

**Petersburg Borough, Petersburg, Alaska
RESOLUTION #2014-11**

A RESOLUTION OF THE PETERSBURG BOROUGH AUTHORIZING THE BOROUGH TO ISSUE SERVICE AREA 1 GENERAL OBLIGATION REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,800,000 TO REFUND CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE FORMER CITY OF PETERSBURG, FIXING CERTAIN DETAILS OF SUCH BONDS AND AUTHORIZING THEIR SALE.

WHEREAS, the Petersburg Borough, Alaska (the "Borough") is a home rule borough and under Section 11 of Article X of the Alaska Constitution may exercise all legislative power not prohibited by law or the charter of the Borough, and it has been determined that the matters set forth in this resolution are not prohibited by law or the charter; and

WHEREAS, there are now outstanding General Obligation School Bonds, 2005 Series A of the former City of Petersburg (the "City") maturing on October 1 in the years 2016 through 2025 in the aggregate principal amount of \$3,530,000 (the "2005 Bonds"), issued under Resolution #1779 of the City; and

WHEREAS, the City was dissolved concurrently with the incorporation of the Borough, and under Section 19.07 of the Borough Charter bonded indebtedness of the City became the obligation of Borough Service Area 1 ("Service Area 1") which consists of the area within the boundaries of the City; and

WHEREAS, the Assembly finds that it is in the best interest of the Borough to provide for the refunding, including the payment of principal of, and premium and interest on, those maturities of the 2005 Bonds (the "Refunded Bonds") whose refunding the Borough Manager or Borough Finance Director determines will produce the percentage debt service savings specified in this resolution, by the issuance of refunding bonds (the "Bonds") that are general obligations of Service Area 1 in the aggregate principal amount of not to exceed \$3,800,000; and

WHEREAS, Article IX, Section 11 of the Alaska Constitution and Borough Charter Section 13.01(D) provide that general obligation refunding bonds may be issued without an election, Section 29.47.300 of the Alaska Statutes provides that their issuance may be authorized by resolution, and Section 29.47.410 of the Alaska Statutes provides that the Assembly by resolution may provide for the form and manner of sale of bonds and notes; and

WHEREAS, the Alaska Municipal Bond Bank and the Borough intend to enter into an Amendatory Loan Agreement, which amends the Loan Agreement dated as of October 1, 2005 (the "Loan Agreement") between the Alaska Municipal Bond Bank and

the City to provide for the refunding of the Refunded Bonds through their exchange for the Bonds, and related matters; and

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

NOW, THEREFORE, BE IT RESOLVED:

Section 1. Definitions. The following terms shall have the following meanings in this resolution:

A. "Assembly" means the Assembly of the Borough, as the general legislative authority of the Borough, as the same shall be duly and regularly constituted from time to time.

B. "Amendatory Loan Agreement" means the Amendatory Loan Agreement between the Borough and the Bond Bank, amending the Loan Agreement to provide for the refunding of the Refunded Bonds through their exchange for the Bonds, and related matters.

C. "Bond" or "Bonds" means any of the "General Obligation Refunding Bonds" of the Borough, the issuance and sale of which are authorized herein.

D. "Bond Bank" means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

E. "Bond Bank Bonds" means general obligation bonds issued by the Bond Bank to refund all or part of its outstanding General Obligation Bonds, 2005 Series C.

F. "Bond Register" means the registration books maintained by the Registrar, which include the names and addresses of the Registered Owners of the Bonds or their nominees.

G. "Borough" means the Petersburg Borough, a municipal corporation of the State of Alaska, organized as a home rule borough under Title 29 of the Alaska Statutes.

H. "City" means the former City of Petersburg, a municipal corporation of the State of Alaska, which was dissolved concurrently with the incorporation of the Borough.

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

J. "Government Obligations" means obligations that are either (i) direct obligations of the United States of America, or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America

K. "Loan Agreement" means the Loan Agreement between the City and the Bond Bank dated October 1, 2005, as amended by the Amendatory Loan Agreement.

L. "Refunded Bonds" means the maturities of the 2005 Bonds whose refunding is approved by the Borough Manager or Borough Finance Director under Section 13.

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

N. "Registrar" means the Borough Finance Director, or any successor that the Borough may appoint by resolution.

O. "Resolution" means this Resolution #2014-11 of the Borough.

P. "Service Area 1" means the Borough service area of that name, which consists of the area within the boundaries of the City.

Section 2. Authorization of Bonds and Purpose of Issuance. For the purpose of effecting the refunding by exchange of the Refunded Bonds in the manner set forth in this Resolution and the Amendatory Loan Agreement and to pay all costs incidental thereto and to the issuance of the Bonds, the Borough hereby authorizes and determines to issue and sell the Bonds in the aggregate principal amount of not to exceed \$3,800,000.

Section 3. Obligation of Bonds. The Bonds shall be direct and general obligations of Service Area 1 and the full faith and credit of Service Area 1 are hereby pledged to the payment of the principal of and interest on the Bonds. The Borough hereby irrevocably pledges and covenants that it will levy and collect taxes upon all taxable property within Service Area 1 without limitation as to rate or amount, in amounts sufficient, together with other funds legally available therefor, to pay the principal of and interest on the Bonds as the same become due and payable.

Section 4. Designation, Maturities, Interest Rates, and Other Details of Bonds. The Bonds shall be designated "Petersburg Borough, Alaska, Service Area 1 General Obligation Refunding Bonds." The Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The Bonds shall mature in one or more years commencing no earlier than 2015 and ending no later than 2025. The Bonds shall bear interest from their date, payable commencing on or after January 1, 2015, and semi-annually thereafter. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 2 and the remainder of this section, the aggregate principal amount, the principal amount of each maturity, the interest rates, the dated date, the principal and interest payment dates and the record dates for principal and interest payments on the Bonds shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 5. Optional Redemption. The Bonds, if any, subject to optional redemption by the Borough, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such Bonds, shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 6. Selection of Bonds for Redemption; Notice of Redemption.

A. Selection of Bonds for Redemption. When the Bond Bank is the Registered Owner of the Bonds, the selection of Bonds to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the Bonds, the selection of Bonds to be redeemed shall be made as provided in this subsection A. If the Borough redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the Borough shall treat such Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal amount of a Bond is redeemed, upon surrender of such Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

B. Notice of Redemption. When the Bond Bank is the Registered Owner of the Bonds, notice of any intended redemption of Bonds shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the Bonds, notice of any intended redemption of Bonds shall be made as provided in this subsection B. Notice of redemption shall be mailed not less than 30 days nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding

Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as provided herein for payment of interest. Upon surrender of any Bond for partial redemption, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Each check or other transfer of funds issued to pay the redemption price of Bonds shall bear the CUSIP number, if any, identifying, by maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Form of Bond. Each Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Resolution:

UNITED STATES OF AMERICA
STATE OF ALASKA

PETERSBURG BOROUGH
(A Municipal Corporation of the State of Alaska)

NO. _____ \$ _____

SERVICE AREA 1 GENERAL OBLIGATION REFUNDING BOND,
2014 SERIES A

Registered Owner

Principal Amount _____ DOLLARS

The Petersburg Borough (the "Borough"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the principal amount shown above in the following installments on _____ 1 of each of the following years, and to pay interest on such installments from the date hereof, payable on

_____, 2015 and semiannually thereafter on the ____ days of _____ and _____ of each year, at the rates per annum as follows:

<u>Yea</u>	<u>Principal</u>	<u>Interest</u>	<u>Yea</u>	<u>Principal</u>	<u>Interest Rate</u>
<u>r</u>	<u>Amount</u>	<u>Rate</u>	<u>r</u>	<u>Amount</u>	

When this Bond is owned by the Alaska Municipal Bond Bank (the "Bond Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bond Bank and the Borough (the "Loan Agreement"). When this Bond is not owned by the Bond Bank, installments of principal and interest on this Bond shall be paid by check or draft mailed by first class mail to the Registered Owner as of the close of business on the 15th day of the month preceding each installment payment date; provided that the final installment of principal and interest on this Bond shall be payable upon presentation and surrender of this Bond by the Registered Owner at the office of the Registrar. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on this Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is one of the Service Area 1 General Obligation Refunding Bonds, 2014 Series A of the Petersburg Borough, Alaska, of like tenor and effect except as to interest rate, serial number and maturity, aggregating \$_____ in principal amount, and constituting Bonds authorized for the purpose of refunding certain general obligation bonds issued by the former City of Petersburg, and is issued under Resolution 14-__ of the Borough entitled:

A RESOLUTION OF THE PETERSBURG BOROUGH AUTHORIZING THE BOROUGH TO ISSUE SERVICE AREA 1 GENERAL OBLIGATION REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,800,000 TO REFUND CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE FORMER CITY OF PETERSBURG, FIXING CERTAIN DETAILS OF SUCH BONDS AND AUTHORIZING THEIR SALE.

(the "Resolution").

Installments of principal of this Bond due on and after _____, 20__, shall be subject to prepayment on and after _____, 20__, at the option of the Borough (subject to any applicable provisions of the Loan Agreement), in such principal amounts and from such maturities as the Borough may determine, and by lot within a maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest to the date of prepayment.

This Bond is transferable as provided in the Resolution, (i) only upon the bond register of the Borough, and (ii) upon surrender of this Bond together with a written

instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Resolution and upon the payment of charges, if any, as therein prescribed. The Borough may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This Bond is a general obligation of Petersburg Borough Service Area 1 and the full faith and credit of Service Area 1 are pledged for the payment of the principal of and interest on this Bond as the same shall become due.

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

IN WITNESS WHEREOF, THE PETERSBURG BOROUGH, ALASKA, has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the ____ day of _____ 2014.

Mayor

A T T E S T:

Clerk

[S E A L]

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address, zip code and Social Security number or other tax identification number of Transferee)

this Bond and irrevocably constitutes and appoints _____

attorney to transfer this Bond on the Bond Register, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of this Bond.

Section 8. Execution. The Bonds shall be executed in the name of the Borough by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the Borough Clerk. The execution of a Bond on behalf of the Borough by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the Bond or shall not have held office on the date of the Bond.

Section 9. Payment of Principal and Interest. The Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. When the Bond Bank is the Registered Owner of the Bonds, payment of principal and interest on the Bonds shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the Bonds, installments of principal and interest on the Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the record date for the installment payment at the address appearing on the Bond Register; provided that the final installment of principal and interest on a Bond shall be payable upon presentation and surrender of the Bond by the Registered Owner at the office of the Registrar.

Section 10. Registration. The Bonds shall be issued only in registered form as to both principal and interest. The Borough designates the Borough Finance Director as Registrar for the Bonds. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the Borough. The Borough covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code. The Borough and the Registrar may treat the person in whose name any Bond shall be registered as the absolute owner of such Bond for all purposes, whether or not the Bond shall be overdue, and all payments of principal of and interest on a Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Borough nor the Registrar shall be affected by any notice to the contrary.

Section 11. Transfer and Exchange. Bonds shall be transferred only upon the books for the registration and transfer of Bonds kept at the office of the Registrar. Upon

surrender for transfer or exchange of any Bond at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, the Borough shall execute and deliver an equal aggregate principal amount of Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the Borough may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. All Bonds surrendered for transfer or exchange shall be canceled by the Registrar.

Section 12. Bonds Mutilated, Destroyed, Stolen or Lost. Upon surrender to the Registrar of a mutilated Bond, the Borough shall execute and deliver a new Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the Borough that a Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the Borough with indemnity satisfactory to it, the Borough shall execute and deliver a new Bond of like maturity and principal amount. The person requesting the execution and delivery of a new Bond under this section shall comply with such other reasonable regulations as the Borough may prescribe and pay such expenses as the Borough may incur in connection therewith.

Section 13. Designation of Refunded Bonds. The Borough Manager and the Borough Finance Director each is authorized to designate which, if any, maturities of the 2005 Bonds authorized to be refunded in this Resolution shall be refunded, provided that the refunding of the 2005 Bonds so designated shall realize a debt service savings in the aggregate of at least three percent of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

Section 14. Tax Covenants. The Borough covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Borough covenants that it will make no use of the proceeds of the Bonds that will cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of section 148 of the Code, and that it will not take or permit any action that would cause the Bonds to be "private activity bonds" as defined in Section 141 of the Code.

Section 15. Amendatory and Supplemental Resolutions.

A. The Assembly from time to time and at any time may adopt a resolution or resolutions supplemental hereto, which resolution or resolutions thereafter shall become a part of this Resolution, for any one or more of the following purposes:

1. To add to the covenants and agreements of the Borough in this Resolution, other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Borough.

2. To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this Resolution or in regard to matters or questions arising under this Resolution as the Assembly may deem necessary or desirable and not inconsistent with this Resolution and which shall not adversely affect the interests of the Registered Owners of the Bonds.

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

B. With the consent of the Registered Owners of not less than 60 percent in aggregate principal amount of the Bonds at the time outstanding, the Assembly may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

1. Extend the fixed maturity of any of the Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owners of each Bond so affected; or

2. Reduce the aforesaid percentage of Registered Owners of Bonds required to approve any such supplemental resolution without the consent of the Registered Owners of all of the Bonds then outstanding.

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

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

D. Bonds executed and delivered after the execution of any supplemental resolution adopted under this section may bear a notation as to any matter provided for in such supplemental resolution, and if such supplemental resolution shall so provide, new Bonds modified so as to conform, in the opinion of the Borough, to any modification of this Resolution contained in any such supplemental resolution may be prepared by the Borough and delivered without cost to the Registered Owners of the

Bonds then outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 16. Defeasance. In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such Bonds and such Bonds shall be deemed not to be outstanding.

Section 17. Exchange of Bonds; Amendatory Loan Agreement. The Bonds shall be delivered to the Bond Bank in exchange for the Refunded Bonds. Subject to the limitations provided in Sections 2 and 4, each of the Borough Manager and the Borough Finance Director is hereby authorized to determine the aggregate principal amount, maturity amounts, interest rates, yields, dated date, principal and interest payment dates, record dates for principal and interest payments, redemption terms, if any, for the Bonds, and other details of the Bonds; provided that: (i) the principal amount of each maturity of the Bonds shall not exceed the principal amount of the portion of the corresponding maturity of the Bond Bank Bonds that is allocated to the making of a loan to the Borough; and (ii) the interest rate on each maturity of the Bonds shall not exceed the interest rate on the corresponding maturity of the Bond Bank Bonds. Based upon the foregoing determinations, the Borough Manager and the Borough Finance Director are each authorized to negotiate and execute the Amendatory Loan Agreement.

Section 18. Authority of Officers. The Borough Manager, the Borough Finance Director, the Borough Clerk, and the Deputy Borough Clerk each is authorized and directed to do and perform all things and determine all matters not determined by this Resolution, to the end that the Borough may carry out its obligations under the Bonds and this Resolution.

Section 19. Prohibited Sale of Bonds. No person, firm or corporation, or any agent or employee thereof, acting as financial consultant to the Borough under an agreement for payment in connection with the sale of the Bonds, is eligible to purchase the Bonds as a member of the original underwriting syndicate either at public or private sale.

Section 20. Ongoing Disclosure. The Borough acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Borough may now or in the future be an "obligated person" with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the Borough shall enter into a continuing disclosure agreement and undertake to provide certain annual financial information and operating data as shall be set forth in the Amendatory Loan Agreement.

Section 21. Miscellaneous.

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

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

Section 22. Severability. If any one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

Section 23. Effective Date. This resolution shall take effect upon adoption.

Passed and approved by the Petersburg Borough Assembly by Roll Call Vote on August 18, 2014.

Mark Jensen, Mayor

ATTEST:

Kathy O'Rear, Borough Clerk