

POLICIES AND PROCEDURES APPLICABLE
TO THE TREASURY DIVISION,
DEPARTMENT OF REVENUE,
STATE OF ALASKA



APPENDIX AN

**Investment Policy Statement: Alaska Housing Finance
Corporation Special Pledged Fund**

1. Description and History

On April 15 1997, the Alaska Housing Finance Corporation completed the process of refinancing all of its remaining Insured Mortgage Bonds and General Housing Mortgage Bonds thereby ending the life of this fund. The investment policy statement is preserved here for the purpose of maintaining institutional memory.

Prior to the establishment of the State Mortgage Insurance Fund at the end of 1975 (discussed in Section XII(I)), the State invested money in the Alaska Housing Finance Corporation (AHFC) Special Pledged Fund to assist the Alaska Housing Finance Corporation secure its bonds.

The complex arrangements relating to the AHFC Special Pledged Fund were apparently designed to accomplish two objectives. First, they provided cash to capitalize the AHFC. Second, they provided additional security to the bondholders for the pertinent AHFC bonds.

The AHFC Special Pledged Fund resulted from a contract entered into between the State of Alaska and the AHFC in late 1972. Pursuant to the terms of the contract, the State committed to buy mortgages equal to twenty percent of the principal amount of AHFC's respective issues of General Housing Mortgage Bonds (half of the twenty percent was labeled a "Stabilization Requirement" and the other half was labeled a "Maintenance Requirement"). After purchasing these mortgages, the State placed

