

By: Finance Department
Adopted: November 25, 2019
Yes: Burney, Dryden, Graham, Harvey, Ledford, Velock
No: None
Absent: None

**City of Wasilla
Resolution Serial No. 19-24**

A Resolution Of The Wasilla City Council Amending The Terms Of The \$9,500,000 City of Wasilla Variable Rate Demand Revenue Bonds (Southcentral Foundation Project), Series 2014A and B; And Providing For Related Matters.

WHEREAS, the City of Wasilla (the "City") issued its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014A in the aggregate principal amount of \$6,000,000 (the "Series A Bonds") and its Variable Rate Demand Revenue Bonds Series 2014B in the aggregate principal amount of \$3,500,000 (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds") on November 1, 2014, pursuant to Resolution Serial No. 14-40, adopted on October 27, 2014; and

WHEREAS, the City sold the Bonds to Wells Fargo Bank, National Association (the "Purchaser") and used the proceeds of the sale of the Bonds to make a loan (the "Loan") to Southcentral Foundation, an Alaska nonprofit corporation (the "Borrower"); and

WHEREAS, the proceeds of the Bonds were used to construct a primary care and wellness center in Sutton, Alaska and to finance and refinance health care facilities in Anchorage, Alaska; and

WHEREAS, the Purchaser and the Borrower have agreed to make certain changes in the terms of the Original Indenture pursuant to Section 8.02 of the Original Indenture as reflected in the First Supplement to Indenture of Trust (the "First Supplement"), between the City and the Trustee; and

WHEREAS, following the effectiveness of the First Supplement, the Purchaser and the Borrower have also agreed to make certain additional changes in the terms of the Original Indenture pursuant to Section 8.02 of the Original Indenture as reflected in the Second Supplement to Indenture of Trust (the “Second Supplement”), between the City and the Trustee; and

WHEREAS, the Purchaser and the Borrower have requested that the City enter into the First Supplement and the Second Supplement, and the Borrower has agreed to pay the City a fee of \$5,000 for its participation in the amendments that are authorized herein.

NOW, THEREFORE, BE IT RESOLVED, by the Wasilla City Council, that:

Section 1. The terms of the Original Indenture shall be amended in accordance with the changes set forth in the First Supplement, attached hereto as Exhibit “A.”

Section 2. The terms of the Original Indenture shall be amended in accordance with the changes set forth in the Second Supplement, attached hereto as Exhibit “B.”

Section 3. The execution of the First Supplement and the Second Supplement shall give effect to the changes set forth in the Explanation of Changes attached hereto as Exhibit “C.”

Section 4. Each of the Mayor and the Deputy Mayor acting alone is hereby authorized and directed to execute such documents as such officer considers necessary or appropriate to effect the changes to the Original Indenture authorized in Sections 1 and 2, including without limitation, the First Supplement, the Second Supplement, tax certificates and such other documents, agreements and certificates, and to take all other actions as such officer may determine to be necessary or appropriate, to carry out the purposes of this Resolution.

ADOPTED by the Wasilla City Council on November 25, 2019.


BERT L. COTTLE, Mayor

ATTEST:


JAMIE NEWMAN, MMC, City Clerk

[SEAL]

EXHIBIT A

FIRST SUPPLEMENT TO INDENTURE OF TRUST

by and between

CITY OF WASILLA,
as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

relating to

\$6,000,000
City of Wasilla
Variable Rate Demand Revenue Bonds
(Southcentral Foundation Project), Series 2014A

and

\$3,500,000
City of Wasilla
Variable Rate Demand Revenue Bonds
(Southcentral Foundation Project), Series 2014B

Dated as of November __, 2019

FIRST SUPPLEMENT TO INDENTURE OF TRUST

This **FIRST SUPPLEMENT TO INDENTURE** (this “First Supplement”) is dated as of November __, 2019, by and between the **City of Wasilla** (the “Issuer”), and **Wells Fargo Bank, National Association**, as trustee (the “Trustee”). Capitalized terms used in this First Supplement and not otherwise defined shall have the meanings ascribed thereto in the hereinafter defined Original Indenture.

WITNESSETH:

WHEREAS, the Issuer is empowered pursuant to Alaska Statute 29.47.390, to issue its bonds for the purpose of financing a medical project that serves a public purpose;

WHEREAS, in furtherance of such public purpose, the Issuer issued its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014A in an aggregate principal amount of \$6,000,000 (the “Series A Bonds”) and its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014B in an aggregate principal amount of \$3,500,000 (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”) pursuant to that certain Indenture of Trust, dated as of November 1, 2014 (the “Original Indenture”), by and between the Issuer and the Trustee; and

WHEREAS, the proceeds of the Bonds were loaned by the Issuer to Southcentral Foundation, an Alaska nonprofit corporation (the “Borrower”), pursuant to that certain Loan Agreement (the “Original Loan Agreement”), dated as of November 1, 2014, to be used to acquire, construct or install a project as more particularly described in the Original Loan Agreement; and

WHEREAS, the Bonds were purchased by Wells Fargo Bank, National Association (the “Bank”); and

WHEREAS, in connection with the purchase of the Bonds, the Bank and the Borrower entered into that certain Continuing Covenant Agreement, dated as of November 1, 2014, providing for the compliance by the Borrower with certain terms and covenants; and

WHEREAS, the Bonds are currently outstanding in the LIBOR Index Rate Period and held by the Bank; and

WHEREAS, the Borrower has requested that the Issuer and the Trustee enter into this First Supplement to extend the mandatory purchase date for the Bonds in accordance with the terms of this First Supplement; and

WHEREAS, pursuant to Section 8.02 of the Original Indenture, the consent of the Holders of all Outstanding Bonds is required in connection with any supplement to the Original Indenture that provides for the modification of the interest rate on the Bonds; and

WHEREAS, the Bank, as Holder of all of the Outstanding Bonds, and the Borrower, have consented to the execution of this First Supplement;

NOW, THEREFORE, THIS FIRST SUPPLEMENT TO AMENDED AND RESTATED INDENTURE OF TRUST WITNESSETH:

That in consideration of the promises, the acceptance by the Trustee of the trusts originally created by the Original Indenture, the mutual covenants contained therein and the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by the Issuer of all of the covenants and conditions in the Original Indenture contained on its part to be performed, it is agreed by and between the Issuer and the Trustee as follows:

ARTICLE I

AUTHORITY

Section 1.01. Amendment to Original Indenture. This First Supplement is supplemental and amendatory to the Original Indenture.

Section 1.02. Authority for this First Supplement. This First Supplement is entered into pursuant to the provisions of Section 8.02 of the Original Indenture.

ARTICLE II

AMENDMENTS TO INDENTURE AND CONVERSION OF INTEREST RATE

Section 2.01. Amendment to Original Indenture in Part. The Original Indenture is hereby amended in part to read as set forth in the following Section.

Section 2.02. Amendment to Section 1.01 of the Original Indenture. The following term defined in Section 1.01 of the Original Indenture is hereby amended to read as set forth below:

“Direct Purchase Period Purchase Date” means (a) for the initial Direct Purchase Period for the Series A Bonds, February 28, 2020, (b) for the initial Direct Purchase Period for the Series B Bonds, February 28, 2020, and (c) during any subsequent Direct Purchase Period, the date designated by the Borrower pursuant to Section 2.04(a) or (b), as applicable.

ARTICLE III

MISCELLANEOUS

Section 3.01. Original Indenture in Full Force and Effect. All other terms and conditions of the Original Indenture not specifically amended by this First Supplement shall remain in full force and effect and are hereby ratified and confirmed by the Issuer and the Trustee.

Section 3.02. Counterparts. This First Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.03. Effectiveness. This First Supplement shall become effective upon execution by the Issuer and the Trustee.

Section 3.04. Further Assurances. The parties hereto hereby agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further acts, instruments, conveyances, transfers and assurances, as any of them reasonably deems necessary or advisable for the implementation, correction, confirmation or perfection of this First Supplement and any rights of such party as contemplated hereunder.

Section 3.05. Applicable Law. This First Supplement shall be governed by and construed in accordance with the laws of the State of Alaska.

[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties by their duly authorized officers have executed this First Supplement as of the date and year first above written.

CITY OF WASILLA

By _____
Bert L. Cottle, Mayor

(SEAL)

ATTEST:

By _____
Jamie Newman, City Clerk

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

[Signature Page to First Supplement to Indenture]

EXHIBIT B

SECOND SUPPLEMENT TO INDENTURE OF TRUST

by and between

THE CITY OF WASILLA,
as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

relating to

\$6,000,000
City of Wasilla
Variable Rate Demand Revenue Bonds
(Southcentral Foundation Project), Series 2014A

and

\$3,500,000
City of Wasilla
Variable Rate Demand Revenue Bonds
(Southcentral Foundation Project), Series 2014B

Dated as of December __, 2019

SECOND SUPPLEMENT TO INDENTURE OF TRUST

This **SECOND SUPPLEMENT TO INDENTURE** (this “Second Supplement”) is dated as of December __, 2019, by and between the **City of Wasilla** (the “Issuer”), and **Wells Fargo Bank, National Association**, as trustee (the “Trustee”). Capitalized terms used in this Second Supplement and not otherwise defined shall have the meanings ascribed thereto in the hereinafter defined Original Indenture.

WITNESSETH:

WHEREAS, the Issuer is empowered pursuant to Alaska Statute 29.47.390, to issue its bonds for the purpose of financing a medical project that serves a public purpose;

WHEREAS, in furtherance of such public purpose, the Issuer issued its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014A in an aggregate principal amount of \$6,000,000 (the “Series A Bonds”) and its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014B in an aggregate principal amount of \$3,500,000 (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”) pursuant to that certain Indenture of Trust, dated as of November 1, 2014, as supplemented by the First Supplement to Indenture of Trust, dated as of November __, 2029 (collectively, the “Original Indenture”), by and between the Issuer and the Trustee; and

WHEREAS, the proceeds of the Bonds were loaned by the Issuer to Southcentral Foundation, an Alaska nonprofit corporation (the “Borrower”), pursuant to that certain Loan Agreement (the “Original Loan Agreement”), dated as of November 1, 2014, to be used to acquire, construct or install a project as more particularly described in the Original Loan Agreement; and

WHEREAS, the Bonds were purchased by Wells Fargo Bank, National Association (the “Bank”); and

WHEREAS, in connection with the purchase of the Bonds, the Bank and the Borrower entered into that certain Continuing Covenant Agreement, dated as of November 1, 2014, providing for the compliance by the Borrower with certain terms and covenants; and

WHEREAS, the Bonds are currently outstanding in the LIBOR Index Rate Period and held by the Bank; and

WHEREAS, the Borrower has requested that the Issuer and the Trustee enter into this Second Supplement to amend certain definitions in connection with the calculation of the Index Interest Rate on the Bonds all in accordance with the terms of this Second Supplement; and

WHEREAS, pursuant to Section 8.02 of the Original Indenture, the consent of the Holders of all Outstanding Bonds is required in connection with any supplement to the Original Indenture that provides for the modification of the interest rate on the Bonds; and

WHEREAS, the Bank, as Holder of all of the Outstanding Bonds, and the Borrower, have consented to the execution of this Second Supplement;

NOW, THEREFORE, THIS SECOND SUPPLEMENT TO AMENDED AND RESTATED INDENTURE OF TRUST WITNESSETH:

That in consideration of the promises, the acceptance by the Trustee of the trusts originally created by the Original Indenture, the mutual covenants contained therein and the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by the Issuer of all of the covenants and conditions in the Original Indenture contained on its part to be performed, it is agreed by and between the Issuer and the Trustee as follows:

ARTICLE I

AUTHORITY

Section 1.01. Amendment to Original Indenture. This Second Supplement is supplemental and amendatory to the Original Indenture.

Section 1.02. Authority for this Second Supplement. This Second Supplement is entered into pursuant to the provisions of Section 8.02 of the Original Indenture.

ARTICLE II

AMENDMENTS TO INDENTURE AND CONVERSION OF INTEREST RATE

Section 2.01. Amendment to Original Indenture in Part. The Original Indenture is hereby amended in part to read as set forth in the following Section.

Section 2.02. Amendment to Section 1.01 of the Original Indenture.

(a) The following terms defined in Section 1.01 of the Original Indenture are hereby amended in their entirety to read as set forth below:

“Applicable Factor” means (i) during the Direct Purchase Period from the date of issuance of the Bonds through December __, 2019, 65.2%, (ii) during the Direct Purchase Period from December __, 2019 through December __, 2029, 80.40% and (iii) during any other Direct Purchase Period, 80.40% or, with an Approving Opinion, such other percentage as may be designated in writing by the Borrower as the Applicable Factor for such LIBOR Index Interest Rate Period pursuant to Section 2.04(a) or 2.04(b), as applicable; provided, however, that the Applicable Factor shall not be less than 70%.

“Applicable Spread” means, with respect to each Index Interest Rate Period, the following:

(a) (i) During the Direct Purchase Period for the Series A Bonds from the date of issuance of the Series A Bonds through December __, 2019, 150 basis points (1.50%) and (ii) during the Direct Purchase Period for the Series A Bonds from December __, 2019 through December __, 2029, 113.1 basis points (1.131%).

(b) (i) During the Direct Purchase Period for the Series B Bonds from the date of issuance of the Series B Bonds through December __, 2019, 175 basis points (1.75%) and (ii) during the Direct Purchase Period for the Series B Bonds from December __, 2019 through December __, 2029, 113.1 basis points (1.131%).

(c) During any Index Rate Period other than the initial Rate Period, the number of basis points determined by the Remarketing Agent on or before the first day of such Index Interest Rate Period and designated by the Borrower in accordance with Section 2.04(a) or 2.04(b) that, when added to the product of the LIBOR Index or the SIMFA Index, as applicable, multiplied by the Applicable Factor, would equal the minimum interest rate per annum that would enable the Remarketing Agent to sell the bonds on such a date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon.

“Direct Purchase Period Purchase Date” means (a) for the initial Direct Purchase Period for the Series A Bonds, December __, 2029, (b) for the initial Direct Purchase Period for the Series B Bonds, December __, 2029, and (c) during any subsequent Direct Purchase Period, the date designated by the Borrower pursuant to Section 2.04(a) or (b), as applicable.

“Margin Rate Factor” means the greater of (a) 1.0, and (b) the product of (i) one minus the prevailing Maximum Federal Corporate Tax Rate in effect on the LIBOR Index Reset Date and (ii) the quotient of (A) one divided by (B) one minus the Maximum Federal Corporate Tax Rate in effect on the Second Supplement Effective Date. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease of increase (as applicable) in the Maximum Federal Corporate Tax Rate resulting in such change.

The Maximum Federal Corporate Tax Rate is, as of the Second Supplement Effective Date, 21% such that the current Margin Rate Factor equals 1.0. The Margin Rate Factor will not go below 1.0.

“SIFMA Index Rate” means a per annum rate of interest established on each Computation Date equal to the sum of the Applicable Spread plus the SIFMA Index. The SIFMA Index Rate shall be rounded to the second decimal place.

(b) The following term is added to Section 1.01 of the Original Indenture:

“*Second Supplement Effective Date*” means December __, 2019.

ARTICLE III

MISCELLANEOUS

Section 3.01. Original Indenture in Full Force and Effect. All other terms and conditions of the Original Indenture not specifically amended by this Second Supplement shall remain in full force and effect and are hereby ratified and confirmed by the Issuer and the Trustee.

Section 3.02. Counterparts. This Second Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.03. Effectiveness. This Second Supplement shall become effective upon execution by the Issuer and the Trustee.

Section 3.04. Further Assurances. The parties hereto hereby agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further acts, instruments, conveyances, transfers and assurances, as any of them reasonably deems necessary or advisable for the implementation, correction, confirmation or perfection of this Second Supplement and any rights of such party as contemplated hereunder.

Section 3.05. Applicable Law. This Second Supplement shall be governed by and construed in accordance with the laws of the State of Alaska.

[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties by their duly authorized officers have executed this Second Supplement as of the date and year first above written.

CITY OF WASILLA

By _____
Bert L. Cottle, Mayor

(SEAL)

ATTEST:

By _____
Jamie Newman, City Clerk

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

[Signature Page to Second Supplement to Indenture]

EXHIBIT C

EXPLANATION OF CHANGES

1. The Indenture of Trust for the City of Wasilla Variable Rate Demand Revenue Bonds (Southcentral Foundation Project), Series 2014A and Series 2014B (the "Bonds") will be revised twice. The First Supplement will extend the mandatory purchase date from November 28, 2019 to February 28, 2020 to allow the Purchaser to complete its credit underwriting required to provide Southcentral Foundation with a longer extension.
2. The Second Supplement will take effect when the credit underwriting process is completed. The Second Supplement will extend the mandatory purchase date for an additional ten years and modify the amortization of the Bonds to reflect a 10-year amortization schedule. The Second Supplement will change the mandatory purchase date from February 28, 2020 to a date that is up to ten years later. In addition, the Second Supplement will modify the effective amortization schedule for the Bonds from 15 years to 10 years.
3. The Second Supplement will also change the Applicable Factor to 80.40% from 65.20% during the Direct Purchase Period. The Applicable Factor is multiplied by LIBOR to determine a portion of the applicable interest rate for the Bonds.
4. The Second Supplement will change the Applicable Spread to 113.10 basis points (1.131%) for the Bonds during the extension period. The Applicable Spread is added to the product of the rate determined in 3 above to determine the overall interest rate for the Bonds under the Indenture of Trust.




CITY COUNCIL LEGISLATION STAFF REPORT

Resolution Serial No. 19-24: A Resolution Of The Wasilla City Council Amending The Terms Of The \$9,500,000 City of Wasilla Variable Rate Demand Revenue Bonds (Southcentral Foundation Project), Series 2014A and B; And Providing For Related Matters.

Originator: Troy Tankersley, Finance Director

Date: 10/29/2019

Agenda of: 11/25/2019

Route to:	Department Head	Signature	Date
	Chief of Police		
	Public Works Director		
	Recreation Services Director		
X	Finance Director		11-4-19
X	Deputy Administrator		11/6/19
X	City Clerk		11/6/19

Reviewed by Mayor Bert L. Cottle:

 11/13/2019

Fiscal Impact: yes or no

Funds Available: N/a

Account name/number: N/a

Attachments: Resolution Serial No. 19-24 (.3pages)

Certificate of Clerk (1 page)

Exhibit A – First Supplement to Indenture of Trust (5 pages)

Exhibit B – Second Supplement to Indenture of Trust (6 pages)

Exhibit C – Explanation of Changes (1 page)

Summary Statement:

Wasilla City Council adopted Resolution Serial No. 14-40 authorizing the issuance and sale of not to exceed \$9,500,000 variable rate demand revenue bonds (Southcentral Foundation Project), series 2014; The execution and delivery of an indenture of trust and a loan agreement to secure the bonds; the execution of a bond purchase agreement; and providing for related matters.

The fiscal impact to the City is the requirement to report this form of debt issuance as Conduit Debt within our Comprehensive Annual Financial Report within the Notes to Basic Financial Statements.

The resolution also provides for Southcentral Foundation to remit \$5,000 for its participation in the amendments that are attached to Resolution Serial No. 19-24.

Resolution Serial No. 19-24 revises the demand revenue bonds as follows:

The Indenture of Trust for the City of Wasilla Variable Rate Demand Revenue Bonds (Southcentral Foundation Project), Series 2014A and Series 2014B (the "Bonds") will be revised twice. The First Supplement will extend the mandatory purchase date from November 28, 2019 to February 28, 2020 to allow the Purchaser to complete its credit underwriting required to provide Southcentral Foundation with a longer extension.

The Second Supplement will take effect when the credit underwriting process is completed. The Second Supplement will extend the mandatory purchase date for an additional ten years and modify the amortization of the Bonds to reflect a 10-year amortization schedule. The Second Supplement will change the mandatory purchase date from February 28, 2020 to a date that is up to ten years later. In addition, the Second Supplement will modify the effective amortization schedule for the Bonds from 15 years to 10 years.

The Second Supplement will also change the Applicable Factor to 80.40% from 65.20% during the Direct Purchase Period. The Applicable Factor is multiplied by LIBOR to determine a portion of the applicable interest rate for the Bonds.

The Second Supplement will change the Applicable Spread to 113.10 basis points (1.131%) for the Bonds during the extension period. The Applicable Spread is added to the product of the rate determined in 3 above to determine the overall interest rate for the Bonds under the Indenture of Trust.

Recommended Action: Adopt Resolution Serial No. 19-24.

CERTIFICATE OF CLERK

I, JAMIE NEWMAN, City Clerk of the City of Wasilla, Alaska (the "City"), HEREBY CERTIFY that the document attached hereto is an accurate and complete copy of Resolution Serial No. [-] of the City adopted by the Wasilla City Council at a meeting duly called and held on _____, 2019, and that Resolution Serial No. [-] has not been modified, amended, repealed or rescinded, but is in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have executed this certificate and impressed the seal of the City of Wasilla hereon this ___ day of _____, 2019.

Jamie Newman, City Clerk of
the City of Wasilla

[SEAL]

EXHIBIT A

FIRST SUPPLEMENT TO INDENTURE OF TRUST

by and between

CITY OF WASILLA,
as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

relating to

\$6,000,000
City of Wasilla
Variable Rate Demand Revenue Bonds
(Southcentral Foundation Project), Series 2014A

and

\$3,500,000
City of Wasilla
Variable Rate Demand Revenue Bonds
(Southcentral Foundation Project), Series 2014B

Dated as of November __, 2019

FIRST SUPPLEMENT TO INDENTURE OF TRUST

This **FIRST SUPPLEMENT TO INDENTURE** (this “First Supplement”) is dated as of November __, 2019, by and between the **City of Wasilla** (the “Issuer”), and **Wells Fargo Bank, National Association**, as trustee (the “Trustee”). Capitalized terms used in this First Supplement and not otherwise defined shall have the meanings ascribed thereto in the hereinafter defined Original Indenture.

WITNESSETH:

WHEREAS, the Issuer is empowered pursuant to Alaska Statute 29.47.390, to issue its bonds for the purpose of financing a medical project that serves a public purpose;

WHEREAS, in furtherance of such public purpose, the Issuer issued its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014A in an aggregate principal amount of \$6,000,000 (the “Series A Bonds”) and its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014B in an aggregate principal amount of \$3,500,000 (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”) pursuant to that certain Indenture of Trust, dated as of November 1, 2014 (the “Original Indenture”), by and between the Issuer and the Trustee; and

WHEREAS, the proceeds of the Bonds were loaned by the Issuer to Southcentral Foundation, an Alaska nonprofit corporation (the “Borrower”), pursuant to that certain Loan Agreement (the “Original Loan Agreement”), dated as of November 1, 2014, to be used to acquire, construct or install a project as more particularly described in the Original Loan Agreement; and

WHEREAS, the Bonds were purchased by Wells Fargo Bank, National Association (the “Bank”); and

WHEREAS, in connection with the purchase of the Bonds, the Bank and the Borrower entered into that certain Continuing Covenant Agreement, dated as of November 1, 2014, providing for the compliance by the Borrower with certain terms and covenants; and

WHEREAS, the Bonds are currently outstanding in the LIBOR Index Rate Period and held by the Bank; and

WHEREAS, the Borrower has requested that the Issuer and the Trustee enter into this First Supplement to extend the mandatory purchase date for the Bonds in accordance with the terms of this First Supplement; and

WHEREAS, pursuant to Section 8.02 of the Original Indenture, the consent of the Holders of all Outstanding Bonds is required in connection with any supplement to the Original Indenture that provides for the modification of the interest rate on the Bonds; and

WHEREAS, the Bank, as Holder of all of the Outstanding Bonds, and the Borrower, have consented to the execution of this First Supplement;

NOW, THEREFORE, THIS FIRST SUPPLEMENT TO AMENDED AND RESTATED INDENTURE OF TRUST WITNESSETH:

That in consideration of the promises, the acceptance by the Trustee of the trusts originally created by the Original Indenture, the mutual covenants contained therein and the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by the Issuer of all of the covenants and conditions in the Original Indenture contained on its part to be performed, it is agreed by and between the Issuer and the Trustee as follows:

ARTICLE I

AUTHORITY

Section 1.01. Amendment to Original Indenture. This First Supplement is supplemental and amendatory to the Original Indenture.

Section 1.02. Authority for this First Supplement. This First Supplement is entered into pursuant to the provisions of Section 8.02 of the Original Indenture.

ARTICLE II

AMENDMENTS TO INDENTURE AND CONVERSION OF INTEREST RATE

Section 2.01. Amendment to Original Indenture in Part. The Original Indenture is hereby amended in part to read as set forth in the following Section.

Section 2.02. Amendment to Section 1.01 of the Original Indenture. The following term defined in Section 1.01 of the Original Indenture is hereby amended to read as set forth below:

“Direct Purchase Period Purchase Date” means (a) for the initial Direct Purchase Period for the Series A Bonds, February 28, 2020, (b) for the initial Direct Purchase Period for the Series B Bonds, February 28, 2020, and (c) during any subsequent Direct Purchase Period, the date designated by the Borrower pursuant to Section 2.04(a) or (b), as applicable.

ARTICLE III

MISCELLANEOUS

Section 3.01. Original Indenture in Full Force and Effect. All other terms and conditions of the Original Indenture not specifically amended by this First Supplement shall remain in full force and effect and are hereby ratified and confirmed by the Issuer and the Trustee.

Section 3.02. Counterparts. This First Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.03. Effectiveness. This First Supplement shall become effective upon execution by the Issuer and the Trustee.

Section 3.04. Further Assurances. The parties hereto hereby agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further acts, instruments, conveyances, transfers and assurances, as any of them reasonably deems necessary or advisable for the implementation, correction, confirmation or perfection of this First Supplement and any rights of such party as contemplated hereunder.

Section 3.05. Applicable Law. This First Supplement shall be governed by and construed in accordance with the laws of the State of Alaska.

[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties by their duly authorized officers have executed this First Supplement as of the date and year first above written.

CITY OF WASILLA

By _____
Bert L. Cottle, Mayor

(SEAL)

ATTEST:

By _____
Jamie Newman, City Clerk

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

[Signature Page to First Supplement to Indenture]

EXHIBIT B

SECOND SUPPLEMENT TO INDENTURE OF TRUST

by and between

THE CITY OF WASILLA,
as Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

relating to

\$6,000,000
City of Wasilla
Variable Rate Demand Revenue Bonds
(Southcentral Foundation Project), Series 2014A

and

\$3,500,000
City of Wasilla
Variable Rate Demand Revenue Bonds
(Southcentral Foundation Project), Series 2014B

Dated as of December __, 2019

SECOND SUPPLEMENT TO INDENTURE OF TRUST

This **SECOND SUPPLEMENT TO INDENTURE** (this “Second Supplement”) is dated as of December __, 2019, by and between the **City of Wasilla** (the “Issuer”), and **Wells Fargo Bank, National Association**, as trustee (the “Trustee”). Capitalized terms used in this Second Supplement and not otherwise defined shall have the meanings ascribed thereto in the hereinafter defined Original Indenture.

WITNESSETH:

WHEREAS, the Issuer is empowered pursuant to Alaska Statute 29.47.390, to issue its bonds for the purpose of financing a medical project that serves a public purpose;

WHEREAS, in furtherance of such public purpose, the Issuer issued its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014A in an aggregate principal amount of \$6,000,000 (the “Series A Bonds”) and its Variable Rate Demand Revenue Bonds (Southcentral Foundation Project) Series 2014B in an aggregate principal amount of \$3,500,000 (the “Series B Bonds” and, together with the Series A Bonds, the “Bonds”) pursuant to that certain Indenture of Trust, dated as of November 1, 2014, as supplemented by the First Supplement to Indenture of Trust, dated as of November __, 2029 (collectively, the “Original Indenture”), by and between the Issuer and the Trustee; and

WHEREAS, the proceeds of the Bonds were loaned by the Issuer to Southcentral Foundation, an Alaska nonprofit corporation (the “Borrower”), pursuant to that certain Loan Agreement (the “Original Loan Agreement”), dated as of November 1, 2014, to be used to acquire, construct or install a project as more particularly described in the Original Loan Agreement; and

WHEREAS, the Bonds were purchased by Wells Fargo Bank, National Association (the “Bank”); and

WHEREAS, in connection with the purchase of the Bonds, the Bank and the Borrower entered into that certain Continuing Covenant Agreement, dated as of November 1, 2014, providing for the compliance by the Borrower with certain terms and covenants; and

WHEREAS, the Bonds are currently outstanding in the LIBOR Index Rate Period and held by the Bank; and

WHEREAS, the Borrower has requested that the Issuer and the Trustee enter into this Second Supplement to amend certain definitions in connection with the calculation of the Index Interest Rate on the Bonds all in accordance with the terms of this Second Supplement; and

WHEREAS, pursuant to Section 8.02 of the Original Indenture, the consent of the Holders of all Outstanding Bonds is required in connection with any supplement to the Original Indenture that provides for the modification of the interest rate on the Bonds; and

WHEREAS, the Bank, as Holder of all of the Outstanding Bonds, and the Borrower, have consented to the execution of this Second Supplement;

NOW, THEREFORE, THIS SECOND SUPPLEMENT TO AMENDED AND RESTATED INDENTURE OF TRUST WITNESSETH:

That in consideration of the promises, the acceptance by the Trustee of the trusts originally created by the Original Indenture, the mutual covenants contained therein and the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by the Issuer of all of the covenants and conditions in the Original Indenture contained on its part to be performed, it is agreed by and between the Issuer and the Trustee as follows:

ARTICLE I

AUTHORITY

Section 1.01. Amendment to Original Indenture. This Second Supplement is supplemental and amendatory to the Original Indenture.

Section 1.02. Authority for this Second Supplement. This Second Supplement is entered into pursuant to the provisions of Section 8.02 of the Original Indenture.

ARTICLE II

AMENDMENTS TO INDENTURE AND CONVERSION OF INTEREST RATE

Section 2.01. Amendment to Original Indenture in Part. The Original Indenture is hereby amended in part to read as set forth in the following Section.

Section 2.02. Amendment to Section 1.01 of the Original Indenture.

(a) The following terms defined in Section 1.01 of the Original Indenture are hereby amended in their entirety to read as set forth below:

“Applicable Factor” means (i) during the Direct Purchase Period from the date of issuance of the Bonds through December __, 2019, 65.2%, (ii) during the Direct Purchase Period from December __, 2019 through December __, 2029, 80.40% and (iii) during any other Direct Purchase Period, 80.40% or, with an Approving Opinion, such other percentage as may be designated in writing by the Borrower as the Applicable Factor for such LIBOR Index Interest Rate Period pursuant to Section 2.04(a) or 2.04(b), as applicable; provided, however, that the Applicable Factor shall not be less than 70%.

“Applicable Spread” means, with respect to each Index Interest Rate Period, the following:

(a) (i) During the Direct Purchase Period for the Series A Bonds from the date of issuance of the Series A Bonds through December __, 2019, 150 basis points (1.50%) and (ii) during the Direct Purchase Period for the Series A Bonds from December __, 2019 through December __, 2029, 113.1 basis points (1.131%).

(b) (i) During the Direct Purchase Period for the Series B Bonds from the date of issuance of the Series B Bonds through December __, 2019, 175 basis points (1.75%) and (ii) during the Direct Purchase Period for the Series B Bonds from December __, 2019 through December __, 2029, 113.1 basis points (1.131%).

(c) During any Index Rate Period other than the initial Rate Period, the number of basis points determined by the Remarketing Agent on or before the first day of such Index Interest Rate Period and designated by the Borrower in accordance with Section 2.04(a) or 2.04(b) that, when added to the product of the LIBOR Index or the SIFMA Index, as applicable, multiplied by the Applicable Factor, would equal the minimum interest rate per annum that would enable the Remarketing Agent to sell the bonds on such a date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon.

“*Direct Purchase Period Purchase Date*” means (a) for the initial Direct Purchase Period for the Series A Bonds, December __, 2029, (b) for the initial Direct Purchase Period for the Series B Bonds, December __, 2029, and (c) during any subsequent Direct Purchase Period, the date designated by the Borrower pursuant to Section 2.04(a) or (b), as applicable.

“*Margin Rate Factor*” means the greater of (a) 1.0, and (b) the product of (i) one minus the prevailing Maximum Federal Corporate Tax Rate in effect on the LIBOR Index Reset Date and (ii) the quotient of (A) one divided by (B) one minus the Maximum Federal Corporate Tax Rate in effect on the Second Supplement Effective Date. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate resulting in such change.

The Maximum Federal Corporate Tax Rate is, as of the Second Supplement Effective Date, 21% such that the current Margin Rate Factor equals 1.0. The Margin Rate Factor will not go below 1.0.

“*SIFMA Index Rate*” means a per annum rate of interest established on each Computation Date equal to the sum of the Applicable Spread plus the SIFMA Index. The SIFMA Index Rate shall be rounded to the second decimal place.

(b) The following term is added to Section 1.01 of the Original Indenture:

“*Second Supplement Effective Date*” means December __, 2019.

ARTICLE III

MISCELLANEOUS

Section 3.01. Original Indenture in Full Force and Effect. All other terms and conditions of the Original Indenture not specifically amended by this Second Supplement shall remain in full force and effect and are hereby ratified and confirmed by the Issuer and the Trustee.

Section 3.02. Counterparts. This Second Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3.03. Effectiveness. This Second Supplement shall become effective upon execution by the Issuer and the Trustee.

Section 3.04. Further Assurances. The parties hereto hereby agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further acts, instruments, conveyances, transfers and assurances, as any of them reasonably deems necessary or advisable for the implementation, correction, confirmation or perfection of this Second Supplement and any rights of such party as contemplated hereunder.

Section 3.05. Applicable Law. This Second Supplement shall be governed by and construed in accordance with the laws of the State of Alaska.

[Remainder of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties by their duly authorized officers have executed this Second Supplement as of the date and year first above written.

CITY OF WASILLA

By _____
Bert L. Cottle, Mayor

(SEAL)

ATTEST:

By _____
Jamie Newman, City Clerk

WELLS FARGO BANK,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

[Signature Page to Second Supplement to Indenture]

EXHIBIT C

EXPLANATION OF CHANGES

1. The Indenture of Trust for the City of Wasilla Variable Rate Demand Revenue Bonds (Southcentral Foundation Project), Series 2014A and Series 2014B (the “Bonds”) will be revised twice. The First Supplement will extend the mandatory purchase date from November 28, 2019 to February 28, 2020 to allow the Purchaser to complete its credit underwriting required to provide Southcentral Foundation with a longer extension.
2. The Second Supplement will take effect when the credit underwriting process is completed. The Second Supplement will extend the mandatory purchase date for an additional ten years and modify the amortization of the Bonds to reflect a 10-year amortization schedule. The Second Supplement will change the mandatory purchase date from February 28, 2020 to a date that is up to ten years later. In addition, the Second Supplement will modify the effective amortization schedule for the Bonds from 15 years to 10 years.
3. The Second Supplement will also change the Applicable Factor to 80.40% from 65.20% during the Direct Purchase Period. The Applicable Factor is multiplied by LIBOR to determine a portion of the applicable interest rate for the Bonds.
4. The Second Supplement will change the Applicable Spread to 113.10 basis points (1.131%) for the Bonds during the extension period. The Applicable Spread is added to the product of the rate determined in 3 above to determine the overall interest rate for the Bonds under the Indenture of Trust.