

Introduced by: Mayor
Date: March 19, 1974
Hearing: April 16, 1974

KENAI PENINSULA BOROUGH

ORDINANCE NO. 74-8

AN ORDINANCE OF KENAI PENINSULA BOROUGH, ALASKA, AUTHORIZING THE ISSUANCE OF \$8,655,000.00 PRINCIPAL AMOUNT OF GENERAL OBLIGATION REFUNDING SCHOOL BONDS OF THE BOROUGH FOR THE PURPOSE OF PROVIDING PART OF THE FUNDS NECESSARY TO REFUND CERTAIN OF THE BOROUGH'S OUTSTANDING GENERAL OBLIGATION SCHOOL BONDS; PROVIDING FOR AND AUTHORIZING THE PURCHASE OF CERTAIN OBLIGATIONS WITH THE PROCEEDS OF THE SALE OF SUCH REFUNDING BONDS AND CERTAIN MONEYS IN THE BOND REDEMPTION FUNDS OF THE BOROUGH SECURING SUCH BONDS TO BE REFUNDED AND FOR THE USE AND APPLICATION OF THE MONEYS TO BE DERIVED FROM SUCH INVESTMENTS; PROVIDING FOR THE PAYMENT AND REDEMPTION OF THE OUTSTANDING BONDS TO BE REFUNDED; PROVIDING THE DATE, FORM, TERMS, INTEREST RATES, MATURITIES AND COVENANTS OF SAID REFUNDING BONDS TO BE ISSUED AND FOR UNLIMITED TAX LEVIES TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON; AND PROVIDING FOR THE SALE THEREOF TO SEATTLE-FIRST NATIONAL BANK AND SEATTLE-NORTHWEST SECURITIES CORPORATION OF SEATTLE, WASHINGTON.

WHEREAS, Kenai Peninsula Borough, Alaska (hereinafter called the "Borough"), now has outstanding its general obligation school bonds in the aggregate principal amount of \$2,625,000.00 issued under date of February 1, 1969 (hereinafter called the "1969 Bonds"), which bonds mature on September 1 in each of the following years in the following amounts and bear interest as follows:

| <u>Years</u> | <u>Amounts</u> | <u>Interest Rates</u> | <u>Years</u> | <u>Amounts</u> | <u>Interest Rates</u> |
|--------------|----------------|-----------------------|--------------|----------------|-----------------------|
| 1974 | \$130,000 | 6.00% | 1982 | \$165,000 | 6.00% |
| 1975 | 135,000 | 6.00% | 1983 | 170,000 | 5.80% |
| 1976 | 140,000 | 6.00% | 1984 | 175,000 | 5.80% |
| 1977 | 145,000 | 6.00% | 1985 | 175,000 | 5.90% |
| 1978 | 150,000 | 6.00% | 1986 | 180,000 | 5.90% |
| 1979 | 155,000 | 6.00% | 1987 | 185,000 | 5.90% |
| 1980 | 160,000 | 6.00% | 1988 | 195,000 | 5.90% |
| 1981 | 160,000 | 6.00% | 1989 | 205,000 | 5.90% |

and

Kenai Peninsula Borough
Ordinance 74-8

WHEREAS, the proceedings of the Assembly of the Borough authorizing the issuance of the 1969 Bonds provide that the Borough may call such bonds for redemption on September 1, 1984, or on any interest payment date thereafter, at par plus accrued interest to date of redemption; and

WHEREAS, the Borough also now has outstanding its general obligation school bonds in the aggregate principal amount of \$2,625,000.00 issued under date of September 1, 1970 (hereinafter called the "1970 Bonds"), which bonds mature on September 1 in each of the following years in the following amounts and bear interest as follows:

| <u>Years</u> | <u>Amounts</u> | <u>Interest Rates</u> | <u>Years</u> | <u>Amounts</u> | <u>Interest Rates</u> |
|--------------|----------------|-----------------------|--------------|----------------|-----------------------|
| 1974 | \$130,000 | 8.00% | 1982 | \$165,000 | 6.90% |
| 1975 | 135,000 | 8.00% | 1983 | 170,000 | 7.00% |
| 1976 | 140,000 | 8.00% | 1984 | 175,000 | 7.10% |
| 1977 | 145,000 | 7.00% | 1985 | 175,000 | 7.20% |
| 1978 | 150,000 | 6.50% | 1986 | 180,000 | 7.20% |
| 1979 | 155,000 | 6.50% | 1987 | 185,000 | 7.25% |
| 1980 | 160,000 | 6.60% | 1988 | 195,000 | 7.25% |
| 1981 | 160,000 | 6.75% | 1989 | 205,000 | 7.25% |

and

WHEREAS, the proceedings of the Assembly of the Borough authorizing the issuance of the 1970 Bonds provide that the Borough may call such bonds for redemption on September 1, 1985, or on any interest payment date thereafter, at par plus accrued interest to the date of redemption; and

WHEREAS, the Borough also now has outstanding its general obligation school bonds in the aggregate principal amount of \$3,405,000.00 issued under date of May 1, 1971 (hereinafter called the "1971 Bonds"), which bonds mature on May 1 in each of the following years in the following amounts and bear interest as follows:

| <u>Years</u> | <u>Amounts</u> | <u>Interest Rates</u> | <u>Years</u> | <u>Amounts</u> | <u>Interest Rates</u> |
|--------------|----------------|-----------------------|--------------|----------------|-----------------------|
| 1974 | \$100,000 | 6.00% | 1983 | \$185,000 | 5.70% |
| 1975 | 110,000 | 6.00% | 1984 | 195,000 | 5.80% |
| 1976 | 115,000 | 6.00% | 1985 | 210,000 | 5.90% |
| 1977 | 125,000 | 6.00% | 1986 | 225,000 | 6.00% |
| 1978 | 130,000 | 6.00% | 1987 | 240,000 | 6.00% |
| 1979 | 140,000 | 6.00% | 1988 | 260,000 | 6.10% |
| 1980 | 150,000 | 6.00% | 1989 | 275,000 | 6.10% |
| 1981 | 160,000 | 5.30% | 1990 | 295,000 | 6.20% |
| 1982 | 175,000 | 5.50% | 1991 | 315,000 | 6.20% |

and

WHEREAS, the proceedings of the Assembly of the Borough authorizing the issuance of the 1971 Bonds provide that the Borough may call such bonds for redemption on May 1, 1986, or on any interest payment date thereafter, at par plus accrued interest to the date of redemption; and

WHEREAS, after due consideration it appears to this Assembly that the 1969 Bonds, the 1970 Bonds and the 1971 Bonds (herein together called the "Outstanding Bonds") may be refunded by the issuance and sale of the general obligation refunding bonds of the Borough authorized herein (hereinafter called the "Refunding Bonds") so that a substantial saving to the Borough and its taxpayers will be effected by the issuance of the Refunding Bonds, the redemption of the 1969 Bonds on September 1, 1984, the redemption of the 1970 Bonds on September 1, 1985, and the redemption of the 1971 Bonds on May 1, 1987; and

WHEREAS, in order to effect such refunding in the manner that will be most advantageous to the Borough and its taxpayers, it is hereby found necessary and advisable that certain "Acquired Obligations" (hereinafter identified), bearing interest and maturing at such time or times as necessary to pay the principal of and interest on the Outstanding Bonds as the same shall become due and to so redeem the Outstanding Bonds, be purchased out of the proceeds of sale of the Refunding Bonds and moneys in certain bond redemption funds of the Borough;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH, ALASKA:

Section 1. For the purpose of providing part of the moneys required: (1) to pay the principal of and interest on the 1969 Bonds coming due to and including September 1, 1984, and to redeem and retire on September 1, 1984, the 1969 Bonds maturing after said date, (2) to pay the principal of and interest on the 1970 Bonds coming due to and including September 1, 1985, and to redeem and retire on September 1, 1985, the 1970 Bonds maturing after said date, and (3) to pay the principal of and interest on the 1971 Bonds coming due to and including May 1, 1987, and to redeem and retire on May 1, 1987, the 1971 Bonds maturing after said date, the District shall issue the Refunding Bonds in the aggregate principal amount of \$8,655,000.00.

The Refunding Bonds shall be dated April 1, 1974, shall be in the denomination of \$5,000.00 each, shall be numbered, shall mature on July 1 in each of the following years and shall bear interest payable on July 1, 1974, and semiannually thereafter on the first days of each succeeding January and July of each year from date of issue as follows:

| <u>Bond Numbers (Inclusive)</u> | <u>Amounts</u> | <u>Interest Rates</u> | <u>Years</u> |
|-------------------------------------|----------------|---------------------------|--------------|
| 1 to 99 | \$495,000 | 6.000% | 1974 |
| 100 to 171 | 360,000 | 6.000% | 1975 |
| 172 to 246 | 375,000 | 5.875% | 1976 |
| 247 to 323 | 385,000 | 5.875% | 1977 |
| 324 to 403 | 400,000 | 5.875% | 1978 |
| 404 to 486 | 415,000 | 5.875% | 1979 |
| 487 to 573 | 435,000 | 5.875% | 1980 |
| 574 to 662 | 445,000 | 5.875% | 1981 |
| 663 to 773 | 555,000 | 5.875% | 1982 |
| 774 to 888 | 575,000 | 5.000% | 1983 |
| 889 to 1007 | 595,000 | 5.100% | 1984 |
| 1008 to 1128 | 605,000 | 5.200% | 1985 |
| 1129 to 1253 | 625,000 | 5.300% | 1986 |
| 1254 to 1384 | 655,000 | 5.400% | 1987 |
| 1385 to 1521 | 685,000 | 5.500% | 1988 |
| 1522 to 1665 | 720,000 | 5.600% | 1989 |
| 1666 to 1731 | 330,000 | 5.650% | 1990 |

Both principal of and interest on the Refunding Bonds shall be payable in lawful money of the United States of America at the main office of the Seattle Trust and Savings Bank, Seattle, Washington, or the main office of The Chase Manhattan Bank (National Association), New York, New York, at the option of the bondholder.

Section 2. The Borough hereby reserves the right to redeem any or all of the Refunding Bonds outstanding in whole, or in part in inverse numerical order, on any interest payment date on or after July 1, 1982, at a redemption price equal to the principal amount of each bond to be redeemed, together with interest accrued thereon to the redemption date.

Notice of any such intended redemption shall be given by one publication thereof in a financial journal of general circulation in the City of New York, New York, not more than 40 nor less than 30 days prior to such redemption date and by mailing a like notice at the same time to Seattle-First National Bank and Seattle-Northwest Securities Corporation at their main offices in Seattle, Washington, or to the successor or successors in business of such corporations, if any, at its or their main office. Interest on any Refunding Bond or Bonds so called for redemption shall cease on such redemption date unless the same are not redeemed upon presentation made pursuant to such call.

In addition to such publication and mailing the Borough shall also mail notice of any such intended redemption to Standard & Poor's Corporation and

Moody's Investors Service, Inc., New York, New York, or to their business successors, if any. The mailing of such notice shall not, however, be a condition precedent to the call of any of the Refunding Bonds for redemption, and failure to give such notice shall not affect the right of the Borough to redeem the Refunding Bonds called for redemption in the manner set forth in the preceding paragraph.

Section 3. The Refunding Bonds shall be in substantially the following form:

No. _____ \$5,000.00

UNITED STATES OF AMERICA

STATE OF ALASKA

KENAI PENINSULA BOROUGH

GENERAL OBLIGATION REFUNDING SCHOOL BOND, 1974

_____ %

The Kenai Peninsula Borough, Alaska (hereinafter called the "Borough"), hereby acknowledges itself to owe and for value received promises to pay to bearer on the first day of July, 19 ____, the principal amount of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of _____ % per annum payable on July 1, 1974, and semiannually thereafter on the first days of each succeeding January and July of each year from date of issue upon presentation and surrender of the attached interest coupons as they severally become due. Both principal of and interest on this bond are payable in lawful money of the United States of America at the main office of the Seattle Trust and Savings Bank, Seattle, Washington, or the main office of The Chase Manhattan Bank (National Association), New York, New York, at the option of the holder.

The Borough reserves the right to redeem any or all of the outstanding bonds of this issue in whole, or in part

in inverse numerical order, on any interest payment date on or after July 1, 1982, at a redemption price equal to the principal amount of each bond to be redeemed, together with interest accrued thereon to the redemption date.

Notice of any such intended redemption shall be given by one publication thereof in a financial journal of general circulation in the City of New York, New York, not more than 40 nor less than 30 days prior to such redemption date and by mailing a like notice at the same time to Seattle-First National Bank and Seattle-Northwest Securities Corporation at their main offices in Seattle, Washington, or to the successor or successors in business of such corporations, if any, at its or their main office. Interest on any bond or bonds so called for redemption shall cease on such redemption date unless the same are not redeemed upon presentation made pursuant to such call.

This bond is one of an issue of 1731 bonds of like amount, date and tenor except as to number, rate of interest and date of maturity in the aggregate principal amount of \$8,655,000.00, which bonds are issued for the purpose of providing part of the moneys necessary to refund outstanding general obligation school bonds of the Borough.

The bonds of this refunding issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Alaska and ordinances duly passed by the Borough Assembly.

The Borough hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the Borough without limitation as to rate or amount and in amounts sufficient, with other moneys legally available therefor, to pay the principal of and interest on the bonds of this issue as the same shall become due. The full faith, credit and resources of the Borough are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

It is hereby certified that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed and that the total indebtedness of the Borough, including this bond and the bonds of this issue, does not exceed any constitutional or statutory limitation.

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IN WITNESS WHEREOF, Kenai Peninsula Borough, Alaska, has caused this bond to be signed by the manual signature of the Mayor of the Borough, to be attested by the facsimile signature of its Clerk, the seal of the Borough or a facsimile thereof to be impressed hereon or otherwise reproduced and the interest coupons attached hereto to be signed with the facsimile signatures of said officials this first day of April, 1974.

KENAI PENINSULA BOROUGH, ALASKA
By _____
Mayor

ATTEST:

(facsimile signature)

Borough Clerk

The interest coupons attached to the Refunding Bonds shall be in substantially the following form:

Coupon No. _____ (\$ _____ on
Coupon
No. 1)
\$ _____

On the FIRST DAY OF (JANUARY) (JULY), 19____, KENAI PENINSULA BOROUGH, ALASKA, will pay to bearer at the main office of the Seattle Trust and Savings Bank, Seattle, Washington, or the main office of The Chase Manhattan Bank (National Association), New York, New York, at the option of the holder, the amount shown hereon in lawful money of the United States of America, such amount being the interest due that date on its "General Obligation Refunding School Bond, 1974," dated April 1, 1974, and numbered _____.

KENAI PENINSULA BOROUGH, ALASKA

By (facsimile signature)

Mayor

ATTEST:

(facsimile signature)

Borough Clerk

Section 4. The Refunding Bonds shall be signed by the manual signature of the Borough Mayor, shall be attested by the facsimile signature of the Borough Clerk, and shall have the official seal or facsimile thereof of the

Borough impressed thereon or otherwise reproduced. Each of the interest coupons attached thereto shall be signed with the facsimile signatures of said officials.

Section 5. The Borough hereby irrevocably covenants that for as long as any of the Refunding Bonds are outstanding it will make annual levies of ad valorem taxes without limitation as to rate or amount upon all the property within the Borough subject to taxation which, with other moneys legally available therefor, will be sufficient in amount to pay the principal of and interest on the Refunding Bonds as the same shall become due. The full faith, credit and resources of the Borough are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 6. There is hereby created a special account of the Borough to be known as the "1974 Refunded Bond Redemption Account" (hereinafter called the "1974 Refunded Bond Account"), which Account is to be drawn upon for the sole purpose of paying the principal of and interest on the Outstanding Bonds.

The proceeds of sale of the Refunding Bonds (exclusive of accrued interest thereon which shall be paid into the "1974 General Obligation Refunding School Bond Redemption Fund" hereinafter created), shall be credited to such Account and used immediately upon the receipt thereof to discharge the obligations of the Borough under Ordinances Nos. 97, 70-9, and 71-4 of the Borough authorizing the issuance of the Outstanding Bonds by providing for the payment as hereinafter set forth in this section of the principal of and interest on the Outstanding Bonds. The Borough shall discharge such obligations by the use of moneys now held in the bond redemption funds of the Borough created by said Ordinances Nos. 97, 70-9, and 71-4 (in an amount not greater than the interest accruing on the Outstanding Bonds from their respective last interest payment dates to the date of delivery of the Refunding Bonds to the initial purchasers thereof), and by the purchase of certain obligations of the United States government, or agencies thereof ("Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide for the payment of:

(a) Interest on the 1969 Bonds which will become due and payable on or before September 1, 1984.

(b) The principal of the 1969 Bonds which will mature on or before September 1, 1984.

(c) The redemption price payable on September 1, 1984, for the principal of the 1969 Bonds maturing after that date.

(d) Interest on the 1970 Bonds which will become due and payable on or before September 1, 1985.

(e) The principal of the 1970 Bonds which will mature on or before September 1, 1985.

(f) The redemption price payable on September 1, 1985, for the principal of the 1970 Bonds maturing after that date.

(g) Interest on the 1971 Bonds which will become due and payable on or before May 1, 1987.

(h) The principal of the 1971 Bonds which will mature on or before May 1, 1987.

(i) The redemption price payable on May 1, 1987, for the principal of the 1971 Bonds maturing after that date.

Such "Acquired Obligations" are set forth in "Schedule A" attached to this ordinance and incorporated by reference herein. Such "Acquired Obligations" shall be purchased at a yield not greater than 5.3403% per annum; provided, however, that a sum not greater than \$1,409,306.99 may be used to acquire "Acquired Obligations" at the current market price.

Such money and "Acquired Obligations" shall be irrevocably deposited with Seattle-First National Bank, Seattle, Washington (hereinafter called the "Refunding Trustee").

Section 7. The Borough hereby irrevocably calls for redemption on September 1, 1984, the outstanding 1969 Bonds maturing after such date in accordance with the provisions of Ordinance No. 97 of the Borough authorizing the redemption and retirement of the 1969 Bonds prior to their fixed maturities.

The Borough hereby irrevocably calls for redemption on September 1, 1985, the outstanding 1970 Bonds maturing after such date in accordance with the provisions of Ordinance No. 70-9 of the Borough authorizing the redemption and retirement of the 1970 Bonds prior to their fixed maturities.

The Borough hereby irrevocably calls for redemption on May 1, 1987, the outstanding 1971 Bonds maturing after such date in accordance with the provisions of Ordinance No. 71-4 of the Borough authorizing the redemption and retirement of the 1971 Bonds prior to their fixed maturities.

Such calls for redemption shall be irrevocable after the delivery of the Refunding Bonds to the initial purchasers thereof.

The Refunding Trustee, acting in concert with the Borough Clerk, is hereby authorized and directed to provide for the giving of notice of the redemption of the Outstanding Bonds in accordance with the applicable provisions of said ordinances.

The Refunding Trustee is hereby authorized and directed to pay to the Borough Finance Director, or, at the direction of the Finance Director, to the paying agents for the Outstanding Bonds, sums sufficient to pay, when due, the sums specified in subparagraphs (a) through (i) of Section 6 of this ordinance. All such sums shall be paid from the moneys and "Acquired Obligations" deposited with said Refunding Trustee pursuant to the previous section of this ordinance, and the income therefrom and proceeds thereof. All moneys and "Acquired Obligations" deposited with the Refunding Trustee and any income therefrom shall be deemed assets of the 1974 Refunded Bond Account and shall be held, invested (but only at the direction of the Borough Finance Director) and applied in accordance with the provisions of this ordinance and with the laws of the State of Alaska. All moneys held by the Refunding Trustee pursuant to this ordinance, after May 1, 1987, shall be paid to the Borough.

The Mayor and Clerk of the Borough are directed to execute with and deliver to the Refunding Trustee an agreement (in the form attached hereto, marked Exhibit A and by this reference made a part of this ordinance) setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the redemption and retirement of the Outstanding Bonds as provided herein.

Section 8. There is hereby created a special fund of the Borough to be known as the "1974 General Obligation Refunding School Bond Redemption Fund" (hereinafter called the "Bond Fund"), which fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Refunding Bonds as the same shall become due.

Section 9. In the event that money and/or direct obligations of the United States of America, and/or obligations guaranteed by the United States of America, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire the Refunding Bonds in accordance with their terms, are set aside in the Bond Fund to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably

set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Refunding Bonds, and the Refunding Bonds and the coupons appurtenant thereto shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the moneys so set aside and pledged, and the Refunding Bonds and such coupons shall be deemed not to be outstanding hereunder.

Section 10. The Borough hereby covenants that it will not make any use of the proceeds of sale of the Refunding Bonds or any other funds of the Borough which may be deemed to be proceeds of such Refunding Bonds pursuant to Section 103(d) of the Internal Revenue Code and the applicable Regulations thereunder which, if such use had been reasonably expected on the date of delivery of the Refunding Bonds to the initial purchasers thereof, would have caused the Refunding Bonds to be "arbitrage bonds" within the meaning of said section and said Regulations. The Borough will comply with the requirements of subsection (d) of Section 103 of the Internal Revenue Code and the applicable Regulations thereunder throughout the term of the Refunding Bonds.

This Assembly hereby finds and determines that the issuance and sale of the Refunding Bonds at this time will effect a saving to the Borough and its taxpayers. In making such finding and determination this Assembly has given consideration to the interest to the fixed maturities of the Refunding Bonds and the Outstanding Bonds being refunded, the costs of the issuance of the Refunding Bonds and the known earned income from the investment of the proceeds of sale of the Refunding Bonds pending redemption of the Outstanding Bonds.

This Assembly hereby further finds and determines that the moneys and "Acquired Obligations" to be deposited with the Refunding Trustee for the Outstanding Bonds in accordance with Section 6 of this ordinance will discharge and satisfy the obligations of the Borough under the ordinances authorizing the issuance of the Outstanding Bonds and the pledges, charges, trust, covenants and agreements of the Borough therein made or provided for as to said Outstanding Bonds, and that said Outstanding Bonds shall no longer be deemed to be outstanding under said ordinances immediately upon the deposit of such moneys and the "Acquired Obligations" with the Refunding Trustee.

Section 11. Seattle-First National Bank and Seattle-Northwest Securities Corporation of Seattle, Washington, have jointly submitted an offer to purchase the Refunding Bonds and to provide the "Acquired Obligations" at the prices and under the conditions specified in such offer, which offer is on file with the Borough Clerk. This Assembly deems it to be in the best interests of

the Borough and its taxpayers that such offer be accepted and such offer is, therefore, hereby accepted.

The proper Borough officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Refunding Bonds to said purchasers and for the proper application and use of the proceeds of sale thereof as herein provided.

Section 12. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the Borough shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Refunding Bonds.

Section 13. This ordinance shall become effective on the day of enactment.

ADOPTED by the Assembly of the Kenai Peninsula Borough, Alaska, at a regular meeting thereof held this 16th day of April, 1974.

KENAI PENINSULA BOROUGH, ALASKA

By James V. Quess
President of Assembly

ATTEST:

Francis Bryner
Borough Clerk

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SCHEDULE A

DELIVERY DATE: 4/25/74

| <u>AMOUNT</u> | <u>MATURITY DATE</u> | <u>TYPE</u> | <u>COUPON</u> |
|---------------|----------------------|-------------|---------------|
| 1390000 | 4/ 6/87 | GNPC | 5.100% |
| 1440000 | 12/10/84 | FNMA | 6.900% |
| 1300000 | 6/11/84 | FNMA | 6.250% |
| 220000 | 10/20/83 | FLB | 7.300% |
| 320000 | 5/25/83 | FHLB | 7.300% |
| 180000 | 12/10/82 | FNMA | 7.350% |
| 25000 | 10/20/82 | FLB | 7.300% |
| 310000 | 6/10/82 | FNMA | 6.650% |
| 172000 | 4/20/82 | FLB | 6.900% |
| 20000 | 9/10/81 | FNMA | 7.250% |
| 290000 | 6/10/81 | FNMA | 7.250% |
| 159000 | 4/20/81 | FLB | 6.700% |
| 10000 | 10/15/80 | FHLB | 7.800% |
| 303000 | 7/21/80 | FLB | 7.500% |
| 140000 | 4/ 1/80 | GNPC | 5.300% |
| 20000 | 10/23/79 | FLB | 6.800% |
| 285000 | 7/23/79 | FLB | 7.150% |
| 132000 | 4/23/79 | FLB | 6.850% |
| 15000 | 10/19/78 | FLB | 7.350% |
| 275000 | 8/28/78 | EXIM | 8.350% |
| 120000 | 4/20/78 | FLB | 5.125% |
| 15000 | 10/20/77 | FLB | 6.350% |
| 260000 | 8/25/77 | FHLB | 7.150% |
| 110000 | 3/10/77 | FNMA | 6.300% |
| 25000 | 10/20/76 | FLB | 7.150% |
| 250000 | 8/25/76 | FHLB | 7.800% |
| 108000 | 4/20/76 | FLB | 6.250% |
| 15000 | 10/20/75 | FLB | 7.200% |
| 240000 | 8/25/75 | FHLB | 7.875% |
| 102000 | 4/21/75 | FLB | 7.650% |
| 15000 | 10/22/74 | BILLS | 0.000% |
| 240000 | 8/29/74 | BILLS | 0.000% |

8506000

GNPC - Government National Mortgage Association Participation Certificates
FNMA - Federal National Mortgage Association Debentures
FLB - Federal Land Bank Bonds
FHLB - Federal Home Loan Bank Bonds
EXIM - Export-Import Bank of United States Bonds
Bills - United States Treasury Bills

Any government obligation qualified under the laws of the State of Alaska may be substituted at time of closing for any of the above securities not available at time of closing, provided such substituted obligation shall provide the identical yield specified for the substituted security.

SCHEDULE A

A G R E E M E N T

THIS AGREEMENT made and entered into as of the _____ day of April, 1974, by and between KENAI PENINSULA BOROUGH, a municipal corporation of the State of Alaska (the "Borough"), and SEATTLE-FIRST NATIONAL BANK (Corporate Trust Division), Seattle, Washington (the "Refunding Trustee"):

W I T N E S S E T H:

SECTION 1. Recitals. The Borough now has outstanding its "General Obligation School Bonds, 1969," issued under date of February 1, 1969 (hereinafter sometimes called the "1969 Bonds"), in the aggregate principal amount of \$2,625,000.00, its "General Obligation School Bonds, 1970," issued under date of September 1, 1970 (hereinafter sometimes called the "1970 Bonds"), in the aggregate principal amount of \$2,625,000.00 and its "General Obligation School Bonds, 1971," issued under date of May 1, 1971 (hereinafter sometimes called the "1971 Bonds"), in the aggregate principal amount of \$3,405,000.00 (all of which bonds shall hereinafter sometimes be called the "Outstanding Bonds"). Under the terms of Ordinance No. 97 pertaining to the 1969 Bonds, the Borough in the manner provided therein may provide for the refunding prior to maturity of such 1969 Bonds on September 1, 1984, or on any interest payment date thereafter, at par plus accrued interest to date of redemption. Under the terms of Ordinance No. 70-9 pertaining to the 1970 Bonds, the Borough in the manner provided therein may provide for the refunding prior to maturity of such 1970 Bonds on September 1, 1985, or on any interest payment date thereafter, at par plus accrued interest to date of redemption. Under the terms of Ordinance No. 71-4, the Borough in the manner provided therein may provide for the refunding prior to maturity of such 1971 Bonds on May 1, 1986, or on any interest payment date thereafter, at par plus accrued interest to date of redemption. The Borough by Ordinance No. 74-8, adopted by the Assembly of the Borough, has determined to refund all of such Outstanding Bonds, including (1) the final redemption on September 1, 1984, of all of the 1969 Bonds maturing after September 1, 1984, (2) the final redemption on September 1, 1985, of all of the 1970 Bonds maturing after September 1, 1985, and (3) the final redemption on May 1, 1987, of all of the 1971 Bonds maturing after May 1, 1987, out of the proceeds of the sale of its "General Obligation Refunding School Bonds, 1974" (the "Refunding Bonds"), and other moneys of the Borough legally available therefor.

SECTION 2. Provisions for Refunding the Outstanding Bonds. To accomplish the refunding of the Outstanding Bonds, including (1) the payment of the principal of and interest on the 1969 Bonds until September 1, 1984,

the call date for such 1969 Bonds, and the final redemption of such 1969 Bonds on such call date, (2) the payment of the principal of and interest on the 1970 Bonds until September 1, 1985, the call date for such 1970 Bonds, and the final redemption of such 1970 Bonds on such call date, and (3) the payment of the principal of and interest on the 1971 Bonds until May 1, 1987, the call date for such 1971 Bonds, and the final redemption of such 1971 Bonds on such call date, the Borough, simultaneously with the delivery of the Refunding Bonds issued pursuant to said Ordinance No. 74-8, does hereby agree to irrevocably deposit with the Refunding Trustee in trust for the security and benefit of the holders and owners of the Outstanding Bonds and the Refunding Bonds the sum of \$205,272.81 in cash and certain Federal National Mortgage Association Debentures, Federal Land Bank Bonds, United States Treasury Bonds, Export-Import Bank of United States Bonds, Federal Home Loan Bank Bonds, United States Treasury Notes and United States Treasury Bills with amounts, interest rates and maturities as more particularly set forth in "Schedule A" attached to this Agreement and by this reference incorporated herein, which securities are hereinafter referred to as "Obligations," and such cash and Obligations, with the investment income therefrom, will be sufficient to provide for the payment of (1) the principal of and interest on the 1969 Bonds until September 1, 1984, the call date for the 1969 Bonds, and the redemption price payable on September 1, 1984, upon the redemption of the 1969 Bonds for bonds maturing after September 1, 1984, (2) the principal of and interest on the 1970 Bonds until September 1, 1985, the call date for the 1970 Bonds, and the redemption price payable on September 1, 1985, upon the redemption of the 1970 Bonds for bonds maturing after September 1, 1985, and (3) the principal of and interest on the 1971 Bonds until May 1, 1987, the call date for the 1971 Bonds, and the redemption price payable on May 1, 1987, upon the redemption of the 1971 Bonds for bonds maturing after May 1, 1987.

On or before the delivery of the Refunding Bonds the Borough agrees that it will cause to be delivered to the Refunding Trustee a statement setting forth (1) the amount of interest and principal to be paid on each semi-annual interest payment date on the 1969 Bonds up through September 1, 1984, and the amount of principal required on September 1, 1984, to pay and redeem all then outstanding 1969 Bonds maturing after September 1, 1984, (2) the amount of interest and principal to be paid on each semiannual interest payment date on the 1970 Bonds up through September 1, 1985, and the amount of principal required on September 1, 1985, to pay and redeem all then outstanding 1970 Bonds maturing after September 1, 1985, and (3) the amount of interest and principal to be paid on each semiannual interest payment date on the 1971 Bonds up through May 1, 1987, and the amount of principal required on May 1, 1987, to pay and redeem all then outstanding 1971 Bonds maturing after May 1, 1987.

The Borough by said Ordinance No. 74-8 has irrevocably called for redemption or prepayment (1) on September 1, 1984, all of the 1969 Bonds

maturing after September 1, 1984, (2) on September 1, 1985, all of the 1970 Bonds maturing after September 1, 1985, and (3) on May 1, 1987, all of the 1971 Bonds maturing after May 1, 1987. Such calls for redemption or prepayment shall be irrevocable upon the delivery of the Refunding Bonds. The Refunding Trustee through the Clerk of the Borough shall provide for publication and mailing of the proper notices of such redemption or prepayment in accordance with the applicable provisions of the respective bond ordinances pertaining to each issue of the Outstanding Bonds.

Provision for the giving of such notices of redemption or prepayment has irrevocably been made by the Borough.

SECTION 3. Disbursements by the Refunding Trustee. The Refunding Trustee shall present for payment on the due date thereof the Obligations so deposited and shall apply the proceeds derived therefrom in accordance with the provisions of this section.

Moneys shall be transferred by the Refunding Trustee to the main office of the Seattle Trust and Savings Bank, Seattle, Washington, or the main office of The Chase Manhattan Bank (National Association), New York, New York, the paying agents for the Outstanding Bonds, in amounts sufficient to pay (1) the interest on and principal of the 1969 Bonds becoming due and payable on or before September 1, 1984, and in amounts sufficient to pay on September 1, 1984, the redemption price with respect to the 1969 Bonds maturing after September 1, 1984, (2) the interest on and principal of the 1970 Bonds becoming due and payable on or before September 1, 1985, and in amounts sufficient to pay on September 1, 1985, the redemption price with respect to the 1970 Bonds maturing after September 1, 1985, and (3) the interest on and principal of the 1971 Bonds becoming due and payable on or before May 1, 1987, and in amounts sufficient to pay on May 1, 1987, the redemption price with respect to the 1971 Bonds maturing after May 1, 1987.

SECTION 4. Nonreinvestment of Funds; Custody and Safekeeping of Obligations. All moneys deposited with the Refunding Trustee or received by the Refunding Trustee as maturing principal or interest on Obligations prior to the time required to make the payments hereinbefore set forth shall be held by the Refunding Trustee and shall not be reinvested.

All income derived from the Obligations and any moneys deposited with the Refunding Trustee pursuant to Section 2 hereof in the hands of the Refunding Trustee (which moneys are not required to make the payments hereinbefore required to be made) shall be paid to the main office of the Seattle Trust and Savings Bank, Seattle, Washington, or the main office of The Chase Manhattan Bank (National Association), New York, New York, for the credit of the "1974 General Obligation Refunding School Bond Redemption Fund" of the

KENAI PENINSULA BOROUGH, ALASKA

By _____
Mayor

ATTEST:

Borough Clerk

SEATTLE-FIRST NATIONAL BANK
(Corporate Trust Division)

By _____
Trust Officer

1490

Borough (hereinafter called the "Bond Fund") as and when realized and collected for use and application as other moneys deposited in said Bond Fund.

For as long as any of the Outstanding Bonds are outstanding, on or before the 10th day of each month, commencing with the month of June, 1974, the Refunding Trustee shall render a statement as of the last day of the preceding month to the Director of Finance of the Borough, which statement shall set forth the Obligations which have matured and the amounts received by the Refunding Trustee by reason of such maturity, the amounts paid to the main office of the Seattle Trust and Savings Bank, Seattle, Washington, or the main office of The Chase Manhattan Bank (National Association), New York, New York, for credit to the Bond Fund, the amount of cash delivered to the main office of the Seattle Trust and Savings Bank, Seattle, Washington, or the main office of The Chase Manhattan Bank (National Association), New York, New York, and the dates of such delivery, for the payment of the interest on and principal of the Outstanding Bonds as the same shall become due and/or payable, and the final payment of the redemption price on September 1, 1984, for the 1969 Bonds maturing after September 1, 1984, the final payment of the redemption price on September 1, 1985, for the 1970 Bonds maturing after September 1, 1985, and the final payment of the redemption price on May 1, 1987, for the 1971 Bonds maturing after May 1, 1987, and any other transactions of the Refunding Trustee pertaining to its duties and obligations as set forth herein.

All Obligations, moneys and investment income deposited with or received by the Refunding Trustee pursuant to this Agreement shall be subject to the trust created by this Agreement and the Refunding Trustee shall be liable for the preservation and safekeeping thereof.

SECTION 5. Duties and Obligations of Refunding Trustee.

The duties and obligations of the Refunding Trustee shall be as prescribed by the provisions of this Agreement, and the Refunding Trustee shall not be liable except for the performance of its duties and obligations as specifically set forth herein and to act in good faith in the performance thereof and no implied duties or obligations shall be incurred by such Refunding Trustee other than those specified herein.

The Refunding Trustee may consult with counsel of its choice and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

Provisions for the fees, compensation and expenses of the Refunding Trustee satisfactory to it have been made by the bond purchasers.