additional Certificates executed and delivered to finance any additional Costs of the Project, any increase in the Reserve Requirement and any additional costs of issuance.

### **Duration of Indenture**

The Indenture shall take effect on the Date of Issue of the 2016 Certificates and shall remain in full force until the earlier of (i) the date as of which the Trustee shall have been paid in full all of the Rent due and payable with respect to the Project, and all sums for interest due and to become due thereon, and (ii) the date that is 10 years after the final maturity date of the Certificates.

### **Obligations Limited**

Rent payments are payable only from legally available appropriations by the Borough.

### **Construction of Project**

The Borough agrees to cause the Project to be acquired and constructed with all reasonable speed and dispatch. Except as otherwise provided in the Indenture, the Borough agrees to achieve substantial completion of the Project not later than February 1, 2015. No change shall be made in the plans and specifications for the Project during acquisition or construction of the Project which shall cause the Cost

of the Project to exceed \$8,000,000, or if such change would delay substantial completion of the Project beyond February 1, 2015, unless funds from additional appropriations or the proceeds of the sale of Additional Certificates: (1) sufficient to pay such excess Costs are deposited in the Construction Fund; and (2) sufficient to pay any additional payments due on the Certificates prior to substantial completion are deposited in the Rent Fund. The Borough shall not be deemed to be in default under the aforesaid covenants if the construction of the Project shall be delayed or made impossible by any event of Force Majeure. The Borough agrees to use its best efforts to cause the execution and delivery of any Additional Certificates necessary to complete the Project.

### **Absolute Net Lease**

The lease of the Project under the Indenture is an "absolute net lease" and except as otherwise expressly provided in the Indenture, the Borough's obligations to pay Rent and to perform and observe all other covenants and agreements of the Borough shall be absolute and unconditional. All Rent payments shall be made without notice or demand and without any setoff, counterclaim, abatement, deduction or defense whatsoever. The Borough will, at its sole cost and expense, keep and maintain the Project in good repair and condition and in accordance with all applicable laws, rules, regulations, statutes and ordinances.

### **Insurance**

During the Lease Term, the Borough will maintain (i) insurance against loss and/or damage to the Project and the equipment therein, for not less than the replacement Cost of the Project; and (ii) comprehensive general public liability insurance against liability for injuries to persons and/or property with coverage limits not less than, and deductible amounts not greater than, those included in like policies covering other Borough facilities.

### **Payment of Rent**

The Borough shall pay Rent to the Trustee, without any set-off or deduction. The liability of the Borough for payment of each installment of Rent as it becomes due, and each payment of Rent, shall be in consideration of the right of the Borough, whether or not exercised, to occupy and use the Project for the related period.

### **Budget and Use of Appropriations**

The Borough will, prior to the commencement of each Fiscal Year during which Rent is payable from Borough appropriations, include such Rent in its annual budget request to the Assembly. The Borough agrees to use any appropriation legally available for the Rent in such Fiscal Year and to promptly encumber available appropriations for such payments prior to allocating or encumbering funds for projects or costs for which no legal obligation to pay exists.

### **Rent Subject to Appropriation**

The obligation of the Borough to pay Rent is subject to appropriation. If sufficient funds are not appropriated to make payments of Rent, the Lease Term shall terminate and the Borough shall not be obligated to make payments of Rent beyond the last Fiscal Year for which funds have been appropriated for the payment of Rent, and the Trustee shall have all rights and remedies to take possession of the Project.

### **Damage to or Destruction of Project**

If (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person, the Borough will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Project, unless the Borough shall have exercised its option to redeem the Certificates.

### **Additional Certificates**

So long as no Event of Default then exists under the Indenture or the Deed of Trust, the Borough may cause the execution and delivery Additional Certificates to refund any Certificates, or to finance the costs of completing the Project. A series of Additional Certificates may be executed and delivered only upon receipt by the Trustee of (i) for Additional Certificates that are executed and delivered to complete the Project, a certificate of a Borough Representative to the effect that the Project is not complete and cannot be completed with funds available from the proceeds of the 2016 Certificates, and the aggregate principal component of such Additional Certificates does not exceed 10% of the principal component of the 2016 Certificates; or (ii) for Additional Certificates that are executed and delivered to refund any Certificates, a certificate of a Borough Representative indicating that Annual Debt Service in each Fiscal Year following the execution and delivery of such Additional Certificates will not exceed Annual Debt Service in such Fiscal Year prior to the execution and delivery of such Additional Certificates.

### **Extraordinary Optional Redemption**

All Certificates then Outstanding are subject to extraordinary optional redemption prior to their respective maturities at the written request of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the Certificates to be redeemed, plus accrued interest to the Redemption Date, if (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person.

### **Rent Fund**

There is created and established with the Trustee the Rent Fund. The Trustee shall deposit in the Rent Fund all payments of Base Rent from the Borough, and apply amounts in the Rent Fund to pay the principal and interest components of the Certificates.

### **Reserve Fund**

There is created and established with the Trustee the Reserve Fund. On the Date of Issue of any Certificates, there shall be deposited in the Reserve Fund the amount received by the Trustee necessary to cause the balance in the Reserve Fund to be equal to the Reserve Requirement. If 10 Business Days prior to any date on which principal or interest components of the Certificates are due, there shall be a deficiency in the amount in the Rent Fund required to pay such principal or interest components, the Trustee shall transfer from the Reserve Fund to the Rent Fund the amount necessary to cure the deficiency.

## **Construction Fund**

There is created and established with the Trustee a Construction Fund for the payment of the Costs of the Project. The Trustee shall make monthly disbursements from the Construction Fund for Costs of the Project upon receipt of a requisition from the Borough. Upon receipt of a certificate of a Borough Representative of the final completion of the Project, any proceeds of the Certificates deposited in the Construction Fund for that purpose and then remaining in the Construction Fund shall be deposited by the Trustee in the Rent Fund.

## **Tax Covenants**

The Borough shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause the interest component of Base Rent to become subject to federal income taxes in addition to federal income taxes to which such interest component of Base Rent is subject on the Date of Issue. The Borough shall not permit any of the proceeds of the Certificates to be used in any manner that would cause any Certificate to constitute a "private activity bond" within the meaning of Section 141 of the Code.

The Borough will make no investment or other use of the proceeds of the Certificates which would cause the Certificates to be arbitrage bonds under Section 148 of the Code and the regulations thereunder, and the Borough will comply with the requirements of such Section and regulations.

## **Events of Default**

Each of the following shall be an Event of Default: (i) payment of Rent is not made when due; (ii) payment of the principal component of any Certificate is not made when it becomes due; (iii) payment of any interest component of any Certificate is not made when it becomes due; (iv) a deposit is not made in the Reserve Fund when required to cause the amount in the Reserve Fund to be equal to the Reserve Requirement; (v) an event of default occurs under the Deed of Trust; or (vi) a default in the performance of any other covenant or condition on the part of the Borough to be performed for a period of 30 days after delivery by the Trustee to the Borough of a written notice specifying a particular default under the Indenture, unless steps to cure the default have been commenced promptly by the Borough and in good faith the Borough continues to prosecute those steps to completion.

## **Remedies of Trustee**

Upon occurrence of an Event of Default in payment of Rent or principal or interest components of the Certificates, the Trustee, at its option, may immediately declare the Borough's rights under the Indenture terminated, and reenter the Project using such force as may be necessary, and repossess itself thereof, as of its former estate, and remove all persons and property from the Project. The Trustee's pursuit of the foregoing reentry remedy shall not preclude its pursuit of any other remedies provided by law. Upon the occurrence of any other Event of Default, the Trustee, at its option, may bring an action to compel specific performance to correct any such Event of Default and/or to recover damages caused by such Event of Default.

## **Defeasance**

Any or all Certificates at any time Outstanding of any one or more series, prior to the maturity thereof, shall be deemed to have been paid and not Outstanding under the Indenture and shall cease to be entitled to any lien, benefit or security of the Indenture and of the Trust Estate, if there shall have been made a deposit, irrevocably and in trust, with the Trustee or another corporate fiduciary qualified to do business in the State, of any combination of money in an amount which shall be sufficient, or noncallable

Government Obligations maturing at such time(s) and bearing such interest to be earned thereon, and without any reinvestment thereof, as will provide a series of payments which shall be sufficient, together with any money initially deposited, to provide for the payment of all of the principal components of, premium, if any, and interest components of such Certificates when due in accordance with their terms or in accordance with the schedule of mandatory redemption pertaining thereto, or upon the earlier redemption or prepayment thereof in accordance with a refunding plan, and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for the purpose of effecting such payment, redemption or prepayment.

### **Modification of Indenture**

The Borough and the Trustee may supplement the Indenture without the consent of any Owner to add covenants and agreements to the Indenture for the protection of the Owners; to cure any ambiguity or correct any defect or inconsistent provision in the Indenture; to subject additional revenues, properties or collateral to the lien of the Indenture; to qualify the Indenture under the Trust Indenture Act of 1939, as amended, or the securities laws of any state; to provide for the execution and delivery of Additional Certificates; to preserve the tax exempt status of the Certificates; or to make any other change which is not materially adverse to the interests of the Trustee, in the judgment of the Trustee, or is not materially adverse to the interests of the Owners of the Certificates then Outstanding.

With the prior written consent of the Owners of not less than a majority in aggregate principal components of Certificates then Outstanding, the Borough and the Trustee may enter into a supplemental Indenture modifying the Indenture in any manner; provided, that without the prior written consent of the Owners of all Certificates then Outstanding, no supplemental indenture shall change the terms of redemption or maturity of the principal component of any Certificate, or of any interest component of any Certificates, shall deprive any Owner of any Certificate at any time Outstanding of the lien or right created by the Indenture; shall give priority to any Certificate over any other Certificate; or shall reduce the percentage of Owners whose consent is required to any action taken under, or for amendment of, the Indenture.

### **SUMMARY OF THE LEASE**

The following is a summary of certain provisions of the Lease, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Lease and shall have the same meanings herein as contained therein.

#### **Lease of Project**

The Borough demises, rents, leases and lets to the Trustee, and the Trustee rents, leases and hires from the Borough, the Project, for a term commencing on the Date of Issue and terminating on the earliest of (i) October 1, 2028; (ii) at the option of the Borough, on any date on which the Lease may be terminated after payment of all Certificates then Outstanding; and (iii) at the option of the Trustee, on any date following the termination of the Lease Term under the Indenture.

#### **Quiet Enjoyment**

The Borough will not take any action, other than upon a default by the Trustee under the Lease, to prevent the Trustee from having quiet and peaceable enjoyment of the Project during the Lease Term and will, at the request of the Trustee, take any action necessary in order that the Trustee may have quiet and peaceable enjoyment of the Project.

## Rent

The Borough reserves and the Trustee covenants and agrees to pay as rent for the use of its interest in the Project an amount equal to the total amount of the proceeds from the sale of the 2016 Certificates. Such rental payment shall be made by the Trustee to the Borough solely by making such deposits and payments of proceeds of the 2016 Certificates as are required by the Indenture.

### SUMMARY OF THE DEED OF TRUST

The following is a summary of certain provisions of the Deed of Trust, to which reference is made for a complete statement of the provisions or contents thereof. Words and terms used in this summary are defined in the Deed of Trust and shall have the same meanings herein as contained therein.

The Deed of Trust is a deed of trust, assignment of leases and rents and security agreement from the Borough, as grantor, to the Deed of Trust Trustee, for the benefit of the Trustee, as beneficiary.

The Deed of Trust secures the following liabilities: (a) (1) the payment of all sums and the performance of the covenants, obligations and agreements (and the truth of all representations and warranties of the Borough contained and incorporated by reference therein) in the Deed of Trust and in (i) the Indenture; and (ii) the 2016 Certificates (collectively, the "Certificate Documents"); and (2) any supplements or amendments to the Indenture relating to any Additional Certificates (the "Additional Certificate Documents"); and (b) the payment of the Rent and all sums, with interest thereon, advanced under the terms of the Deed of Trust, the Certificate Documents and any Additional Certificate Documents, including all sums advanced by the Trustee to protect the Project.

Under the Deed of Trust, the Borough grants, bargains, sells and conveys to the Deed of Trust Trustee all of its rights, title and interest in the Project, free and clear of all liens and encumbrances other than Permitted Encumbrances. The Deed of Trust requires the Borough to maintain the Project in good condition and state of repair and in such condition as will not impair its operating unity or character. With limited exceptions, the Borough is not permitted to remove, demolish or make any alterations to the Project that change the use of the Project, or lessens its value, without the prior written consent of the Trustee, and the Trustee is authorized to enter upon the Project to inspect it.

The Borough is required to promptly comply with all laws, ordinances and regulations of any governmental authority affecting the Project or use of the Project, and to defend the security of the Deed of Trust. The Borough is required to use its best efforts to comply with all Environmental Laws and may not cause or permit any Hazardous Substance to be brought upon, kept, used or generated in the operation of the Project, unless the use or generation of the Hazardous Substance is necessary for the prudent operation of the Project. The Borough is required to pay when due, directly to the proper payee, all taxes, assessments, rents, insurance premiums, water, sewer or other utility charges or assessments which might become liens on the Project, unless such payments are being contested in good faith in the manner permitted by the Deed of Trust.

Unless and until there is Deed of Trust Default under the Deed of Trust, the Borough is entitled to remain in possession and control of the Project. Although the assignment of leases and rents under the Deed of Trust is a present and absolute assignment, the Borough is given a license to collect the rents until the occurrence of a Deed of Trust Default under the Deed of Trust.

The following constitute Deed of Trust Defaults under the Deed of Trust:

- (1) Except as permitted by the Deed of Trust in the event of a contest of liability in good faith, failure of the Borough within the time required by the Deed of Trust to make any

payment for taxes or assessments, or any other payment necessary to prevent the creation, foreclosure or enforcement of any lien against the Project.

(2) Material breach of any warranty or material untruth of any representation of the Borough contained or incorporated in the Deed of Trust.

(3) The making or suffering by the Borough of a fraudulent transfer under applicable federal or state law; concealment by the Borough of any of its property in fraud of creditors; the making or suffering by the Borough of a voidable preference within the meaning of the Federal Bankruptcy Code; or the imposition of a lien through legal proceedings or distraint upon any of the Project which is not discharged or bonded in the manner required by the Deed of Trust.

(4) The occurrence of an "Event of Default" as defined in the Indenture.

(5) The occurrence of an "Event of Default" as defined in any Additional Certificate Document.

(6) Failure of the Borough to perform any other material obligation contained or incorporated by reference in the Deed of Trust within 30 days after notice from the Trustee specifying the nature of the default or, if the default is curable but cannot be cured within 30 days, failure within such time promptly to commence and thereafter to complete curative action with all possible diligence. No notice of default and no opportunity to cure shall be required if during the prior 12 months the Trustee has already sent a notice to the Borough concerning default in performance of the same obligation.

Upon the occurrence of any Deed of Trust Default, the Trustee may seek the appointment of a receiver (which may be the Trustee or its nominee). The Trustee may revoke the Borough's license to collect the rents from the Project, and may collect the rents itself or through a receiver. The Trustee may also invoke the power of sale, in which case the Deed of Trust Trustee shall have the right to foreclose the Borough's interests in all or any part of the Project by nonjudicial notice and sale. With respect to any of the Project which is personal property, the Trustee may exercise the rights and remedies of a secured party under the Uniform Commercial Code of the State, or such other state in which such personal property is located at any time. The Trustee and the Deed of Trust Trustee shall have any other right or remedy provided in the Deed of Trust, or in any other document or instrument representing or securing the liabilities or available at law or equity. If a receiver or the Trustee takes possession of the Project, the receiver or the Trustee may use, operate, manage, control and conduct business at the Project, make expenditures for the maintenance of the Project, insure or reinsure the Project, collect rents, cancel or terminate any lease, extend or modify any lease or complete any construction in progress at the Project.

All proceeds realized from the exercise of the rights or remedies upon default shall be applied as follows: first, to the cost of exercising such rights and remedies; second, to amounts owed by the Borough and secured by the Deed of Trust; and finally, any surplus shall be paid to the party entitled thereto.

PURCHASE AGREEMENT

\$ \_\_\_\_\_  
CERTIFICATES OF PARTICIPATION, 2016  
consisting of  
\$ \_\_\_\_\_ Fire Station Lease, 2016A  
\$ \_\_\_\_\_ Fire Station Lease, 2016B  
\$ \_\_\_\_\_ Animal Care Facility Lease Refunding, 2016C

Evidencing Undivided Proportionate Interests  
in Payments of Base Rent to be made by the  
MATANUSKA-SUSITNA BOROUGH, ALASKA

\_\_\_\_\_, 2016

Borough Assembly  
Matanuska-Susitna Borough  
350 East Dahlia Avenue  
Palmer, Alaska 99645

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the "Underwriter" or "RBC CM") acting on its own behalf offers to enter into the following agreement (this "Agreement") with Matanuska-Susitna Borough, Alaska (the "Borough") which, upon the Borough's written acceptance of this offer, will be binding upon the Borough and upon the Underwriter. This offer is made subject to the Borough's written acceptance hereof on or before 10:00 p.m., Eastern Time, on \_\_\_\_\_, 2016, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Borough at any time prior to the acceptance hereof by the Borough. The Underwriter has been duly authorized to execute this Agreement and to act hereunder. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Official Statement (as defined herein).

1. **Purchase and Sale of the Certificates.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter, hereby agrees to purchase, and you hereby agree to cause the Trustee to sell and deliver to the Underwriter, all (but not less than all) of the \$ \_\_\_\_\_ aggregate principal component of Borough's Fire Station Lease Certificates of Participation, Series 2016A (the "2016A Certificates"), the Borough's \$ \_\_\_\_\_ aggregate principal component of Fire Station Lease Certificates of Participation, Series 2016B (the "2016B Certificates") and the Borough's \$ \_\_\_\_\_ aggregate principal component of Animal Care Facility Lease Refunding Certificates of Participation, Series 2016C (the "2016C Certificates" and together with the 2016A Certificates and the 2016B Certificates, the "Certificates"), to be executed and delivered pursuant to the Indentures and having the maturities, bearing interest at the rates and having the further terms as set forth in Schedule I attached hereto.

Im16-131  
OR16-087

The purchase price of the Certificates shall be \$ \_\_\_\_\_, plus interest accrued on the Certificates from the dated date of the Certificates to the Closing Date (as hereinafter defined). The aggregate purchase price is allocated by series of Certificates as follows

	2016A	2016B	2016C	Total
Principal Amount	\$	\$	\$	\$
Plus: [Net] Original Issue Premium				
Less: Underwriting Discount				
Purchase Price	\$	\$	\$	\$

**2. Terms of Certificates.** The Series 2016A Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016A Certificates (the “*2016A Indenture*”), by and between the Borough and U.S. Bank National Association, as trustee (the “*Trustee*”). The Borough is authorized to enter into the 2016A Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016A Ordinance*”).

The Series 2016B Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 related to the 2016B Certificates (the “*2016B Indenture*”), by and between the Borough and the Trustee. The Borough is authorized to enter into the 2016B Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016B Ordinance*”).

The Series 2016C Certificates will be as described in, and will be executed, delivered and secured under the provisions of the Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the “*Original Animal Care Indenture*”), as amended by the First Supplemental Lease Purchase Agreement and Trust Indenture dated as of \_\_\_\_\_ 1, 2016 (the “*First Supplemental Animal Care Indenture*” and together with the Original Animal Care Indenture, the “*Animal Care Indenture*”), each by and between the Borough and the Trustee. The Borough is authorized to enter into the First Supplemental Animal Care Indenture and the other security documents related thereto referred to herein by virtue of Ordinance Serial No. 16-\_\_\_ adopted by the Borough Assembly of the Borough on June 21, 2016 (the “*2016C Ordinance*” and together with the 2016A Ordinance and the 2016B Ordinance, the “*Ordinances*”). The 2016A Indenture, the 2016B Indenture and the Animal Care Indenture are referred to herein as the “*Indentures*” and each an “*Indenture.*”

Prior to the execution and delivery of the Certificates, the Borough will enter into continuing disclosure undertakings (the “*Disclosure Undertakings*” or “*Undertakings*”) meeting the requirements of a continuing disclosure undertaking of an “obligated person” under paragraph (b)(5) of Rule 15c2 12.

Concurrently with the execution and delivery of the 2016A Certificates, the Borough, as Lessor, will enter into the Lease dated as of \_\_\_\_\_ 1, 2016 (the "2016A Lease") with the Trustee, as Lessee, with respect to the real property (the "2016A Property") constituting the site of the proposed fire station and fleet maintenance facility (the "2016A Project") and the Borough will enter into the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "2016A Deed of Trust") pursuant to which the Borough, as Grantor, will grant a security interest in the 2016A Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

Concurrently with the execution and delivery of the 2016B Certificates, the Borough, as Lessor, will enter into the Lease dated as of \_\_\_\_\_ 1, 2016 (the "2016B Lease") with the Trustee, as Lessee, with respect to the real property (the "2016B Property") constituting the site of the proposed fire station, emergency services training and warehouse facility (the "2016B Project") and the Borough will enter into the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "2016B Deed of Trust") pursuant to which the Borough, as Grantor, will grant a security interest in the 2016B Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

The Borough has previously executed and delivered its \$5,750,000 in original principal component of Animal Care Facility Lease Certificates of Participation, 2008 (the "2008 Certificates"), and a portion of the 2016C Certificates will be used to provide funds to advance refund a portion of the 2008 Certificates (such principal component to be refunded being referred to herein as the "Prior Certificates" and the refunding of such Prior Certificates being referred to herein as the "Refunding"). Proceeds from the 2008 Certificates provided funds to finance an animal care facility for use by the Borough (the "Animal Care Project" and together with the 2016A Project and the 2016B Project, the "Projects" and each a "Project"). The Animal Care Project was constructed on real property owned by the Borough (the "Animal Care Property"). Pursuant to the Lease dated as of May 1, 2008 (the "Original Animal Care Lease"), the Borough leases the Animal Care Property to the Trustee in consideration of prepaid rent derived from the proceeds of sale of the 2008 Certificates. Concurrently with the execution and delivery of the 2016C Certificates, the Borough, as Lessor, will enter into the First Amendment to Lease dated as of \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Lease" and together with the Original Animal Care Lease, the "Animal Care Lease"), and the Borough will enter into the First Amendment to Deed of Trust, Assignment of Leases and Rents and Security Agreement dated \_\_\_\_\_ 1, 2016 (the "First Amendment to Animal Care Deed of Trust"), amending the Deed of Trust, Assignment of Leases and Rents and Security Agreement dated as of March 1, 2008 (the "Original Animal Care Deed of Trust" and together with the First Amendment to Animal Care Deed of Trust, the "Animal Care Deed of Trust") pursuant to which the Borough, as Grantor, has granted a security interest in the Animal Care Property to Mat-Su Title Agency, LLC, deed of trust trustee, for the benefit of the Trustee, as Beneficiary.

**3. Public Offering.** The Underwriter agrees to make a bona fide public offering of all of the Certificates at prices not to exceed the public offering prices (or prices corresponding to the yields) set forth on the inside cover of the Official Statement and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at prices lower than such offering prices.

**4. Liquidated Damages.** In the event that the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Certificates at the Closing as herein provided, the parties hereto agree that the damages to the Borough shall be fixed at an amount equal to One Percent (1%) of the aggregate principal amount of the Certificates (the "*Liquidated Amount*"). Upon such failure of the Underwriter to accept and pay for the Certificates, the Underwriter shall be obligated to pay to the Borough upon demand in immediately available funds the Liquidated Amount as full liquidated damages, and not as a penalty, for such failure and for any defaults hereunder on the part of the Underwriter, and no party will have any further rights against the other hereunder. The Underwriter and the Borough understand that in such event the Borough's actual damages may be greater or may be less than the Liquidated Amount. Accordingly, the Underwriter hereby waives any right to claim that the Borough's actual damages are less than such Liquidated Amount and the Borough's acceptance of this offer shall constitute a waiver of any right the Borough may have to damages in excess of the Liquidated Amount from the Underwriter.

**5. The Official Statement.**

(a) The Borough has heretofore distributed the Preliminary Official Statement dated \_\_\_\_\_, 2016 with respect to the Certificates (the "*Preliminary Official Statement*"). The Preliminary Official Statement, as revised to reflect the terms of sale of the Certificates, is herein called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared by the Borough for use by the Underwriter in connection with the public offering, sale and distribution of the Certificates. The Borough hereby represents and warrants that the Preliminary Official Statement is hereby deemed final by the Borough as of its date, except for the omission of such information which is dependent upon the final pricing of the Certificates for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

(c) The Borough represents that the Borough Assembly has reviewed and approved the information in the Official Statement and hereby authorizes the Official Statement to be used by the Underwriter in connection with the public offering and the sale of the Certificates. The Borough shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Borough's acceptance of this Agreement (but, in any event, not later than within seven business days after the Borough's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*"). The Borough hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the

underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Certificates), the Borough becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Borough will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Borough will forthwith prepare and furnish, at the Borough’s own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Borough shall furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriter hereby agrees to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Underwriter, the Borough can assume that the “end of the underwriting period” for purposes of the Rule is the date of the Closing.

**6. Representations, Warranties, and Covenants of the Borough.** The Borough hereby represents and warrants to and covenants with the Underwriter that:

(a) The Borough is a municipal corporation of the State of Alaska (the “State”) duly created, organized and existing under the laws of the State, and has full legal right, power and authority under Alaska Statutes Chapter 29.47 (the “Act”) and at the date of the Closing will have full legal right, power and authority under the Act to adopt the Ordinances and under the Act and Ordinances (i) to enter into, execute and deliver this Agreement and the Undertakings and all documents required hereunder and thereunder to be executed and delivered by the Borough (this Agreement, the Ordinances and the Undertakings are hereinafter referred to as the “Borough Documents”), (ii) to cause the sale, execution and delivery of the Certificates to the Underwriter as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Borough Documents and the Official Statement, and the Borough has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Borough Documents as they pertain to such transactions;

(b) In connection with the execution and delivery of the Certificates and the execution and delivery of the Indentures, the Leases, the Deeds of Trust and the Refunding Trust Agreement (collectively, the “Security Documents”) and the Borough

Documents, the Borough has complied in all respects with the Constitution and laws of the State of Alaska;

(c) By all necessary official action of the Borough prior to or concurrently with the acceptance hereof, the Borough has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinances and the execution, delivery and sale of the Certificates, (ii) the approval, execution and delivery of, and the performance by the Borough of the obligations on its part, contained in the Borough Documents and the Security Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, and the Borough Documents and the Security Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Borough in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(d) The Borough Documents and the Security Documents constitute legal, valid and binding obligations of the Borough, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Certificates, when executed, delivered and paid for, in accordance with the Indentures, the Ordinances and this Agreement, will be validly executed, delivered and outstanding and will evidence proportionate interests of the owners of the applicable Certificates in the applicable Rent payments to be made by the Borough pursuant to the related Indenture;

(e) The Borough is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borough is a party or to which the Borough is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Borough under any of the foregoing; and the execution and delivery of the Certificates, the Borough Documents and the Security Documents and the adoption of the Ordinances and compliance with the provisions on the Borough's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borough is a party or to which the Borough is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borough to be pledged to secure the Certificates or under the terms of any such law, regulation or instrument, except as provided by the Certificates, the Security Documents and the Ordinances;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would

constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Borough of its obligations under the Borough Documents, and the Certificates have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Certificates;

(g) The Certificates and the Security Documents conform to the descriptions thereof contained in the Official Statement under the captions "DESCRIPTION OF THE 2016 CERTIFICATES" and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES;" the proceeds of the sale of the Certificates will be applied generally as described in the Official Statement under the caption "INTRODUCTION – Sources and Uses of Funds" and the Undertakings conform to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE;"

(h) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Borough after due inquiry, threatened against the Borough, affecting the existence of the Borough or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Certificates or the payment of principal and interest components of the Certificates pursuant to the related Indenture or in any way contesting or affecting the validity or enforceability of the Certificates, the Borough Documents, the Security Documents or contesting the exclusion from gross income of the interest components of the Certificates for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Borough or any authority for the execution and delivery of the Certificates, the adoption of the Ordinances or the execution and delivery of the Borough Documents and the Security Documents, nor, to the best knowledge of the Borough, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates or the Borough Documents or the Security Documents;

(i) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) At the time of the Borough's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 5 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 5 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(l) The Borough will apply, or cause to be applied, the proceeds from the sale of the Certificates as provided in and subject to all of the terms and provisions of the Security Documents and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest components of the Certificates;

(m) The Borough will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Certificates (provided, however, that the Borough will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Borough of any notification with respect to the suspension of the qualification of the Certificates for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(n) The financial statements of, and other financial information regarding the Borough, in the Official Statement fairly present the financial position and results of the Borough as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Borough. The Borough is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Borough, would have a materially adverse effect on the financial condition of the Borough;

(o) Prior to the Closing the Borough will not offer or issue any bonds, notes or other obligations for borrowed money without the prior approval of the Underwriter; and

(p) Any certificate, signed by any official of the Borough authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Borough to the Underwriter as to the statements made therein.

**7. Closing.**

(a) At 9:00 a.m., Pacific time, on \_\_\_\_\_, 2016, or at such other time and date as shall have been mutually agreed upon by the Borough and the Underwriter (the "*Closing*"), the Borough will, subject to the terms and conditions hereof, cause the delivery of the duly executed Certificates to the Underwriter, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Certificates as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Borough. Payment for the Certificates as aforesaid shall be made at the offices of [the Underwriter in San Francisco, California], or such other place as shall have been mutually agreed upon by the Borough and the Underwriter.

(b) Delivery of the Certificates shall be made to the Trustee as agent of The Depository Trust Company, New York, New York. The Certificates shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Certificate for each maturity of the Certificates, registered in the name of Cede & Co., all as provided in the Indentures, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

**8. Closing Conditions.** The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Borough contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Borough of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Certificates shall be conditioned upon the performance by the Borough of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Borough of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Borough contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Borough shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Borough Documents, the Security Documents and the Certificates shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter; and (ii) all actions of the Borough and the Trustee required to be taken by them shall be performed

in order for Bond Counsel and other counsel to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Borough, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Certificates on the terms and in the manner contemplated in the Official Statement;

(e) The Borough shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(f) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(g) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Borough by its Finance Director, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) The Ordinances with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The Undertakings of the Borough which satisfies the requirements of section (b)(5)(i) of the Rule;

(4) Certified copies of the Original Animal Care Indenture, the Original Animal Care Lease and the Original Animal Care Deed of Trust;

(5) Executed counterparts of the 2016A Indenture, the 2016B Indenture, the First Supplemental Animal Care Indenture, the 2016A Lease, the 2016B Lease, the First Amendment to Animal Care Lease, the 2016A Deed of Trust, the 2016B Deed of Trust, the First Amendment to Animal Care Deed of Trust and the Refunding Trust Agreement;

(6) The approving legal opinion, dated the date of the Closing of Foster Pepper PLLC, Bond Counsel to the Borough, in substantially the form attached to the Official Statement, and addressed to the Borough and the Underwriter or a manually executed copy of such opinion together with a letter of Bond Counsel dated the date of the Closing and addressed to the Underwriter, to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter;

(7) A supplemental opinion of Bond Counsel addressed to the Underwriter, substantially to the effect that:

(i) the Ordinances have been duly adopted by, and the other Borough Documents have been duly executed and delivered by, the Borough, and each of the Borough Documents constitutes a binding agreement in accordance with its terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights;

(ii) the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Borough;

(iii) the Certificates are exempt securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the 1933 Act or to qualify the Ordinances under the Trust Indenture Act;

(iv) the statements and information contained in the Official Statement under the sub-captions "Purpose of Issue" and "Plan of Finance and Refunding" under the caption "INTRODUCTION" and under the captions "DESCRIPTION OF THE 2016 CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "CONTINUING DISCLOSURE" and "TAX MATTERS" and in Appendix B and in Appendix E to the Official Statement are fair and accurate statements or summaries of the matters therein set forth;

(v) the Indentures, the Deeds of Trust, the Leases and the Refunding Trust Agreement have each been duly authorized, executed and delivered by, and each constitutes a binding agreement in accordance with its terms of the parties thereto (but such opinion as to enforceability may be qualified with respect to bankruptcy, insolvency and other laws affecting creditors' rights or remedies);

(vi) based upon their participation in the preparation of the Official Statement as Bond Counsel and (except as expressly set forth in (iv) above), without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement and except for financial and statistical statements and data and statements relating to DTC or its book-entry system included therein, as to which no view need be expressed, no information came to the attention of the attorneys providing legal services in connection with the execution and delivery of the Certificates that caused such attorneys to believe that the Official Statement contains any untrue statement of a

material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; and

(8) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Certificates are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the 1933 Act and the Indentures need not be qualified under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system, in each case as to which no view need be expressed);

(9) An opinion of the Borough Attorney, addressed to the Underwriter, to the effect that:

(i) there is no litigation or proceeding pending, or to his knowledge after due inquiry threatened, in any way affecting the corporate existence of the Borough, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the execution, sale or delivery of the Certificates, or in any way contesting or affecting the validity or enforceability of the Certificates, the Security Documents or the Borough Documents, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Borough or its authority with respect to the Certificates or the Borough Documents; and

(ii) based on the examination made by such counsel, such counsel has no reason to believe that the material in the Official Statement under the caption "LITIGATION AND REGULATORY PROCEEDINGS" contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(10) A certificate of the Borough, dated the date of Closing and signed by the Borough Manager or the Borough Finance Director, to the effect that (i) the representations and warranties of the Borough contained in this Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing; (ii) no litigation is pending or, to the signer's knowledge, threatened in any court in any way affecting the existence of the Borough, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the execution, sale or delivery of the Certificates, or the right of the Borough to enter into or perform its obligations under any of the Borough Documents or Security Documents, or in any way contesting or affecting the validity or enforceability of the Certificates, the Ordinances any Borough Document, any Security Document or this Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the Borough or its authority with respect to the Certificates, the Ordinances or this Agreement; (iii) the information contained in the Official Statement (other than information relating to The Depository Trust Company as to which no opinion need be expressed) does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (iv) since June 30, 2015, there has been no material adverse change in the financial position or results of operations of the Borough whether or not arising from transactions in the ordinary course of business, other than as set forth in the Official Statement; and since such date the Borough has not entered into any transaction or incurred any debt or other liability material as to the Borough, except as set forth in the Official Statement; (v) to the best of the signer's knowledge, no event affecting the Borough has occurred since the date of the Official Statement which should be disclosed in the Official Statement in order to make the statements and information therein not misleading in any material respect; (vi) within the last five years, the Borough has complied with each continuing disclosure undertaking that it has previously entered into pursuant to Rule 15c2-12 except as disclosed in the Preliminary Official Statement; and (vii) the Borough has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

(11) A certificate of the Borough signed by the Borough Finance Director and in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (i) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Certificates will be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of her knowledge and belief there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(12) Any other certificates and opinions required by the Indentures for the execution and delivery thereunder of the Certificates;

(13) A letter from BDO USA, LLP, in which consent is given to the use of their report in the Preliminary Official Statement and Official Statement and to the references made to them in the Preliminary Official Statement and the Official Statement;

(14) A letter from Standard & Poor's Ratings Services confirming that the Certificates are rated "\_\_\_";

(15) A copy of a special report prepared by [Causey Demgen & Moore P.C.], independent certified public accountants, addressed to the Borough, Bond Counsel and the Underwriter, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Government Obligations and uninvested cash on hand under the Refunding Trust Agreement to pay, when due, the principal of and interest on the Prior Certificates, and (ii) the computation of the yield with respect to the Government Obligations and the Certificates; and

(16) Such additional legal opinions, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Borough's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Borough on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Borough.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Borough shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Borough shall be under any further obligation hereunder, except that the respective obligations of the Borough and the Underwriter set forth in Sections 6 and 11(d) hereof shall continue in full force and effect.

**9. Role of Underwriter.** Inasmuch as this purchase and sale represents a negotiated transaction, the Borough acknowledges and agrees that: (i) the transaction contemplated by this Agreement is an arm's length, commercial transaction between the Borough and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Borough; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Borough with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the

Underwriter has provided other services or is currently providing other services to the Borough on other matters); (iii) the Underwriter is acting solely in its capacity as underwriter for its own account, and (iv) the Borough has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

**10. Termination.** The Underwriter shall have the right to cancel its obligation to purchase the Certificates if, between the date of this Agreement and the Closing, the market price or marketability of the Certificates shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the Alaska Legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon interest received on obligations of the general character of the Certificates, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under the 1933 Act, or that the an Indenture is not exempt from qualification under the Trust Indenture Act, or that the execution, delivery, offering, or sale of obligations of the general character of the Certificates, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a

general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Certificates or as to obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriter;

(f) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the validity or enforceability of the Certificates;

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred any materially adverse change in the affairs or financial condition of the Borough, except for changes which the Official Statement discloses are expected to occur;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities;

(j) there shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States;

(k) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(l) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Borough's obligations; or

(m) the purchase of and payment for the Certificates by the Underwriter, or the resale of the Certificates by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable federal or State law, governmental authority, board, agency or commission.

## 11. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Borough shall pay all expenses incident to the performance of the Borough's obligations

hereunder, including, but not limited to (i) the cost of preparation and printing of the Certificates, Preliminary Official Statement, Official Statement, the Borough Documents, the Security Documents and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel, Underwriter's Counsel and Borough Counsel; (iii) the fees and disbursements of the Financial Advisor to the Borough; (iv) the fees and disbursements of the Trustee, any engineers, accountants, and other experts, consultants or advisers retained by the Borough, if any; and (v) all fees and expenses in connection with obtaining bond ratings. The Borough shall also pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the execution and delivery of the Certificates, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

(b) The Borough acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the execution and delivery of the Certificates.

(c) Except as provided for above, the Underwriter shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum; (ii) all advertising expenses in connection with the public offering of the Certificates; and (iii) all other expenses incurred by them in connection with the public offering of the Certificates.

(d) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Borough to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Borough shall be unable to perform its obligations under this Agreement, the Borough will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

**12. Notices.** Any notice or other communication to be given to the Borough under this Agreement must be given by delivering the same in writing to the Borough Manager and any notice or other communication to be given to the Underwriter under this Agreement must be given by delivering the same in writing to: RBC Capital Markets, LLC, Two Embarcadero Center, Suite 1200, San Francisco, California 94111, Attention: Tom Yang, Managing Director.

**13. Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Borough and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Borough. All of the Borough's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Certificates pursuant to this Agreement; and (iii) any termination of this Agreement.

**14. Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Borough and shall be valid and enforceable at the time of such acceptance.

**15. Choice of Law.** This Agreement shall be governed by and construed in accordance with the law of the State.

**16. Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

**17. Business Day.** For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

**18. Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

**19. Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

**RBC CAPITAL MARKETS, LLC**

By \_\_\_\_\_  
Tom Yang  
Managing Director

Accepted at \_\_\_\_\_ p.m., \_\_\_\_\_ time, by  
the Matanuska-Susitna Borough, Alaska, this  
\_\_\_ day of \_\_\_\_\_, 2016.

**MATANUSKA-SUSITNA BOROUGH, ALASKA**

By \_\_\_\_\_  
Tammy E. Clayton  
Borough Finance Director

**Schedule I**

**CERTIFICATE TERMS**

Dated Date: \_\_\_\_\_, 2016

\$ \_\_\_\_\_ **Fire Station Lease, 2016A**

<u>Maturity</u> <u>([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ **Fire Station Lease, 2016B**

<u>Maturity</u> <u>([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

\$ \_\_\_\_\_ **Animal Care Facility Lease Refunding, 2016C**

<u>Maturity</u> <u>([October] 1)</u>	<u>Principal Component</u>	<u>Interest Rate</u>	<u>Yield</u>
	\$	%	%

\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %  
\$ \_\_\_\_\_ % Term Certificates Due [October] 1, 20\_\_ ; Priced to Yield \_\_\_\_\_ %

Mandatory Sinking Fund Redemption Provisions:

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years

shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] of the years shown in the following table, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
(maturity)	\$

Optional Redemption:

2016A Certificates. The 2016A Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016A Certificates to be redeemed, plus accrued interest to the redemption date.

2016B Certificates. The 2016B Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016B Certificates to be redeemed, plus accrued interest to the redemption date.

2016C Certificates. The 2016C Certificates maturing on [October 1], 20\_\_\_, are subject to redemption on and after \_\_\_\_\_ 1, 20\_\_\_, at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the redemption date.

**CONTINUING DISCLOSURE CERTIFICATE**  
**MATANUSKA-SUSITNA BOROUGH, ALASKA**

§[ ]  
**Animal Care Facility Lease**  
**Refunding Certificates of Participation, 2016C**

Section 1. Undertaking to Provide Annual Financial Information and Notice of Certain Events. Solely for purposes of complying with paragraph (b)(5)(i) of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (17 CFR Part 240 § 240.15c2-12) (“Rule 15c2-12”), for the benefit of the beneficial owners or holders of the above-referenced certificates (the “2016C Certificates”), the Matanuska-Susitna Borough (the “Borough”) hereby undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(a) Annual financial information and operating data of the type included in the final official statement for the 2016C Certificates and described in Section 2 (the “Annual Financial Information”);

(b) Timely notice of the occurrence of any of the following events with respect to the 2016C Certificates, not in excess of ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2016C Certificates, or other material events affecting the tax status of the 2016C Certificates;
- (vii) modifications to rights of holders of the 2016C Certificates, if material;

- (viii) 2016C Certificate calls, if material, and tender offers;
  - (ix) defeasances;
  - (x) release, substitution, or sale of property securing repayment of the 2016C Certificates, if material;
  - (xi) rating changes;
  - (xii) bankruptcy, insolvency, receivership, or similar event of the Borough;
  - (xiii) the consummation of a merger, consolidation or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (c) Timely notice of a failure by the Borough to provide required Annual Financial Information on or before the date specified in Section 2.

Section 2. Description of Annual Financial Information. The Annual Financial Information that the Borough undertakes to provide in Section 1:

- (a) Shall consist of:
  - (i) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to Alaska municipalities, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the Borough they will be provided; and
  - (ii) the comprehensive annual financial report of the Borough;
- (b) Shall be provided not later than the last day of the seventh month after the end of each fiscal year of the Borough (currently, not later than January 31 for a fiscal year ending June 30), as such fiscal year may be changed as required or permitted by State law, commencing with the Borough's fiscal year ending June 30, 2016; and
- (c) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the United States Securities and Exchange Commission.

Section 3. Amendment of Undertaking. This undertaking is subject to amendment after the primary offering of the 2016C Certificates without the consent of any holder of any

2016C Certificate, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The Borough will give notice to the MSRB of the substance (or provide a copy) of any amendment to this undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of Annual Financial Information to be provided, the Annual Financial Information containing the amended Annual Financial Information will include a narrative explanation of the effect of that change on the type of information to be provided.

Section 4. Beneficiaries. This undertaking shall inure to the benefit of the Borough, each participating underwriter of the 2016C Certificates and each holder of the 2016C Certificates, and shall not inure to the benefit of or create any rights in any other person.

Section 5. Termination of Undertaking. The Borough's obligations under this undertaking shall terminate upon the legal defeasance of all of the 2016C Certificates. In addition, the Borough's obligations under this undertaking shall terminate if the provisions of Rule 15c2-12 that require the Borough to comply with this undertaking become legally inapplicable in respect of the 2016C Certificates for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the Borough, and the Borough provides timely notice of such termination to the MSRB.

Section 6. Remedy for Failure to Comply with Undertaking. As soon as practicable after the Borough learns of any failure to comply with the undertaking, the Borough will proceed with due diligence to cause such noncompliance to be corrected. No failure by the Borough to comply with this undertaking shall constitute a default in respect of the 2016C Certificates. The sole remedy of any holder of a 2016C Certificate shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the Borough to comply with this undertaking.

Section 7. Definitions. Terms used and not defined in this undertaking shall have the meaning ascribed to such terms in Rule 15c2-12.

Dated: [\_\_\_\_], 2016.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

---

\$[\_\_\_\_\_]

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
ANIMAL CARE FACILITY LEASE  
REFUNDING CERTIFICATES OF PARTICIPATION, 2016C**

**FIRST SUPPLEMENT TO  
LEASE PURCHASE AGREEMENT AND TRUST INDENTURE**

**Dated as of [\_\_\_\_], 2016**

---

*Im16-131  
OR 16-087*

§[ ]  
**MATANUSKA-SUSITNA BOROUGH, ALASKA**  
**ANIMAL CARE FACILITY LEASE**  
**REFUNDING CERTIFICATES OF PARTICIPATION, 2016C**

**FIRST SUPPLEMENT TO**  
**LEASE PURCHASE AGREEMENT AND TRUST INDENTURE**

**TABLE OF CONTENTS**

ARTICLE I	DEFINITIONS.....	1
Section 1.01	Definitions.....	1
ARTICLE II	RECITALS .....	2
ARTICLE III	PAYMENT OF BASE RENT .....	3
Section 3.01	Payment of Base Rent.....	3
ARTICLE IV	AUTHORIZATION, EXECUTION, AND DELIVERY OF 2016C CERTIFICATES.....	3
Section 4.01	Authorization and Purpose of 2016C Certificates .....	3
ARTICLE V	DESCRIPTION, FORM, EXECUTION, AND REGISTRATION OF 2016C CERTIFICATES .....	4
Section 5.01	Description of 2016C Certificates .....	4
Section 5.02	Place, Manner, and Medium of Payment of 2016C Certificates .....	5
Section 5.03	Book-Entry System for 2016C Certificates .....	5
Section 5.04	Form of 2016C Certificates .....	7
ARTICLE VI	REDEMPTION.....	7
Section 6.01	No Optional or Mandatory Redemption .....	7
Section 6.02	Extraordinary Optional Redemption.....	7
ARTICLE VII	2016C CERTIFICATE PROCEEDS; REFUNDING FUND; REFUNDING PLAN .....	7
Section 7.01	Refunding Fund .....	7
Section 7.02	Deposit of 2016C Certificate Proceeds.....	7
Section 7.03	Reserve Fund .....	7
Section 7.04	Refunding Plan.....	8
ARTICLE VIII	MISCELLANEOUS .....	8
Section 8.01	Execution of First Supplement in Counterparts.....	8
Section 8.02	Original Indenture in Effect .....	8
Exhibit A	Description of Property	
Exhibit B	Form of 2016C Certificate	
Exhibit C	Schedule of Base Rent Payments	

Jm16-181  
OR 16-087

**FIRST SUPPLEMENT TO  
LEASE PURCHASE AGREEMENT AND TRUST INDENTURE**

THIS FIRST SUPPLEMENT TO LEASE PURCHASE AGREEMENT AND TRUST INDENTURE (this "First Supplement") dated as of [\_\_\_\_], 2016, made by and between the MATANUSKA-SUSITNA BOROUGH (the "Borough"), an Alaska municipal corporation, and U.S. BANK NATIONAL ASSOCIATION (the "Trustee"), a national banking association with trust powers organized under the laws of the United States and having a corporate trust office and place of business in the City of Seattle, Washington, as trustee,

WITNESSETH:

**ARTICLE I**

**DEFINITIONS**

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in the Original Indenture and this First Supplement shall, for all purposes of the Original Indenture, as supplemented by this First Supplement, have the meanings herein specified, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined:

"2008 Certificates" means the \$5,750,000 original aggregate principal amount Matanuska-Susitna Borough, Alaska Animal Care Facility Lease Certificates of Participation, 2008.

"2016C Certificates" means the \$[\_\_\_\_] original aggregate principal amount Matanuska-Susitna Borough, Alaska Animal Care Facility Lease Refunding Certificates of Participation, 2016C, authorized to be issued by this First Supplement.

"Costs of Issuance Account" means the account of the Refunding Fund of that name created pursuant to Section 7.01.

"Interest Payment Date" means, with respect to the Initial Certificates and the 2016C Certificates, [March 1] and [September 1], and with respect to any series of additional Certificates, the dates established for the payment of interest on such series of additional Certificates in the supplemental indenture authorizing such series.

"Original Indenture" means the Lease Purchase Agreement and Trust Indenture, dated as of March 1, 2008, by and between the Borough and the Trustee.

"Refunded Certificates" means the \$2,390,000 aggregate principal amount of the outstanding 2008 Certificates stated to mature on March 1, 2023.

"Refunding Fund" means the fund of that name created pursuant to Section 7.01.

"Refunding Plan" means the deposit of the proceeds of the 2016C Certificates in trust with the Trustee pursuant to the Refunding Trust Agreement; the acquisition by the Trustee of

Jm16-131  
0216-087

Government Obligations, the principal of and the interest on which when due and payable will provide sufficient money to pay the principal of the Refunded Certificates and interest thereon that will become due and payable on or prior to March 1, 2018; the payment of the principal of and interest on the Refunded Certificates when due up to and including March 1, 2018; and the call, payment, and redemption on March 1, 2018, of all of the Refunded Certificates at a redemption price equal to the principal amount thereof plus accrued interest to March 1, 2018.

“Refunding Trust Agreement” means the Refunding Trust Agreement dated [\_\_\_\_], 2016, by and between the Borough and the Trustee.

“Reserve Requirement” means \$[\_\_\_\_] as of the Date of Issue of the 2016C Certificates, and thereafter an amount equal to the least of (a) Maximum Annual Debt Service with respect to all Outstanding Certificates, (b) 125% of average Annual Debt Service with respect to all Outstanding Certificates, or (c) 10% of the principal amount of the Initial Certificates and the 2016C Certificates.

## ARTICLE II

### RECITALS

2.01 Pursuant to the Lease, the Borough has leased to the Trustee the real property described in Exhibit A hereto and the Project.

2.02 Pursuant to the Original Indenture, the Borough has caused the 2008 Certificates to be executed, delivered, and sold to finance the construction of the Project.

2.03 The 2008 Certificates remain outstanding in an aggregate principal amount of \$3,555,000.

2.04 Pursuant to the Original Indenture, the Refunded Certificates are subject to redemption on any date on and after March 1, 2018, at the option of the Borough, in such principal amounts as the Borough may determine, at a redemption price equal to the principal amount of the Refunded Certificates to be redeemed, plus accrued interest to the date of redemption.

2.05 Pursuant to the Original Indenture, the Borough may, subject to certain conditions, cause the execution, delivery and sale of Additional Certificates to advance refund the Refunded Certificates.

2.06 After due consideration, it appears that the Refunded Certificates may be refunded by the issuance and sale of the 2016C Certificates as Additional Certificates so that a substantial savings will be effected by the difference between the principal and interest cost over the life of the 2016C Certificates and the principal and interest cost over the life of the Refunded Certificates but for such refunding.

2.07 Under Ordinance Serial No. [\_\_\_\_], adopted [\_\_\_\_], 2016, the Borough is authorized to enter into this First Supplement for the purpose of causing the execution, delivery, and sale of the 2016C Certificates.

2.08 The offer of RBC Capital Markets, LLC, to purchase all of the 2016C Certificates has been accepted.

2.09 The Borough and the Trustee each have authority to enter into this First Supplement, have duly authorized its execution and delivery, and through their duly qualified officers have duly executed and delivered this First Supplement.

2.10 All things necessary to make the 2016C Certificates, when executed, delivered, and sold as provided in this First Supplement, valid, binding, and legal obligations and to constitute the Indenture a valid, binding, and legal instrument for the security of the 2016C Certificates, enforceable in accordance with its terms, have been done and performed.

### ARTICLE III

#### PAYMENT OF BASE RENT

Section 3.01 Payment of Base Rent. Exhibit C of the Original Indenture is hereby amended to read in its entirety as set forth in Exhibit C hereto. The Borough shall pay to the Trustee each amount of Base Rent, without any set-off or deduction, shown on Exhibit C on a date that is not less than thirty (30) days before the payment date shown on Exhibit C.

### ARTICLE IV

#### AUTHORIZATION, EXECUTION, AND DELIVERY OF 2016C CERTIFICATES

Section 4.01 Authorization and Purpose of 2016C Certificates. The Borough hereby authorizes the execution and delivery of the 2016C Certificates for the purpose of carrying out the Refunding Plan and paying Costs of Issuance of the 2016C Certificates.

(a) The Trustee shall execute and deliver the 2016C Certificates as specified in a written order of the Borough, but only so long as no Event of Default then exists under the Indenture or the Deed of Trust, and only upon the receipt by the Trustee of:

(i) A copy of this First Supplement, certified by a Borough Representative;

(ii) A certificate of the Borough stating that the Borough is not in default in the performance of any of its obligations under the Indenture;

(iii) A certificate of a Borough Representative indicating that Annual Debt Service in each Fiscal Year following the execution and delivery of the 2016C Certificates will not exceed Annual Debt Service in such Fiscal Year prior to the execution and delivery of the 2016C Certificates.

(b) Notwithstanding satisfaction of other conditions to the execution and delivery of the 2016C Certificates contained in this Section, no such execution and delivery may occur (i) should any Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) have occurred and be

continuing unless such default shall be cured upon such execution and delivery, and (ii) unless the Reserve Fund is fully funded at the Reserve Requirement (including the 2016C Certificates) upon the execution and delivery of the 2016C Certificates.

## ARTICLE V

### DESCRIPTION, FORM, EXECUTION, AND REGISTRATION OF 2016C CERTIFICATES

#### Section 5.01 Description of 2016C Certificates.

(a) The 2016C Certificates shall be designated as the "Matanuska-Susitna Borough, Alaska, Animal Care Facility Lease Refunding Certificates of Participation, 2016C." The 2016C Certificates shall be executed and delivered in the aggregate principal amount of \$[\_\_\_\_]; shall be dated [\_\_\_\_], 2016; shall be numbered in the manner determined by the Trustee; and shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof; provided, that no 2016C Certificate shall evidence principal components maturing in different years.

(b) The interest component of the 2016C Certificates shall represent an interest in and shall be paid from the interest component of Base Rent, and shall accrue (computed on the basis of a 360-day year of twelve 30-day months) from the Date of Issue or from the most recent Interest Payment Date to which interest has been paid, whichever is later, payable on [March 1] and [September 1] of each year, commencing [\_\_\_\_], at the rates set forth below. The principal component of the Certificates shall represent an interest in and shall be payable from the principal component of the Base Rent, on [March 1] of each of the years and in the principal amounts set forth below:

Maturity Dates	Principal	Interest Rate
<u>[March 1]</u>	<u>Amount</u>	<u>Per Annum</u>

\*Term Certificates

Section 5.02 Place, Manner, and Medium of Payment of 2016C Certificates.

(a) The principal components of, premium, if any, and interest components of the 2016C Certificates shall be paid in lawful money of the United States of America, only to the Owner of each 2016C Certificate.

(b) Prior to the Book-Entry Termination Date with respect thereto, if any, the interest component of each 2016C Certificate shall be paid when due by the Trustee to DTC as the Owner thereof, for the benefit of the Beneficial Owner thereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date with respect thereto, if any, the interest component of each 2016C Certificate shall be paid from funds held in the Rent Fund, by check or draft mailed by the Trustee on or before each Interest Payment Date, to the Owner of such 2016C Certificate at the close of the Trustee's business on the applicable Record Date by first-class mail, postage prepaid, at such Owner's address appearing on the Register as of the close of the Trustee's business on the applicable Record Date; provided, that any Owner of \$1,000,000 or more in aggregate principal components of 2016C Certificates may be paid interest by wire transfer to an account in the United States of America by making a written request of the Trustee, received before the close of the Trustee's business on the applicable Record Date, specifying the account number and address, which request may provide that it will remain in effect until changed or revoked in writing.

(c) Prior to the Book-Entry Termination Date with respect thereto, if any, the principal component of each 2016C Certificate shall be paid by the Trustee to DTC as the Owner thereof, for the benefit of the Beneficial Owner thereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date with respect thereto, if any, the principal component of each 2016C Certificate shall be paid by check or draft payable to the Owner of such 2016C Certificate. Such check or draft shall be delivered to the Owner or such Owner's duly authorized agent on or after the maturity date or Redemption Date of such 2016C Certificate, but only upon the presentation for payment and the surrender of such 2016C Certificate at the principal corporate trust office of the Trustee.

Section 5.03 Book-Entry System for 2016C Certificates.

(a) All 2016C Certificates maturing in the same year shall be executed and delivered initially in the form of a single certificate, which certificate shall be registered in the name of DTC or its nominee, and delivered to DTC. DTC shall hold each such 2016C Certificate in fully immobilized form for the benefit of the Beneficial Owners pursuant to the Letter of Representations until the earliest to occur of either (1) the date of maturity of the 2016C Certificates evidenced by such certificate, at which time DTC shall surrender such certificate to the Trustee for payment of the principal and interest components of such 2016C Certificates coming due on such date, and the cancellation thereof; (2) the Redemption Date of any 2016C Certificates evidenced by such certificate, at which time DTC shall surrender such certificate to the Trustee for payment of the principal and interest components of such 2016C Certificates coming due on such Redemption Date, and the cancellation of such certificate and the execution and delivery

to DTC of a new certificate, registered in the name of DTC or its nominee, for the aggregate principal component of the unredeemed 2016C Certificates previously evidenced by such canceled certificate, if any; (3) the Book-Entry Termination Date; or (4) the date the Borough determines to utilize a new custodian for the 2016C Certificates, at which time the prior custodian shall surrender the immobilized certificates to the Trustee for transfer to the new custodian and cancellation as herein provided. If the earliest to occur of the aforementioned events is a Redemption Date and upon such redemption one or more new certificates are executed and delivered to DTC for any unredeemed portion of the 2016C Certificates, such new certificate(s) shall again be held by DTC in fully immobilized form for the benefit of the Beneficial Owners pursuant to the Letter of Representations until the next occurrence of one of the events described in this subsection.

(b) For so long as any 2016C Certificates at any time Outstanding are registered in the name of DTC or its nominee and held by DTC in fully immobilized form, as described in subsection (a) of this Section, (1) the rights of the Beneficial Owners shall be evidenced solely by an electronic and/or manual entry made from time to time on the records established and maintained by DTC or DTC Participants in accordance with the Letter of Representations, and (2) no certificates evidencing such 2016C Certificates shall be executed and delivered and registered in the name of any Beneficial Owner or such Beneficial Owner's nominee.

(c) The book-entry system of registering ownership of the 2016C Certificates may be terminated by the Borough, at which time the Borough shall deliver to the Trustee (1) a written request that it execute and deliver 2016C Certificates to each Beneficial Owner or such Beneficial Owner's nominee on the Book-Entry Termination Date; and (2) a list identifying the Beneficial Owners as to both name and address; and shall also deliver a supply of such certificates to the Trustee, if necessary for such purpose. Upon surrender to the Trustee of the immobilized certificates evidencing all of the 2016C Certificates then Outstanding, the Trustee shall execute and deliver new certificates to each Beneficial Owner or such Beneficial Owner's duly appointed agent, naming such Beneficial Owner or such Beneficial Owner's nominee as the Owner thereof. Such certificates may be in any integral multiple of \$5,000. Following such execution and delivery, the Owners of such 2016C Certificates may transfer and exchange such 2016C Certificates in accordance with Sections 7.06 and 7.07 of the Original Indenture.

(d) Neither the Borough nor the Trustee shall have at any time any responsibility or liability to any Beneficial Owner or to any other person for any error, omission, action, or failure to act on the part of DTC or any direct or indirect DTC Participant with respect to payment, when due, to the Beneficial Owner of the principal component, premium, if any, and interest component of the 2016C Certificates, proper recording of beneficial ownership of 2016C Certificates, proper transfers of such beneficial ownership, or any notices to or direction from Beneficial Owners or any other matter pertaining to the 2016C Certificates.

Section 5.04 Form of 2016C Certificates. The 2016C Certificates shall be in substantially the form set forth in Exhibit B hereto with such appropriate variations, legends, omissions, and insertions as permitted or required by the Indenture.

## ARTICLE VI

### REDEMPTION

Section 6.01 No Optional or Mandatory Redemption. The 2016C Certificates are not subject to optional or mandatory redemption prior to their respective maturities.

Section 6.02 Extraordinary Optional Redemption. The 2016C Certificates are subject to extraordinary optional redemption prior to their respective maturities in accordance with Section 8.03 of the Original Indenture.

## ARTICLE VII

### 2016C CERTIFICATE PROCEEDS; REFUNDING FUND; REFUNDING PLAN

Section 7.01 Refunding Fund. The Borough hereby establishes a fund with the Trustee entitled the "Animal Care Facility Lease Certificates of Participation Refunding Fund" (the "Refunding Fund") and the Costs of Issuance Account therein as hereafter described. Income and profit from the investment of money in the Refunding Fund shall be credited to the Refunding Fund. Any money on hand in the Refunding Fund on the Date of Issue of the 2016C Certificates in excess of the amount required to carry out the Refunding Plan shall be transferred to the Rent Fund. The money in the Refunding Fund shall be held in trust by the Trustee and applied to carry out the Refunding Plan. The money in the Costs of Issuance Account shall be held in trust by the Trustee and applied to the payment of Costs of Issuance of the 2016C Certificates as directed by the Borough Representative. Any money on hand in the Costs of Issuance Account on the date that is 180 days after the date of delivery of the 2016C Certificates shall be transferred to the Rent Fund and the Costs of Issuance Account shall then be closed.

Section 7.02 Deposit of 2016C Certificate Proceeds. The Borough shall deposit, or shall direct the Original Purchaser of the 2016C Certificates to deposit, with the Trustee all of the net proceeds of the sale of the 2016C Certificates, and the Trustee out of such proceeds shall:

(a) Deposit to the credit of the Refunding Fund net proceeds in the amount of \$[ ] from which the Trustee shall carry out the Refunding Plan.

(b) Deposit to the credit of the Costs of Issuance Account of the Refunding Fund net proceeds in the amount of \$[ ] from which the Trustee shall pay Costs of Issuance of the 2016C Certificates.

Section 7.03 Reserve Fund. The Trustee is authorized and directed to withdraw \$[ ] from the Reserve Fund and deposit such amount in the Refunding Fund on the Date of Issue of the 2016C Certificates; provided that such withdrawal shall not be made unless (a) immediately thereafter the Refunded Certificates shall be deemed to have been paid pursuant

to Section 14.02 of the Original Indenture, and (b) the amount remaining in the Reserve Fund after such withdrawal shall not be less than the Reserve Requirement.

Section 7.04 Refunding Plan. The Trustee is authorized and directed to execute and deliver the Refunding Trust Agreement and to carry out the Refunding Plan.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01 Execution of First Supplement in Counterparts. This First Supplement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

Section 8.02 Original Indenture in Effect. The Original Indenture, as supplemented by this First Supplement, is and remains in full force and effect.

[Signature page follows]

IN WITNESS WHEREOF, the **MATANUSKA-SUSITNA BOROUGH, ALASKA** has caused this Indenture to be executed by its Manager, and **U.S. BANK NATIONAL ASSOCIATION** has caused this Indenture to be executed by one of its authorized officers, all as of the day and year first above written.

MATANUSKA-SUSITNA BOROUGH, ALASKA

By: \_\_\_\_\_  
John Moosey, Borough Manager

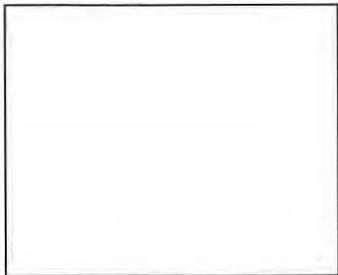
U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
[Name, Title]

Im 16-131  
OR 16-087

STATE OF ALASKA                    )  
  ) ss.  
THIRD JUDICIAL DISTRICT        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by John Moosey, Borough Manager of the Matanuska-Susitna Borough, Alaska, on behalf of the Borough.



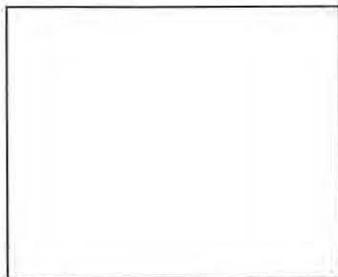
\_\_\_\_\_  
(Signature of Notary)

Notary public for Alaska  
My commission expires \_\_\_\_\_.

STATE OF WASHINGTON            )  
  ) ss.  
COUNTY OF KING                )

I certify that I know or have satisfactory evidence that [\_\_\_\_\_] is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as a[n] [\_\_\_\_\_] of U.S. Bank National Association, a national banking association, to be the free and voluntary act of such association for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.



\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

**EXHIBIT A**

**DESCRIPTION OF PROPERTY**

Lot 2, Tri-Central Subdivision, according to the official plat recorded January 7, 2008 as Plat No 2008-1 in the Palmer Recording District, Third Judicial District, State of Alaska.

**EXHIBIT B**

**FORM OF 2016 CERTIFICATE**

**UNITED STATES OF AMERICA**

**STATE OF ALASKA**

NO. \_\_\_\_\_

\$ \_\_\_\_\_

MATANUSKA-SUSITNA BOROUGH, ALASKA  
ANIMAL CARE FACILITY LEASE  
REFUNDING CERTIFICATE OF PARTICIPATION, 2016C

INTEREST RATE \_\_\_\_\_ MATURITY DATE \_\_\_\_\_ CUSIP NO. \_\_\_\_\_

Registered Owner \_\_\_\_\_

Principal Component \_\_\_\_\_ DOLLARS

This is to certify that the registered owner named above is the Owner of the following right to receive a portion of certain Base Rent payments (the "Base Rent") to be paid under the Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008, entered into by and between the Matanuska-Susitna Borough, Alaska (the "Borough") and U.S. Bank National Association as trustee (the "Trustee"), as supplemented by the First Supplement thereto dated as of [\_\_\_\_], 2016 (together, the "Indenture").

The Owner of this Certificate is entitled to receive, subject to the terms of the Indenture, on the maturity date stated above, the principal component stated above, representing a portion of the Base Rent designated as principal, and to receive on [\_\_\_\_], and semiannually thereafter on [March 1] and [September 1] of each year, the Owner's proportionate share of the Base Rent designated as interest, computed at the Interest Rate set forth above on the basis of a 360-day year of twelve 30-day months from the date hereof or from the most recent Interest Payment Date to which interest has been paid, whichever is later.

This Certificate has been executed by U.S. Bank National Association, Seattle, Washington, a national banking association organized under the laws of the United States of America, acting as Trustee. The right of the Trustee under the Indenture to receive the portion of the Base Rent due thereunder described above is hereby assigned to the Owner of this Certificate. Capitalized words and phrases used but not defined herein shall have the meanings set forth in the Indenture, unless otherwise noted.

THE OBLIGATION TO PAY RENT UNDER THE INDENTURE IS NOT A GENERAL OBLIGATION OF THE BOROUGH, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE BOROUGH ARE PLEDGED TO PAYMENT OF THE RENT. THE RENT IS PAYABLE EXCLUSIVELY FROM THE PROCEEDS OF THE CERTIFICATES, CERTAIN MONEY PLEDGED UNDER THE INDENTURE, AND FROM MONEY TO BE APPROPRIATED BY THE BOROUGH FOR THE PAYMENT OF RENT,

BUT THE BOROUGH IS NOT OBLIGATED TO APPROPRIATE MONEY FOR THIS PURPOSE.

The assignment of Base Rent under the Indenture to the Owners is without recourse, and no Owner has any rights against the Trustee for nonpayment as set forth in the Indenture. The rights of the Owner of this Certificate are defined in the Indenture, all of the terms and provisions of which are incorporated herein by reference.

The principal and interest components of Base Rent payable under this Certificate are payable in lawful money of the United States of America.

Prior to the Book-Entry Termination Date, the principal component hereof shall be paid by the Trustee to Cede & Co., as nominee for The Depository Trust Company, New York, New York, as the Owner hereof, for the benefit of the Beneficial Owner(s) hereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, the principal component hereof shall be paid by check or draft payable to the Owner hereof, delivered to such Owner or such Owner's duly authorized agent on or after the maturity date hereof or, if earlier, any applicable Redemption Date, but only upon the presentation for payment and surrender of this Certificate at the principal corporate trust office of the Trustee.

Prior to the Book-Entry Termination Date, the interest component hereof shall be paid by the Trustee to Cede & Co. as the Owner hereof, for the benefit of the Beneficial Owner(s) hereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, the interest component hereof shall be paid from the funds held in the Rent Fund, by check or draft mailed by the Trustee on or before each Interest Payment Date, and any applicable Redemption Date, to the Owner hereof at the close of the Trustee's business on the applicable Record Date by first-class mail, postage prepaid, at such Owner's address appearing on the Register as of the close of the Trustee's business on the applicable Record Date; provided, that any Owner of \$1,000,000 or more in aggregate principal components of 2016C Certificates may be paid interest by wire transfer to an account in the United States of America by making a written request of the Trustee, received before the close of the Trustee's business on the applicable Record Date, specifying the account number and address, which request may provide that it will remain in effect until changed or revoked in writing.

This Certificate is one of a duly authorized series of Certificates of Participation designated "Matanuska-Susitna Borough, Alaska, Animal Care Facility Lease Refunding Certificates Of Participation, 2016C" (the "2016C Certificates"), aggregating \$[ ] in original principal components, of like date, tenor, and effect except as to number, maturity date, interest rate, denomination, and redemption provisions. The 2016C Certificates are executed and delivered in fully registered form in the denomination of \$5,000 each or any integral multiple thereof.

The ownership of this Certificate is transferable. Prior to the Book-Entry Termination Date, the beneficial ownership of this Certificate may be transferred only on the records established and maintained by DTC and DTC Participants. On and after the Book-Entry Termination Date, transfer of the registered ownership of this Certificate shall be valid only if this Certificate is surrendered at the principal corporate trust office of the Trustee (or such other

location designated by the Trustee by written notice mailed to the Owners), with the assignment form appearing on this Certificate duly executed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee duly executed by, the Owner or such Owner's duly authorized agent, in a manner satisfactory to the Trustee. Upon such surrender, the Trustee shall cancel the surrendered 2016C Certificate and shall execute and deliver, in exchange for such surrendered and canceled 2016C Certificate and without charge to the Owner therefor (other than any governmental fees or taxes payable on account of such transfer), a new 2016C Certificate (or 2016C Certificates, at the option of the new Owner), naming as Owner the Person(s) listed as the assignee(s) on the assignment form appearing on the surrendered 2016C Certificate, of the same maturity, interest rate, terms, and conditions and for the same aggregate principal component.

From and after the Book-Entry Termination Date, this Certificate may be exchanged without charge to the Owner therefor (other than any governmental fees or taxes payable on account of such exchanges) at the principal corporate trust office of the Trustee (or such other location designated by the Trustee by written notice mailed to the Owners) by the Owner hereof or such Owner's duly authorized agent for new 2016C Certificate(s) of any authorized denomination as specified by the Owner of the exchanged 2016C Certificate or such Owner's agent.

The 2016C Certificates maturing on [October 1], [\_\_\_\_\_] are subject to mandatory sinking fund redemption prior to maturity, in part, on [October 1] in the years [\_\_\_\_\_] through [\_\_\_\_\_] inclusive, in the mandatory sinking fund redemption amounts set forth below, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the Redemption Date:

Mandatory Sinking Fund Redemption Dates [October 1]	Mandatory Sinking Fund Redemption Amounts
---	--

\*Scheduled maturity.

The 2016C Certificates maturing on or after [October 1], [\_\_\_\_\_] are subject to redemption on any date on and after [\_\_\_\_\_] at the option of the Borough, in such principal components as the Borough may determine, and by lot within such maturity, at a redemption price equal to the principal component of 2016C Certificates to be redeemed, plus accrued interest to the Redemption Date.

Jm16-131  
OR16-087

The 2016C Certificates are subject to extraordinary optional redemption prior to their respective maturities at the option of the Borough, in whole and not in part on any date, at a redemption price equal to the principal component of the 2016C Certificates to be redeemed, plus accrued interest to the Redemption Date, if (i) the Project or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty; or (ii) title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise or threat of the power of eminent domain by any governmental body or by any Person.

The 2016C Certificates are secured by a security interest in and a lien and claim against the money and investments, if any, in the Rent Fund, the Construction Fund, and the Reserve Fund, each held in trust by the Trustee. The Borough has reserved the right to cause Additional Certificates to be executed and delivered upon the terms and conditions provided in the Indenture. Reference is hereby made to the Indenture for other terms and conditions upon which this Certificate has been executed and delivered, which terms and conditions are made a part hereof by this reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture. Copies or executed counterparts of the Indenture are on file at the office of the Trustee and at the office of the Borough. The Trustee has executed this Certificate solely in its capacity as Trustee under the Indenture.

IN WITNESS WHEREOF, this Certificate of Participation has been duly executed by the Trustee pursuant to the terms of the Indenture.

DATED: [\_\_\_\_], 2016.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_

Authorized Officer

*Jm 16-131  
OR 16-087*

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within 2016C Certificate and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the Register, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature on this Assignment must correspond with the name as it appears upon the face of the within 2016C Certificate in every particular, without alteration or enlargement or any change whatsoever. The Trustee will register a 2016C Certificate in the name of a transferee only if provided with the information requested above.

\_\_\_\_\_  
OWNER

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

**EXHIBIT C**

**SCHEDULE OF BASE RENT PAYMENTS**

<u>Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total</u>
09/01/2008		\$120,571.31	\$120,571.31
03/01/2009	\$260,000	140,927.50	400,927.50
09/01/2009		135,727.50	135,727.50
03/01/2010	290,000	135,727.50	425,727.50
09/01/2010		129,927.50	129,927.50
03/01/2011	305,000	129,927.50	434,927.50
09/01/2011		123,827.50	123,827.50
03/01/2012	315,000	123,827.50	438,827.50
09/01/2012		117,527.50	117,527.50
03/01/2013	330,000	117,527.50	447,527.50
09/01/2013		110,927.50	110,927.50
03/01/2014	340,000	110,927.50	450,927.50
09/01/2014		104,127.50	104,127.50
03/01/2015	355,000	104,127.50	459,127.50
09/01/2015		96,672.50	96,672.50
03/01/2016	370,000	96,672.50	466,672.50
09/01/2016			
03/01/2017			
09/01/2017			
03/01/2018			
09/01/2018			
03/01/2019			
09/01/2019			
03/01/2020			
09/01/2020			
03/01/2021			
09/01/2021			
03/01/2022			
09/01/2022			
03/01/2023			

## REFUNDING TRUST AGREEMENT

THIS REFUNDING TRUST AGREEMENT (the "Agreement") is made and entered into [\_\_\_\_], 2016, by and between MATANUSKA-SUSITNA BOROUGH, ALASKA (the "Borough"), a municipal corporation, and U.S. BANK NATIONAL ASSOCIATION of Seattle, Washington (the "Trustee").

WHEREAS, the Borough now has outstanding \$3,555,000 aggregate principal amount of Matanuska-Susitna Borough, Alaska Animal Care Facility Lease Certificates of Participation (the "2008 Certificates"), and the Borough has determined that it is in the best interests of the Borough to advance refund the 2008 Certificates maturing on March 1, 2023, outstanding in the aggregate principal amount of \$2,390,000 (the "Refunded Certificates"); and

WHEREAS, pursuant to Ordinance No. [\_\_\_\_] of the Borough (the "Authorizing Ordinance"), the Borough has determined that the Refunded Certificates be refunded out of the proceeds of the sale of its Animal Care Facility Lease Refunding Certificates of Participation, 2016C (the "2016C Certificates"), for the purpose of realizing a debt service savings for the Borough; and

WHEREAS, the refunding of the Refunded Certificates will be accomplished pursuant to this Agreement (including Exhibit A attached hereto and made a part hereof by this reference), the Lease Purchase Agreement and Trust Indenture, dated as of March 1, 2008, by and between the Borough and the Trustee, as supplemented by the First Supplement thereto dated as of [\_\_\_\_], 2016 (together, the "Indenture"), and the Authorizing Ordinance, which documents provide for and, for the purpose of Sections 103, 148, and 149(d) of the Internal Revenue Code of 1986, as amended (the "Code"), are to be considered as the Refunding Plan, by:

(a) The delivery by the Borough to the Trustee of the proceeds of the 2016C Certificates [and other money of the Borough];

(b) The purchase by the Trustee of the noncallable direct obligations of the United States of America listed on Exhibit A purchased pursuant to Section 2 (the "Acquired Obligations") at or prior to the date the 2016C Certificates are delivered to the original purchaser thereof and the Borough receives full payment therefor (the "Date of Issue"), which Acquired Obligations satisfy the requirements of the Verification described in paragraph (c);

(c) The delivery to the Borough and the Trustee of a verification (the "Verification") by a nationally recognized independent certified public accounting firm verifying the mathematical accuracy of the computations (which computations shall be attached to that report) showing that the Acquired Obligations to be purchased by the Trustee pursuant to the Indenture and this Agreement, together with the specified beginning cash balance, and the maturing principal of and interest on such Acquired Obligations, will provide sufficient money (assuming that all principal of and interest on the Acquired Obligations are paid on the due dates thereof and assuming no reinvestment of such maturing principal and interest) to pay the interest components of the Refunded Certificates

when due up to and including March 1, 2018, and on March 1, 2018, call, pay, and redeem all of the Refunded Certificates at a price of par; and

(d) The receipt by the Trustee of the maturing installments of principal of and interest on the Acquired Obligations; and

(e) The Trustee's payments on the Refunded Certificates set forth herein;

and

WHEREAS, upon the execution and delivery of the 2016C Certificates to carry out the Refunding Plan, the principal amount of the Refunded Certificates no longer shall be considered outstanding under the Indenture; and

WHEREAS, the Borough Assembly has found that the refunding of the Refunded Certificates, through the execution and delivery of the 2016C Certificates, is beneficial and will realize a debt service savings to the Borough and its taxpayers; and

WHEREAS, the Borough Assembly, pursuant to the Authorizing Ordinance, has duly and validly authorized the execution and delivery of this Agreement, the delivery of the proceeds of the 2016C Certificates to the Trustee, the purchase by the Trustee of the Acquired Obligations and the carrying out of the Refunding Plan;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and for the benefit of the Borough, the parties hereto agree as follows:

Section 1. Delivery of Money to Trustee. On the Date of Issue, the Borough shall cause to be delivered to the Trustee all of the proceeds of the 2016C Certificates [and \$[\_\_\_\_\_] of other money of the Borough].

Section 2. Investment and Expenditure of Money.

(a) On the Date of Issue, the Trustee shall apply \$[\_\_\_\_\_] to pay on behalf of the Borough the purchase and/or subscription prices of the Acquired Obligations from the sources, in the principal amounts, with the dates of maturity and bearing the interest rates or yields set forth in Exhibit A, and \$[\_\_\_\_\_] to establish a beginning cash balance for the Refunded Certificates. Upon receipt thereof, the Trustee shall deliver to the Borough copies of the documents evidencing the purchase of and payment for the Acquired Obligations. Investments in mutual funds and unit investment trusts are prohibited.

(b) On the Date of Issue, the Trustee, on behalf of the Borough, shall pay the costs of issuance and sale of the 2016C Certificates in the amount of \$[\_\_\_\_\_] , as set forth on the attached Exhibit B, from the 2016C Certificate proceeds deposited with the Trustee and not needed to refund the Refunded Certificates, and shall transfer any remaining proceeds to the Borough for application in accordance with the Indenture.

Section 3. Sufficiency of Acquired Obligations. Based upon the Verification, the Borough represents that the Acquired Obligations and the maturing principal thereof and the interest thereon, if paid when due, together with the beginning cash balance, shall be sufficient to make when due the payments required by the Refunding Plan. The schedules of the sources, amounts, maturities, and interest rates or yields of the Acquired Obligations and of the Refunded Certificates that will fulfill the foregoing requirements are set forth in the Verification.

Section 4. Collection of Proceeds of Acquired Obligations and Application of Such Proceeds and Money. The Trustee shall present for payment and shall collect and receive on the due dates thereof the maturing installments of the principal of and the interest on the Acquired Obligations and any Substitute Obligations (defined herein). The Trustee shall make payments, but only in the amounts received pursuant to this Section, of the amounts to be paid on the Refunded Certificates as shown in the Verification.

Section 5. Notice of Defeasance and Notice of Redemption. The Trustee agrees to give a notice of defeasance and a notice of redemption of the Refunded Certificates pursuant to the terms of the Indenture and the Refunded Certificates, and in substantially the forms attached hereto as and as described in Exhibits C and D, for distribution as described therein. The notice of defeasance shall be given within two business days after the execution of this Agreement, and the notice of redemption shall be given in accordance with the Indenture. Notices given to the Municipal Securities Rulemaking Board (the "MSRB") shall be in the electronic format prescribed by the MSRB and accompanied by the identifying information prescribed by the MSRB. The cost of giving the notices shall be paid by the Borough.

Section 6. All Obligations and Money and Proceeds Thereof Held in Trust. The Trustee irrevocably agrees to hold the Acquired Obligations, the Substitute Obligations, if any, the principal thereof and interest thereon, and any other money it may receive pursuant to this Agreement and any reinvestments thereof made pursuant to Sections 8 and 9, in trust and separate at all times from all other funds and investments held by the Trustee, solely for the purpose of making the payments required by the Refunding Plan. The Borough irrevocably conveys, transfers, and assigns to the Trustee the Acquired Obligations, any Substitute Obligations, the principal thereof and the interest thereon, and any other money and investments deposited with the Trustee pursuant to this Agreement, for the purpose of making such payments. The Trustee shall not sell, transfer, assign, or hypothecate any Acquired Obligations, reinvestments, or Substitute Obligations except pursuant to Sections 8, 9, 12 and 14.

Section 7. Reports. The Trustee shall submit a report to the Borough, at least semiannually, which report shall set forth the cash, Acquired Obligations, and any Substitute Obligations held hereunder by the Trustee, the obligations that have matured and amounts received by the Trustee by reason of such maturity, the interest earned on such obligations, a list of any investments or reinvestments made by the Trustee in other obligations and the interest and/or principal derived therefrom, the amounts paid on the Refunded Certificates, and any other transaction of the Trustee pertaining to its duties and obligations as set forth herein.

Section 8. Substitution of Different Obligations or Other Investments. The Borough reserves the right to substitute from time to time for Acquired Obligations initially purchased in accordance with Section 2, or for obligations purchased under this Section, other noncallable,

nonprepayable direct obligations of the United States of America and/or obligations unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest authorized to be acquired with the proceeds of the 2016C Certificates (the "Substitute Obligations"). Prior to effecting any such substitution, the Borough shall have obtained at its expense and delivered to the Trustee:

(a) A verification by a nationally recognized independent certified public accounting firm acceptable to the Trustee confirming that the maturing principal of and interest on the Substitute Obligations and any remaining Acquired Obligations to be held by the Trustee in the refunding escrow, if paid when due and assuming no reinvestment thereof, together with any other cash then held by the Trustee, will be sufficient to carry out the Refunding Plan and make all remaining payments required by the Refunding Plan; and

(b) An opinion from Foster Pepper PLLC, bond counsel to the Borough, its successor or other nationally recognized bond counsel to the Borough ("Bond Counsel"), that the disposition and substitution or purchase of such securities, under the statutes, rules, and regulations then in force and applicable to the 2016C Certificates, will not cause the interest components of the 2016C Certificates or the Refunded Certificates to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the 2016C Certificates.

If the verification delivered to the Trustee pursuant to Section 8(a) shows that surplus money not needed to make the payments required by the Refunding Plan will result from the sale, transfer, or other disposition of Acquired Obligations and the substitution of Substitute Obligations therefor, that surplus money at the written request of the Borough shall be released from the refunding escrow and shall be transferred to the Borough to be used for any lawful Borough purpose, subject to any restrictions stated in the opinion of Bond Counsel required by Section 8(b).

Section 9. Reinvestment of Proceeds of Acquired and/or Substitute Obligations. The proceeds (principal and interest) and reinvestment proceeds of any Acquired Obligations and/or Substitute Obligations held by the Trustee in accordance with this Agreement that are not needed within five business days after the receipt thereof to make the payments required by the Refunding Plan shall be reinvested by the Trustee, but only upon receipt of written request of the Borough, on such date of receipt or the next business day. The Borough shall direct such reinvestment subject to the following conditions:

(a) Except as provided in subsection (c) of this Section, the proceeds of such Acquired Obligations and/or Substitute Obligations shall be reinvested in Substitute Obligations at a yield that will not cause the composite yield on the refunding escrow to exceed [\_\_\_\_\_] % during its term or such higher yield as may be directed by letter of instructions from the Borough to the Trustee, but if the composite yield on the directed investments made pursuant to this Agreement would exceed [\_\_\_\_\_] %, such letter of instructions shall contain a verification of

such composite yield and shall be based upon and accompanied by the opinion of Bond Counsel approving reinvestment of such proceeds at such higher yield.

(b) The obligations in which such proceeds are reinvested shall mature in an amount at least equal to their purchase price on the date or dates directed by the Borough, but not later than the date (as shown by the then most recent certified public accountant verification) the principal thereof is needed to make the payments required by the Refunding Plan;

(c) If such proceeds, together with other funds remaining in the refunding escrow, are insufficient to reinvest in the smallest denomination of such obligations or are required to be used to make payments required by the Refunding Plan sooner than the shortest maturity available for such obligations, then those proceeds and funds either shall be converted to United States currency and retained or shall remain uninvested in the refunding escrow and carried on the books of the Trustee until required to make the payments required by the Refunding Plan, or until sufficient money is accumulated to permit the investment thereof; and

(d) "Yield," as used in subsection (a) of this Section with respect to the Acquired Obligations and Substitute Obligations, means that yield computed in accordance with and permitted by the Code applicable to the 2016C Certificates and the refunding escrow under this Agreement so as to preserve the exclusion from gross income for federal income tax purposes of the interest components of the 2016C Certificates.

The Trustee may make any and all investments permitted by the provisions of this Section through its own investment department or the investment departments of any of its affiliates.

Section 10. Amendments to Agreement. The Trustee and the Borough recognize that the owners of the Refunded Certificates and the 2016C Certificates from time to time have a beneficial interest in the Acquired Obligations, the Substitute Obligations, and money to be held by the Trustee as herein provided. Therefore, this Agreement is irrevocable and shall not be subject to amendment except for the purpose of clarifying any ambiguity herein, increasing the protection of the rights of the owners of the Refunded Certificates or the 2016C Certificates, or preserving the exclusion of the interest components of the Refunded Certificates and the 2016C Certificates from gross income for federal income tax purposes, and only if such amendment is accompanied by an opinion of Bond Counsel addressed to the Borough and the Trustee to the effect that such change is necessary for one of the above reasons and does not materially adversely affect the owners of the outstanding Refunded Certificates and the 2016C Certificates or that it strengthens the protection of the owners of the Refunded Certificates and the 2016C Certificates and does not materially adversely affect the owners of the Refunded Certificates and the 2016C Certificates. If such amendment affects the amount of money and investments in the refunding escrow or the application thereof, prior to the amendment's taking effect there also shall be a verification by a nationally recognized independent certified public accounting firm satisfactory to the Trustee to the effect that after such amendment the Acquired Obligations,

Substitute Obligations, and other money in the refunding escrow will be sufficient to make the payments required by the Refunding Plan. A copy of such verification shall be delivered to the Trustee.

Section 11. Limitation of Liability of Trustee. None of the provisions contained in this Agreement shall require the Trustee to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Trustee shall be under no liability for the payment of interest on any funds or other property received by it hereunder except to the extent the Trustee is required by the express terms of this Agreement to invest such funds.

The Trustee's liabilities and obligations in connection with this Agreement are confined to those specifically described herein. The Trustee is authorized and directed to comply with the provisions of this Agreement and is relieved from all liability for so doing notwithstanding any demand or notice to the contrary by any party hereto. The Trustee shall not be responsible or liable for the sufficiency, correctness, genuineness, or validity of the Acquired Obligations or the Substitute Obligations deposited with it; the performance or compliance by any party other than the Trustee with the terms or conditions of any such instruments; or any loss which may occur by reason of forgeries, false representations, or the exercise of the Trustee's discretion in any particular manner unless such exercise is negligent or constitutes willful misconduct.

If any controversy arises between the Borough and any third person, the Trustee shall not be required to determine the same or to take any action in the premises, but it may institute, in its discretion, an interpleader or other proceedings in connection therewith as it may deem proper, and in following either course, it shall not be liable.

Section 12. Remittance of Funds When Refunded Certificates Paid in Full. At such time as the Trustee has received the representation of the Borough that all of the payments required by the Refunding Plan have been made, together with such other evidence of such payments as shall be satisfactory to the Borough and the Trustee, the Trustee shall deliver forthwith or remit to the Borough any remaining Acquired Obligations, Substitute Obligations, and money held pursuant to this Agreement.

Section 13. Compensation of Trustee. The payment arrangement heretofore made between the Trustee and the Borough on compensation and expenses of the Trustee for services rendered by it pursuant to the provisions of this Agreement is satisfactory to it and to the Borough, and no further payment to the Trustee shall be required for such purpose. Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this Agreement, and if the Trustee renders any service hereunder not provided for in this Agreement, or the Trustee is made a party to or intervenes in any litigation pertaining to this Agreement or institutes interpleader proceedings relative hereto, the Trustee shall be compensated reasonably by the Borough for such extraordinary services and reimbursed for all fees, costs, liability, and expenses (including reasonable attorneys' fees) occasioned thereby. The Trustee shall not have a lien against or otherwise be compensated for its services and expenses from the money, Acquired Obligations, and Substitute Obligations held pursuant to this Agreement to make the payments required by the Refunding Plan.

Section 14. Successor Trustee. The obligations assumed by the Trustee pursuant to this Agreement may be transferred by the Trustee in accordance with the provisions of the Indenture relating thereto.

Section 15. Miscellaneous. This Agreement is governed by Alaska law without regard to the conflict of laws provisions thereof and may not be modified except by a writing signed by the parties and subject to the limitations of Section 10. If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

Section 16. Notice to Rating Agencies. The Trustee shall notify all national rating agencies maintaining (at the request of the Borough) a rating on the Refunded Certificates or the 2016C Certificates, in writing upon timely receipt of notice or evidence of either of the following circumstances:

(a) Prior to their taking effect, any amendments to this Agreement under Section 10, enclosing the proposed amendatory documents; and

(b) The holding (referred to in Section 15) that one or more provisions of this Agreement are invalid, illegal, or unenforceable in any respect, enclosing a copy of that holding.

Such notices shall be sent to the applicable rating agencies by first class mail to the addresses advised by those rating agencies.

Section 17. Counterparts. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement pursuant to due and proper authorization, all as of the date and year first above written.

MATANUSKA-SUSITNA BOROUGH,  
ALASKA

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Tammy E. Clayton, Director of Finance

By \_\_\_\_\_  
[Name], [Title]

**EXHIBIT A**

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
ANIMAL CARE FACILITY LEASE  
REFUNDING CERTIFICATES OF PARTICIPATION, 2016C**

**ACQUIRED OBLIGATIONS**

<b>TYPE*</b>	<b>MATURITY DATE</b>	<b>PAR AMOUNT</b>	<b>INTEREST RATE</b>
--------------	--------------------------	-----------------------	--------------------------

\*CERT – United States Treasury Certificate of Indebtedness—State and Local Government Series  
NOTE – United States Treasury Note—State and Local Government Series

**EXHIBIT B**

**MATANUSKA-SUSITNA BOROUGH, ALASKA  
ANIMAL CARE FACILITY LEASE  
REFUNDING CERTIFICATES OF PARTICIPATION, 2016C**

**COSTS OF ISSUANCE**

Foster Pepper PLLC	Bond Counsel	
Standard & Poor's	Rating Fee	
Fitch	Rating Fee	
Acacia Financial Group Inc.	Financial Advisor	
U.S. Bank National Association	Trustee	
Wold Printing	OS Printing	
Causey Demgen Moore	Verification Agent	
Matanuska-Susitna Borough	Travel Costs (est.)	
Katten Muchin Rosenman LLP	Underwriter's Counsel	
Miscellaneous/Contingency		
<b>Total</b>		\$ <u>          .</u>

**EXHIBIT C**

**Notice of Defeasance\***  
**Matanuska-Susitna Borough, Alaska**  
**Animal Care Facility Lease Certificates of Participation, 2008**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned certificates with respect to which, pursuant to the Refunding Trust Agreement dated [\_\_\_\_], 2016, by and between Matanuska-Susitna Borough, Alaska (the "Borough"), and U.S. Bank National Association (the "Trustee"), there has been deposited into a refunding escrow, held by the Trustee, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money to pay when due, to and including the redemption date of such certificates so provided for (the "Refunded Certificates"), the principal thereof and interest thereon. The Refunded Certificates are therefore deemed to be no longer outstanding under the Indenture pursuant to which the Refunded Certificates were executed and delivered, but will be paid by application of the assets in such refunding escrow.

The Refunded Certificates are described as follows:

Matanuska-Susitna Borough, Alaska  
Animal Care Lease Facility Certificates of Participation, 2008  
(Dated March 27, 2008)

Maturity Date (March 1)	Principal Amount Defeased	Interest Rate	Call Date (at 100%)	CUSIP No.
2023*	\$2,390,000	5.75%	3/01/2018	576550 AW7

\* Term Certificates.

**U. S. Bank National Association**, as Trustee

Dated: \_\_\_\_\_

\* This notice shall be given within two business days after the date of the Refunding Trust Agreement by first-class mail, postage prepaid, to each registered owner of the Refunded Certificates. In addition, notice shall be mailed within the same period, postage prepaid, to Matanuska-Susitna Borough, at its offices in Palmer, Alaska; Moody's Investors Service and Standard & Poor's at their offices in New York, New York; RBC Capital Markets at its principal office in San Francisco, California; The Depository Trust Company of New York, New York, and the Municipal Securities Rulemaking Board (the "MSRB") in the electronic format and accompanied by the identifying information prescribed by the MSRB.

## EXHIBIT D

### Notice of Redemption\*

#### Matanuska-Susitna Borough, Alaska Animal Care Facility Lease Certificates of Participation, 2008

NOTICE IS HEREBY GIVEN that Matanuska-Susitna Borough, Alaska, has called for redemption on March 1, 2018, all of its then-outstanding Animal Care Facility Lease Certificates of Participation, 2008 (the "Refunded Certificates").

The Refunded Certificates will be redeemed at a price equal to one hundred one percent (100%) of their principal amount, plus accrued interest to March 1, 2018. The redemption price of the Refunded Certificates is payable on presentation and surrender of the Refunded Certificates at the office of:

[By Mail or in Person]

U.S. Bank National Association  
Global Corporate Trust Services  
111 Fillmore Avenue East  
St. Paul, MN 55107

Interest on all Refunded Certificates shall cease to accrue on March 1, 2018.

The following Refunded Certificates are being redeemed:

Maturity Date (March 1)	Principal Amount Redeemed	Interest Rate	Call Date (at 100%)	CUSIP No.
2023*	\$2,390,000	5.75%	3/01/2018	576550 AW7

\* Term Certificates.

**By Order of Matanuska-Susitna Borough, Alaska**

**U.S. Bank National Association, as Trustee**

Dated: \_\_\_\_\_

Under Section 3406(a)(1) of the Internal Revenue Code, the Trustee may be obligated to withhold a percentage of the principal of a holder who has failed to furnish the Trustee with a valid taxpayer identification number and a certification that the owner is not subject to backup withholding. Owners who wish to avoid the application of these provisions should submit a completed IRS Form W-9 when presenting their certificates for payment.

\* This notice shall be given not less than 30 nor more than 60 days prior to March 1, 2018, by first class mail, postage prepaid, to each registered owner of the Refunded Certificates. In addition, notice shall be mailed within the same period, postage prepaid, to Matanuska-Susitna Borough, at its offices in Palmer, Alaska; Moody's Investors Service and Standard & Poor's at their offices in New York, New York; RBC Capital Markets at its principal office in San Francisco, California; The Depository Trust Company of New York, New York, and the Municipal Securities Rulemaking Board (the "MSRB") in the electronic format and accompanied by the identifying information prescribed by the MSRB.

NON-CODE ORDINANCE

Sponsored By: Borough Manager  
Introduced:  
Public Hearing:  
Adopted:

MATANUSKA-SUSITNA BOROUGH  
ORDINANCE SERIAL NO. 16-087

AN ORDINANCE AUTHORIZING THE MATANUSKA-SUSITNA BOROUGH TO CAUSE TO BE EXECUTED AND DELIVERED AND TO SELL NOT TO EXCEED \$3,000,000 ANIMAL CARE FACILITY LEASE REFUNDING CERTIFICATES OF PARTICIPATION, 2016C; AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENT TO LEASE PURCHASE AGREEMENT AND TRUST INDENTURE AND A REFUNDING TRUST AGREEMENT TO SECURE THE CERTIFICATES; AUTHORIZING THE EXECUTION OF A CERTIFICATE PURCHASE AGREEMENT; AND PROVIDING FOR RELATED MATTERS.

WHEREAS, the Borough has caused the execution and delivery of and has sold its Matanuska-Susitna Borough, Alaska Animal Care Facility Lease Certificates of Participation, 2008, in the aggregate principal amount of \$5,750,000 (the "2008 Certificates") pursuant to a Lease Purchase Agreement and Trust Indenture dated as of March 1, 2008 (the "Original Indenture"), between the Borough and U.S. Bank National Association, as trustee (the "Trustee"), to finance the construction of an animal care facility (the "Project"); and

WHEREAS, pursuant to the Original Indenture, the 2008 Certificates maturing on March 1, 2023 (the "Refundable 2008 Certificates") are subject to redemption on any date on and after March 1, 2018, at the option of the Borough, in such principal amounts as the Borough may determine, at a redemption

price equal to the principal amount of 2008 Certificates to be redeemed, plus accrued interest to the date of redemption; and

WHEREAS, the Refundable 2008 Certificates are outstanding in an aggregate principal amount of \$2,390,000 and bear interest at the rate of 5.75% per annum; and

WHEREAS, after due consideration, it appears that the Refundable 2008 Certificates may be refunded by the execution, delivery, and sale of the refunding certificates of participation authorized by this ordinance (the "2016C Certificates") so that a substantial savings will be effected by the difference between the principal and interest cost over the life of the 2016C Certificates and the principal and interest cost over the life of the Refundable 2008 Certificates but for such refunding; and

WHEREAS, pursuant to the Original Indenture, the Borough may, subject to certain conditions, cause the execution and delivery of and sell the 2016C Certificates to advance refund all or a portion of the Refundable 2008 Certificates pursuant to a Refunding Trust Agreement (the "Refunding Trust Agreement") with the Trustee; and

WHEREAS, the Borough has determined to sell the 2016C Certificates to RBC Capital Markets, LLC (the "Underwriter"),

pursuant to a Certificate Purchase Agreement (the "Certificate Purchase Agreement"); and

WHEREAS, the Borough and its advisors have examined proposed forms of the First Supplement to Lease Purchase Agreement and Trust Indenture, Refunding Trust Agreement, and Certificate Purchase Agreement, each of which has been presented to the Assembly on this date; have found the form and substance of such documents to be satisfactory and proper; and have determined to proceed in accordance with such documents by authorizing the execution, delivery, and sale of the 2016C Certificates and the refunding of all or a portion of the Refundable 2008 Certificates, the execution and delivery of such documents, and the taking of such other action as may be necessary or convenient therefor;

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. Authorization for 2016C Certificates. The 2016C Certificates are authorized to be executed and delivered in the principal amount of not to exceed \$3,000,000 to refund all or a portion of the Refundable 2008 Certificates. The 2016C Certificates may be executed and delivered in one or more series

of certificates to be designated "Matanuska-Susitna Borough, Alaska Animal Care Facility Lease Refunding Certificates of Participation, 2016C," with such varying or additional designations as the Borough Manager or the Borough Finance Director may determine.

Section 3. Approval of Financing Documents. The form and content of the First Supplement to Lease Purchase Agreement and Trust Indenture and the Refunding Trust Agreement are in all respects authorized, approved, and confirmed, and the Borough Manager and the Borough Finance Director are each individually and severally authorized, empowered, and directed to execute and deliver those documents for and on behalf of the Borough in substantially the form and content now before this Assembly, but with such changes, modifications, additions, and deletions therein as shall to him or her seem necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of the approval of any and all changes, modifications, additions, or deletions therein from the form and content of those documents now before this Assembly, and from and after the execution and delivery of those documents, the Borough Manager, the Borough Financial Director, the Borough Attorney, and the Borough Clerk are each individually and severally authorized, empowered, and directed to do all such acts and things and to

execute all documents as may be necessary to carry out and comply with the provisions of those documents as executed.

Section 4. Sale of the 2016C Certificates. The 2016C Certificates shall be sold at negotiated sale to the Underwriter. The Borough's financial advisor has advised the Assembly that bond market conditions are fluctuating and that the most favorable market conditions for the sale of the 2016C Certificates 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 terms of the sale of the 2016C Certificates. Therefore, the Assembly determines that it is in the best interest of the Borough to delegate the authority to approve the terms of the sale of the 2016C Certificates as provided herein. Subject to the limitations provided in Section 2, the Borough Manager and the Borough Finance Director are each individually and severally authorized to determine the Refundable 2008 Certificates to be refunded and the aggregate principal amount, maturity amounts, sinking fund installments, if any, interest rates, yields, dated date, principal and interest payment dates, and redemption terms, if any, for the 2016C Certificates, and other details of the 2016C Certificates. In determining the aggregate principal amount, maturity amounts, sinking fund

installments, if any, interest rates, yields, dated date, principal and interest payment dates, and redemption terms, if any, for the 2016C Certificates, the Borough Manager or the 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 2016C Certificates to their maturity or prior redemption, including current financial market conditions and current interest rates for obligations comparable in tenor and quality to the 2016C Certificates. The Borough Manager and the Borough Finance Director are each individually and severally authorized to determine, in consultation with the Borough's financial advisor and the Underwriter, whether there shall be bond insurance for the 2016C Certificates, 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 the 2016C Certificates as a result of the bond insurance. Based upon the foregoing determinations, the Borough Manager and the Borough Finance Director are each individually and severally authorized to execute the Certificate Purchase Agreement with the Underwriter, in substantially the form presented at this meeting. The authority granted to the Borough Manager and the Borough Finance

Director by this Section shall expire 270 days after the effective date of this ordinance. If the Borough Manager or the Borough Finance Director has not executed a Certificate Purchase Agreement with the Underwriter within 270 days after the effective date of this ordinance, the Certificate Purchase Agreement may not be executed on behalf of the Borough without further authorization from the Assembly.

Section 5. Call of Refunded Certificates for Redemption. The Borough Manager and the Borough Finance Director are each individually and severally authorized and directed to call the Refundable 2008 Certificates to be refunded by the 2016C Certificates (the "Refunded Certificates") for redemption on March 1, 2018. The call for redemption of the Refunded Certificates shall be subject to the delivery of the 2016C Certificates to the Underwriter, and such call shall become irrevocable upon such delivery. Notice of redemption of the Refunded Certificates shall be given in the manner set forth in the Original Indenture.

Section 6. Ratings on the 2016C Certificates. The Borough Manager or the Borough Finance Director, in consultation with the Borough's financial advisor and the Underwriter, shall obtain a rating on the 2016C Certificates from at least one nationally recognized securities rating service. The 2016C

Certificates shall not be sold if such rating is below investment grade.

Section 7. Offering Document for the 2016C Certificates. The Borough Manager and the Borough Finance Director, in consultation with the Borough's financial advisor and the Underwriter, are each individually and severally authorized and directed to prepare and approve a preliminary Official Statement and an Official Statement with respect to the 2016C Certificates to be used in connection with the sale of the 2016C Certificates. The Borough Manager and the Borough Finance Director are each individually and severally authorized to deem the preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12, to approve any addendum, supplement, or amendment thereto, to approve the form of the final Official Statement for the 2016C Certificates, and to approve any addendum, supplement, or amendment thereto.

Section 8. Execution and Delivery of other Documents. The Mayor, the Borough Manager, the Borough Finance Director, the Borough Attorney, and the Borough Clerk are each individually and severally authorized and directed to execute and deliver for and on behalf of the Borough any and all additional certificates, documents, opinions, or other papers

and 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 Original Indenture, as supplemented by the First Supplement thereto (together, the "Indenture"), the Refunding Trust Agreement, the 2016C Certificates, the Certificate Purchase Agreement, and this ordinance.

Section 9. Prohibited Sale of 2016C Certificates. 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 2016C Certificates is eligible to purchase the 2016C Certificates as a member of the original underwriting syndicate either at public or private sale.

Section 10. Continuing Disclosure. The Borough 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 this meeting. 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 the Indenture or the 2016C Certificates; however, the beneficial owner of any 2016C Certificate may bring

an action for specific performance, to cause the Borough to comply with its obligations under this Section.

Section 11. Ratification of Certain Prior Actions. All prior actions taken by or on behalf of the Borough in connection with the 2016C Certificates are authorized, ratified, confirmed, and approved.

Section 12. Limited Obligations. The 2016C Certificates and the interest thereon shall be limited obligations of the Borough payable solely from the revenues, funds, and assets pledged under the Indenture to secure payment of the 2016C Certificates, and under no circumstances shall the 2016C Certificates be payable from any other revenues, funds, assets, or income of the Borough.

Section 13. Savings Provision. 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 2016C Certificates.

Section 14. Incorporation of Recitals. The findings and determinations contained in the preambles of this ordinance are incorporated herein as part of this ordinance.

Section 15. Effective Date. This ordinance shall become effective upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
VERN HALTER, Borough Mayor

ATTEST:

\_\_\_\_\_  
LONNIE R. MCKECHNIE, CMC, Borough Clerk

(SEAL)



Board - Applicant	Applicants Under Consideration by Mayor	Mayor's Appointments for Confirmation by the Assembly
<b>Emergency Medical Services Board</b> <i>13 members/13 alt. – 3 vacancies</i> Central Ambulance Alternate Palmer Ambulance *West Lakes Ambulance Alternate		
<b>Enhanced 911 Advisory Board</b> <i>5 members/5 alt. – 2 vacancies</i> City of Houston **City of Houston Alternate		
<b>Health and Social Services Board</b> <i>13 members – 5 vacancies</i> Member 06 – District 3 Member 07 - District 7 Member 08 – At-Large Districts 2, 3, 4, or 6 ..... • Brian Galloway - N Member 10 – District 4 Member 13 – District 1		
<b>Historical Preservation Commission</b> <i>9 members – 1 vacancy</i> Member 5		
<b>Jt. Assembly/School Board Committee on School Issues</b> <i>6 members – 1 vacancy</i> *Assembly Member 2		
<b>Labor Relations Board</b> <i>5 members - 3 vacancies</i> Member 1 Member 2 Member 4		
<b>Local Emergency Planning Committee</b> <i>33 members – 13 vacancies</i> ***Alaska Railroad ***Borough Government *City of Houston (non law enforcement) *City of Palmer (non law enforcement) *Civil Defense ***Elected Official Emergency Medical Services Env/Bus/Tech 5 Law Enforcement AK State Troopers ***Law Enforcement Houston Police		

Board - Applicant	Applicants Under Consideration by Mayor	Mayor's Appointments for Confirmation by the Assembly
<b>Local Emergency Planning Committee (continued)</b> **Law Enforcement Palmer Police Public Health Agency ..... Tribal Government	.....	Brian Galloway - N
<b>Marijuana Advisory Committee</b> <i>17 members/17 alternates – 4 vacancies</i> Member 05A - Local Business Organization Alternate Member 06A - Law Enforcement Alternate Member 09A - Planning/Zoning Type Experience Alternate Member 10A - Sales/Marketing Advertising Alternate		
<b>Office of Administrative Hearings</b> <i>5 members – 4 vacancies (2 year terms)</i> ***Seat A Seat B ***Seat C ***Seat E		
<b>Parks, Recreation, and Trails Advisory Board</b> <i>11 members – 2 vacancies</i> *District 4 District 7		
<b>Butte FSA # 2</b> <i>3 members – 3 vacancies</i> ***Member 1 ***Member 2 .....Gregory Nilsson - N ***Member 3 .....Robert Hicks - N		
<b>Sutton FSA # 4</b> <i>3 members – 3 vacancies</i> ***Member 1 ***Member 2 ***Member 3		
<b>Alpine RSA # 31</b> <i>3 members – 1 vacancy</i> Member 1		
<b>Gold Trail RSA # 28</b> <i>3 members – 1 vacancy</i> Member 3		
<b>Lazy Mountain RSA # 19</b> <i>3 members – 1 vacancy</i> Member 2		
<b>Midway RSA # 9</b> <i>3 members – 1 vacancy</i> Member 3		
<b>North Colony RSA # 23</b> <i>3 members – 2 vacancies</i> ***Member 1 ***Member 2		

Board - Applicant	Applicants Under Consideration by Mayor	Mayor's Appointments for Confirmation by the Assembly
<b>Circle View &amp; Stampede Estates Flood &amp; Water Erosion # 131</b> <i>5 members – 1 vacancy</i> Member 5		
<b>Talkeetna Flood Control Service Area # 7</b> <i>3 members – 1 vacancy</i> ***Member 3		



## MATANUSKA-SUSITNA BOROUGH

### Office of the Borough Mayor

350 East Dahlia Avenue • Palmer, AK 99645

Phone (907) 861-8682 • Fax (907) 861-8669

[Vern.Halter@matsugov.us](mailto:Vern.Halter@matsugov.us)

#### MEMORANDUM

April 21, 2016

Dear Planning Commission,

It is my understanding there is a vacant position for the second seat on the Planning Commission Representative for the School Site Selection Committee. This letter is a recommendation for Colleen Vague to take that seat. I understand that Bill Kendig has volunteered for that seat, and it is appreciated but at this time I would move Colleen Vague's name forward for that position.

Due to the wealth of knowledge provided by Tom Adams, I would like to see him to continue his term to the end. I would also like to express my personal thanks to Bill Kendig for offering to step up and fill one of the positions. If I can answer any questions or be of service to you, please don't hesitate to call me.

Sincerely,

Vern Halter

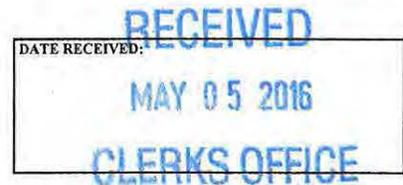
Mayor

Matanuska-Susitna Borough

SBA Planning Comm Rep 2  
Colleen Vague 12/31/2017

*Providing Outstanding Borough Services to the Matanuska-Susitna Community.*

MATANUSKA-SUSITNA BOROUGH - CLERK'S OFFICE  
350 E. Dahlia Avenue Palmer, AK 99645  
Phone: 861-8683 Fax: 861-7845



**BOARD, COMMISSION, AND COMMITTEE APPLICATION FORM**

**INSTRUCTIONS**

**Complete and sign the application.** Do not leave any blank fields. Type or print legibly in ink. Specify exactly what board and position you are seeking. Completed applications may be emailed to [debra.wetherhorn@matsugov.us](mailto:debra.wetherhorn@matsugov.us) or delivered or mailed to the Borough Clerk's Office, 350 E. Dahlia Avenue, Palmer, or faxed to 861-7845. If you have questions, please call 861-8683.

**Board and position for which I am applying:** Health and Human Services, Member 08 (At-Large District 2)  
*(For example, Board of Equalization, Member 3)*

Applicant Name: Brian Matthew Galloway

Residence Address: 935 Edinborough Dr., Palmer, AK 99645

Mailing Address: 935 Edinborough Dr., Palmer, AK 99645

Home phone: (907)354-5540 Work phone: (907)357-2588 x 2202 Email: brian.m.galloway@gmail.com

Name and Address of Employer: Access Alaska, Inc. - 1075 S. Check St, #109, Wasilla, AK 99654

Can you regularly attend meetings? Yes  No  *(Pursuant to (MSB 4.05.030, "A vacancy occurs on the board when the member is absent from three (3) consecutive regular board meetings without the board excusing the absence for good cause.")*

Do you or any family member have a personal or financial interest with the Borough? Yes  No

If yes, list positions and or interest: \_\_\_\_\_  
*(For example: employee, emergency responder, RSA or FSA area supervisor, board member, contractor etc.)*

How long have you lived in the Borough? 22 years

Briefly explain, why you are you interested in serving on the board in which you are applying? This board directly relates to the services offered through my employ and holds personal interest to me.

List professional or personal experiences that qualify you for membership on the board? You may **attach a brief resume** to highlight your qualifications: Mat-Su Regional / Independent Living Services Program Manager - Access Alaska.

I have also worked as an IL Advocate, CDPCS Program Associate, and work closely with severel comminuty service agencies.

List three professional or personal references: Name: Cathy Gerby Phone: (907) 328-4113  
Name: Jim Beck Phone: (907) 352-2863  
Name: Tom McGregor Phone: (907) 688-3174

Applicant Signature:   Date: 05/04/2016

Office Use Only: Precinct: <u>11-075</u> Assembly District: <u>2</u> Service Area: <u>NA</u>
Position on Board: <u>HSSB member 8 - AT-LARGE</u> Term Ends: <u>12.31.2017</u>
Residence Checked: <input checked="" type="checkbox"/> Yes Map Checked: <input checked="" type="checkbox"/> Yes Code Checked: 1 <sup>st</sup> <input checked="" type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/>

Applicant Name: Brian Matthew Galloway

---

1. Do you have any civil judgment against you within the last 10 years, whether monetary, non-monetary, declarative, injunctive, or any other form or manner?     NO  YES

If yes, please provide on a separate page the following: (1) case name, (2) nature of action, (3) year of judgment, and (4) a brief description of the judgment entered and/or sentence imposed.

---

2. Do you have any judgments against you in a criminal case within the last 10 years, whether upon finding of guilt, plea of no contest, suspended, or any form of judgment other than dismissal or not guilty?  
 NO     YES

If yes, please provide on a separate page the following: (1) case name, (2) nature of action, (3) year of judgment, and (4) a brief description of the judgment entered and/or sentence imposed.

---

May 4, 2016

RE: Health and Human Services Board Application for Brian Galloway.

In response to Question # 1 on Page 2 of the board application. There have been two (2) civil cases filed against myself within the last 10 years.

The first was Ford Motor Credit Vs. Galloway, Brian M (Case # 3PA-07-01172CI) in 2007. Judgement was for repayment/collection of a vehicle loan to Ford Motor Credit.

The second was Recovery Management Inc. Vs. Galloway, Brian M (Case # 3PA-12-01503CI) in 2012. Judgment was for repayment/collection of medical care charges.

MATANUSKA-SUSITNA BOROUGH - CLERK'S OFFICE  
350 E. Dahlia Avenue Palmer, AK 99645  
Phone: 861-8683 Fax: 861-7845

RECEIVED  
DATE RECEIVED:  
MAY 05 2016  
CLERKS OFFICE

**BOARD, COMMISSION, AND COMMITTEE APPLICATION FORM**

**INSTRUCTIONS**

**Complete and sign the application.** Do not leave any blank fields. Type or print legibly in ink. Specify exactly what board and position you are seeking. Completed applications may be emailed to [debra.wetherhorn@matsugov.us](mailto:debra.wetherhorn@matsugov.us) or delivered or mailed to the Borough Clerk's Office, 350 E. Dahlia Avenue, Palmer, or faxed to 861-7845. If you have questions, please call 861-8683.

**Board and position for which I am applying:** Local Emergency Planning Committee (LEPC)  
*(For example, Board of Equalization, Member 3)*

Applicant Name: Brian Matthew Galloway

Residence Address: 935 Edinborough Dr., Palmer, AK 99645

Mailing Address: 935 Edinborough Dr., Palmer, AK 99645

Home phone: (907)354-5540 Work phone: (907)357-2588 x 2202 Email: brian.m.galloway@gmail.com

Name and Address of Employer: Access Alaska, Inc. - 1075 S. Check St, #109, Wasilla, AK 99654

Can you regularly attend meetings? Yes  No  *(Pursuant to (MSB 4.05.030, "A vacancy occurs on the board when the member is absent from three (3) consecutive regular board meetings without the board excusing the absence for good cause.")*

Do you or any family member have a personal or financial interest with the Borough? Yes  No

If yes, list positions and or interest: \_\_\_\_\_  
*(For example: employee, emergency responder, RSA or FSA area supervisor, board member, contractor etc.)*

How long have you lived in the Borough? 22 years

Briefly explain, why you are you interested in serving on the board in which you are applying? This board directly relates to the services offered through my employ and holds personal interest to me.

List professional or personal experiences that qualify you for membership on the board? You may **attach a brief resume** to highlight your qualifications: Mat-Su Regional / Independent Living Services Program Manager - Access Alaska.

I have also worked as an IL Advocate, CDPCS Program Associate, and work closely with severel comminuty service agencies.

List three professional or personal references: Name: Cathy Gerby Phone: (907) 328-4113  
Name: Jim Beck Phone: (907) 352-2863  
Name: Tom McGregor Phone: (907) 688-3174

Applicant Signature:  N Date: 05/04/2016

Office Use Only: Precinct: <u>11-075</u>	Assembly District: <u>2</u>	Service Area: <u>NA</u>
Position on Board: <u>LEPC Public Health Agency</u>	Term Ends: <u>12.31.2018</u>	
Residence Checked: <input checked="" type="checkbox"/> Yes	Map Checked: <input checked="" type="checkbox"/> Yes	Code Checked: 1 <sup>st</sup> <input checked="" type="checkbox"/> 2 <sup>nd</sup> <input type="checkbox"/>

Applicant Name: Brian Matthew Galloway

---

1. Do you have any civil judgment against you within the last 10 years, whether monetary, non-monetary, declarative, injunctive, or any other form or manner?           NO   x   YES

If yes, please provide on a separate page the following: (1) case name, (2) nature of action, (3) year of judgment, and (4) a brief description of the judgment entered and/or sentence imposed.

---

2. Do you have any judgments against you in a criminal case within the last 10 years, whether upon finding of guilt, plea of no contest, suspended, or any form of judgment other than dismissal or not guilty?  
  x   NO        YES

If yes, please provide on a separate page the following: (1) case name, (2) nature of action, (3) year of judgment, and (4) a brief description of the judgment entered and/or sentence imposed.

---

May 4, 2016

RE: Local Emergency Planning Committee (LEPC) Application for Brian Galloway.

In response to Question # 1 on Page 2 of the board application. There have been two (2) civil cases filed against myself within the last 10 years.

The first was Ford Motor Credit Vs. Galloway, Brian M (Case # 3PA-07-01172CI) in 2007. Judgement was for repayment/collection of a vehicle loan to Ford Motor Credit.

The second was Recovery Management Inc. Vs. Galloway, Brian M (Case # 3PA-12-01503CI) in 2012. Judgment was for repayment/collection of medical care charges.



BOARD, COMMISSION, AND COMMITTEE APPLICATION FORM

INSTRUCTIONS

Complete and sign the application. Do not leave any blank fields. Type or print legibly in ink. Specify exactly what board and position you are seeking. Completed applications may be emailed to [debra.wetherhorn@matsugov.us](mailto:debra.wetherhorn@matsugov.us) or delivered or mailed to the Borough Clerk's Office, 350 E. Dahlia Avenue, Palmer, or faxed to 861-7845. If you have questions, please call 861-8683.

Board and position for which I am applying: BUTTE FSA BOARD OF SUPERVISORS  
(For example, Board of Equalization, Member 3)

Applicant Name: GREGORY S. NILSSON

Residence Address: 5505 SOUTH OLD GLENN HIGHWAY

Mailing Address: 259 SOUTH ALASKA STREET PALMER, AK 99645

Home phone: 745-7526 Work phone: 745-3398 Email: gnilsson@matsoa.net

Name and Address of Employer: SELF

Can you regularly attend meetings? Yes  No  (Pursuant to (MSB 4.05.030, "A vacancy occurs on the board when the member is absent from three (3) consecutive regular board meetings without the board excusing the absence for good cause.")

Do you or any family member have a personal or financial interest with the Borough? Yes  No

If yes, list positions and or interest: \_\_\_\_\_  
(For example: employee, emergency responder, RSA or FSA area supervisor, board member, contractor etc.)

How long have you lived in the Borough? 20 YEARS

Briefly explain, why you are you interested in serving on the board in which you are applying? WE HAVE NO BUTTE SAFETY PLANS OF ANY TYPE - WISH TO DEVELOP SAME.

List professional or personal experiences that qualify you for membership on the board? You may attach a brief resume to highlight your qualifications: ALASKA CONTRACTOR (RATED BY D.O.L. IN TOP 1/3) FOR FORTY YEARS - OWN 60+ ACRES PROPERTIES IN BUTTE, 2 BUSINESSES.

List three professional or personal references: Name: DAN JEFFEREY Phone: 354-8883  
Name: THERESA BECK Phone: 740-6387  
Name: JOHN SHUE Phone: 745-4911

Applicant Signature: Gregory S Nilsson Date: 14 SEP 15

(N)

Office Use Only: Precinct: 12-220 Assembly District: 1 Service Area: FSA - BUTTE  
Position on Board: FSA 2 member 2 Term Ends: 12/31/2017  
Residence Checked:  Yes Map Checked:  Yes Code Checked: 1<sup>st</sup>  2<sup>nd</sup>

Applicant Name: GREGORY NILSSON

---

Do you have any civil judgment against you within the last 10 years, whether monetary, non-monetary, declarative, injunctive, or any other form or manner?     NO     YES

If yes, please provide on a separate page the following: (1) case name, (2) nature of action, (3) year of judgment, and (4) a brief description of the judgment entered and/or sentence imposed.

---

Do you have any judgments against you in a criminal case within the last 10 years, whether upon finding of guilt, plea of no contest, suspended, or any form of judgment other than dismissal or not guilty?

NO     YES

If yes, please provide on a separate page the following: (1) case name, (2) nature of action, (3) year of judgment, and (4) a brief description of the judgment entered and/or sentence imposed.

---

DATE RECEIVED:  
**RECEIVED**  
**APR 20 2018**  
**CLERKS OFFICE**

**BOARD, COMMISSION, AND COMMITTEE APPLICATION FORM**

**INSTRUCTIONS**

**Complete and sign the application. Do not leave any blank fields.** Type or print legibly in ink. Specify exactly what board and position you are seeking. Completed applications may be emailed to [debra.wetherhorn@matsugov.us](mailto:debra.wetherhorn@matsugov.us) or delivered or mailed to the Borough Clerk's Office, 350 E. Dahlia Avenue, Palmer, or faxed to 861-7845. If you have questions, please call 861-8683.

Board and position for which I am applying: Butte FSA #2 Board of Supervisors  
(For example, Board of Equalization, Member 3)

Applicant Name: Robert A Hicks

Residence Address: 8588 South Ben Hur Drive, Palmer AK 99645

Mailing Address: 8588 South Ben Hur Drive, Palmer AK 99645

Home phone: 967-746-6015 Work phone: \_\_\_\_\_ Email: saowshank1@hotmail.com

Name and Address of Employer: Retired

Can you regularly attend meetings? Yes  No  (Pursuant to (MSB 4.05.030, "A vacancy occurs on the board when the member is absent from three (3) consecutive regular board meetings without the board excusing the absence for good cause.")

Do you or any family member have a personal or financial interest with the Borough? Yes  No

If yes, list positions and or interest: \_\_\_\_\_  
(For example: employee, emergency responder, RSA or FSA area supervisor, board member, contractor etc.)

How long have you lived in the Borough? 38 years

Briefly explain, why you are you interested in serving on the board in which you are applying? Provide assistance in fire department oversight for community development.

List professional or personal experiences that qualify you for membership on the board? You may attach a brief resume to highlight your qualifications: 22 year service with Butte Val Fire and Rescue 1985 to 2007, resigned post as Assistant Chief, Knowledge of fire dept operation, budget and organization.

List three professional or personal references:  
Name: Randy Bouy Phone: 907-746-2069  
Name: Kevin Varyason Phone: 907-715-8281  
Name: Mike Roscoe Phone: 907-746-1764

Applicant Signature: Robert A Hicks Date: 4/19/16

(N)

Office Use Only: Precinct: 12-220 Assembly District: 1 Service Area: FSA-Butte  
Position on Board: FSA 2 member 3 Term Ends: 12.31.2018  
Residence Checked:  Yes Map Checked:  Yes Code Checked: 1<sup>st</sup>  2<sup>nd</sup>

4.21.16 emailed V.R.

Applicant Name: Robert A. Hicks

---

Do you have any civil judgment against you within the last 10 years, whether monetary, non-monetary, declarative, injunctive, or any other form or manner?  NO  YES

If yes, please provide on a separate page the following: (1) case name, (2) nature of action, (3) year of judgment, and (4) a brief description of the judgment entered and/or sentence imposed.

---

Do you have any judgments against you in a criminal case within the last 10 years, whether upon finding of guilt, plea of no contest, suspended, or any form of judgment other than dismissal or not guilty?

NO  YES

If yes, please provide on a separate page the following: (1) case name, (2) nature of action, (3) year of judgment, and (4) a brief description of the judgment entered and/or sentence imposed.

---

**I. CALL TO ORDER**

The special meeting of the Matanuska-Susitna Borough Assembly was held on May 5, 2016, at the Willow Community Center, 23625 West Willow Community Center Circle, Willow, Alaska. The meeting was called to order at 6 p.m. by Mayor Vern Halter for the purpose of conducting a budget public hearing on Ordinance Serial No. 16-016.

**II. ROLL CALL**

Assembly members present and establishing a quorum were:

- Mr. Jim Sykes, Assembly District No. 1
- Mr. Matthew Beck, Assembly District No. 2 (*Deputy Mayor*)
- Mr. George McKee, Assembly District No. 3
- Mr. Steve Colligan, Assembly District No. 4
- Mr. Dan Mayfield, Assembly District No. 5
- Ms. Barbara Doty, Assembly District No. 6 (*arrived at 6:28 p.m.*)
- Mr. Randall Kowalke, Assembly District No. 7

Staff in attendance were:

- Ms. Lonnie R. McKechnie, Borough Clerk
- Mr. John Moosey, Borough Manager
- Mr. George Hays, Assistant Borough Manager
- Mr. Nicholas Spiropoulos, Borough Attorney
- Ms. Brenda J. Henry, Assistant Clerk
- Ms. Benji Wood, Administrative Assistant
- Ms. Tammy Clayton, Finance Director
- Mr. Ken Barkley, Emergency Services Deputy Director - Fire
- Ms. Lisa Behrens, Emergency Services Deputy Director – EMS
- Mr. Eric Phillips, Information and Technology Director
- Ms. Patty Sullivan, Public Affairs Director

**III. APPROVAL OF AGENDA**

Mayor Halter inquired if there were any changes to the agenda.

GENERAL CONSENT: The agenda was approved as presented without objection.

**IV. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mr. William Mailer, a member of the audience.

**V. AUDIENCE PARTICIPATION (Three minutes per person.)**

The following person spoke in support of the preservation of the current location of the old Willow Community Center: Mr. Jim Huston.

The following person spoke to concerns with the public process: Mr. Eugene Carl Haberman.

**VI. PUBLIC HEARING (Three Minutes Per Person)**

- A. **Ordinance Serial No. 16-016:** An Ordinance Appropriating Monies From The Central Treasury For The Borough Operating Funds, Enterprise Funds, Education Operating Fund, And Capital Funds; Establishing The Rate Of Levy For All Borough Functions For The Fiscal Year Beginning July 1, 2016, And Ending June 30, 2017, And Setting The Surcharge Rate For The Wireline And Wireless Enhanced 911 Systems For The Period Of July 1, 2016, Through June 30, 2017.

Mayor Halter reopened the public hearing.

The following persons spoke in support of full funding for the School District: Assistant Principal John Gardner, Big Lake Elementary School; Principal Bill Johnson, Houston High School; Principal Ben Howard, Houston Middle School; Principal Lisa Shelby, Talkeetna Elementary School; Mr. Dale Lloyd; Mr. Tim Walters, Mat-Su Education Association President; Ms. Shari Peterson; Principal Allison Wall, Trapper Creek Elementary; Ms. Donna Dearman, School Board Member District 7; Ms. Judith McCrossen; Ms. Patty Fisher; Ms. Lisa Humphreys, Houston High School Secretary; Ms. Sara Fiedler; Mr. Chad Rice, Houston High School Teacher; and Mr. Ryan McCrossen, Houston High School student.

The following person spoke in support of the Willow Library replacement and Community Center upgrades: Mr. William Mailer, Willow Library Association Member.

The following person spoke in support of a park and recreation area in the Point MacKenzie area: Ms. Billie Gonzales, Point MacKenzie Community Council.

The following person spoke in support of the current location of the Old Willow Community Center and in support of the Willow Library replacement: Mr. Harry Banks, Willow Area Community Organization Chair.

The following person spoke to concerns with the public process: Mr. Eugene Carl Haberman.

The following person spoke in support of funding for the Sexual Assault Response Team (SART), in support of funding for Mat-Su Youth Court, and in support of funding for a Drug Enforcement Officer: Mayor Bert Cottle, city of Wasilla.

The following person spoke in support of full funding for the School District, in support of funding for SART, in support of drug use prevention, and in support of the Mat-Su Youth Court: Mr. Stu Graham, Wasilla City Council Member.

The following person spoke to the need for the Assembly to be fiscally responsible: Ms. Patricia Rosnel.

The following person spoke in support of funding for upgraded E-911 dispatch equipment: Ms. Debbie Bloom, EMT II for Willow Fire Service Area.

The following person spoke to concerns with a letter written in support of preserving the old Willow Community Center: Mr. Jim Houston.

The following person spoke to the need to providing funding to small non-profit entities: Mr. Herman Thompson.

There being no others who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION PENDING: Assemblymember Beck moved to adopt Ordinance Serial No. 16-016.

MOTION: Assemblymember Beck moved to postpone Ordinance Serial No. 16-016 to a time certain of May 9, 2016, at 6 p.m.

VOTE: The motion passed without objection.

### **VIII. MAYOR, ASSEMBLY, AND STAFF COMMENTS**

Mr. Moosey:

- thanked the Willow Community for their hospitality;
- noted the large number of attendees; and
- commented that the cookies provided with dinner were delicious.

Assemblymember McKee:

- spoke to concerns on cost per student at the School District; and
- commented that perhaps resources may need to be used more wisely.

Assemblymember Sykes:

- thanked the public for attending the meeting and providing testimony;
- stated that he believes the School District has done a great job at managing resources; and
- spoke to the need to be fiscally responsible.

Assemblymember Doty:

- thanked the public for attending this evening;
- stated that the Assembly is supportive of education;
- noted that roads and public safety are also important;

- spoke to pass through grants for health and social service agencies; and
- stated that she would like the Borough to negotiate good health care that is focused on wellness instead of illness.

Assemblymember Colligan:

- commented that he too enjoyed the cookies provided this evening;
- spoke in support of funding for SART and Youth Court;
- spoke to the most difficult experience he has had while being a member of the Assembly; and
- thanked the public for attending the meeting.

Assemblymember Mayfield:

- thanked everyone who attended the meeting and provided testimony;
- stated that he has spent a lot of time working on the budget;
- noted that he is hopeful there is a way forward without increasing the mill rate; and
- spoke to amendments that he will be bringing before the body.

Assemblymember Beck:

- spoke to his appreciation of the input of the public;
- spoke in support of funding for the Youth Court program; and
- noted that he is in support of full funding for the School District.

Assemblymember Kowalke:

- thanked the Willow Community for the dinner that was provided;
- shared that it was nice to not have so far to drive for the meeting this evening; and
- spoke in support of the Willow Library project.

Mayor Halter:

- recognized Ms. Jamie Newman, Wasilla City Clerk and former Borough Deputy Clerk;
- spoke to his appreciation of the Willow community;
- noted the growth that is occurring in the area;
- spoke in support of the Willow Library project;
- noted some projects that he would like to see funded through the budget cycle;
- stated that he would like to try to stay at the same mill rate as last year;
- noted that the Borough is seeing significant growth;
- thanked the public for the testimony they provided;
- spoke to his appreciation of the School District; and
- noted that there are many projects he would like to see included in the recreational bond package.

## VIII. ADJOURNMENT

The special meeting recessed at 7:48 p.m. to be reconvened on May 9, 2016, at 6 p.m.

**I. CALL TO ORDER**

The special meeting of the Matanuska-Susitna Borough Assembly was held on Monday, May 9, 2016, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6 p.m. by Mayor Vern Halter for the purpose of deliberations on Ordinance Serial No. 16-016.

**II. ROLL CALL**

Assembly members present and establishing a quorum were:

- Mr. Jim Sykes, Assembly District No. 1
- Mr. Matthew Beck, Assembly District No. 2 (*Deputy Mayor*)
- Mr. George McKee, Assembly District No. 3
- Mr. Steve Colligan, Assembly District No. 4 (*arrived at 6:05 p.m.*)
- Mr. Dan Mayfield, Assembly District No. 5
- Ms. Barbara Doty, Assembly District No. 6 (*arrived at 6:09 p.m.*)
- Mr. Randall Kowalke, Assembly District No. 7

Staff in attendance were:

- Ms. Lonnie R. McKechnie, Borough Clerk
- Mr. John Moosey, Borough Manager
- Mr. Nicholas Spiropoulos, Borough Attorney
- Ms. Jessica Kilborn, Deputy Borough Clerk
- Mr. Jude Bilafer, Capital Projects Director
- Ms. Tammy Clayton, Finance Director
- Mr. Terrance Dolan, Public Works Director
- Ms. Eileen Probasco, Planning and Land Use Director
- Mr. Bill Gamble, Emergency Services Director
- Ms. Patty Sullivan, Public Affairs Director
- Mr. Eric Phillips, Community Development Director
- Ms. Cheyenne Heindel, Financial Analyst
- Mr. Ken Barkley, FSA Deputy Director
- Ms. Lisa Behrens, EMS Deputy Director
- Ms. Elizabeth Weiant, Administrative Specialist
- Mr. Casey Cook, Emergency Manager
- Mr. Hugh Leslie, Recreation and Library Manager
- Mr. Joe Miner, Ice Rink Manager

**III. APPROVAL OF AGENDA**

Mayor Halter inquired if there were any changes to the agenda.

**GENERAL CONSENT:** The agenda was approved as presented without objection.

#### **IV. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mr. Luke Fulp, School District Business and Operations Assistant Superintendent.

#### **V. AUDIENCE PARTICIPATION (Three minutes per person.)**

The following person voiced concerns with the public process: Mr. Eugene Carl Haberman.

The following person thanked the Assembly for its support of the School District funding: Mr. Luke Fulp, School District Business and Operations Assistant Superintendent.

#### **VI. DELIBERATIONS AND POSSIBLE ADOPTION OF THE FISCAL YEAR 2017 BUDGET**

- A. **Ordinance Serial No. 16-016:** An Ordinance Appropriating Monies From The Central Treasury For The Borough Operating Funds, Enterprise Funds, Education Operating Fund, And Capital Funds; Establishing The Rate Of Levy For All Borough Functions For The Fiscal Year Beginning July 1, 2016, And Ending June 30, 2017, And Setting The Surcharge Rate For The Wireline And Wireless Enhanced 911 Systems For The Period Of July 1, 2016, Through June 30, 2017.

MOTION PENDING: Assemblymember Beck moved to adopt Ordinance Serial No. 16-016.

##### **Amendment No. 1**

##### **Fire Service Areas (Tab G, Pages 12, 56, and 64) Ordinance Serial No. 16-016 (Pages 6 and 8)**

- MOTION: Assemblymember Kowalke moved a primary amendment to Fire Services Areas, Tab G as follows:
- Caswell Fire Service Area by striking 3.34 mills and inserting in its place 3.21;
  - Talkeetna Fire Service Area by striking 2.12 mills and inserting in its place 2.04; and
  - Willow Fire Service Area by striking 2.86 and inserting in its place 2.75.

VOTE: The primary amendment passed without objection.

##### **Amendment No. 2**

##### **Fire Service Areas, Central Mat-Su FSA (Tab G, Pages 27-39)**

MOTION: Assemblymember McKee moved a primary amendment to the Central Mat-Su Fire Service Area Budget, fund 250, by striking \$14,455,989 and inserting in its place \$12,455,989 for an overall decrease of \$2,000,000.

Discussion ensued regarding postponement.

Mayor Halter inquired if there was any objection to postponing the amendment to May 12, 2016.

There was no objection noted.

### **Amendment No. 3**

#### **Fire Service Area, Butte Fire Service Area (Tab G, Page 42) Ordinance Serial No. 16-016 (Pages 6 and 8)**

MOTION: Assemblymember Sykes moved a primary amendment to Fire Service Area, Butte Fire Service Area by striking the mill rate of 3.48 and inserting in its place 3.43.

VOTE: The primary amendment passed without objection.

### **Amendment No. 4**

#### **Non-Areawide, Animal Care (Tab D, Page 15) Non-Areawide, Administration/Economic Development (Tab D, Page 14)**

MOTION: Assemblymember McKee moved a primary amendment to Non-Areawide, Animal Care to add one full time Deputy Animal Care Officer as follows:

- Animal Care and Regulation, 200.100.606.411s and 412s, increase of \$91,747; and
- Economic Development, 200.100.114.429.900, Other Contractual, by striking \$182,000 and inserting in its place \$90,253 for a decrease of \$91,747.

MOTION: Assemblymember Beck moved a secondary amendment to strike “Economic Development, 200.100.114.429.900, Other Contractual, by striking \$182,000 and inserting in its place \$90,253 for a decrease of \$91,747.”

VOTE: The secondary amendment passed without objection.

MOTION: Assemblymember Doty moved to postpone the primary amendment to a time certain of May 12, 2016.

VOTE: The motion passed with no objection.

### **Amendment No. 5**

#### **Capital Grants/Pass Through, City Block Grants (Tab O, Page 1) M/V Susitna (Tab M, Page 2)**

MOTION: Assemblymember Mayfield moved a primary amendment to Capital Grants/Pass Through, City Block Grants and the M/V Susitna as follows:

- City of Palmer by striking \$40,000 and inserting in its place \$19,300 for a total decrease of \$20,700;
- City of Wasilla by striking \$45,000 and inserting in its place \$19,300 for a total decrease of \$25,700;
- City of Houston by striking \$21,000 and inserting in its place \$19,300 for a total decrease of \$1,700;
- M/V Susitna, 367.110, by striking \$814,760 and inserting in its place \$762,860 for a total decrease of \$51,900, and an equal decrease in the areawide fund; and
- by inserting a separate planning grant for the City of Wasilla in the amount of \$100,000.

MOTION: Assemblymember McKee moved to postpone the primary amendment to a time certain of May 12, 2016.

VOTE: The motion passed with no objection.

#### **Amendment No. 6**

#### **Capital Grants/Pass Through, Tourism Infrastructure (Tab O, Page 1)**

MOTION: Assemblymember Mayfield moved a primary amendment to Capital Grants/Pass Through, Tourism Infrastructure as follows:

- Winter Trail Grooming by striking \$150,000 and inserting in its place \$130,000 for a decrease of \$20,000;
- Recreation Priorities by striking \$117,500 and inserting in its place \$97,500 for a decrease of \$20,000; and
- by inserting Point MacKenzie Community Council, Point MacKenzie Park in the amount of \$40,000.

VOTE: The primary amendment passed without objection.

#### **Amendment No. 7**

#### **General Fund (Tab B, Pages 1 and 18)**

#### **Education Operating (Tab J, Page 2)**

MOTION: Assemblymember Mayfield moved a primary amendment to the General Fund and to Education Operating as follows:

- Reserve for School Site Acquisitions by striking \$1,724,683 and inserting in its place \$144,269 for a decrease of \$1,580,414;
- Areawide, transfer to Education Operating, 445.220, by striking \$54,260,886 and inserting in its place \$55,841,300 for an increase of \$1,580,414;
- Education Operating, Areawide, 367.110, by striking \$54,260,886 and inserting in its place \$55,841,300 for an increase of \$1,580,414; and

- Estimated Unassigned Fund Balance, by striking \$130,740 and inserting in its place \$75,009 for a decrease of \$55,731:
  - inserting the \$55,731 into the Reserve for School Site Acquisitions for a balance in that account of \$200,000; and
- inserting a new Section 10 to read: “Notwithstanding MSB 3.04.110(C) and Ordinance Serial No. 15-015, the School District may carry over 100 percent of their unassigned fund balance for fiscal year 2016, ending June 30, not exceeding the amount allowed by AS 14.17.505.”

MOTION: Assemblymember Colligan moved to divide the question to take up the addition of Section 10 separately.

VOTE: The motion passed with Assemblymember Mayfield opposed.

MOTION: Assemblymember Colligan moved to take up the second segment of the amendment first.

VOTE: The motion passed without objection.

MOTION: Second segment. Assemblymember Mayfield moved a primary amendment by inserting a new Section 10 to read: “Notwithstanding MSB 3.04.110(C) and Ordinance Serial No. 15-015, the School District may carry over 100 percent of their unassigned fund balance for fiscal year 2016, ending June 30, not exceeding the amount allowed by AS 14.17.505”.

VOTE: The second segment of the primary amendment passed with Assemblymember McKee opposed.

MOTION: First segment. Assemblymember Mayfield moved a primary amendment to the General Fund and to Education Operating as follows:

- to Reserve for School Site Acquisitions by striking \$1,724,683 and inserting in its place \$144,269 for a decrease of \$1,580,414;
- to Areawide, transfer to Education Operating, 445.220, by striking \$54,260,886 and inserting in its place \$55,841,300 for an increase of \$1,580,414;
- to Education Operating, Areawide, 367.110, by striking \$54,260,886 and inserting in its place \$55,841,300 for an increase of \$1,580,414; and
- to Estimated Unassigned Fund Balance, by striking \$130,740 and inserting in its place \$75,009 for a decrease of \$55,731; and
- inserting the \$55,731 into the Reserve for School Site Acquisitions for a balance in that account of \$200,000.

VOTE: The first segment of the primary amendment passed with Assemblymember McKee opposed.

*(The meeting recessed at 7:38 p.m. and reconvened at 7:46 p.m.)*

## **Amendment No. 8**

### **Education Operating (Tab J, Page 2 and Tab B, Page 18)**

**MOTION:** Assemblymember McKee moved a primary amendment to the Education Operating fund, 367.110, by striking \$55,841,300 and inserting in its place \$53,049,235 and changing the corresponding numbers in 445.220.

**MOTION:** Assemblymember Colligan moved to call the question (stop debate).

**VOTE:** The motion passed without objection.

**VOTE:** The primary amendment failed with Assemblymember McKee in support.

**MOTION:** Assemblymember Beck moved to continue Ordinance Serial No. 16-016 to a time certain of May 12, 2016, at 6 p.m. in Assembly Chambers.

**VOTE:** The motion passed without objection.

## **VII. MAYOR, ASSEMBLY, AND STAFF COMMENTS**

Assemblymember Sykes posed questions related to the budget process and the future budget forecast.

Assemblymember Mayfield:

- thanked the Assembly for supporting education and for the support for Port MacKenzie Park;
- congratulated the Houston High School graduates of 2016; and
- recognized Ms. Kelsey Hammond, recipient of the Big Lake Chamber of Commerce scholarship.

Assemblymember Doty:

- thanked the School District for the information provided;
- applauded the School District for promoting health and well-being;
- encouraged the Assembly to make an effort to hold more Committee of the Whole meetings; and
- expressed a desire to hold future discussion regarding diversified revenue streams.

Assemblymember Colligan:

- commented on the importance of holding public discussion on fire service area budget increases;
- spoke to the increased student enrollment and school district funding sources;
- voiced concern regarding sustained funding for health care; and
- encouraged shared health care funding for the Borough and School District.

Assemblymember Beck:

- spoke in support of the additional funding for the School District;

- commended the Assembly for its support on the Point MacKenzie Park;
- encouraged a closer look at funding support for the libraries; and
- spoke in support of funding the police officer position for the Drug Enforcement Task Force.

Mayor Halter spoke to the Municipality of Anchorage mill rate compared to the Borough mill rate.

### **VIII. ADJOURNMENT**

The special meeting recessed at 8:27 p.m. to be reconvened on May 12, 2016, at 6 p.m.

**I. CALL TO ORDER**

The special meeting of the Matanuska-Susitna Borough Assembly was held on Thursday, May 12, 2016, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6 p.m. by Mayor Vern Halter for the purpose of deliberations on Ordinance Serial No. 16-016.

**II. ROLL CALL**

Assembly members present and establishing a quorum were:

Mr. Jim Sykes, Assembly District No. 1  
Mr. Matthew Beck, Assembly District No. 2 (*Deputy Mayor*)  
Mr. George McKee, Assembly District No. 3 (*arrived at 6:03 p.m.*)  
Mr. Steve Colligan, Assembly District No. 4  
Mr. Dan Mayfield, Assembly District No. 5  
Ms. Barbara Doty, Assembly District No. 6 (*arrived at 6:04 p.m.*)  
Mr. Randall Kowalke, Assembly District No. 7

Staff in attendance were:

Ms. Lonnie R. McKechnie, Borough Clerk  
Mr. John Moosey, Borough Manager  
Mr. Nicholas Spiropoulos, Borough Attorney  
Ms. Jessica Kilborn, Deputy Borough Clerk  
Mr. Jude Bilafer, Capital Projects Director  
Ms. Tammy Clayton, Finance Director  
Mr. Terrance Dolan, Public Works Director  
Ms. Eileen Probasco, Planning and Land Use Director  
Mr. Bill Gamble, Emergency Services Director  
Ms. Patty Sullivan, Public Affairs Director  
Mr. Eric Phillips, Community Development Director  
Ms. Cheyenne Heindel, Financial Analyst  
Mr. Ken Barkley, FSA Deputy Director  
Ms. Lisa Behrens, EMS Deputy Director  
Ms. Elizabeth Weiant, Administrative Specialist  
Mr. Casey Cook, Emergency Manager  
Mr. Hugh Leslie, Recreation and Library Manager  
Mr. Joe Miner, Ice Rink Manager

**III. APPROVAL OF AGENDA**

Mayor Halter inquired if there were any changes to the agenda.

**GENERAL CONSENT:** The agenda was approved as presented without objection.

#### **IV. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Ms. Elizabeth Weiant, Community Development Administrative Specialist.

#### **V. AUDIENCE PARTICIPATION (Three minutes per person.)**

The following person spoke to the proposed Assembly salary increases: Mr. Eugene Carl Haberman.

The following person spoke in support of funding for the libraries: Ms. Marci Hawkins.

The following person spoke to Ordinance Serial No. 16-021, regarding marijuana license referrals: Mr. Brian Endel

The following person spoke in support of funding for additional officers on the Drug Enforcement Task Force: Mr. Shane Calt, Alaska State Trooper.

The following person provided information on the Sexual Assault Response Team, Wasilla's cigarette tax, spoke in support of funding for the Mat-Su Youth Court, and funding for an additional officer for the Drug Enforcement Task Force: Mr. Bert Cottle, Wasilla City Mayor.

The following persons spoke in support of the library funding: Mr. Nathan Wallace, Palmer City Manager; and Ms. DeLena Johnson, Palmer City Mayor.

The following person spoke reported on the Alaska Board of Fish: Mr. Edward Grasser, of Harris Consulting.

The following persons spoke in support of the budget for the Central Mat-Su Fire Service Area: Mr. Carol Christiansen, member of the Central Mat-Su FSA Board of Supervisors; and Mr. Ken Slauson, Chair of the Central Mat-Su FSA Board of Supervisors.

The following person spoke in opposition to increased funding for emergency services and encouraged consideration of alternate revenue sources: Ms. Patricia Rosnell.

The following person spoke in support of funding for libraries and parks: Mr. Timothy Hale.

#### **VI. DELIBERATIONS AND POSSIBLE ADOPTION OF THE FISCAL YEAR 2017 BUDGET**

A. **Ordinance Serial No. 16-016:** An Ordinance Appropriating Monies From The Central Treasury For The Borough Operating Funds, Enterprise Funds, Education Operating Fund, And Capital Funds; Establishing The Rate Of Levy For All Borough Functions For The Fiscal Year Beginning July 1, 2016, And Ending June 30, 2017, And Setting The

Surcharge Rate For The Wireline And Wireless Enhanced 911 Systems For The Period Of July 1, 2016, Through June 30, 2017.

MOTION PENDING: Assemblymember Beck moved to adopt Ordinance Serial No. 16-016.

**Amendment No. 2**

**Fire Service Areas, Central Mat-Su FSA (Tab G, Pages 27-39)**

PENDING MOTION: Assemblymember McKee moved a primary amendment to the Central Mat-Su Fire Service Area Budget, fund 250, by striking \$14,455,989 and inserting in its place \$12,455,989 for an overall decrease of \$2,000,000 and a corresponding decrease in the mill rate.

MOTION: Assemblymember Mayfield move to call the question (stop debate).

VOTE: The motion passed without objection.

VOTE: The primary amendment failed with Assemblymember McKee in support.

**Amendment No. 4**

**Non-Areawide - Animal Care (Tab D, Page 15)**

PENDING MOTION: Assemblymember McKee moved a primary amendment to Non-Areawide, Animal Care to add one full time Deputy Animal Care Officer as follows:

- Animal Care and Regulation, 200.100.606.411s and 412s, increase of \$91,747.

MOTION: Assemblymember Beck moved a secondary amendment to Non-Areawide Fund Balance (Tab D, Page 1) by striking \$285,623 and inserting in its place \$193,876 for a decrease of \$91,747 and inserting the \$91,747 into the Animal Care budget 411's and 412's.

VOTE: The secondary amendment failed with Assemblymembers Beck, Doty, and McKee in support.

VOTE: The primary amendment failed with Assemblymembers Beck and McKee in support.

## **Amendment No. 5**

### **Capital Grants/Pass Through, City Block Grants (Tab O, Page 1) M/V Susitna (Tab M, Page 2)**

PENDING MOTION: Assemblymember Mayfield moved a primary amendment to Capital Grants/Pass Through, City Block Grants and the M/V Susitna as follows:

- City of Palmer by striking \$40,000 and inserting in its place \$19,300 for a total decrease of \$20,700;
- City of Wasilla by striking \$45,000 and inserting in its place \$19,300 for a total decrease of \$25,700;
- City of Houston by striking \$21,000 and inserting in its place \$19,300 for a total decrease of \$1,700;
- M/V Susitna, 367.110, by striking \$814,760 and inserting in its place \$762,860 for a total decrease of \$51,900 and an equal decrease in the areawide fund; and
- by inserting a separate planning grant for the City of Wasilla in the amount of \$100,000.

MOTION: Assemblymember Mayfield moved a secondary amendment as follows:

- striking the first three bullets (block grants to cities of Palmer, Wasilla, and Houston);
- Areawide Estimated Fund Balance (Tab B, Page 1) by striking \$75,009 and inserting in its place \$26,909 for a total decrease of \$48,100; and
- inserting under M/V Susitna “a corresponding decrease in expenditures”, to read “M/V Susitna, 367.110, by striking \$814,760 and inserting in its place \$762,860 for a total decrease of \$51,900, a corresponding decrease in expenditures and an equal decrease in the areawide fund”.

VOTE: The secondary amendment passed without objection.

VOTE: The primary amendment failed with Assemblymembers Sykes, Mayfield, and Kowalke in support.

*(The meeting recessed at 7:45 p.m. and reconvened at 7:52 p.m.)*

## **Amendment No. 9**

### **Areawide - Assembly (Tab B, Pages 19-20) (100.100.101)**

MOTION: Assemblymember Sykes moved a primary amendment to Areawide, Assembly, 411.100, Permanent Wages, by striking \$161,980 and inserting in its place \$94,000 for a decrease of \$67,080.

VOTE: The primary amendment passed with Assemblymembers Mayfield and Kowalke opposed.

**Amendment No. 10**

**Areawide - Assembly (Tab B, Pages 19-20) (100.100.101)**

MOTION: Assemblymember Sykes moved a primary amendment to Areawide, Assembly, 414.200, Expense Reimbursements Outside Borough, by striking \$12,750 and inserting in its place \$6,000 for a decrease of \$6,750.

VOTE: The primary amendment failed with Assemblymembers Sykes, Beck, and McKee in support.

**Amendment No. 11**

**Areawide - Assembly (Tab B, Pages 19-20) (100.100.101)**

MOTION: Assemblymember Sykes moved a primary amendment to Areawide, Assembly, 414.400, Travel Tickets, by striking \$11,250 and inserting in its place \$6,000 for a decrease of \$5,250.

VOTE: The primary amendment failed with Assemblymembers Sykes, Beck, and McKee in support.

**Amendment No. 12**

**Areawide - Assembly (Tab B, Pages 19-20) (100.100.101)**

MOTION: Assemblymember Sykes moved a primary amendment to Areawide, Assembly, 429.900, Other Contractual, by striking \$18,000 and inserting in its place \$17,000 for a decrease of \$1,000.

VOTE: The primary amendment passed with Assemblymembers Colligan, Mayfield, and Kowalke opposed.

**Amendment No. 13**

**Capital Grants/Pass Through, City Block Grants (Tab O, Page 1)**

MOTION: Assemblymember Colligan moved a primary amendment to Capital Grants/Pass Through, City Block Grants, by inserting a separate planning grant for the City of Wasilla in the amount of \$100,000.

MOTION: Assemblymember Colligan moved a secondary amendment to insert the verbiage “contingent upon matching grant funds to the project in the amount of \$100,000”.

VOTE: The secondary amendment passed without objection.

VOTE: The primary amendment passed with McKee and Mayfield opposed.

**Amendment No. 14**

**Areawide - Assembly (Tab B, Page 19) (100.100.101)**

MOTION: Assemblymember Colligan moved a primary amendment to amend Areawide, Assembly, 412s, Benefits, by striking \$221,858 and inserting in its place \$214,752 for a decrease of \$7,106.

VOTE: The primary amendment passed without objection.

**Amendment No. 15**

**Areawide - Mayor (Tab B, Page 39) (100.110.104)**

MOTION: Assemblymember Colligan moved a primary amendment to amend Areawide, Mayor as follows:

- 411.100, Permanent Wages, by striking \$49,300 and inserting in its place \$29,975 for a decrease of \$19,325; and
- 412s, Benefits, by striking \$41,024 and inserting in its place \$33,759 for a decrease of \$7,265.

VOTE: The primary amendment passed with Assemblymembers Mayfield and Kowalke opposed.

**Amendment No. 16**

**Areawide - Planning (Tab B, Pages 61 and 72)**

MOTION: Assemblymember Sykes moved a primary amendment to the Areawide fund by striking the Cultural Resources Specialist and transferring funds to create a Planner II in Development Services as follows:

- 100.100.130, 411s and 412s, by striking \$120,043 and transferring \$98,748 into 100.100.139, 411s and 412s.

WITHDRAW: Assemblymember Sykes moved to withdraw the motion.

VOTE: The motion passed without objection.

## **Amendment No. 17**

### **Fire Service Areas (Tab 6, Pages 20 and 28)**

**MOTION:** Assemblymember Mayfield moved a primary amendment to Fire Service Area mill rates as follows:

- Central Mat-Su FSA, by striking 1.99 mills and inserting in its place 2.15 mills ; and
- West Lakes FSA, by striking 1.92 mills and inserting in its place 2.2 mills.

**MOTION:** Assemblymember Colligan moved to divide the question.

**VOTE:** The motion passed without objection.

**MOTION:** First segment. Assemblymember Mayfield moved a primary amendment to Central Mat-Su FSA, by striking 1.99 mills and inserting in its place 2.15 mills.

**VOTE:** The first segment of the primary amendment passed with Assemblymember McKee opposed.

**MOTION:** Second segment. Assemblymember Mayfield moved a primary amendment to West Lakes FSA, by striking 1.92 mills and inserting in its place 2.2 mills.

**VOTE:** The second segment of the primary amendment passed with Assemblymember McKee opposed.

**MOTION:** Assemblymember Beck moved to set the mill rates at 9.984 areawide and .525 non-areawide.

**VOTE:** The motion passed without objection.

**VOTE:** The main motion passed as amended without objection.

## **VII. MAYOR, ASSEMBLY, AND STAFF COMMENTS**

Ms. McKechnie informed the Assembly that the Human Resources Department would leave the Attorney's evaluation link up until Friday, May 13 at 9 a.m.

Assemblymember Doty:

- thanked the Assembly for passing the budget; and
- opined that the fire service areas and the School District would do a good job using the funds they were both given.

Assemblymember Colligan:

- thanked everyone for a smooth budget process; and
- thanked staff for their hard work.

Assemblymember McKee spoke to his campaign objective, which was to be cautious with the taxpayers' money.

Assemblymember Sykes:

- opined that he felt rushed during the budget season;
- commended staff for their budget presentations;
- spoke to constituents concerns about budget line items and the research he conducted regarding those concerns;
- encouraged establishing a citizens' budget committee;
- spoke to the need for detailed line items within the departmental budgets;
- spoke in appreciation of the Finance Director's explanation to the questions he had posed on the Borough's revenue;
- noted his pleasure with the budget process and deliberations;
- commented that due to the debt service on bonds there had been no increase to the mill rate for several years; and
- opined that the School District, service areas, and the Borough budget were well established should there be economic shortfalls in the coming years.

Assemblymember Kowalke:

- opined that the Assembly did the right thing for the Emergency Services Department; and
- spoke in support of the funding for the additional officer position on the Drug Enforcement Task Force.

Assemblymember Mayfield:

- spoke to four important things that he considered during the budget process: education funding, funding for the Point MacKenzie Park, funding for the drug enforcement officer, and keeping the areawide mill rate level;
- spoke to his reason for voting against the drug enforcement officer, in that he feared it would increase the overall mill rate;
- noted he was pleased that the drug enforcement officer position was funded with no increase to the mill rate;
- commented that the budget process was very successful; and
- thanked the Assembly for working together and supporting each other throughout the process.

Assemblymember Beck:

- commented that he was pleased to be part of the budget process;
- thanked the Assembly for the deliberations;
- thanked staff for their hard work on the budget;
- spoke to Mr. Calt's testimony regarding heroine in the Valley;
- spoke in support of the funding for the drug enforcement officer; and
- spoke in support of education and schools in the Borough.

Mayor Halter:

- spoke to the efforts of keeping the mill rate level with the Manager's budget proposal;

- opined that good partnership efforts were displayed by funding the libraries;
- spoke to the historical mill rates;
- voiced pleasure with the budget process;
- thanked staff for the budget presentations and for their hard work through the process;
- spoke in support of the mill rate increases for the fire service areas;
- noted his attendance at the ribbon cutting for the Wasilla Creek Wetlands Trail; and
- spoke to the positive relationships between the Borough and the cities of Houston, Palmer, and Wasilla.

## **VIII. ADJOURNMENT**

The special meeting adjourned at 9:07 p.m.

**I. CALL TO ORDER**

The special meeting of the Matanuska-Susitna Borough Assembly was held on Tuesday, May 17, 2016, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 4 p.m. by Mayor Vern Halter for the purpose of conducting the annual evaluation of the Borough Attorney.

**II. ROLL CALL**

Assembly members present and establishing a quorum were:

- Mr. Jim Sykes, Assembly District No. 1 *(4:01 p.m.)*
- Mr. Matthew Beck, Assembly District No. 2 *(Deputy Mayor)*
- Mr. George McKee, Assembly District No. 3
- Mr. Steve Colligan, Assembly District No. 4 *(arrived at 4:17 p.m.)*
- Mr. Dan Mayfield, Assembly District No. 5
- Mr. Randall Kowalke, Assembly District No. 7

Assembly members absent and excused were:

- Ms. Barbara Doty, Assembly District No. 6

Staff in attendance were:

- Ms. Lonnie R. McKechnie, Borough Clerk
- Mr. John Moosey, Borough Manager
- Mr. Nicholas Spiropoulos, Borough Attorney
- Ms. Brenda J. Henry, Assistant Clerk

**III. APPROVAL OF AGENDA**

Mayor Halter inquired if there were any changes to the agenda.

GENERAL CONSENT: The agenda was approved as presented without objection.

**IV. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Ms. Brenda J. Henry, Assistant Clerk.

**V. AUDIENCE PARTICIPATION (Three minutes per person.)**

The following person spoke to concerns with the public process: Mr. Eugene Carl Haberman.

## **VI. ITEMS OF BUSINESS**

### **A. Executive Session** *(For Subjects That Tend To Prejudice The Reputation And Character Of Any Person Provided The Person May Request A Public Discussion.)*

#### **1. Annual Evaluation of the Borough Attorney**

Mayor Halter inquired if Mr. Spiropoulos would like his evaluation conducted in public or in executive session.

Mr. Spiropoulos stated that he would like his evaluation to take place in executive session.

**MOTION:** Assemblymember Beck moved to enter into executive session for subjects that tend to prejudice the reputation and character of any person provided the person may request a public discussion, in particular, to conduct the annual evaluation of the Borough Attorney. Those present during the executive session will be the Mayor, the members of the Assembly, and the Attorney.

**VOTE:** The motion passed without objection and the Assembly entered into executive session at 4:07 p.m.

*(Assemblymember Colligan entered the meeting during the executive session.)*

**MOTION:** Assemblymember Beck moved to exit executive session.

**VOTE:** The motion passed without objection and the Assembly exited executive session at 5:27 p.m.

**MOTION:** Assemblymember Beck moved to amend the Section 4 of the Attorney's contract where it states "entitled to 60 days of notice or pay in lieu of notice" by striking "60 days" and inserting "180 days" in its place, to raise the annual salary by 5 percent, the exact amount to be determined by the Finance Director, and plus comp time up to 120 hours per year.

**MOTION:** Assemblymember Mayfield moved a secondary amendment by striking the annual salary increase of "five percent" and inserting "seven percent" in its place.

**VOTE:** The secondary amendment failed with Assemblymembers Kowalke and Mayfield in support.

**VOTE:** The motion passed without objection.

## **VII. MAYOR, ASSEMBLY, AND STAFF COMMENTS**

Mr. Spiropoulos thanked the body for the good discussion.

Assemblymember Colligan:

- stated that it was a pleasure to conduct the Attorney's annual evaluation; and
- opined that Mr. Spiropoulos is very talented and has done an excellent job.

Assemblymember Sykes:

- thanked Mr. Spiropoulos for his excellent service;
- spoke in appreciation of his attention to detail; and
- stated that the increase was appropriate.

Assemblymember Kowalke:

- echoed the comments of the previous speakers; and
- spoke to his pleasure to having been part of the evaluation process.

Assemblymember Beck spoke to his appreciation of working with Mr. Spiropoulos.

Mayor Halter:

- noted that he concurs with the comments made regarding Mr. Spiropoulos;
- opined that Mr. Spiropoulos is a top of the line municipal attorney;
- spoke to his appreciation of working together for the last several years; and
- thanked Mr. Spiropoulos for his service.

## **VIII. ADJOURNMENT**

The special meeting adjourned at 5:36 p.m.

**I. CALL TO ORDER**

The regular meeting of the Matanuska-Susitna Borough Assembly was held on May 17, 2016, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6 p.m. by Mayor Vern Halter.

**II. ROLL CALL**

Assembly members present and establishing a quorum were:

Mr. Jim Sykes, Assembly District No. 1  
Mr. Matthew Beck, Assembly District No. 2 (*Deputy Mayor*)  
Mr. George McKee, Assembly District No. 3  
Mr. Steve Colligan, Assembly District No. 4  
Mr. Dan Mayfield, Assembly District No. 5  
Mr. Randall Kowalke, Assembly District No. 7

Assembly members absent and excused were:

Ms. Barbara Doty, Assembly District No. 6

Staff in attendance were:

Ms. Lonnie R. McKechnie, Borough Clerk  
Mr. John Moosey, Borough Manager  
Mr. George Hays, Assistant Borough Manager  
Mr. Nicholas Spiropoulos, Borough Attorney  
Ms. Brenda J. Henry, Assistant Clerk  
Mr. Alex Strawn, Development Services Manager  
Mr. Jude Bilafer, Capital Projects Director  
Ms. Tammy Clayton, Finance Director  
Mr. Terrance Dolan, Public Works Director  
Ms. Eileen Probasco, Planning and Land Use Director  
Mr. Bill Gamble, Emergency Services Director  
Ms. Patty Sullivan, Public Affairs Director  
Mr. Eric Phillips, Community Development Director  
Mr. Eric Wyatt, Information Technology Director  
Ms. Benji Wood, Administrative Assistant

**III. APPROVAL OF AGENDA**

Mayor Halter inquired if there were any changes to the agenda.

**MOTION:** Assemblymember Beck moved to take up the reconsideration and Mayoral veto of Ordinance Serial No. 16-046, prior to the public hearings.

VOTE: The motion passed without objection.

MOTION: Assemblymember Beck moved to remove Resolution Serial No. 16-047 from the consent agenda and move to referrals.

VOTE: The motion passed without objection.

GENERAL CONSENT: The agenda was approved as amended without objection.

#### **IV. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mr. Larry DeVilbiss, former Borough Mayor.

#### **V. MINUTES OF PRECEDING MEETINGS**

- A. Special Assembly Meeting: 04/12/16
- B. Special Assembly Meeting: 04/19/16
- C. Regular Assembly Meeting: 04/19/16
- D. Special Assembly Meeting: 04/28/16
- E. Special Assembly Meeting: 05/02/16
- F. Special Assembly Meeting: 05/03/16
- G. Regular Assembly Meeting: 05/03/16

Mayor Halter inquired if there were any changes/corrections to the special meeting minutes of April 12, 2016, April, 19, 2016, the regular meeting minutes of April 19, 2016, the special meeting minutes of April 28, 2016, May 2, 2016, or May 3, 2016, or the regular meeting minutes of May 3, 2016.

GENERAL CONSENT: The minutes were approved as presented without objection.

#### **VI. REPORTS/CORRESPONDENCE**

##### **A. AGENCY REPORTS**

1. Reports from cities

*(There were no reports provided.)*

2. Matanuska-Susitna Borough School District

*(There was no report provided.)*

##### **B. COMMITTEE REPORTS**

1. Joint Assembly/School Board Committee on School Issues

*(There was no report provided.)*

2. Assembly Public Relations

*(There were no reports provided.)*

C. MANAGER COMMENTS

1. State/Federal Legislation
2. Strategic Planning Issues
3. Manager Evaluation Process
4. Animal Care – GIS Mapping

Deputy Darla Erskine, Animal Care and Regulation Officer, reported on the number of licensed kennels and catteries within the Borough.

5. Old Iditarod Elementary School Building Discussion

Mr. Moosey:

- related several options that are available to the Assembly for disposition of the Old Iditarod Elementary School building; and
- queried how the Assembly would like to move forward.

Mayor Halter queried if there was any objection to a cost proposal for razing the building and the option of the city of Wasilla assuming ownership, being brought back for consideration.

There was no objection noted.

Mr. Douglas Clegg of Spring Creek Enterprise, reported on the design for the new skilled nursing facility to be constructed on the parcel of land where the Mat-Su Convention and Visitors Bureau is currently located; and reported on the location transition and transfer of ownership of the Veteran's Wall of Honor.

D. ATTORNEY COMMENTS

*(There was no report provided.)*

E. CLERK COMMENTS

Ms. McKechnie:

- spoke regarding the upcoming meeting schedule;
- noted that meetings for 4 p.m. on June 7 were double booked;
- advised that occurred due to the Manager's evaluation being continued to June 7 at 4 p.m., which was the same date and time that the Planning Session update was scheduled for; and
- queried if the Assembly would like an update on the Planning Session on June 21, at 3 p.m.

Mr. Mayor queried if there was any objection to the Clerk bringing back a date in August for the Planning Session update.

There was no objection noted.

F. CITIZEN AND OTHER CORRESPONDENCE

1. MSB Board/Committee Minutes:

- a. Alpine RSA Board of Supervisors: Resolution 16-01
- b. Agriculture Advisory Board: 01/20/16
- c. Board of Adjustment and Appeals: 01/11/16, Final Decision for BOAA 16-01
- d. Central Mat-Su FSA Board of Supervisors: 01/25/16
- e. Greater Butte RSA Board of Supervisors: Resolution 16-01
- f. Greater Talkeetna RSA Board of Supervisors: 01/14/16
- g. Knik RSA Board of Supervisors: 10/14/16, Resolution 16-01
- h. Local Emergency Planning Committee: 10/21/15
- i. Local Road Service Area Advisory Board: 02/18/16
- j. Planning Commission: 08/03/15, 03/21/16, 04/04/16
- k. Platting Board: 02/04/16, 03/03/16, 03/17/16
- l. West Lakes FSA Board of Supervisors: 02/08/16
- m. Willow FSA Board of Supervisors: 02/11/16

2. Community Council Minutes:

3.

- a. Gateway Community Council: 01/28/16, 03/03/16

The citizen and other correspondence were presented and no comments were noted.

G. INFORMATIONAL MEMORANDUMS

- 1. **IM No. 16-097:** Reporting Of The Conclusion Of Contract For Bid No. 14-118B To Scarsella Bros, Inc. For Parks Highway Connection Machen Road Extension, In The Final Contract Amount Of \$3,045,043.12.
- 2. **IM No. 16-100:** Reporting Of Conclusion Of Contract For Bid No. 15-121B To Western Construction And Equipment, LLC. For Clay Chapman/Knik Knack Mud Shack Road Construction, In The Final Contract Amount Of \$2,529,935.20.

The informational memorandums were presented.

VII. SPECIAL ORDERS

A. PERSONS TO BE HEARD (Three minutes per person.)

*(There were no persons to be heard.)*

## XI. RECONSIDERATION

A. **Ordinance Serial No. 16-046:** An Ordinance Establishing A Temporary Moratorium On Marijuana Establishments To Expire On October 19, 2016. *(Sponsored By Assemblymember Kowalke)(Reconsideration Filed By Assemblymember Beck on May 4, 2016)*

1. IM No. 16-078

MOTION: Assemblymember Beck moved to reconsider Ordinance Serial No. 16-046 and the following amendment: Section 5. Sunset Clause, by inserting “except as provided below” to the end of the sentence and adding a new Section 6 to read “Early sunset for cultivation facilities. As it applies to marijuana cultivation facilities, this moratorium shall expire on August 17, 2016”.

VOTE: The motion to reconsider passed without objection.

RECONSIDERED PRIMARY AMENDMENT: Assemblymember Sykes moved a primary amendment to Ordinance Serial No. 16-046, Section 5. Sunset Clause, by inserting “except as provided below” to the end of the sentence and adding a new Section 6 to read “Early sunset for cultivation facilities. As it applies to marijuana cultivation facilities, this moratorium shall expire on August 17, 2016”.

VOTE: The primary amendment failed with Assemblymembers Sykes and Colligan in support.

VOTE: The main motion passed without objection.

MOTION: Assemblymember Beck moved to override the mayoral veto of Ordinance Serial No. 16-046.

VOTE: The motion to override the mayoral veto passed without objection.

B. PUBLIC HEARINGS (Three minutes per person.)

1. **Ordinance Serial No. 16-053:** An Ordinance Accepting And Appropriating September 2012 Southcentral Flood Disaster Relief Monies In The Amount Of \$580,609 From The Alaska State Division Of Homeland Security And Emergency Management And The Federal Emergency Management Agency To Fund 445, Project No. 55017.

a. **Resolution Serial No. 16-043:** A Resolution Amending The Budget For The September 2012 Southcentral Flood Disaster Relief Monies, Project No. 55017.

(1) IM No. 16-079

Mayor Halter opened the public hearing.

There being no one present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Beck moved to adopt Ordinance Serial No. 16-053 and Resolution Serial No. 16-043.

MOTION: Assemblymember Beck moved a primary amendment to Ordinance Serial No. 16-05, by striking “\$580,609” and “\$336,640” throughout the legislation.

VOTE: The primary amendment passed without objection.

MOTION: Assemblymember Beck moved to postpone Ordinance Serial No. 16-053 and Resolution Serial No. 16-043 to a time certain of June 7, 2016.

VOTE: The motion to postpone passed without objection.

2. **Ordinance Serial No. 16-054:** An Ordinance Approving A Supplemental Appropriation Of \$23,690.34 Of Revenues From Public Donations To The Fiscal Year 2016 Animal Care And Regulation Division Operating Budget, To Procure Equipment And Supplies For Animal Care.
  - a. IM No. 16-080

Mayor Halter opened the public hearing.

There being no others present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Beck moved to adopt Ordinance Serial No. 16-054.

VOTE: The motion passed without objection.

3. **Ordinance Serial No. 16-055:** An Ordinance Extending The Time Limit For Completion Of Borough Capital Projects.
  - a. IM No. 16-082

Mayor Halter opened the public hearing.

The following person spoke to concerns with the public process: Mr. Eugene Carl Haberman.

The following person spoke to concerns with rescoped projects within the legislation: Mr. Timothy Hale.

There being no others present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Beck moved to adopt Ordinance Serial No. 16-055.

VOTE: The motion passed without objection.

4. **Ordinance Serial No. 16-056:** An Ordinance Reappropriating \$80,000 From The Capital Projects Department Fiscal Year 2016 Operating Budget, Fund 100, To Fund 435, For The Fireweed Building Improvements, Project No. 10178.
  - a. **Resolution Serial No. 16-044:** A Resolution Approving The Scope Of Work And Budget For The Fireweed Building Improvements, Project No. 10178.
    - (1) IM No. 16-083

Mayor Halter opened the public hearing.

There being no one present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Beck moved to adopt Ordinance Serial No. 16-056 and Resolution Serial No. 16-044.

VOTE: The motion passed without objection.

5. **Ordinance Serial No. 16-057:** An Ordinance Approving A Supplemental Appropriation Of \$42,000 From The Talkeetna Fire Service Area Fund Balance, Fund 254, To The Fiscal Year 2016 Talkeetna Fire Service Area Operating Budget To Cover Wages And Benefits For The Remainder Of Fiscal Year 2016.
  - a. IM No. 16-086

Mayor Halter opened the public hearing.

There being no one present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Kowalke moved to adopt Ordinance Serial No. 16-057.

VOTE: The motion passed without objection.

6. **Ordinance Serial No. 16-058:** An Ordinance Approving A Supplemental Appropriation Of \$50,000 From The Butte Fire Service Area Fund Balance, Fund 251, To The Fiscal Year 2016 Butte Fire Service Area Operating Budget To Cover Wages And Benefits For The Remainder Of Fiscal Year 2016.
  - a. IM No. 16-087

Mayor Halter opened the public hearing.

There being no one present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Sykes moved to adopt Ordinance Serial No. 16-058.

VOTE: The motion passed without objection.

7. **Ordinance Serial No. 16-059:** An Ordinance Accepting And Appropriating Additional Funds For Revision No. 1 In The Amount Of \$495,000 From The United States Fish And Wildlife Service To Fund 410, Project No. 30114, For Up To 24 Culvert Replacements As Part Of The Fish Passage Improvements Project, Project No. 30114.
  - a. **Resolution Serial No. 16-045:** A Resolution Amending The Budget For Revision No. 1 In The Amount Of \$495,000 For Replacement Of Up To 24 Culverts For Fish Passage Improvements, Project No. 30114.
    - (1) IM No. 16-089

There being no one present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Beck moved to adopt Ordinance Serial No. 16-059 and Resolution Serial No. 16-045.

VOTE: The motion passed without objection.

8. **Ordinance Serial No. 16-060:** An Ordinance Approving An Appropriation Of \$90,000 From Greater Butte Road Service Area No. 26 Fund Balance, Fund 280, To Fund 410, Project No. 30046, For Greater Butte Road Service Area No. 26 Capital Projects.
  - a. IM No. 16-090

Mayor Halter opened the public hearing.

There being no one present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Sykes moved to adopt Ordinance Serial No. 16-060.

VOTE: The motion passed without objection.

9. **Ordinance Serial No. 16-061:** An Ordinance Approving An Appropriation Of \$110,000 From Knik Road Service Area No. 17 Fund Balance, Fund 274, To Fund 410, Project No. 30040, For Knik Road Service Area No. 17 Capital Projects.
  - a. IM No. 16-091

Mayor Halter opened the public hearing.

There being no one present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Mayfield moved to adopt Ordinance Serial No. 16-061.

VOTE: The motion passed without objection.

10. **Ordinance Serial No. 16-062:** An Ordinance Approving An Appropriation Of \$46,000 From Alpine Road Service Area No. 31 Fund Balance, Fund 285, To Fund 410, Project No. 30051, For Alpine Road Service Area No. 31 Capital Projects.
- a. IM No. 16-092

Mayor Halter opened the public hearing.

There being no one present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Sykes moved to adopt Ordinance Serial No. 16-062

VOTE: The motion passed without objection.

11. **Ordinance Serial No. 16-063:** An Ordinance Appropriating Up To \$1,000,000 From The Land Management Permanent Fund, Fund 203, To Parks And Recreation Shop Upgrades, Fund 440, Project No. 15039.
- a. **Resolution Serial No. 16-046:** A Resolution Approving The Amended Budget For Parks And Recreation Shop Upgrades, Fund 440, Project No. 15039.
- (1) IM No. 16-093

Mayor Halter opened the public hearing.

The following person spoke in concerns that the legislation did not state the size of the building to be built: Ms. Beth Fread.

There being no others present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Beck moved to adopt Ordinance Serial No. 16-063 and Resolution Serial No. 16-046.

MOTION: Assemblymember Kowalke moved a primary amendment to Ordinance Serial No. 16-063, Resolution Serial No. 16-046, and IM No. 16-093, as follows:

- IM No. 16-093:
  - insert into the title after project no. 15039 “and appropriate \$200,000 for Willow Log Cabin Rehabilitation Project, fund 435, project no. 10182;
  - insert into the last paragraph before recommendation of administration: “We are also requesting an additional \$200,000 be appropriated from the Land Management Fund, fund 203, to the Willow Log Cabin Rehabilitation Project, fund 435, project no. 10182. Because of prior claims of ownership by others, the availability of these funds will be contingent upon delivery of clear and insurable title; and
  - in recommendation of administration, after project no. 15039, insert the words “and appropriate \$200,000 for Willow Log Cabin Rehabilitation Project, fund 435, project no. 10182; and

- Ordinance Serial No. 16-063:
  - insert into the title after project no. 15039 “and appropriate \$200,000 for Willow Log Cabin Rehabilitation Project, fund 435, project no. 10182; and
  - insert two new whereas clauses before be it enacted to read: “Whereas, an additional \$200,000 be appropriated from the Land Management fund 203, to the Willow Log Cabin Rehabilitation Project fund 435, project No. 10182; and Whereas, these funds will be contingent upon delivery of clear and insurable title free of any and all Deeds of Trust, outstanding liens, and any other unauthorized obligations or interest relating to the property; and
  - in Section 2, appropriation source, insert after project no. 15039 the following: “and \$200,000 from the Land Management Permanent Fund, fund 203, to the Willow Log Cabin Rehabilitation Project, fund 435, project no. 10182;”
- Resolution Serial No. 16-046:
  - insert into the title after project no. 15039 “approving the scope of budget and work for Willow Log Cabin Rehabilitation Project, fund 435, project no. 10182; and
  - insert two new whereas clauses before the Now Therefore Be It Resolved clause, that read: “Whereas, we are also requesting that \$200,000 be appropriated from the Land Management Fund, fund 203, for the Willow Log Cabin Rehabilitation Project, fund 435, project no. 10182; and Whereas, the \$200,000 will be used for design, rehabilitation, and reconstruction of the Willow Log Cabin;” and
  - insert at the end of the Now Therefore Be It Resolved clause the following: “and approve the following scope of work and budget for project no. 10182; and
  - insert a scope of work that reads: “Design, rehabilitate and reconstruction of the Willow Log Cabin; and
  - insert a budget that reads: “Fiscal Year 2016 Land Management Permanent Fund Appropriation \$200,000, Total budget for project no. 10182 \$200,000.

MOTION: Assemblymember Kowalke moved a secondary amendment as follows:

- IM No. 16-093:
  - by striking the words “clear and insurable title free of any and all Deeds of Trust, outstanding liens, and any other unauthorized obligations or interest relating to the property” and inserting the following in its place: “Because of the prior claims of ownership by others, the availability delivery of these funds will be contingent upon quitclaim deeds in favor of the Borough from both WACO and WHWF.”
- Ordinance Serial No. 16-063:
  - by striking the words “Whereas, these funds will be contingent upon delivery of clear and insurable title free of any and all Deeds of Trust, outstanding liens, and any other unauthorized obligations or interest

relating to the property” and inserting the following in its place: “Whereas, because of prior claims of ownership by others, the availability of these funds will be contingent upon delivery of quitclaim deeds in favor of the Borough from both WACO and WHWF.”

- Resolution Serial No. 16-046:
  - by inserting at the end of the last whereas clause the following words “contingent upon delivery of quitclaim deeds in favor of the Borough from both WACO and WHWF; and
  - at the end of the scope of work insert the following words: “contingent upon delivery of quitclaim deeds in favor of the Borough from both WACO and WHWF.”

VOTE: The secondary amendment passed without objection.

VOTE: The primary amendment passed as amended without objection.

VOTE: The main motion passed as amended with Assemblymembers McKee and Sykes opposed.

12. **Ordinance Serial No. 16-064:** An Ordinance Amending MSB Title 25, Elections.
  - a. IM No. 16-095

Mayor Halter opened the public hearing.

The following person spoke in support of Ordinance Serial No. 16-064: Mr. Timothy Hale.

The following persons spoke in opposition to Ordinance Serial No. 16-064: Mr. Eugene Carl Haberman,

The following persons spoke in opposition to removing mayoral runoff elections: Mr. Larry DeVilbiss, Mr. David Straub, and Ms. Beth Fread.

There being no others present who wished to testify, the public hearing closed and discussion moved to the Assembly.

MOTION: Assemblymember Beck moved to adopt Ordinance Serial No. 16-064

MOTION: Assemblymember Beck moved a primary amendment to Ordinance Serial No. 16-064, by striking all language throughout the legislation that refers to runoff elections.

VOTE: The primary amendment passed with Assemblymember Mayfield opposed.

VOTE: The main motion passed as amended without objection.

*(The meeting recessed at 7:50 p.m. and reconvened at 8 p.m.)*

C. AUDIENCE PARTICIPATION (Three minutes per person.)

The following persons spoke in support of commercial marijuana within the Borough: Ms. Tam Boeve, Mr. Gordy Origer, Ms. Peggy France, Ms. Amy Henry, and Mr. Tom Idelman.

The following persons spoke in support of the Mayoral veto of Ordinance Serial No. 16-046: Ms. Krystal Dietrich, Mr. David Straub, and Mr. Tyler Altman.

The following person spoke to the need for a regional wastewater septage facility: Ms. Helen Munoz.

The following person spoke to concerns regarding his recent conversation with Assemblymember Kowalke: Mr. Robert Davis.

The following person spoke to concerns with the public process: Mr. Eugene Carl Haberman.

The following person spoke in opposition of the Mayoral veto of Ordinance Serial No. 16-046: Mr. Larry DeVilbiss.

The following persons spoke to concerns with the Brett Memorial Ice Rink fee increases: Ms. Kim Carney, Ms. Kendra Johnson, Mr. Fred Wagner, Mr. Eric Bushnell, Ms. Misty Holler, and Mr. Gabe Cappel.

The following person spoke to concerns with placement of items on the agenda: Ms. Beth Fread.

The following person spoke to the need for interim materials districts within the Borough, in support of the Mayoral veto of Ordinance Serial No. 16-046, and noted that industrial hemp is not yet legal in Alaska: Ms. Glenda Smith.

The following person requested reconsideration of Ordinance Serial No. 16-063 and Resolution Serial No. 16-046: Ms. Shannon Connolly.

D. CONSENT AGENDA

1. RESOLUTIONS

2. ACTION MEMORANDUMS

- a. **AM No. 16-033:** Approval Of Change Order No. Two To Contract No. 14-136P With Hattenburg, Dilley, And Linnell In The Amount Of \$100,000 For Geotechnical Services.
- b. **AM No. 16-034:** Award Of Bid No. 16-115B To Alaskan Industries, Inc. In The Contract Amount Of \$227,800 For Multipurpose Room Flooring Replacement At Big Lake And Willow Elementary Schools.

- c. **AM No. 16-035:** Approval Of Contract Amendment To Contract No. 13-093P With Boutet Company In The Amount Of \$626,508.75 And Extending The Contract To June 30, 2017, For Construction Management Services.
- d. **AM No. 16-036:** Award Of Proposal No. 16-081P To The Firms Of CRW Engineering Group, LLC., Hattensburg Dilley And Linnell, LLC., And The Boutet Company, Inc. In The Contract Amount Not To Exceed \$500,000 Per Year, Per Firm For Up To Three Years, For Civil Engineering And Environmental Services For Public Infrastructure Projects.
- e. **AM No. 16-037:** Authorizing The Manager To Enter Into An Agreement With The City Of Palmer In The Amount Of \$334,388 For Fire Protection Services For The Contract Period Of July 1, 2016, To June 30, 2017.
- g. **AM No. 16-040:** Approval Of Contract Amendment To Contract No. 15-157B With Bristol Prime Contractors, LLC. In The Amount Of \$213,762 For The Lu Young Lane Upgrade Project.
- h. **AM No. 16-041:** Vacate Any Public Interest In A 410-Square Foot Of Right-Of-Way Of West Trevett Avenue, In Freeman Anthony Subdivision, Block 1, Lot 1, Plat No. 85-102, Located Within Section 10, Township 17 North, Range 2 West, Seward Meridian.
- i. **AM No. 16-042:** Approval Of Contract Amendment No. 3 To Contract No. 13-117B With Shamrock Septic, Increasing The Annual Contract Value An Additional \$35,000, Not To Exceed An Annual Contract Value Of \$175,000 For Leachate Hauling And Disposal.

Ms. McKechnie read the above legislation into the record.

MOTION: Assemblymember Beck moved to approve the consent agenda as read into the record by the Clerk.

VOTE: The motion passed without objection.

- f. **AM No. 16-038:** Authorization To Purchase From Microdata In The Amount Of \$122,985.67 A One-Year Extended Software Maintenance Silver Support Agreement For The E-911 System.

MOTION: Assemblymember Sykes moved to adopt AM No. 16-038.

VOTE: The motion passed without objection.

## VIII. UNFINISHED BUSINESS

- A. **Ordinance Serial No. 16-037:** An Ordinance Amending MSB 17.28.090(A), Adding An Interim Materials District Known As Alsop East Pit, Located On A Portion Of Tract

A, Point Mack Phase 1 Subdivision, Within Township 15 North, Range 4 West, Section 27, Seward Meridian.

1. **Ordinance Serial No. 16-037(SUB):** An Ordinance Adopting Reasons For Denial Of A Proposed Interim Materials District Known As Alsop East Pit, Located On A Portion Of Tract A, Point Mack Phase I Subdivision, Within Township 15 North, Range 4 West, Section 27, Seward Meridian.
  - a. IM No. 16-056

MOTION PENDING: Assemblymember Mayfield moved to adopt Ordinance Serial No. 16-037.

MOTION: Assemblymember Mayfield moved a primary amendment to Ordinance Serial No. 16-037, as follows:

- by inserting after the last whereas clause, the following three whereas clauses to read:
  - “Whereas, it is the desire of the Assembly to establish a Point MacKenzie Road Improvement Reserve Fund to supplement needed capital improvements and maintenance costs associated with increased haul truck traffic along Point MacKenzie Road; and
  - Whereas, it is recommended that \$0.75 per cubic yard of all materials removed from within this IMD shall be appropriated into the Point MacKenzie Road Improvement Reserve Fund; and
  - Whereas, if a severance tax is enacted on gravel, deposits into the Point MacKenzie Road Improvement Reserve Fund shall cease. All deposits remaining in the Point Mackenzie Road Improvement Fund shall remain in the fund until needed by the project;” and
- by inserting a new Section 4. to read: “Establishment of Fees. A fee of \$0.75 per cubic yard of all materials removed from within this IMD shall be appropriated into the Point MacKenzie Road Improvement Reserve Fund, unless a severance tax is enacted.” and
- by renumbering the remaining sections accordingly.

VOTE: The primary amendment passed with Assemblymember Colligan opposed.

VOTE: The main motion passed as amended without objection.

- B. **Resolution Serial No. 16-023:** A Resolution To Adopt The Fiscal Year 2017 Schedule Of Rates And Fees Effective July 1, 2016, In Order To Have A Single Document For All Rates And Fees In The Matanuska-Susitna Borough.

1. IM No. 16-046

PENDING MOTION: Assemblymember Mayfield moved a primary amendment to IM No. 16-046, Matanuska-Susitna Borough Fiscal Year 2017 Schedule of Rates and Fees, as follows:

- Effective July 1, 2016:
  - line 565, by striking “\$13” and inserting “\$14” in its place;

- line 566, by striking “\$26” and inserting “\$28” in its place;
- line 567, by striking “\$32” and inserting “\$34” in its place;
- line 568, by striking “\$45” and inserting “\$48” in its place;
- line 569, by striking “\$60” and inserting “\$64” in its place.
- Effective July 1, 2017:
  - line 565, by striking “\$14” and inserting “\$15” in its place;
  - line 566, by striking “\$28” and inserting “\$30” in its place;
  - line 567, by striking “\$34” and inserting “\$36” in its place;
  - line 568, by striking “\$48” and inserting “\$51” in its place; and
  - line 569, by striking “\$64” and inserting “\$68” in its place.

VOTE: The primary amendment passed with Assemblymembers McKee and Colligan opposed.

MOTION: Assemblymember Beck moved a primary amendment to IM No. 16-046, Matanuska-Susitna Borough Fiscal Year 2017 Schedule of Rates and Fees, as follows:

- line 77, by striking “\$275” and inserting “\$225” in its place;
- line 78, by striking “\$200” and inserting “\$180” in its place;
- line 79, by striking “\$300” and inserting “\$250” in its place;
- line 80, by striking “\$225” and inserting “\$200” in its place; and
- line 81, by striking “\$60” and inserting “\$50 in its place.

MOTION: Assemblymember Beck moved to suspend the rules and extend the meeting past 10 p.m. and not to exceed 10:30 p.m.

VOTE: The motion passed without objection.

VOTE: The primary amendment passed with Assemblymember McKee opposed.

MOTION: Assemblymember Sykes moved a primary amendment to Resolution Serial No. 16-023, in the Now Therefore Be It Resolved clause, by inserting at the end of 1) the words “except for changes in landfill fees which will take effect January 1, 2017” to read: “Now Therefore Be It Resolved, that the Assembly: 1) adopts the fiscal year 2017 schedule of rates and fees to take effect July 1, 2016, except for changes in landfill fees, which will take effect January 1, 2017.”

VOTE: The primary amendment failed (tie vote) with Assemblymembers Sykes, Beck, and Mayfield in support and Assemblymembers McKee, Kowalke, and Colligan opposed. The motion failed with Mayor Halter invoking his voting privilege in opposition.

MOTION: Assemblymember Colligan moved a primary amendment to IM No. 16-046, Matanuska-Susitna Borough Fiscal Year 2017 Schedule of Rates and Fees. line 530, by striking “\$125” and inserting “\$115” in its place.

VOTE: The primary amendment failed (tie vote) with Assemblymembers McKee, Colligan, and Beck in support and Assemblymembers Sykes, Kowalke, and Mayfield opposed. The motion failed with Mayor Halter invoking his voting privilege in opposition.

MOTION: Assemblymember Colligan moved to postpone Resolution Serial No. 16-023, to a time certain of June 7, 2016, and to direct the Manager and staff to calculate the appropriate rate for the Central Landfill that is equivalent to the transfer stations.

VOTE: The motion failed (tie vote) with Assemblymembers McKee, Colligan, and Beck in support and Assemblymembers Sykes, Kowalke, and Mayfield opposed. The motion passed with Mayor Halter invoking his voting privilege in the affirmative.

## IX. VETO

- A. Motion To Override Any Possible Mayoral Veto On Fiscal Year 2017 Budget Items (Ordinance Serial No. 16-016).
  - 1. **Ordinance Serial No. 16-016:** An Ordinance Appropriating Monies From The Central Treasury For The Borough Operating Funds, Enterprise Funds, Education Operating Fund, And Capital Funds; Establishing The Rate Of Levy For All Borough Functions For The Fiscal Year Beginning July 1, 2016, And Ending June 30, 2017, And Setting The Surcharge Rate For The Wireline And Wireless Enhanced 911 Systems For The Period Of July 1, 2016, Through June 30, 2017.

*(There were no budget vetoes presented.)*

## X. NEW BUSINESS

- A. INTRODUCTIONS (For public hearing – 06/07/16 Assembly Chambers)
  - 1. **Ordinance Serial No. 16-065:** An Ordinance Authorizing The Issuance Of State Of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project) In An Amount Not To Exceed \$65,000,000; Approving The Form And Substance Of A Second Supplement To Trust Indenture, A Third Amendment To Lease Purchase Agreement, A Refunding Trust Agreement, And A Bond Purchase Agreement; Authorizing An Offering Document; Making Certain Findings And Determinations; Authorizing The Execution Of Documents And Instruments Necessary Or Convenient To Accomplish The Foregoing; And Containing Other Provisions Relating To The Subject.
    - a. IM No. 16-101
  - 2. **Ordinance Serial No. 16-021:** An Ordinance Adopting MSB 8.41, Marijuana Related Facilities License Referrals. *(Sponsored By Assemblymember Sykes)*
    - a. IM No. 16-027

3. **Ordinance Serial No. 16-022:** An Ordinance Amending MSB 15.24.030, Adopting The Matanuska-Susitna Borough Metropolitan Planning Organization Self-Assessment.
  - a. IM No. 16-034
4. **Ordinance Serial No. 16-066:** An Ordinance Reappropriating \$25,000 To A Security Card Upgrade Project Fund.
  - a. **Resolution Serial No. 16-048:** A Resolution Approving The Scope Of Work And Budget For A Security Card Upgrade Project.
    - (1) IM No. 16-099
5. **Ordinance Serial No. 16-067:** An Ordinance Accepting And Appropriating \$16,988.40 In Project Income For The Rail Extension From Port Mackenzie To The Mainline, Project No. 75001.
  - a. **Resolution Serial No. 16-049:** A Resolution Approving The Scope Of Work And Budget For Project Income On The Rail Extension From Port Mackenzie To The Mainline Project.
    - (1) IM No. 16-102
6. **Ordinance Serial No. 16-068:** An Ordinance Reappropriating \$230,000 To An Information Technology Strategic Plan Support Project Fund.
  - a. **Resolution Serial No. 16-050:** A Resolution Approving The Scope Of Work And Budget For An Information Technology Strategic Plan Support Project Fund.
    - (1) IM No. 16-103
7. **Ordinance Serial No. 16-069:** An Ordinance Amending MSB 2.47, Boroughwide Records Management Program.
  - a. IM No. 16-105
8. **Ordinance Serial No. 16-070:** An Ordinance Reappropriating \$95,000 From The Capital Projects Department Fiscal Year 2016 Operating Budget, Fund 100, To Project No. 47048, Fund 490, For Engineering, Environmental, And Survey Work For Fiscal Year 2017 Capital Projects Throughout The Borough.
  - a. IM No. 16-107

Ms. McKechnie read the above legislation into the record.

MOTION: Assemblymember Beck moved to introduce the legislation as read into the record by the Clerk and set the public hearing for June 7, 2016.

VOTE: The motion passed without objection.

## MAYORAL NOMINATIONS AND APPOINTMENTS

### 1. VACANCY REPORT

Mayor Halter requested the following confirmations:

Emergency Medical Services Board  
Sandy Hoeft, resignation  
Local Emergency Planning Committee  
Alyssa Farrar

Talkeetna Flood Control Service Area No. 7  
Israel Mahay

MOTION: Assemblymember Beck moved confirm the Mayor's appointments and resignation.

VOTE: The motion passed without objection.

#### C. OTHER NEW BUSINESS

*(There was no other new business.)*

D. REFERRALS (For referral to the Planning Commission for 90 days or other date specified by the Assembly)

1. **Resolution Serial No. 16-047:** A Resolution Supporting Planning Efforts To Develop A Regional Transportation Planning Partnership Process To Ensure Better Communication And Collaboration Between The Alaska State Department Of Transportation And Public Facilities, The Borough, And The Cities Of Palmer, Wasilla, And Houston.
  - a. IM No. 16-109

MOTION: Assemblymember Beck moved to refer Resolution Serial No. 16-047 to the Planning Commission and the Transportation Advisory Board for a period of 90 days.

VOTE: The motion passed without objection.

#### XII. MAYOR, ASSEMBLY, AND STAFF COMMENTS

Mr. Spiropoulos advised that he would not be present for the June 7, 2016, Assembly meeting.

Mr. Moosey:

- reported on the pounds of expired medication received during the Drug Take Back Day event; and
- advised that he would be bringing the recreation bond resolution back for the next meeting, unless there was any objection.

Assemblymember Beck advised that he will be gone June 7, and requested that it be a different date.

Ms. McKechnie spoke to the date by which bond propositions would need to be adopted to make the October ballot.

Assemblymember Colligan:

- stated that he is looking forward to taking up the fees and rates at the next meeting; and
- noted that there is a cost to providing services.

Assemblymember McKee:

- spoke to concerns with the fees and rates schedule;
- stated that there is no mechanism in place to collect fees; and
- spoke to concerns with subsidizing fees.

Assemblymember Sykes:

- stated that he appreciated the discussion this evening;
- spoke to his appreciation of public participation;
- noted that public opinion on marijuana could change in October;
- spoke in support of the referral process for legislation;
- stated that he agrees with Mr. Haberman on that he does not like the idea of a closed canvas
- spoke to the canvassing process of absentee and questioned ballots;
- opined that there needs to be a balance between protecting private information and an open public process; and
- spoke in support of legislation containing the name of funds as well as the fund number.

MOTION: Assemblymember Sykes moved to direct the Manager that legislation that appropriates funds contain the name of the fund as well as the fund number.

VOTE: The motion passed without objection.

Assemblymember Sykes stated that he is looking forward to working on the recreation bond.

Assemblymember Mayfield:

- thanked the body for their support of the Alsop IMD;
- opined that it could be an innovative way to provide funding for future road projects;
- opined that the fees and rates have been discussed ad nauseam; and
- opined that the body has reached a compromise that all residents may not be happy with.

Assemblymember Beck thanked the body for the meeting.

Mayor Halter:

- spoke in support of the discussion regarding the Alsop IMD;
- stated that he knew he would be overridden on his veto of the marijuana moratorium;
- reiterated that he believes the State should regulate marijuana;

- noted that prohibition does not work and that jails are over populated with low level offenders;
- opined that it will be costly for the Borough to regulate marijuana by way of additional Code Compliance Officers and Planning staff;

### **XIII. EXECUTIVE SESSION**

*(There was no executive session held.)*

### **XIV. ADJOURNMENT**

The regular meeting adjourned at 10:25 p.m.