ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2011-31

An Ordinance of The City and Borough of Juneau, Alaska, Authorizing the Issuance of a Nonrecourse Revenue and Refunding Bond (Wildflower Court, Inc. Project), of the City and Borough in an Aggregate Principal Amount Not to Exceed $14,200,000; Authorizing the Execution and Delivery of the Necessary Financing Documents In Connection Therewith; and Providing the Form and Terms of the Bond.

WHEREAS, Wildflower Court, Inc. of Juneau, an Alaska non-profit corporation (the “Corporation”), formerly known as St. Ann’s Care Center, Inc., plans to refinance the acquisition and construction of a long term-care facility built on the grounds of Bartlett Regional Hospital within the City and Borough and to renovate and update such facility (the “Project”), and

WHEREAS, the City and Borough of Juneau (the “City and Borough”) issued its Nonrecourse Revenue Bonds, 1999 (St. Ann’s Care Center Project), under date of August 1, 1999 (the “1999 Bonds”) pursuant to Ordinance Serial No. 99-13 (the “1999 Bond Ordinance”), and an Indenture of Trust, dated as of August 1, 1999 between the City and Borough and U.S. Bank National Association, as Trustee, currently outstanding in the principal amount of $13,050,000, bearing interest at the rate of 6.875% and maturing on December 1, 2025; and

WHEREAS, the 1999 Bonds are callable in whole or part on December 1, 2011, and on any date thereafter at a price of par plus accrued interest to the date of redemption; and

WHEREAS, the Corporation has requested the City and Borough to issue its Nonrecourse Revenue and Refunding Bond, 2012 (Wildflower Court, Inc. Project) in the aggregate dollar amount of not to exceed $14,200,000 (the “Bond”) for the purpose of paying all or a portion of the costs of refinancing and financing the Project and the issuance of the Bond, and

WHEREAS, the Assembly of the City and Borough finds that it is in the best interest of the City and Borough to sell the bond herein authorized to the Alaska Municipal Bond Bank (the “Bond Bank”) on the terms and conditions set forth herein and in a loan agreement between the City and Borough and the Bond Bank, as authorized by this ordinance; and
WHEREAS, the Bond will be issued and the proceeds thereof used to refinance and finance the Project under the additional terms provided in the following documents (“Financing Documents”):

(a) A Trust Agreement (the “Trust Agreement”) proposed to be made and entered into between the City and Borough and the Trustee, as hereinafter defined, authorizing the issuance of and setting forth the terms and conditions of the said nonrecourse revenue and refunding bond, assigning the City and Borough’s interest in the Corporation Loan Agreement, and setting forth the proposed recitals, covenants and agreements of the parties with respect thereto;

(b) A Bond Bank Loan Agreement (the “Bond Bank Loan Agreement”) proposed to be made and entered into between the Bond Bank and the City and Borough;

(c) A Corporation Loan Agreement (the “Corporation Loan Agreement”) proposed to be made and entered into between the City and Borough and the Corporation;

(d) A Deed of Trust (the “Deed of Trust”) to be executed by the Corporation with respect to the Corporation’s leasehold in certain property leased from the City and Borough; and

(e) An Indemnification and Compensation Agreement (the “Indemnification and Compensation Agreement”) proposed to be made and entered into between the City and Borough and the Corporation; and

WHEREAS, it is necessary to authorize the Finance Director to enter into the above-mentioned Financing Documents;

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

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

Section 2. Purpose. The purpose of this ordinance is to authorize the issuance and sale of the City and Borough of Juneau, Alaska Nonrecourse Revenue and Refunding Bond, 2012 (Wildflower Court, Inc. Project) in an aggregate principal amount not to exceed $14,200,000 and to authorize the execution of the Financing Documents.

Section 3. Definitions. As used in this ordinance, the following words shall have the following meanings:

Assembly means the Assembly of the City and Borough of Juneau, Alaska as the same shall be duly and regularly constituted from time to time or any successor body.

Bond means the City and Borough of Juneau, Alaska Nonrecourse Revenue and Refunding Bond, 2012 (Wildflower Court, Inc. Project), issued pursuant to this ordinance.
**Bond Bank** means the Alaska Municipal Bond Bank, a public corporation and instrumentality of the State of Alaska, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended.

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

**Bond Bank Loan Agreement** means the Bond Bank Loan Agreement for the Bond by and between the City and Borough and the Bond Bank authorized to be entered into pursuant to Section 4 of this ordinance.

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

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

**Code** means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

**Corporation** means Wildflower Court, Inc., an Alaska nonprofit corporation.

**Corporation Loan Agreement** means the Corporation Loan Agreement for the Bond by and between the City and Borough and the Corporation authorized to be entered into pursuant to Section 4 of this ordinance.

**Deed of Trust** means the Leasehold Deed of Trust, Security Agreement and Fixtures Filing with Assignment of Leases and Rents from the Corporation for the benefit of the City and Borough.

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

**Financing Documents** means the Bond Bank Loan Agreement, the Corporation Loan Agreement, the Deed of Trust, the Indemnification and Compensation Agreement, the Trust Agreement and this ordinance.

**Indemnification and Compensation Agreement** means the agreement of that name between the City and Borough and the Corporation.

**Land** means the property legally described on Exhibit A to the Lease.

**Lease** means the Lease authorized by the Assembly on March 1, 1999 between the City and Borough and the Corporation.

**1999 Bond Ordinance** means Ordinance Serial No. 99-13, passed by the Assembly on May 3, 1999.
1999 Bonds means the Nonrecourse Revenue Bonds, 1999 (St. Ann’s Care Center Project), of the City and Borough issued under date of August 1, 1999, and presently outstanding in the aggregate principal amount of $13,050,000.

Project means the refinancing of the acquisition, construction and equipping of a long term care facility built on the grounds of Bartlett Regional Hospital within the City and Borough on the Land and renovation and upgrades to the long term care facility.

Redemption Date means the date or dates designated by the Finance Director as the date or dates on which the 1999 Bonds will be paid and redeemed.

Trust Agreement means the Trust Agreement, between the City and Borough and the Trustee.

Trustee means the financial institution selected by the City Manager or his/her designee as provided in Section 6 of this ordinance.

Interpretation and Rules of Interpretation

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this ordinance; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this ordinance as a whole and not to any particular Article, Section or subdivision hereof.

Section 4. Authorization and Approval of Financing Documents. The City and Borough is hereby authorized to enter into a loan agreement with the Bond Bank to evidence its repayment obligation to the Bond Bank with respect to the Bond (hereinafter authorized) (the “Bond Bank Loan Agreement”). The City and Borough is hereby authorized to lend the proceeds of the Bond to the Corporation to refinance and finance the Project pursuant to the terms of a loan agreement with the Corporation (the “Corporation Loan Agreement”) and to pledge and assign the loan repayments and revenues therefrom and its interest in the Corporation Loan Agreement to the Trustee hereinafter appointed, all as provided in the Corporation Loan Agreement and the Trust Agreement. The Corporation shall secure its repayment obligations under the Corporation Loan Agreement with the Deed of Trust encumbering its leasehold interest in the Land (and all improvements thereon). As a condition precedent to the issuance and delivery of the Bond, the Corporation shall be required to execute and deliver the
Indemnification and Compensation Agreement to the City and Borough, pursuant to which the Corporation shall provide for the compensation and indemnification of the City and Borough in connection with the issuance and maintenance of the Bond. The forms of the Bond Bank Loan Agreement, the Corporation Loan Agreement, the Trust Agreement, the Deed of Trust, the Indemnification and Compensation Agreement and the Bond are approved subject to such modifications as are deemed appropriate and approved by the Finance Director and counsel for the City and Borough, which approval shall be conclusively evidenced by execution and delivery of the Bond Bank Loan Agreement, the Corporation Loan Agreement, the Trust Agreement, the Deed of Trust, the Indemnification and Compensation Agreement and the Bond by the City Manager or his/her designee of the City and Borough as therein required. The Bond Bank Loan Agreement is hereby directed to be executed in the name and on behalf of the City and Borough by the City Manager or his/her designee, but only to be delivered upon execution thereof by the Bond Bank. The Corporation Loan Agreement is hereby directed to be executed in the name and on behalf of the City and Borough by the City Manager or his/her designee, but only to be delivered upon execution thereof by the Corporation. The Trust Agreement and Indemnification and Compensation Agreement are directed to be executed in the name and on behalf of the City and Borough by the City Manager or his/her designee, and delivered to the Trustee.

Section 5. Authorization of Bond. For the purpose of providing funds to the Corporation for refinancing and financing the Project in accordance with the Corporation Loan Agreement and paying costs of issuance, the City and Borough shall issue its nonrecourse revenue and refunding bond in the aggregate principal amount of not to exceed $14,200,000 (the “Bond”). The Bond shall be designated as the “City and Borough of Juneau, Alaska, Nonrecourse Revenue and Refunding Bond, 2012.” The Bond shall be dated as of the date established pursuant to Section 9, shall be fully registered as to both principal and interest and shall bear interest from its date payable on the dates and rates set forth in the Bond Bank Loan Agreement, and shall come due on the dates set forth in the Bond Bank Loan Agreement of the following years in the following estimated principal installments:

<table>
<thead>
<tr>
<th>Maturity Years</th>
<th>Principal Amount</th>
</tr>
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<tbody>
<tr>
<td>2012</td>
<td>$1,310,000</td>
</tr>
<tr>
<td>2013</td>
<td>1,485,000</td>
</tr>
<tr>
<td>2014</td>
<td>1,495,000</td>
</tr>
<tr>
<td>2015</td>
<td>1,515,000</td>
</tr>
<tr>
<td>2016</td>
<td>1,335,000</td>
</tr>
<tr>
<td>2017</td>
<td>1,355,000</td>
</tr>
<tr>
<td>2018</td>
<td>1,385,000</td>
</tr>
<tr>
<td>2019</td>
<td>1,410,000</td>
</tr>
<tr>
<td>2020</td>
<td>450,000</td>
</tr>
<tr>
<td>2021</td>
<td>460,000</td>
</tr>
<tr>
<td>2022</td>
<td>475,000</td>
</tr>
<tr>
<td>2023</td>
<td>490,000</td>
</tr>
<tr>
<td>2024</td>
<td>510,000</td>
</tr>
<tr>
<td>2025</td>
<td>525,000</td>
</tr>
</tbody>
</table>
At the time of sale, the City Manager or his/her designee may increase or decrease the foregoing estimated principal amounts in any year by 50%, provided, however, the aggregate principal amount of such bond issued may not exceed $14,200,000.

Section 6. Trustee. The City Manager or his/her designee is hereby authorized and directed to solicit proposals from and select a financial institution to act as the trustee for the Bond (the “Trustee”). All fees and expenses of the Trustee shall be paid by the Corporation as provided in the Trust Agreement and the Corporation Loan Agreement.

Section 7. Prepayment. Provisions for the optional prepayment of some or all principal installments of the Bond may be established pursuant to Section 9 of this ordinance and shall be set forth in the Bond Bank Loan Agreement. So long as the Bond Bank is the owner of the Bond, notice of prepayment shall be given according to the terms of the Bond Bank Loan Agreement.

Section 8. Security for the Bond. The Bond shall be secured by payments to be made by the Corporation under the Corporation Loan Agreement and the additional provisions of the Bond Bank Loan Agreement and the Trust Agreement and shall be a special, limited obligation of the City and Borough payable solely from and secured by payments to be received pursuant to the Bond Bank Loan Agreement. The Land that is the subject to the Lease shall not be pledged to or subordinated to the payment of the Bond. The Bond does not and shall never constitute a debt or indebtedness or loan of the credit of the City and Borough within the meaning of any provisions or limitations of the State constitution, the Charter of the City and Borough, or any statute or ordinance and shall not constitute or give rise to a general pecuniary liability of the City and Borough or a charge against the general credit or taxing power of the City and Borough, and the face of the Bond shall so state.

Section 9. Sale of the Bond. The City Manager or his/her designee is authorized to negotiate and complete the sale of the Bond to the Bond Bank on terms and conditions consistent with this ordinance and the Bond Bank Loan Agreement for the Bond. Following the sale of the Bond Bank Bonds, such terms and conditions, including the final principal amount, date, principal installment payment schedule, interest rates, payment dates and prepayment provisions, all as provided for in this ordinance, shall be set forth in the Bond Bank Loan Agreement, all subject to the Assembly’s approval by resolution.

Section 10. Form of Bond. The Bond shall be in substantially the following form with such additions and modifications as shall be appropriate to reflect the final negotiated terms of the Bond.
THE CITY AND BOROUGH OF JUNEAU, ALASKA, a public body corporate and politic and an agency of the State of Alaska (the “City and Borough”), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, but solely from the sources and in the manner hereinbelow provided, on the Maturity Date specified above, unless this bond shall have been duly called for prior redemption and payment of the redemption price hereof shall have been duly made or provided for, the Principal Amount set forth above and to pay to such Registered Owner from such sources interest thereon from the later of the date hereof or the most recent date to which interest has been paid or made available for payment, at the rate per annum equal to the Interest Rate stated above, on _________ 1 and _______ 1 of each year, commencing _________ 1, _____.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Installments of principal of and interest on this bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the corporate trust office in __________, __________ of __________________________, or such other office as designated by the Trustee or its successor, as trustee (the “Trustee”) under the Trust Agreement
dated as of _______, 2012 (the “Trust Agreement”), between the City and Borough and the Trustee.

Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of, premium, if any, and interest on this Bond shall be payable in lawful money of the United States of America.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Trustee. Capitalized terms used in this bond and not otherwise defined herein have the meanings given such terms in the Bond Ordinance.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Alaska and ordinances duly adopted by the Assembly, including Ordinance No. 2011-31 of the Assembly (the “Bond Ordinance”).

This bond is subject to prepayment as stated in the Bond Bank Loan Agreement.

This bond is a special, limited obligation of the City and Borough giving rise to no charge against the City and Borough’s general credit, and are payable solely from, and constitute claims of the owners thereof against, only the revenues, funds and assets of the City and Borough pledged under the Bond Bank Loan Agreement. This bond shall never constitute the debt or indebtedness of the State of Alaska within the meaning of any provision or limitation of the Constitution or statutes of the State of Alaska, or of any political subdivision thereof, and shall never constitute nor give rise to a general pecuniary liability of the State or a charge against its general credit or taxing powers.

This bond is a special, limited obligation of the City and Borough, issued in order to provide funds to make a loan (the “Loan”) to Wildflower Court, Inc. (the “Corporation”) pursuant to the Corporation Loan Agreement, to refinance the acquisition, construction and equipping of a long term care facility of the Corporation and finance the renovation and upgrading of that facility.

No officer, agent or employee of the City and Borough, and no officer, official, agent or employee of the State of Alaska, nor any person executing this bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of this bond.

The bond is a “qualified 501(c)(3) bond” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The City and Borough has not designated the Bond as a “qualified tax-exempt obligation” under Section 265(b) of the Code for investment by banks, thrift institutions and other financial institutions.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance
of this bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City and Borough may incur.

IN WITNESS WHEREOF, the City and Borough of Juneau, Alaska has caused this bond to be executed with the manual or facsimile signature of its City Manager or his/her designee and to be signed and attested manually or by facsimile by its Clerk, all as of _______ ___, 2012.

CITY AND BOROUGH OF JUNEAU,
ALASKA

By ______________________________
City Manager or Designee

(SEAL)

Attest:

_________________________________.
Clerk

CERTIFICATE OF AUTHENTICATION

This bond is the Nonrecourse Revenue and Refunding Bond, 2012 (Wildflower Court, Inc. Project) of the City and Borough of Juneau, Alaska, dated ____________, 2012, and described in the within-mentioned Bond Ordinance.

_________________________________,
as Trustee

By ______________________________
Authorized Signer

Section 11. Execution of Bond. The Bond shall be executed on behalf of the City and Borough with the manual or facsimile signature of the City Manager or his/her designee, shall be attested by the manual or facsimile signature of the City and Borough Clerk, and the seal of the City and Borough shall be impressed or a facsimile thereof imprinted or otherwise reproduced thereon.

The Bond shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance only if it bears thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Trustee. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.
In case either of the officers who shall have executed the Bond shall cease to be officer or officers of the City and Borough before the Bond so signed shall have been authenticated or delivered by the Trustee, or issued by the City and Borough, such Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City and Borough as though those who signed the same had continued to be such officers of the City and Borough. The Bond may also be signed and attested on behalf of the City and Borough by such persons who are at the actual date of delivery of such Bond the proper officers of the City and Borough although at the original date of such Bond any such person shall not have been such officer of the City and Borough.

Section 12. Call For Redemption of the 1999 Bonds. The City and Borough hereby irrevocably sets aside sufficient funds out of the proceeds of the Bond to provide for the payment of the interest due and payable on the 1999 Bonds on and prior to the Redemption Date, and the payment and redemption of the 1999 Bonds on the Redemption Date, as authorized by the 1999 Bond Ordinance and to pay costs of issuance of the Bond.

The City and Borough hereby irrevocably calls the 1999 Bonds for redemption on the Redemption Date, in accordance with the provisions of the 1999 Bond Ordinance, authorizing the redemption and retirement of the 1999 Bonds prior to their fixed maturities.

The Trustee is hereby authorized and directed to provide for the giving of a notice of the redemption of the 1999 Bonds in accordance with the applicable provisions of the 1999 Bond Ordinance. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notice shall be an expense of the City and Borough.

The City and Borough will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Trustee shall be paid when due.

Section 13. Corporation Covenants. As a condition of the issuance and delivery of the Bond, the Corporation shall be obligated to execute the Financing Documents to which it is a party. In addition, the Corporation shall be solely responsible for ensuring initial and ongoing compliance with Rule 15c2-12 as promulgated by the Securities and Exchange Commission.

Section 14. Undertaking to Provide Ongoing Disclosure. The City and Borough will execute a certificate for ongoing disclosure in form and substance satisfactory to the purchaser of the Bond, and the City Manager or his/her designee is hereby authorized and directed to execute such certificate.

Section 15. Severability. If any section, paragraph, clause or provision of this ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any remaining provisions of this ordinance.
Section 16. Construction of Ordinance. This ordinance is necessary for the health, welfare and safety of the City and Borough and its inhabitants; therefore, it shall be liberally construed to effect its purposes.

Section 17. Authorization and Execution. The City Manager or his/her designee, Finance Director, the Clerk and any other proper official of the City and Borough, and each of them, is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this ordinance.

Section 18. Effective Date. This Ordinance shall be effective thirty days after adoption.

ADOPTED this 9th day of January, 2012.

_________________________________________
Bruce Botelho, Mayor

ATTEST:

_________________________________________
Laurie J. Sica, Clerk