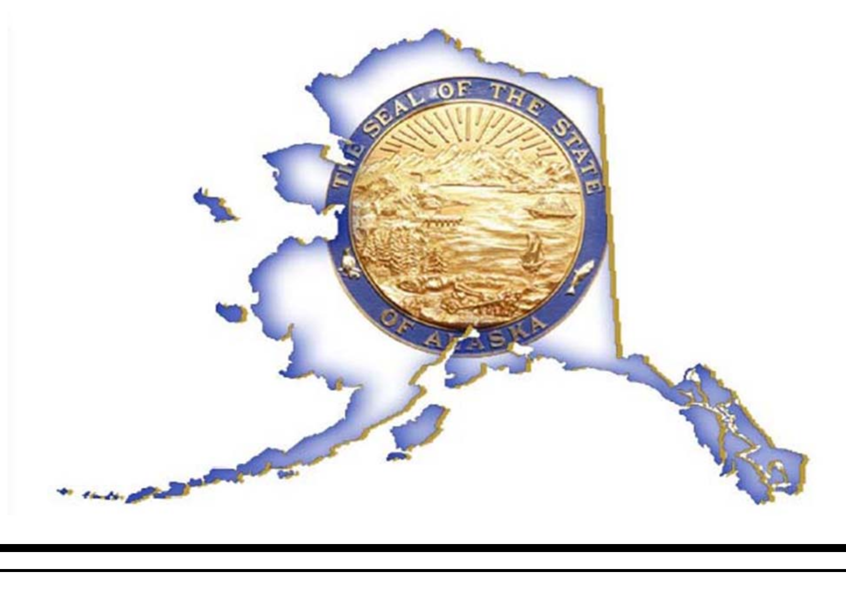
ALASKA MUNICIPAL BOND BANK AUTHORITY

BOARD OF DIRECTOR'S MEETING

TO BE HELD AT
State Office Building, 11th Floor
Commissioner's Conference Room
333 Willoughby Avenue
Juneau, Alaska 99801

June 15, 2015

1:00 P.M. ADT



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AGENDA FOR BOARD OF DIRECTOR'S MEETING

State Office Building, 11th Floor Commissioner's Conference Room
333 Willoughby Avenue, Juneau, AK 99801

June 15, 2015 at 1:00 p.m. ADT

I. **Call to Order**

II. **Roll Call**

III. **Public Meeting Notice**

IV. **Approval of Agenda**

V. **Minutes of the April 9, 2015 Meeting of the Board of Directors**

VI. **General Business**

- **A.** **University of Alaska Loan Analysis - $87.5 million Principal Amount General Revenue Bonds related to the University's Combined Heat and Power Plant Project**
- **B.** **2015 Series Two Post Sale Summary**
- **C.** **Executive Director's Report**

VII. **Public Comments**

VIII. **Board Comments**

IX. **Adjournment**

THE ALASKA MUNICIPAL BOND BANK AUTHORITY MEETING

The Alaska Municipal Bond Bank Authority will hold a meeting at the State of Alaska, 333 Willoughby Avenue, 11th Floor, State Office Building, Commissioner's Conference Room, Juneau, Alaska, 99801 on June 15th, 2015 at 1:00 p.m. ADT. The meeting will include, but is not limited to, the following agenda items:

University of Alaska Loan Analysis - $87.5 million Principal Amount General Revenue Bonds related to the University's Combined Heat and Power Plant Project

2015 Series Two Post Sale Summary

Executive Directors Report.

The public is invited to attend. Individuals who may need special modifications to participate should call 907-465-3750 prior to the meeting.

Dated May 26, 2015

Deven Mitchell, Executive Director

Attachments, History, Details

Attachments
None

Revision History
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Details

Department:	Revenue
Category:	Agency Meetings
Sub-Category:	
Location(s):	Statewide
Project/Regulation #:	
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Events/Deadlines:	

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MINUTES for the BOARD OF DIRECTOR'S MEETING

ALASKA MUNICIPAL BOND BANK AUTHORITY

April 9, 2015

I. CALL TO ORDER

Mark Pfeffer called the meeting to order at 10:02 AM, Alaska Daylight Time. Members participated at the offices of Wohlforth, Brecht, & Cartledge, 900 West 5th Avenue, Ste. 600, and by telephone.

II. ROLL CALL

Mark Pfeffer
Luke Wells
Greg Gursey
Michael Lamb
Pam Leary

OTHERS IN ATTENDANCE

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Ryan Williams, Finance Director, Alaska Municipal Bond Bank
- Cindy Cartledge, Bond Counsel, Wohlforth, Brecht & Cartledge
- Shirley Rich, Wohlforth, Brecht & Cartledge
- Chip Pierce, Financial Advisor, Western Financial Group
- Bob Bartholomew, City & Borough of Juneau
- Craig Chapman, Kenai Peninsula Borough
- Tom Yang, RBC
- Laura Janke, RBC

III. PUBLIC MEETING NOTICE

A copy of the Online Public Notice concerning the date, location, and purpose of the meeting was reviewed for the record. The public notice was officially published on 3/25/2015.

IV. APPROVAL OF AGENDA

The agenda was amended to incorporate General Business item "H," a Bond Bank Executive Session, all other General Business items were moved down and relabeled accordingly. The subsequent order of agenda was approved as amended without objection.

V. MINUTES of the February 3, 2015 Board of Directors Meeting

The February 3, 2015 minutes were amended to correctly state the bond counsel firm listed next to Cindy Cartledge and Shirley Rich in "Others in Attendance," striking "Brooking" from "Wohlforth, Brecht, Cartledge & Brooking." The minutes, as amended, were approved without objection.

VI. GENERAL BUISNESS

Kenai Peninsula Borough Loan Request

Mr. Pierce presented an evaluation of Kenai Peninsula Borough's (KPB) loan request - the KPB had previously submitted an application to the Bond Bank for loans totaling approximately $43 million, already issued $32.49 million in 2014 under this request, and this $3.2 million loan request would be under the previous application. Mr. Pierce provided an updated loan analysis in the board packet. KPB would apply proceeds of the loan towards the construction of a Specialty Clinic Building (SCB), originally scheduled for completion in late 2015 or early 2016. The SCB addresses the lack of space for the spine clinic and other specialties for the Central Peninsula General Hospital (CPGH). Additionally, the financing for this loan is proposed to come directly from the Bond Bank's custodian account, a direct investment by the Bond Bank. Mr. Pierce noted the requested term of the loan is 8 years, and the security for the loan comes from gross hospital revenues. Total Bond Bank Fiscal Year 2015 debt service is $14.1 million, which compares to the Borough's state-shared revenues of $116.3 million, providing coverage of approximately 8.2 times. Estimated borrower savings are calculated to be $234 thousand on a present value basis. Mr. Pierce mentioned the no litigation letter has been received from the community. Mr. Pierce noted the Borough owns the facilities of the CPGH, and the land the

Hospital's facilities occupy. Mr. Pierce stated that the operator is a 501(c)(3) organization that has operated CPGH on behalf of KPB since 1998, with the current lease expiring in 2017. Mr. Pierce then presented an overview of the Hospital's financial position to the Board, noting that the financial position of CPGH has improved significantly in the past seven years. From 2004 through 2014 total operating revenues have increased by more than 200%. CPGH administration implemented a 6% rate increase for FY2014, producing gross patient revenues of $230.6 million and net patient revenue after deductions of $134 million. Mr. Pierce mentioned that rate increases are common for CPGH, averaging +7.38% annually since 2000, due to the general increase in health care costs nationally. Mr. Pierce discussed the general need for Cities and Boroughs to submit a Certificate of Need to the Department of Health and Social Services to initiate a medical facility review process. The Commissioner for DHSS approved the Borough's Certificate of Need application with an anticipated project completion date of Spring 2016, and at a total cost of $38,382,896 for construction, equipment and furnishings. This reflects a rejection of the amounts associated with x-ray imaging and CT scan equipment and facilities. Mr. Pierce mentioned that the KPB will pledge gross revenues from CPGH to the Bond Bank loan, and required coverage shall be 1.25 times based on revenue collections in any 12 months out of the prior 24 months. Mr. Pierce noted that future capital plans of the KPB include an anticipated request for a solid waste bond in the amount of approximately $12 million in 2017, as well as Central Emergency Services projecting a need for $6 million in 2019 for remodeling Station #1. Given his analysis, Mr. Pierce recommended Board approval of the loan. Mr. Welles asked what the parameters are for direct loans of the bond bank, and if this loan fits within the investment policy. Mr. Mitchell answered that this doesn't fit within the current confines of the recently revised investment policy; however, due to the smaller size of the loan, shorter duration, and the additional "taxable" yield that can be realized while our current US treasury returns are subdued, this fits within the confines of the direct investment structure that the Bond Bank has successfully implemented in the past. Ms. Leary asked what the size of the reserve requirement would be upon closing of the loan. Mr. Pierce answered that KPB would fund the reserve with approximately $300,000 in cash. Mr. Pfeffer asked whether there's a need for an updated investment policy to include direct loan policies related to future Bond Bank participation. Mr. Mitchell mentioned that although a framework is a good idea, since this doesn't happen often, and the short maturity of this particular investment, it may not be beneficial to create an official policy in writing for a one time loan, and recommends the Board review circumstances should opportunities arise in the future. Mr. Welles asked how price will be structured in the upcoming bond issue. Mr. Pierce mentioned that we anticipate a read of the taxable MMD, plus a particular spread on the day of pricing, and that the sample numbers in the packet were a summary from the end of March. Mr. Lamb questioned Mr. Mitchell on whether it was a necessity to bring the direct loan investment decision to the board given the absence of written procedures within the investment policy. Mr. Mitchell responded that since the amortization is short, and it's not in the investment policy, he still recommends bringing these to the Board for review, especially with the KPB loan since it was part of the initial CPGH application presented previously. Mr. Welles made a motion to approve the up to $3.2 million revenue bond direct loan for KPB and Ms. Leary seconded the motion. Mr. Williams conducted a roll call vote, and the motion passed with five yes votes.

Alaska Municipal Bond Bank Resolution No. 2015-02

Ms. Cartledge introduced resolution 2015-02, authorizing the use of Bond Bank Custodian funds, in an amount not to exceed $3.2 million dollars, to make a loan to the Kenai Peninsula Borough (KPB) for further improvements to the Central Kenai Peninsula Hospital Service Area Specialty Clinic Building. Ms. Cartledge noted that the Board packet contained the resolution, and form of loan agreement. Mr. Mitchell noted that there is a copy of the preliminary numbers in the packet, and the schedule is anticipated to coincide with the 2015 Series Two transaction expected to price mid-May. Ms. Cartledge mentioned that KPB would work with the Bond Bank's current loan trustee, the Bank of New York Mellon Trust Company, N.A. Ms. Cartledge noted that the loan shall bear interest at a rate not greater than five percent (5%) and shall mature no later than ten (10) years. The loan shall be evidenced by a taxable municipal revenue bond issued by KPB, of which the Bond Bank shall be the registered owner. Mr. Mitchell emphasized that this ownership shall be in the Bond Bank's Custodian account. Mr. Welles made a motion to approve Resolution 2015-02, Mr. Gursey seconded the motion. Mr. Williams conducted a roll call vote and the motion passed with five yes votes.

City of Cordova Loan Request

Mr. Pierce presented an evaluation of the City of Cordova's general obligation bond loan request in the amount of $3 million. The loan would be used for construction of a 33,929 square foot, ADA accessible multi-use community center. Mr. Pierce noted the total project costs are estimated to be $31 million, with federal, state and other local sources providing the majority of the funding. The Cordova GO election on March 3, 2015 had voters approve the project by nearly a 2 to 1 margin. Gross savings for Cordova are estimated at $339,000 on a present value basis. Mr. Pierce then presented an overview of the loan: 20 year amortization, property taxes as pledged revenues, total Bond Bank debt service of $1.6 million, most recent fiscal year state-shared revenues of $19.3 million, and debt service coverage of approximately 11.8 times. It was noted by Mr. Pierce that Cordova's general fund balance has remained in a range between $4.6 million in 2009 to $5.5 million in 2011, and the Cordova also maintains a general reserve special revenue fund which closed FY 2013 with a balance of $10.67 million. The general reserve special revenue fund is available for emergencies and unforeseen financial needs. Mr. Pierce noted that we are in receipt of the no litigation letter from Cordova. Ms. Leary questioned whether Cordova was on a calendar year since all 2014 data is missing from the analysis, and Mr. Pierce confirmed this was the case. Mr. Gursey questioned if this Bond Bank loan will be subordinate to other loans on the $31 million facility. Mr. Pierce answered that it will not be subordinate as most of the project is covered by most likely a combination of grants or cash-on-hand. Mr. Lamb asked for specific fund balances that are restricted since a portion of the general fund balance is likely not available for debt repayments. Mr. Pierce noted that at the end of 2013, of the $4.85 million balance, approximately $1.7 million was unassigned, and unencumbered. Mr. Welles made a motion to approve the up to $3 million GO bond loan for the City of Cordova and Ms. Leary seconded the motion. Mr. Williams conducted a roll call vote and the motion passed with five yes votes.

Municipality of Skagway Loan Requests (Two Applications Submitted, both General Obligation Bond Loan Requests)

Mr. Pierce presented an evaluation of two Municipality of Skagway general obligation bond loan requests in the amount of $12 million, and $5 million, with both loans pledging property taxes. The $12 million loan would be used for construction of a public safety building on municipal property to house the Skagway fire and police departments, dispatch, ambulance and animal care services, as well as an emergency operations center. The term of the $12 million loan is 30 years. The $5 million loan would be used for port capital improvements, construction of a docking facility to increase industrial and tourist capacity. The term of the $5 million loan is 20 years. Gross savings for the Municipality of Skagway are estimated at over $1.4 million on a present value basis for both loans. Mr. Pierce then presented an overview of the loans: total Bond Bank debt service of $494,000, most recent fiscal year state-shared revenues of $17.6 million, and debt service coverage of approximately 35.63 times. Mr. Pierce noted that the Municipality's General Fund revenues are derived primarily from property taxes. Mr. Pierce highlighted a decline from 2012 to 2013 as a result of the mil rate decreasing from 8 mils to 7 mils. Additionally, the Muni has a separate Sales Tax Fund levied at 3% from October through March, and 5% from April through September. Mr. Welles questioned the source of intergovernmental revenues coming into the general fund, which make up 23% of total revenues. Mr. Pierce noted that the intergovernmental revenues are mostly made up of taxes on liquor. Mr. Gursey questioned the decrease in mil rate from 2012 to 2013, and if this should be concerning in the analysis. Mr. Mitchell mentioned that Skagway is a smaller community and when Sales Tax revises in the summer tourist season, it's geared more towards the physical makeup of the community. Mr. Pierce mentioned that the no litigation letter has been received, and based on the entirety of the analysis, recommends approval of each application. Mr. Welles made a motion to approve both the $12 million, and the $5 million loan to the Municipality of Skagway and Ms. Leary seconded the motion. Mr. Williams conducted a roll call vote and the motion passed with five yes votes.

City & Borough of Juneau Loan Request

Mr. Pierce presented an evaluation of the City & Borough of Juneau's (CBJ) general obligation bond loan request in the amount of $3.4 million. The loan would be used for a current refunding of bonds issued by CBJ in 2005 for school construction - Thunder Mountain High School. Mr. Pierce then presented an overview of the loan: a 5 year amortization, property taxes as pledged revenues, total Bond Bank debt service of $14.7 million, most recent fiscal year state-shared revenues of $91.66 million, and debt service coverage of approximately 6.25 times. It was noted by Mr. Pierce that CBJ's general fund balance is derived primarily from ad valorem property taxes. Mr. Pierce reviewed CBJ's General Fund Property Tax Collections from 2009 through 2014 as well as the ending fund balances. Mr. Pierce mentioned that the no litigation letter has been received, and based on the entirety of the analysis on CBJ, recommends approval of their loan application. Mr. Welles made a motion to approve the $3.4 million GO bond loan for the City & Borough of Juneau, and Mr. Gursey seconded the motion. Mr. Williams conducted a roll call vote and the motion passed with five yes votes.

Alaska Municipal Bond Bank Resolution No. 2013-03

Ms. Cartledge introduced resolution 2015-03, authorizing the issuance of AMBBA's 2015 Series Two bonds, in an aggregate principal amount of not to exceed $104.5 million. Ms. Cartledge mentioned that the Executive Director is authorized to change the designation to allow for subseries of bonds. Ms. Cartledge noted that the Board packet contained the resolution, form of loan agreement, form of amendatory loan agreement, most recent copy of the preliminary official statement depicting the breakdown as 2015A Series Two non-AMT, and the 2015B Series Two AMT. Mr. Pierce mentioned that there was a preliminary number run as of March 27, 2015 behind the POS, and Mr. Mitchell noted that the schedule shows a pricing in mid-May, and a closing on or around June 4, 2015. Ms. Cartledge mentioned that the Bond Bank would work with the current loan trustee, the Bank of New York Mellon Trust Company, N.A. Ms. Cartledge also noted that the 2015 Series Two Bonds shall be sold at negotiated sale to the Underwriter, and a Co-Underwriter (if a Co-Underwriter is deemed necessary). Mr. Welles made a motion to approve Resolution 2015-03, and Mr. Gursey seconded the motion. Mr. Williams conducted a roll call vote and the motion passed with five yes votes.

AMBBA Executive Session

The Bond Bank went into an executive session for 35 minutes as established by members of the Board.

AMBBA Interim Financials – FY 2015 – July 1st through December 31st, 2014

Mr. Williams presented a summary of AMBBA's Interim Financial Statements for FY2015 as of December 31, 2014. Mr. Williams noted that the current accounting and compilation firm, Elgee Rehfeld Mertz, LLC continues to compile the financial statements, and that AMBBA is looking to update or procure a new contract with an auditing firm, currently contracted with BDO out of Anchorage. Mr. Williams' discussion went directly to the net position of the Bond Bank, as this value continues to see slight declines primarily due to lower fixed income investment earnings to offset expenditures. Mr.Williams noted that the 2005 reserve funds are primarily cash funded, with bond funded reserves at about a third. With recent consolidation, and maturing bonds, it's expected that the 1976 resolution will go away within the next couple fiscal years.

2015 Series One Post Sale Summary

Mr. Pierce discussed the summary of the sale of the 2015 Series One Bonds. The bonds were sold by negotiated sale to RBC Capital Markets as senior manager and JP Morgan as co-manager on February 19, 2015. The true interest cost achieved on the 8.173 year average life bonds was 2.7652%. The transaction generated an estimated $5.45 million of savings for the communities involved (including savings on both new money and refunding loans).

Executive Director's Report

Mr. Mitchell reported the following items to the Board:

HB101-SB46 - Legislation that would authorize the Bond Bank to lend funds to regional health organizations has had several hearings. Legislators appear to be getting more comfortable with the concept. The lobbying effort for the bill has been provided by the Yukon Kuskokwim Health Consortium, who as previously discussed plans to expand and renovate the hospital they operate in Bethel (copy of HB 101 attached to the packet).

Other Legislative action that may impact the Bond Bank program are potential future elimination of the community revenue sharing program, the likely closure of the school debt reimbursement program, and a sharply reduced capital budget resulting in fewer local project match funding opportunities.

Haines Water - The Haines Borough has provided notice that in FY14 the sewer utility failed to meet the Rate Covenant established with the Bond Bank in the AMBBA 2012 Series Three Loan Agreement. The Borough has taken to ensure future compliance by engaging in October 2014 in an internal rate study, with outreach to the community, and with the creation of a revised rate schedule. On February 24, 2015 the Borough Assembly adopted a new water and sewer rate schedule which will step up sewer rates 17% over a three year period. The residential flat rate, the rate paid by most Haines utility customers, will go from the current rate of $44.40 to $52.15 after 7/1/2017. The first increase will go into effect May 1, 2015. Elected officials felt strongly that the rate payers should have adequate time to plan for the increased rates. As the increase will only be in place for 2 months of the current fiscal year it is likely the Borough will fail to meet the Rate Covenant again in FY15. The Borough is reviewing the FY15 budget to see where cost-savings might be achieved but the operating budget doesn't have a lot of room for reductions. The Borough expects to come into compliance in FY16 with the first full year of increased rates. The Borough provided the attached 3-year budget projection for the sewer fund. On November 21 the Borough submitted the attached material event notice in accordance with the direction provided at the last board meeting, and has reported all required filings for the current filing period have been made.

AGFOA - April 28-May 1, 2015 Ryan and I plan to attend the Spring AGFOA Conference in Fairbanks, Alaska.

Blue Lake Expansion Project Dedication - May 7, 2015 Mark and I plan to attend the dedication of the Blue Lake Expansion Project in Sitka.

Audit contract - we are beginning the process of re procuring audit services for the Bond Bank.

Underwriting Pool - I plan to update the group of underwriters in the Bond Bank's pool in June. We currently have RBC Capital Markets, JP Morgan, KeyBanc Capital Markets, and Morgan Stanley in our pool. I have not seen Morgan Stanley representatives in approximately 2 years, and while I have bumped into KeyBanc underwriting representatives in Alaska and elsewhere, they have not met with me to provide any market or Bond Bank specific information for over 2 years.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

There were none.

IX. ADJOURNMENT

Mr. Pfeffer had to step out before the finalization of the meeting - Mr. Gursey stepped in as Chair, and adjourned the meeting without objection at 1:14 p.m.

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Mark Pfeffer, Chairman

Alaska Municipal Bond Bank
Application Credit Review Summary Page

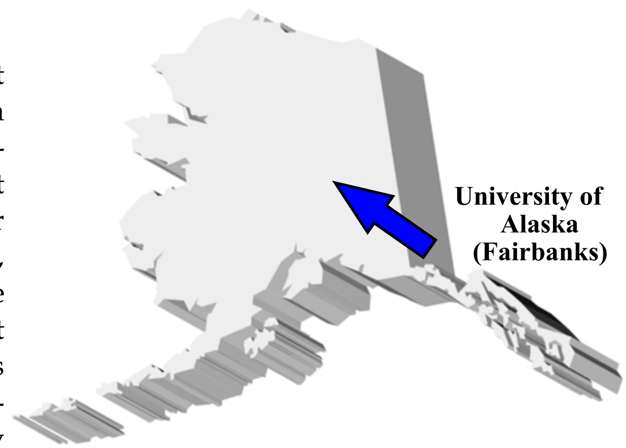
Applicant:	University of Alaska
Loan Amount:	Not to exceed $87,500,000
Project Type:	Major upgrades to the Atkinson Heat and Power Plant
Project Description:	The University of Alaska Fairbanks' heat and power plant provides electricity and heating and cooling to 3 million square feet of academic, research, office and housing space. The main boilers at the power plant were installed in 1964 and have reached the end of their service lives. This project involves a major upgrade of the heat and power plant, including replacement of the existing boilers. The boilers will be replaced with two circulating fluidized bed boilers that will burn coal and up to 15% biomass to generate 17 megawatts. This approach will allow the university to meet its energy needs for the next 50 years and nearly eliminate purchases of more expensive power from the Golden Valley Electric Association.
Term of Loan:	30 years
Revenues Pledged to Loan:	General revenues of the University
Most Recent FY Pledged Revenues:	$215.35 million
Estimated Maximum Annual Debt Service (includes 2015 Bond Bank loan and parity University bonds including 2015 series):	$24.4 million
Debt Service Coverage Based on Most Recent FY Pledged Revenues:	8.83X
Most Recent FY State-Shared Revenues (SSR):	$385.9 million
Debt Service Coverage of AMBB DS from SSR:	69.6x
Loan Subject to State Debt Service Reimbursement:	No
Estimated Borrower Savings:	Indeterminate
No Litigation Letter Received:	Yes

Loan Application Evaluation
University of Alaska Fairbanks

Introduction

The University of Alaska Fairbanks (the "University") has submitted an application to the Bond Bank for a loan not to exceed $87,500,000. The University will use its loan to make major upgrades to the Atkinson Heat and Power Plant. We have completed our review of this application and following is our overview of this project and the security provisions associated with the loan.

The Project



The Atkinson Heat and Power Plant main boilers were installed in 1964, and both maintenance costs and the risk of catastrophic failure are increasing. The plant provides electricity, heating and cooling for roughly 3 million square feet of academic, research, office and housing space at the University's campus in Fairbanks. The heat and power plant is critical to the University's statewide research, teaching and service missions. The University studied a wide variety of options and determined that the best solution was a major plant upgrade, including replacement of the main coal boilers. The new, more efficient boilers will result in a marked decrease in regulated emissions, including a two-thirds drop in particulates. This is important for the Fairbanks North Star Borough, which has been designated a nonattainment area by the EPA.

The estimated total cost of the Project is $245,000,000. The sources of funding, as approved by the Legislature, include University-issued the Bonds of $70,000,000, a combination of State capital and operating appropriations of $87,500,000, and the $87,500,000 Bond Bank loan. The goal is for the upgraded plant to be in operation by the end of 2018.

University of Alaska Financial Position

The University's revenues are derived from two broad categories of activities. The University's operating revenues are primarily generated from student tuitions and fees as well as federal, state and private grants and contracts. Non-operating revenues are principally in the form of state appropriations.

The University is treated as a State agency for the purposes of budget and fiscal control. However, unlike State agencies, the University has a separate accounting system, maintains its own treasury functions, collects its own revenues, invests its funds, and makes its own disbursements. All revenues are received directly into the University's treasury.

The State Legislature annually authorizes the University to spend University Receipts, which include revenues pledged to the payment of its debt service, including debt service on the Bond Bank loan. These pledged revenues (the "Revenues") include student tuition and fees, facilities and administrative cost recovery, sales and services of educational departments, and net auxiliary enterprise revenues. University Receipts that are not pledged to the payment of University debt include federal receipts, gifts, grants, and endowment earnings. University Receipts are accounted for separately and appropriations are not made from the unrestricted General Fund of the State. The appropriation of University Receipts is separate and distinct from the State's general operating appropriation.

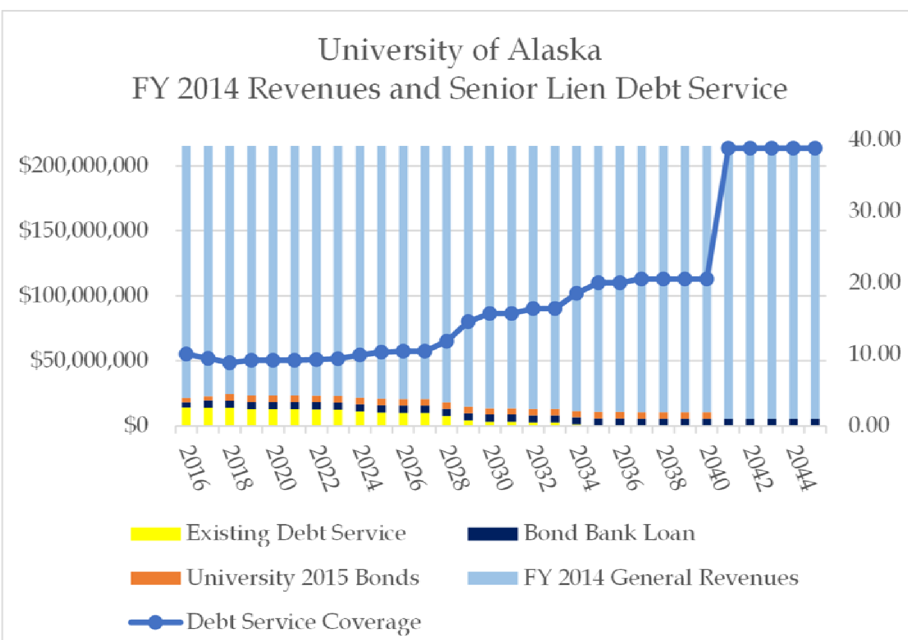
State-funded general appropriations to the University (as distinct from "University Receipts" previously described) are for two purposes: operating and capital. Operating appropriations are authorized for expenditure of all current revenues and lapse at the end of the Fiscal Year. State-funded authorizations are received from the State on a monthly basis at approximately one-twelfth of the annual operating authorization. Capital appropriations are generally for facilities, equipment or specified projects, and lapse after five years unless extended. State-funded capital appropriations are generally received on a reimbursement basis.

The table below presents Revenues over the past five fiscal years and compares those revenues to fiscal year debt service. Senior lien coverage over those years has ranged from 15.3 times to 22.9 times.

	2010	2011	2012	2013	2014
Student Tuition and Fees, net	106,340	116,104	123,971	127,055	125,104
Facilities and Administrative Cost Recovery	33,087	33,737	32,395	31,677	30,375
Sales and Services of Educational Depts.	4,073	4,215	4,573	4,445	4,872
Other Sources, Net of Gifts	14,457	16,896	14,120	15,235	15,480
Auxiliary Enterprises, net	39,225	39,265	41,523	41,963	39,518
Total General Revenues	$ 197,182	$ 210,217	$ 216,582	$ 220,375	$ 215,349
Fiscal Year Debt Service	$ 9,132	$ 9,192	$ 10,029	$ 13,814	$ 14,058
Coverage	21.6x	22.9x	21.6x	16.0x	15.3x

Student tuition and fees have accounted for an average of 56.5% of Revenues over the past five years. The University's enrollment has been recently declining, with full-time equivalent headcount falling from 19,863 in 2011 to 18,300 in the current academic year, a drop of 7.9%. In response, the University has been raising tuitions. Tuitions increased 5% for the 2014-2015 academic year and a similar increase is expected next year.

The graph below presents a comparison of 2014 Revenues to the University's existing debt service and the new debt service associated with the power plant project.



Security Pledge

The Bond Bank loan will be secured by a senior pledge of the University's General Revenues. The University is authorized to issue revenue bonds with the approval of the Board of Regents. The State Legislature must approve a project financed by obligations with annual debt service payments that are anticipated to exceed $2.5 million. SB 218 enacted in the 2014 legislative session authorized the University to obtain a loan through the Bond Bank for an amount not to exceed $87.5 million and to issue University bonds for an amount not to exceed $70 million.

The University issues its general revenue bonds pursuant to a trust indenture adopted in June 1992. Under that indenture, "Revenues" means all student fees, charges, and rentals, including receipts from sales of goods and services, indirect cost recovery, income of auxiliary enterprises, miscellaneous fees and fines and similar items which are unrestricted but not including: (i) governmental appropriations, other than certain University Receipts; (ii) gifts, donations, and endowment earnings; (iii) investment earnings, other than earnings on funds held under the Indenture; and (iv) revenues from trust land required to be deposited in the Land Grant Endowment Trust Fund pursuant to Alaska Statute.

The Legislature makes an annual appropriation to the University that authorizes it to spend Revenues and other gifts, grants and income that it receives. Alaska statutes provide that any pledge under the Indenture of the Revenues is considered a perfected security interest and is valid and binding from the time the pledge is made. The State has pledged not to limit or alter rights vested in the University to fulfill the terms of a contract with revenue bond owners.

All Revenues are deposited in the Revenue Fund held by the University. Amounts may be paid out of the Revenue Fund without restriction for operating costs of the University. The University pays its general expenses from legislative appropriations made from the State's General Fund before paying operating expenses from the Revenue Fund, and the University covenants to continue this practice in the future. Amounts are paid out of the Revenue Fund into the Debt Service Fund to the extent necessary, at least five Business Days before each payment date for the General Revenue Bonds.

Debt Service Reserve Fund

The Indenture establishes a reserve fund to be held by the Trustee. The reserve requirement is equal to (i) one-half of maximum aggregate debt service in any bond year on all outstanding General Revenue bonds, or (ii) such lesser amount as is required to maintain the tax-exempt status of the General Revenue bonds. The Indenture provides that if five Business Days prior to any principal or interest payment date for the bonds the amount in the debt service fund is less than the amount required to pay such principal or interest, the Trustee will apply amounts from the reserve fund to the extent necessary to make good the deficiency.

The University has approved an amendment to the Indenture that eliminates the establishment and maintenance of the reserve fund and related funding obligation when all General Revenue Bonds issued prior to the 2013 Series S Bonds cease to be outstanding. Thereafter, the Bonds will cease to be secured by the Reserve Fund.

With respect to the Bond Bank loan, the University will fund the required deposit to its debt service reserve fund with proceeds of the Bond Bank bonds used to fund the loan.

The Bond Bank's loan to the University will be funded with bonds issued under the Bond Bank's 2005 General Obligation Resolution. As a result, the reserve requirement for the 2005 Resolution reserve is expected to increase $6 million to $7 million. Funding the increased 2005 Resolution reserve with bond proceeds, a transfer from the Custodian Account, or some combination of the two would place a significant burden on the Bond Bank. Consequently, the University has agreed to reimburse the Bond Bank for the cost of a debt service reserve fund surety policy that will address the added reserve requirement resulting from the loan.

Rate Covenant

The Indenture provides that the University will fix, maintain, and collect fees, charges, and rentals, and the University will adjust such fees, charges, and rentals such that Revenues will be at least equal in each fiscal year to the greater of (a) the sum of (i) an amount equal to aggregate debt service for such fiscal year; (ii) the amount, if any, to be paid during such fiscal year into the reserve fund; (iii) the amount of draws, interest, and expenses then due and owing on any reserve equivalent; and (iv) all other amounts which the University may now, or hereafter, become obligated to pay, by law or contract, from Revenues during such fiscal year; or (b) an amount equal to at least two times the aggregate debt service for such fiscal year.

Additional Bonds Test

The University may issue one or more series of additional bonds secured by an equal lien on the Revenues with the Bond Bank loan and outstanding senior lien General Revenue Bonds and for the following purposes:

(a) to pay for the cost of acquisition or construction of a project upon delivery to the Trustee of a certificate of the University that the amount of Revenues received by the University during the last fiscal year prior to the issuance of the additional bonds was at least equal to two times maximum aggregate debt service with respect to all General Revenue Bonds and additional bonds to be outstanding after the issuance of such additional bonds and 1.0 times any amount of the draws, interest, and expenses then due and owing under any reserve equivalent.

(b) to refund any part or all of outstanding General Revenue Bonds upon delivery of a certificate of the University that either (i) the aggregate debt service in any fiscal year will not be increased as a result of such refunding or (ii) the amount of Revenues received by the University during the last fiscal year prior to the issuance of the additional bonds was at least equal to two times maximum aggregate debt service with respect to all General Revenue Bonds and additional bonds to be outstanding after the issuance of such Additional Bonds.

The University can issue subordinated indebtedness secured by a lien on the Revenues as long as the subordinated obligations have a pledge of the Revenues that is junior to the senior lien General Revenue bonds and those obligations are not subject to acceleration.

Future Capital Plans

Major construction projects of the University are funded primarily by State capital appropriations, State-issued general obligation bonds and University revenue bonds. For Fiscal Year 2015, State capital appropriations included the funding for the power plant project. In addition, State capital appropriations included $45.6 million and $5.0 million for continued construction and renovation of the engineering buildings on the Anchorage and Fairbanks campuses, respectively, $19.3 million for deferred maintenance and $0.5 million in other projects. The deferred maintenance appropriation of $19.3 million represented the fifth consecutive year of funding to address such needs. Receipt of future appropriations depends on legislative approval.

The University has an ongoing capital program that includes renovation of existing facilities, new construction, planning and design for new construction, and reducing deferred maintenance and renewal backlog. For Fiscal Year 2016, in excess of $780 million has been identified as deferred or imminent renewal needs for the University's approximately 7.6 million square feet of physical plant. The State Legislature approved $3.0 million in capital appropriations for the University for Fiscal Year 2016.

State-Aid Intercept

The University receives financial assistance from the State for both operations and designated capital improvements through appropriations by the State Legislature. State-funded authorizations are received from the State on a monthly basis at approximately one-twelfth of the annual operating authorization. In fiscal year 2014, State operating appropriations to the University totaled $385.9 million. Annual debt service on the Bond Bank loan is estimated to total approximately $5.54 million. Consequently, fiscal year 2014 State appropriations would provide debt service coverage of the Bond Bank at a level of approximately 69.6 times.

Estimated Borrower Savings

As stated previously, the University is required to obtain State legislative approval for projects that are anticipated to result in annual debt service payments that exceed $2.5 million. Consequently, the University has been authorized to obtain a loan from the Bond Bank pursuant to SB 218 enacted in the 2014 legislative session. That same legislation authorized the issuance by the University of up to $70,000,000 of bonds for the power plant project.

The University's senior lien general revenue bonds are rated Aa2/AA– by Moody's and Standard & Poor's, respectively. These ratings are slightly lower than to the Bond Bank's AA+/AA+ ratings by Fitch and Standard & Poor's. In contrast to most of the communities that come to the Bond Bank for loans, the University's credit ratings are comparable to those of the Bond Bank. Conversations with municipal bond underwriters confirm that the University could expect to achieve interest rates similar to the Bond Bank. Consequently, making the case that the University will achieve savings by utilizing the Bond Bank as its lender is not as clear cut as is the case with other Bond Bank borrowers.

Statement of No Litigation

Accompanying the application from the Borough is a letter from Michael Hostina, the University's General Counsel, stating that "there is no pending litigation or administrative action or proceeding, or, to my knowledge... threatened, which in any way affects the existence of the University... or seeks to restrain or enjoin the issuance, sale, or delivery of the Bonds, or the right of the University to impose, charge and collect the revenues pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the University and the Bond Bank, or contesting... the University's authority with respect to the bonds; or against the University... which, whether individually or in the aggregate involves the possibility of any judgment or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of the University."

Summary

Based on our assessment, the security offered by University, as set forth in the University's loan application and supplemental materials, provides sufficient security to justify approval of the application. The general revenue pledge provides extremely high debt service coverage of the Bond Bank loan. The Bond Bank will require that a debt service reserve fund, held by the Bond Bank's trustee, be funded at closing. Additionally, the Bond Bank's ability to intercept state-shared revenues that would otherwise flow to the University in the event of a failure by the University to make timely payments provides significant security for this loan.

We recommend approval of this loan application. If you or any of the Board members have any questions regarding our analysis, please feel free to call me at (503) 719-6113.

For Western Financial Group, LLC

Chip Pierce

University of Alaska General Information

The University is the only public institution of higher learning in the State of Alaska. It is a statewide system that consists of three multi-mission universities located in Anchorage, Fairbanks, and Juneau with extended satellite colleges and sites throughout the State, including 16 campuses across Alaska. In Fall 2013 the University of Alaska System enrolled 32,696 students for credit, and employed 4,502 full-time employees and 4,112 part-time employees to provide teaching and related services to students and the communities in which they are located. The University of Alaska System maintains 418 buildings comprising 7.0 million gross square feet, and has title to approximately 145,691 acres of land (educational property: 12,186 acres; investment property: 133,505 acres). The University of Alaska Fairbanks and the University of Alaska Anchorage participate in three NCAA Division I teams, all other sports are NCAA Division II or multi-dimensional. Sports at the University of Alaska Southeast are recreational/intramural.

The University of Alaska Fairbanks has increased emphasis on eLearning and Distance Education, which now reports directly to the Chancellor. Course offerings in fiscal year 2014 increased by 13 percent and now include twelve on-line certificates and degrees and enrollments increased by 7%. The Chancellor's Innovation in Technology and eLearning (CITE) Fellows program was launched to accelerate organizational learning regarding the integration of education and technology.

The Faculty Senate approved new general education learning outcomes based on the Association of American Colleges and Universities LEAP Learning Outcomes, including intellectual and practical skills, personal and social responsibility, and integrative and applied learning. An on-line training course for all student advisors has been developed that will certify advisors and serve as a reference tool.

Data indicate that several steps taken in recent years to improve placement of college applicants has resulted in both improved first term grade point averages for, and better retention of, baccalaureate intended and baccalaureate admitted students. The 2014 graduating class, 1,433 students, is the largest in the university's history and includes the largest number of Alaska Native graduates.

International Arctic Research Center (IARC) scientists have produced a new Digital Sea Ice Atlas, encompassing 160 years of historical data. The web-based interactive map, the first of its kind, allows users to simultaneously view multiple sources of historical sea ice data in the Beaufort, Chukchi and Bering seas.

The UAF Water and Environmental Research Center (WERC), Institute of Northern Engineering (INE) is conducting research on proposed highways to resource-rich areas of Alaska. WERC has just completed a 5-year study to evaluate hydrologic conditions at potential bridge crossing locations associated with the road to Umiat.

The Alaska Center for Unmanned Aircraft Systems Integration (ACUASI) is a research center at the University of Alaska, Fairbanks for small, unmanned aircraft systems, providing integration of unique payloads and supporting pathfinder missions, with a special emphasis on the Arctic region. In December 2013 the Federal Aviation Administration (FAA) announced that the University of Alaska will serve as one of six official unmanned aircraft system test sites. The Pan- Pacific UAS Test Range Complex will be managed by the University of Alaska Fairbanks and includes partners in Oregon and Hawaii. Alaska is an optimal location to conduct this type of work. Aviation is a central to commerce and community in the state and Alaska has six times more pilots per capita than the rest of the nation. Unmanned aircraft can find a place in Alaska's vast airspace, while that is more difficult in populous regions.

New Issue: Moody's revises University of Alaska's outlook to negative; assigns Aa2 to $65.7M Gen. Rev. Bds. 2015 Ser. T

Global Credit Research - 04 Jun 2015

$225M pro-forma rated debt

UNIVERSITY OF ALASKA, AK
Public Colleges & Universities
AK

Moody's Rating

ISSUE	RATING
General Revenue Bonds, 2015 Series T	Aa2
Sale Amount $65,740,000	
Expected Sale Date 06/30/15	
Rating Description Revenue: Public University Broad Pledge	

Moody's Outlook NEG

NEW YORK, June 04, 2015 --Moody's Investors Service assigns an Aa2 to University of Alaska's planned $65.7 million General Revenue Bonds, 2015 Series T. The bonds mature October 1, 2039. We also affirm the Aa2 on the university's outstanding rated General Revenue bonds and Aa3 on the Series 2012 Lease Revenue bonds issued through the Community Properties Alaska, Inc. The outlook is revised to negative.

SUMMARY RATING RATIONALE

The outlook revision to negative is based on University of Alaska's (UA) high reliance on the State of Alaska (Aaa negative) for operating and capital support, with expected increased pressure on university operations as the state copes with lower revenues from the oil production and moderates funding. UA receives over 50% of its operating support from the state, including "on behalf" payments for employee pension and other benefits, and direct state funding is expected to be reduced in the upcoming fiscal year (FY) 2016 by 8%. Although UA has plans to address the funding reduction, its cash flow and liquidity provide only a modest cushion against further funding cuts. Further, the university has historically benefitted from generous state capital support that is likely to be reduced and could drive to higher university debt issuance to fund needed capital projects.

University of Alaska's Aa2 senior-most rating reflects its strong market position as Alaska's sole public higher education provider, still generous state operating and capital funding and a higher, although still moderate debt burden relative to balance sheet and revenues.

The Aa3 rating for the Series 2012 Lease Revenue Bonds reflects the lease structure of the bonds and the subordinate claim on the university's broad general receipts pledge.

OUTLOOK

University of Alaska's negative rating outlook reflects possibility of additional credit pressure should state funding be further reduced given its currently thin cash flow, modest liquidity, and limited prospects for net tuition revenue growth.

WHAT COULD MAKE THE RATING GO UP

- Substantial increase in balance sheet reserves and liquidity

- Consistently stronger operations and cash flow generation

- Strengthened market position reflected in growth of net tuition revenue and research activity

WHAT COULD MAKE THE RATING GO DOWN

- Weakening of the State of Alaska's credit quality or sustained decreases in state support, including "on behalf" payments

- Substantial debt issuance

- Deterioration in operations with consistently weak operating performance and cash flow

- Further and sustained declines in liquidity

STRENGTHS

- Critical credit strength as Alaska's sole public higher education

- Strong operating and capital funding from the State of Alaska

- Noted research niches reflecting UA's location, with $155 million of research expenditures

- Growing balance sheet reserves, with total financial resources rising to $609 million in FY 2014

- Ability to continue to show growth in net tuition per student despite enrollment declines since fall 2011

CHALLENGES

- High reliance on state funding, with an anticipated 8% cut for the upcoming FY 2016

- Weak unrestricted liquidity, with only 81 days monthly cash.

- Narrow operating cash flow with a 7.1% operating cash flow margin for FY 2014

- Three years of moderate enrollment decline, with high reliance on Alaska residents for enrollment

RECENT DEVELOPMENTS

Recent developments are included in DETAILED RATING RATIONALE.

DETAILED RATING RATIONALE

MARKET POSITION: SOLE PUBLIC HIGHER EDUCATION PROVIDER FOR STATE

The University of Alaska will retain its primary credit strength as the sole public higher education provider for a geographically remote state. This contributes to an exceptionally strong state relationship and has resulted in historically above peer average state support for operations, capital and financial aid programs.

Nonetheless, we expect enrollment and net tuition revenue growth to be challenged over the medium term due to the state's demographic trends. The university draws over 90% of its enrollment from within the state. According to the more recent projections by the Western Interstate Commission of Higher Education (WICHE), Alaska's number of high school graduates is projected to decline about 3% through 2016 and 7% through 2022 before beginning to rise by 2028. Enrollment has already declined 8% over the past three years, to 18,300 full-time equivalent (FTE) students from 19,863 in fall 2011, largely from undergraduate enrollment. Despite the decline, UA successfully grew tuition revenues, although at a slower pace in FY 2014, with net tuition per student rising 1.6% to $6,501.

UA and the state launched initiatives aimed to increase the college participation rate and encourage Alaskan high school graduates to enroll at UA, both of which should help ease enrollment declines. The state has notably used significant resources to fund through the Alaska Higher Education Investment Fund, currently with $417 million for grants and scholarships. For fall 2014 UA launched its "Come Home Alaska" program aimed at bringing out-of-state residents with Alaskan lineage to Alaska by offering in-state tuition.

UA has significant research activity, benefiting from unique geophysical and marine science research locations within and off the Alaska shores. It reported $155 million in FY 2014 research expenditures across a diverse group of sponsoring agencies, with the largest from the National Science Foundation (NSF) at 36%. NSF funding in recent years was volatile as it reflects funding for Sikuliaq, a 261 foot multi-purpose oceanographic research vessel funded by a $148 million NSF grant. The vessel is owned by the NSF and operated by the Fairbanks campus on behalf of the entire ocean sciences community, providing another niche strength to its research focus.

OPERATING PERFORMANCE, BALANCE SHEET, AND CAPITAL PLANS: MODEST CASH FLOW WITH HIGH RELIANCE ON STATE FUNDING; THIN LIQUIDITY

The University of Alaska should continue to produce modest cash flow and adequate debt service coverage, although it may be challenged from reduced state funding in the face of rising expenses. UA's operating cash flow was a thin 7.8% for FY 2014, down from 9.2% for FY 2013. Debt service coverage is positive, with 3.8 times for FY 2014. Revenues for FY 2014 did not grow from the prior year, and the university will be challenged to demonstrate revenue growth as any increase in tuition revenues will be absorbed by decreases in other sources, including state appropriations.

We expect Alaska's commitment to UA to remain strong although the actual funding may be reduced to address state budget gaps. The commitment is critical as at 52% of FY 2014 operating revenues UA is highly reliant on state funding. FY 2014 appropriations of $386 million do not include $32.9 million of on-behalf employee benefit payments but include $1.2 million for debt service on a portion of the Series R bonds. Additionally, the state has provided generous capital funding, totaling $125 million in FY 2014 that includes the budgeted funds for the Power Plant to be funded by the current debt issue. State funding slightly decreased in FY 2015 and is expected to be cut by 8% for the upcoming FY 2016 beginning July 1, 2015. The university anticipated the funding cuts and took steps to increase revenues through tuition and fee increases as well as expense reductions to fund the gap.

Moody's currently rates the State of Alaska Aaa, with the outlook revised to negative in December 2014 to signal the rapid oil price decline, and expected prices below prior forecasts in coming months, will lead Alaska to substantially reduce financial reserves by the end of fiscal 2016. For more information on the state of Alaska's General Obligation rating, please see Moody's report dated March 2, 2015.

The University of Alaska is expected to maintain an adequate cushion of balance sheet resources relative to its debt and operations, although the relative level of resources is below other Aa2-rated major public universities. For FY 2014, expendable and total financial resources were $379 million and $609 million, respectively, up from prior years. Expendable financial resources provide an adequate 1.2 times cushion for $321 million of pro-forma debt, including the planned Series U Bond Bank debt.

The University of Alaska holds $297 million of cash and endowment investments, with the foundation holding an additional $222 million of its own investments. The foundation manages the endowment assets for both UA and itself, with a diverse portfolio allocation.

Liquidity

UA reported $166 million of unrestricted monthly liquidity for FY 2014, improved from $143 million the prior year. Still, monthly liquidity is a thin 81 days cash, significantly lower than comparably rated universities. UA receives little state operating funding in June, with a double payment in July, resulting in a low cash position relative to the rest of the year. UA actively manages its cash to prepare for the lower June cash balance to fund general operating expenses until the July appropriation is received.

DEBT STRUCTURE AND LEGAL COVENANTS

Debt Structure

All of the university's debt is amortizing fixed rate debt.

Debt-Related Derivatives

None

Pensions and OPEB

UA has additional reliance on the state through its partial subsidization of required employer contributions to UA's retirement plans. Substantially all regular university employees participate in either the State of Alaska Public Employees' Retirement System (PERS) or the State of Alaska Teachers' Retirement System (TRS), both multiple-employer public pension and retirement plans, or the University of Alaska Optional Retirement Plan (ORP), a single-employer defined contribution plan. Substantially all regular employees also participate in the University of

Alaska Pension Plan, a supplemental single-employer defined contribution plan. PERS includes both defined benefit pension and post-employment healthcare plans and a defined contribution plan.

In 2014, the State Legislature appropriated $1 billion to reduce PERS' unfunded actuarial accrued liability and $2 billion to reduce TRS' unfunded actuarial accrued liability of TRS. The State Legislature also directed the Alaska Retirement Management Board to adopt employer contribution rates to liquidate PERS' and TRS' past service liability using a level percent of pay method over a closed term of 25 years ending in 2039, rather than the level dollar method currently in use. The methodology change resulted in significantly lower employer contribution rates for FY 2016, which will be reflected in lower "on behalf" payments from the state.

The state has historically paid a portion of UA's required employer contributions to the different plans. The university contributed $65.9 million and $67.6 million for FY 2013 and FY 2014, respectively, to its retirement and pension plans, with the state made payments totaling $33.0 million and $32.9 million, respectively, directly to the retirement plans on UA's behalf.

GOVERNANCE AND MANAGEMENT

UA's board and management show careful planning and budgeting, appropriately taking early measures to adjust the university's operations to absorb potential state funding cuts. The system led a full program review at all campuses to determine which, if any, programs could be eliminated or suspended, with final determinations to be forthcoming. It also has full contingency plans in place to address lower state funding on an ongoing, rather than one-off, basis.

UA is governed by the Board of Regents, whose eleven members are appointed by the governor for eight year terms, subject to confirmation by the State Legislature. A student representative is appointed to a two year term. The board appoints the president of the UA system, with each campus led by a chancellor. Although the board must submit UA's budget to the governor for approval, the board has sole authority over tuition rates.

KEY STATISTICS (FY 2014 financial data, fall 2014 enrollment data)

- Full-Time Equivalent Enrollment: 18,300 students

- Total Financial Resources: $609 million

- Total Cash & Investments: $297 million

- Total Pro-forma Direct Debt: $321 million (including planned Series U Alaska Bank Bonds)

- Total Operating Revenue: $811 million

- Reliance on State Appropriations Revenue (% of Moody's Adjusted Operating Revenue): 52%

- Monthly Days Cash on Hand: 81 days

- Operating Cash Flow Margin: 7.8%

- Three-Year Average Debt Service Coverage: 4.3 times

OBLIGOR PROFILE

The University of Alaska, a land-, sea- and space-grant system, established in Fairbanks by Congress in 1915 as the Alaska Agricultural College and School of Mines. It operates campuses throughout the state, including urban campuses in Fairbanks, UA's organized research hub, Anchorage and Juneau, each with distinct academic programs. UA provides all levels of higher education, including certificates, associates and baccalaureate programs.

LEGAL SECURITY

The 2015 Series T General Revenue Bonds are on parity with the university's outstanding general revenue bonds and have a senior claim on UA's University Receipts, which totaled $215.3 million in FY 2014, down slightly from $220.4 million the prior year. There is a common debt service reserve fund of half of the maximum annual debt service for all outstanding bonds, as well as a rate covenant and an additional bonds test.

The university's Series 2012 Lease Revenue Bonds are payable from UA lease payments for a dining facility on the Fairbanks campus. Lease payments are made under a 30 year lease terminating December 31, 2044 after the bonds' final maturity of October 1, 2044. Lease payments are made from University Receipts subordinated to the General Revenue Bond debt service payments. The issuer, Community Properties Alaska, Inc., leased the site under a 34 year land lease expiring on December 31, 2046. UA operates and maintains the facility. UA's obligation to pay rent is not subject to abatement in the event of damage or destruction of the project. The lease obligation is subject to appropriation by the State of Alaska and can be terminated in the event of non-appropriation.

USE OF PROCEEDS

Proceeds of the Series T General Revenue Bonds, with that of the Series U bonds to be financed by the Alaska Municipal Bond Bank Authority, will pay a portion of the costs of constructing a new Combined Heat and Power Plant, pay capitalized interest, fund the reserve requirement and pay issuance costs. The estimated total cost of the Plant is $245 million, with funding of $87.5 million coming from a combination of state appropriations.

RATING METHODOLOGIES

The principal methodology used in this rating was U.S. Not-for-Profit Private and Public Higher Education published in August 2011. The additional methodology used in rating the Series 2012 Community Properties Alaska Lease Revenue Bonds was The Fundamentals of Credit Analysis for Lease-Backed Municipal Obligations published in December 2011. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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University of Alaska; Lease; Public Coll/Univ - Unlimited Student Fees

Credit Profile		
US$63.925 mil gen rev bnds (Combined Heat And Power Plant) ser 2015 T dtd 07/15/2015 due 10/01/2039		
Long Term Rating	AA-/Stable	New
University of Alaska gen rev rfdg bnds		
Long Term Rating	AA-/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' long-term rating to the University of Alaska's (UA) series 2015 T general revenue refunding bonds. In addition, Standard & Poor's affirmed its 'AA-' long-term ratings and underlying ratings (SPUR) on the university's general revenue bonds outstanding and the 'A+' rating on the existing lease revenue bonds. The outlook on all ratings is stable.

The 'AA-' rating reflects our view of the strong state support from Alaska (AAA/Stable), the comprehensive nature of the university as the state's only public system of higher education, and modest pro forma maximum annual debt service (MADS) burden of less than 5% of fiscal 2014 adjusted operating expenses. In the past, financial resource ratios were solid for the 'AA' category. However, the size of this debt issuance has weakened the balance sheet, and coupled with operating performance and demand pressures, we believe there is limited additional debt capacity. The 'A+' rating on the lease revenue bonds reflects our view of the lease structure of the bonds, which are payable from university receipts (student fees, auxiliary services revenues, indirect cost recovery, federal receipts, and endowment income and distribution). The lease revenue bonds are subject to annual appropriation and are subordinate to the general revenue bonds.

The rating further reflects our view of UA's:

- Position as the sole provider of public higher education in the state;
- Good historical levels of state support (more than $22,161 per full-time equivalent -- FTE), which constituted 49.6% of the university's 2014 revenues; and
- Modest, 3.1% pro forma MADS burden.

Offsetting factors include our view of UA's:

- History of mixed operating results on a full-accrual basis;
- Low financial resources for the rating category, with fiscal 2014 adjusted unrestricted net assets (UNA) equal to 23.8% of operating expenses and 66.8% of pro forma debt; and
- Declining enrollment due to ongoing challenges with declining high school demographic projections and a lower-than-average level of college bound students.

Bond proceeds of about $70 million will be used to pay a portion of the construction costs of a new combined heat and power plant. The total cost of the project is $245 million, and the university expects the remainder to be funded through $87.5 million of bonds issued through the Alaska Municipal Bank in 2015 (not rated by Standard & Poor's) and $87.5 million of state appropriations. The general revenue bonds are secured by a pledge of university revenues, including student fees, charges, tuition, and auxiliary revenue but excluding state appropriations, investment earnings, gifts, and land-trust revenues. Standard & Poor's considers this to be equivalent to an unlimited student-fee pledge. The Alaska bond bank loan is on parity with the general revenue bonds. The loan, which is expected to close in September 2015, will not have any covenants, events of default, or remedies other than those provided by the master indenture.

After issuance of the general revenue and bond bank loan, UA will have approximately $313 million of debt outstanding (, all of which is fixed rate with serial maturities. Management reports that it may issue about $7 million of additional debt during the outlook period, and we have included this debt in our analysis.

The UA system is the only public institution of higher learning in the state and has three campuses -- in Anchorage, Fairbanks, and Juneau -- and more than 100 extension and research sites. Fairbanks is the original land grant and Ph.D.-granting campus, with the larger, Anchorage campus offering baccalaureate and associate degrees.

Outlook

The stable outlook reflects our expectation that, during the next two years, UA will maintain balanced financial operations on at least a cash basis and manage effectively through the current enrollment cycle. We do not expect UA to issue additional debt beyond the $7 million already included in this analysis and expect financial resource ratios to grow over time to a level more consistent with the rating category given the softening of the operating performance.

Factors that could lead to a negative rating action include additional debt without a commensurate increase in financial resources, or significant enrollment declines that result in sustained operating deficits. Given the enrollment pressures and weakened balance sheet, we do not believe a positive rating action is likely.

Enterprise Profile

Demand

UA's enrollment has been declining since fall 2012 by an average of about 3% per year as a result of declining high school demographics and an improved Alaskan economy, which draws students to jobs rather than higher education. Total headcount for fall 2014 was 31,522 (3.6% decrease from fall 2013), and the number of FTEs was 18,300 (a 3.2% decrease from fall 2013). More than 90% of UA students are undergraduates. The decline in high school graduates is projected to last until about 2023, per management; therefore, another decline in enrollment is likely for fall 2015. We expect management to continue to manage the enrollment decline as well as the corresponding net tuition revenue decline.

Following along with the enrollment decline trend, demand -- as measured by applications from first-time students -- also weakened. For fall 2014, applications totaled 5,696, a decrease from fall 2013 applications of 5,988. Freshman selectivity, at 77% for fall 2014, is consistent with the rating category. The matriculation rate remains quite strong at

68.5% and, in our opinion, speaks to the high degree of self-selection among the applicants, as well as Alaska's geographic location. Transfer students compose almost half of the incoming students, with 1,556 enrolled in fall 2014. Although tuition increased 5% from the previous year, in our opinion it remains affordable at $6,875 for a full-time resident undergraduate student for the 2014-2015 academic year. Tuition is expected to increase another 5% for the 2015-2016 academic year.

Management expects that the Alaska Performance Scholarship Program and the AlaskaAdvantage Education grant will help mitigate some of the decline in demand and enrollment. Both programs are funded by the state, were just established in 2011-2012, and are intended to provide an incentive -- both on an academic and financial merit basis -- to those students who remain in Alaska for their higher education. For fiscal 2014, a combined $12 million in scholarships and grants were awarded to UA students.

Management

UA is governed by an 11-member board of regents, appointed by the governor. The regents appointed a new president in June 2010. The president announced his retirement in 2015, and a new president will be appointed prior to the fall. However, we view senior management as stable overall given the length of service of other key finance team members, including the controller. University officials report that formal investment- and debt-management policies are in place, which we consider to be best practices. We believe enrollment management will be important in the future as as the number of high school students in Alaska is expected to decline. While state-funded initiatives may improve recruitment efforts, we expect the university will continue to manage its own enrollment initiatives.

Financial Profile

State appropriations

The university has historically benefited from strong operating and capital support from the state, and it is a key credit strength. In the short term, appropriation reductions to UA will continue given the state's reliance on declining oil-related revenues. However, in our opinion, Alaska is still a very supportive state with one of the highest state appropriations per FTE, at $22,161 per FTE, compared with the 'AA' category median of $7,947. For fiscal year 2015, the university received $378.9 million in operating appropriations compared with $385.8 million in fiscal 2014. Fiscal 2016 appropriations are expected to decline to $349.5 million. For all of the fiscal years listed, we did not include state pension payments that flow directly into the state retirement system. We expect management to absorb the reductions within the budget, mostly through expense control.

Capital appropriations are granted for new projects, renovation, and deferred maintenance, and the amount can vary from year to year. For fiscal 2015, the university received $125.1 million for capital projects but did not receive any new capital appropriations in fiscal 2016 and only received $3 million in renewal and replacement funds. Given the university's significant deferred maintenance, partly due to harsh weather conditions in the state, we view the consistent capital funding from the state on a periodic basis as a positive rating factor.

Operations

UA relies heavily on state support, with 49.6% of fiscal 2014 operating revenues coming from state appropriations. This concentration in the revenue base is unique for a flagship university, which tend to have revenue diversity, but also speaks to the strong state support. Net tuition and fees (including auxiliary operations) are the second-largest revenue source, at about 21.1% of the operating budget, while grants and contracts account for 17.9%. The university has a history of mixed operating results although it has been able to rely on carry-forward reserves in times of need, resulting in net assets that have generally increased year over year. Total net assets were $1.6 billion for fiscal 2014 – an increase of 13.0% or $187.3 million from fiscal 2013. On a full-accrual basis, operations have been variable on a full-accrual basis. For fiscal 2014, there was a modest surplus of $1 million on a full-accrual basis, due to minor expense increases and an increase in state appropriations. On a cash basis, operations are strongly positive before depreciation expense, which averages $58 million. Management reports that fiscal 2015 expenses are being controlled and that revenues are on budget. Given the decline in appropriation and student revenue as a result of declining enrollment, we expect the university to continue to manage prudently.

Research

Given its unique location, the university has various arctic and environment-related research programs. Approximately 90% of the research activities at UA take place on the Fairbanks campus and its outlying research sites. Consistent with national trends, research expenditures have declined after years of increases. Total university expenditures in research and sponsored activity were at a high of $222 million in fiscal 2012, benefitting in part from American Recovery and Reinvestment Act research grants. Since then, expenditures have declined to $184.5 million and $155 million for fiscal 2013 and 2014, respectively. Management expects flat expenditures for fiscal 2015. Diverse federal agencies support the research, with the National Science Foundation representing the largest portion of research expenditures, 36% for fiscal 2014. On the revenue side, federal, state, and private contracts have together averaged over $150 million since fiscal 2008 and for fiscal 2014 totaled $223.3 million.

Financial resources

Financial resource ratios are low for the rating category, due to the large debt issuance. UNA for fiscal 2014 was $175 million, up from $157 million in fiscal 2013. When including the foundation's $26.8 million of UNA and $7.1 million of debt service reserves, the adjusted UNA improved to $208.9 million, accounting for 23.8% of operating expenses and 66.8% of pro forma debt. Cash and investments of $294.3 million were stronger at 34.7% of adjusted operating expenses and 94.0% of pro forma debt.

Endowment

The endowment market value, as of June 30, 2014, was about $319.4 million, the majority of which is related to the university's land grant trust assets. As of fiscal 2014, the foundation had $232.8 million of net assets, most of which is restricted, with only $26.8 million unrestricted. The university and foundation's endowments are managed together. The spending policy is 4.5% during a rolling five-year market average for the land-grant portion of the endowment (most of which is for the UA scholarship) and 4.0% for the foundation portion of the endowment. We consider these spending rates sustainable.

The university, in our opinion, does not have a strong history of fundraising although management has been increasing its focus on this. UA raised $20.3 million in fiscal 2014 compared with $14.5 million in fiscal 2013 for the annual fund.

Debt

Pro forma debt totals $313 million. This total also includes approximately $25 million of lease revenues bonds, which are secured separately and rated 'A+' and were used for the creation of a new student dining hall facility. Pro forma debt includes principal payments made in calendar 2014. Despite the debt increase, pro forma MADS, in our opinion, is still manageable for the rating category at 3.1% of fiscal 2014 operating expenses. All of UA's debt is fixed rate with serial maturities and no bullet maturities.

University of Alaska

	--Fiscal year ended June 30,--					Medians
	2015	**2014**	**2013**	**2012**	**2011**	**Public colleges & universities 'AA' 2013**
Enrollment and demand						
Headcount	31,522	32,696	33,581	34,983	34,480	35,330
Full-time equivalent	18,300	18,896	19,390	19,863	19,292	30,807
Freshman acceptance rate (%)	77.3	79.2	75.2	77.5	75.9	67.1
Freshman matriculation rate (%)	68.5	66.9	71.8	72.6	72.3	38.0
Undergraduates as a % of total enrollment	92.4	92.0	92.2	92.3	92.3	77.5
Freshman retention (%)	75.1	75.3	73.8	73.5	75.3	84.0
Graduation rates (five years; %)	N.A.	27.3	26.5	27.1	23.4	55.2
Income statement						
Adjusted operating revenue ($000s)	N.A.	843,519	845,982	805,908	813,517	MNR
Adjusted operating expense ($000s)	N.A.	847,768	837,673	829,260	802,508	MNR
Net adjusted operating income ($000s)	N.A.	(4,249)	8,309	(23,352)	11,009	MNR
Estimated operating gain/loss before depreciation ($000s)	N.A.	62,369	71,712	35,051	68,179	MNR
Change in UNA ($000s)	N.A.	17,736	17,216	13,164	20,214	MNR
State operating appropriations ($000s)	N.A.	418,760	404,041	386,238	368,483	MNR
State appropriations to revenue (%)	N.A.	49.6	47.8	47.9	45.3	21.4
Student dependence (%)	N.A.	21.1	21.5	22.1	20.9	MNR
Research dependence (%)	N.A.	17.9	18.6	19.7	20.7	MNR
Debt						
Outstanding debt ($000s)	N.A.	181,629	190,596	178,224	114,537	627,000
Proposed debt ($000s)	N.A.	147,865	N.A.	N.A.	N.A.	MNR
Total pro forma debt ($000s)	N.A.	312,997	N.A.	N.A.	N.A.	MNR
Pro forma MADS	N.A.	26,475	N.A.	N.A.	N.A.	MNR
Current debt service burden (%)	N.A.	1.95	1.95	1.48	1.41	4.10
Current MADS burden (%)	N.A.	1.66	N.A.	1.90	1.82	MNR
Pro forma MADS burden (%)	N.A.	3.12	N.A.	N.A.	N.A.	MNR
Financial resource ratios						
Endowment market value ($000s)	N.A.	148,500	136,700	127,200	127,400	585,062
Related foundation market value ($000s)	N.A.	232,822	206,289	193,803	189,999	524,896
Cash and investments ($000s)	N.A.	294,345	267,124	257,304	216,361	MNR
UNA ($000s)	N.A.	175,031	157,295	140,079	126,915	MNR
Adjusted UNA ($000s)	N.A.	201,831	182,286	163,671	150,339	MNR

University of Alaska (cont.)						
Cash and investments to operations (%)	N.A.	34.7	31.9	31.0	27.0	66.9
Cash and investments to debt (%)	N.A.	162.1	140.2	144.4	188.9	168.0
Cash and investments to pro forma debt (%)	N.A.	94.0	N.A.	N.A.	N.A.	MNR
Adjusted UNA to operations (%)	N.A.	23.8	21.8	19.7	18.7	MNR
Adjusted UNA plus debt service reserve to debt (%)	N.A.	115.0	99.4	95.4	131.3	88.3
Adjusted UNA plus debt service reserve to pro forma debt (%)	N.A.	66.8	N.A.	N.A.	N.A.	MNR
Average age of plant (years)	N.A.	15.1	14.2	14.6	14.1	12.1

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Current debt service burden = 100*(current debt service expense/adjusted operating expenses). Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short- and long-term investments. Expendable resources = unrestricted net assets + temporary restricted net assets - (net PPE - outstanding debt). Average age of plant = accumulated depreciation/depreciation and amortization expense. MADS—Maximum annual debt service. MNR–Median not reported. N.A.—Not available. UNA–Unrestricted net assets.

Related Criteria And Research

Related Criteria

- USPF Criteria: Higher Education, June 19, 2007
- USPF Criteria: Federal Leases, June 18, 2007
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007

Related Research

- Standard & Poor's Reclassifies 157 U.S. Public Universities; They Are No Longer Government-Related Entities, Dec. 5, 2014
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014

Ratings Detail (As Of May 29, 2015)		
University of Alaska rev oblig		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Univ of Alaska		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Comnty Prop Alaska, Inc., Alaska		
University of Alaska, Alaska		
Comnty Prop Alaska, Inc. (University of Alaska) lse rev bnds (University of Alaska) ser 2012		
Long Term Rating	A+/Stable	Affirmed

Many issues are enhanced by bond insurance.

$34,220,000 General Obligation and Refunding Bonds, 2015A Series Two
$25,330,000 General Obligation Bonds, 2015B Series Two

Deven Mitchell
Executive Director
Alaska Municipal Bond Bank
P.O. Box 110405
Juneau, AK 99811

June 5, 2015

Dear Deven:

With the sale of the Alaska Municipal Bond Bank's General Obligation Bonds, 2015 Series Two on May 13, 2015 I have prepared this sale results summary.

The 2015 Series Two Bonds were sold by negotiated sale to RBC Capital Markets as sole manager on the 2015B Bonds and as senior manager and JP Morgan as co-manager on the 2015A Bonds. The table below summarizes the true interest cost, average life and underwriter costs of recent Bond Bank issues, including the 2015 Series Two Bonds. As the table indicates, underwriter compensation remains at very low levels and, after a run up during the summer of 2013, interest rates have traded in a relatively narrow range.

Issue	TIC	Average Life	Underwriter Cost (per $1,000)
2015 Two	3.6255%	11.732	$3.03
2015 One	2.7652	8.173	2.90
2014 Three	3.3368	13.214	3.09
2014 Two	3.7806	18.742	2.75
2014A One	3.5484	12.374	2.94
2014B One	2.2643	4.318	2.52
2013 Three	4.1274	16.753	3.19
2013 Two	3.4048	11.843	3.20
2013 One	3.6056	17.671	3.15
2012 Three	1.7607	6.387	4.50
2012 Two	2.1554	7.149	4.50
2012 One	1.5210	4.928	3.50
2011 Three	2.5669	7.855	4.01
2011 Two	3.2693	8.277	10.92
2011 One	4.5663	11.373	5.03

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The tone of the municipal bond market leading up to the sale was not good. Tax-exempt rates increased approximately 30 basis points in the three weeks preceding the sale after reaching their two year lows in late January. As a result of the run up in rates in the weeks prior to the sale, refunding loans for the City of Seward and the Municipality of Skagway had to be deferred until a later date as savings fell below target thresholds.

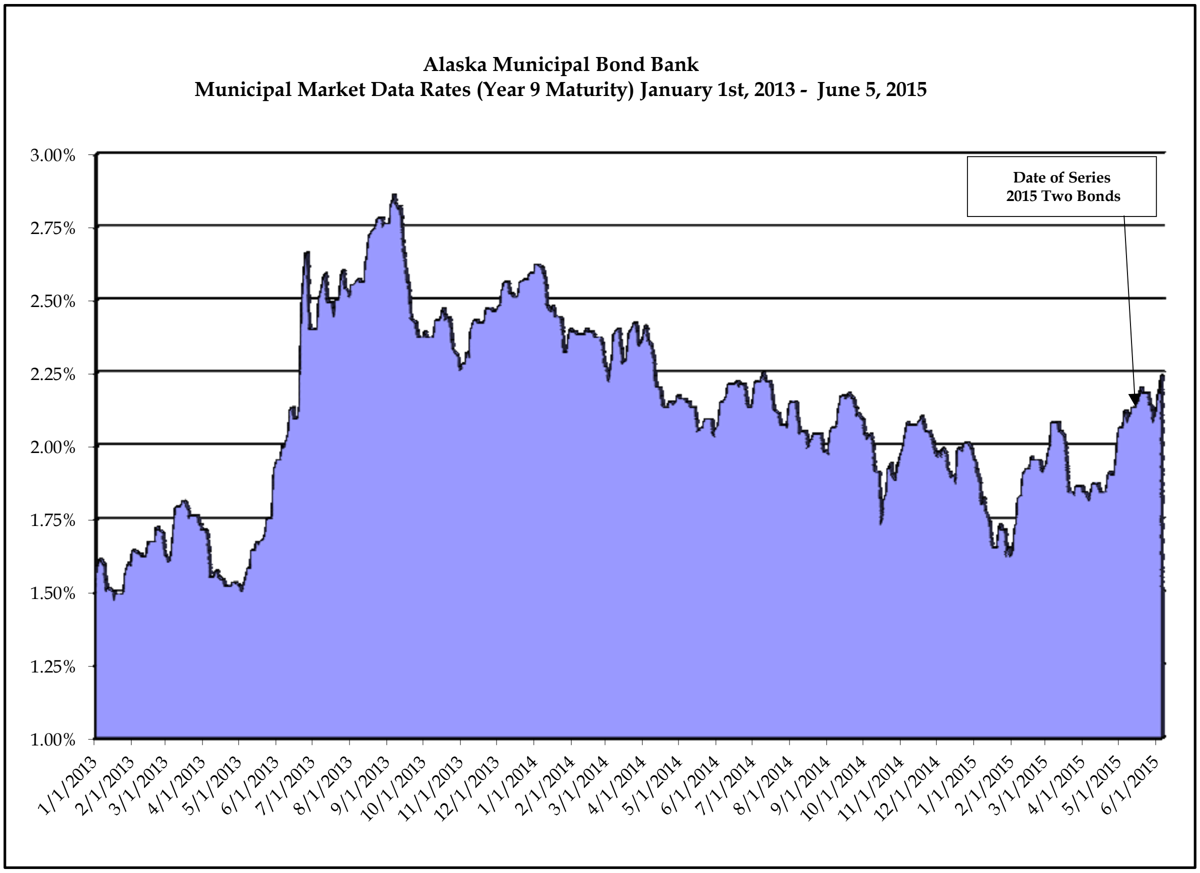
The table below presents the AMBB and MMD scales for sample maturities of the 2015 Series Two Bonds with a comparison to the yield spreads to the MMD for the 2013 Series Two through the 2015 Series One Bonds. The yields have been adjusted to reflect the "yield kick" associated with callable premium bonds. The yield kick reflects the yield of a premium bond assuming that bond is called at its first call date, rather than maturing at the stated maturity date. Callable premium bonds are priced to the earliest call date, so the yield associated with the first call date is a more accurate measure of the true yield facing issuers, and allows an apple-to-apples comparison of discount, par and premium bonds.

The results of the 2015 Two sale continued a trend that began with the 2015 One Bonds in which Bond Bank bonds have traded on a wider basis compared to the MMD AAA index. The increased spread is not limited to the Bond Bank and has occurred as a result of the fact that since late January 2015 the tax-exempt market has experienced an upward rate correction. Credit spreads have widened for all municipal credits in the past three months. In addition, the MMD index notoriously lags market movements. During a period of market stability, the MMD is an accurate benchmark for tax-exempt rates. When rates are either increasing or decreasing rapidly, the MMD's predictive capacities diminish.

	MMD (5/13/15)	AMBB (2015A II Bonds)	Difference (2015 II Bonds)	Difference (2015 I Bonds)	Difference (2014 III Bonds)	Difference (2014II Bonds)	Difference (2014A I Bonds)	Difference (2013 III Bonds)	Difference (2013 II Bonds)
Year 1	0.20	0.44	.00	.10	.02	.10	.05	.03	.13
Year 3	0.92	1.08	.33	.19	.07	.15	.10	.09	.15
Year 5	1.37	1.57	.40	.27	.13	.19	.14	.10	.25
Year 8	1.95	2.24	.50	.37	.19	.24	.24	.29	.34
Year 12	2.47	3.24	.87	.89	.61	.55	.59	.63	.77
Year 14	2.68	3.38	1.01	.91	.80	.65	.73	.75	.92
Year 15	2.76	3.53	.95	1.01	.86	.68	.76	.76	.96

Beginning in May 2013 tax-exempt rates began a dramatic upward trend, with rates rising by more than 125 basis points by September 2013. Rates followed a seesaw pattern through the end of 2014 then began the steep increase in rates described above from mid-January through the present. Since mid-January rates have increased 50-70 basis points in reaction to an improving economy and the consequent concerns about coming Federal Reserve rate actions.

The graph on the following page presents the yield on the nine year maturity of a AAA rated bond according to Municipal Market Data. As the graph demonstrates, the past two years have been characterized by fluctuations in the yields of highly rated bonds, with rates hitting recent lows approximately two years ago.



On the morning of May 12th members of the working group convened at RBC's New York office to discuss the marketing the 2015 Series Two Bonds.

The intention on the 12th was to obtain pricing indications from prospective institutional buyers both on the tax-exempt bonds and the bonds subject to the alternative minimum tax. The yields for the marketing effort on the 12th were somewhat more aggressive than the yields achieved for the 2015 One Bonds relative to the MMD. Initially, RBC recommended for the 2015A Two Bonds yields ranging from .76% in 2017 (the 2016 maturity would be sold through sealed bid) to 3.74% at a 5% coupon for the 2045 term maturity. WFG recommended tightening the spread to MMD by 1 to 3 basis points for the bonds maturing in 2020 through 2045. Additionally, WFG suggested that the spread inside of 14 years should be based on the interpolated MMD for March (the maturity month of the 2015 Two Bonds) rather than using the MMD based on a May maturity month. This adjustment reduced yields through 2028 by 1 to 5 basis points.

Investor response during the pre-order period was inconclusive, and the tone of the market remained negative. The underwriter agreed to go into the market on the morning of the 13th at the previously proposed levels and hope that the market would be responsive.

The response from investors on the 13th remained noncommittal, with only $7 million of the $34 million 2015A Two's subscribed for. The 2015B Two's, subject to the alternative minimum tax, had a better reception, with orders for $14 million of the total $25 million issue. The response to the $7 million 2034 term bond with a seven year call was particularly noteworthy, as it was the only maturity that was over-subscribed, with $11 million in orders.

With respect to the 2015A Two's, three maturities, the 2017, 2025 and 2028 had orders for all available bonds. The remaining maturities had subscription levels that ranged from zero to approximately 30%. As a result of the order flow during the order period, RBC recommended upward adjustments in the yields on the AMT sub-series from no increase (in the case of the 2034 term bond) to as many as 15 basis points. In addition, RBC recommended changing the 2035 term bond from a 5% coupon to a 4.25% coupon and a corresponding increase in yield from 3.85% to 4.42%. This was an increase in kick-adjusted yield of 12 basis points, as the yield on the 5% bond kicked to 4.30%.

For the 2015A Two's, RBC recommended increased yields ranging from 5 to 56 basis points. The large yield adjustments were a function of shifting from 5% coupons in some of the later maturities to 4% coupons. For example, the 2045 term bond was initially offered as a 5% coupon bond at a yield of 3.73%. With that structure, the kick-adjusted yield was approximately 4.38%. Given the limited response to the 5% coupon structure, RBC recommended dropping the yield to 4% and offering the bonds as a discount bond with a yield of 4.20%. With the proposed adjustments, RBC reported that it would have orders for the 2023, 2040 and 2045 bonds totaling approximately $7.5 million. Even with the adjustment, RBC underwrote an unsold balance of approximately $20 million.

The proceeds of the 2015 Series Two Bond sale were provided to three borrowers (Cordova, Juneau and Skagway) for new money purposes. Three borrowers also participated in the 2015 Two Bond sale to achieve debt service savings through the refunding of prior Bond Bank or stand-alone bonds. The table below summarizes the estimated present value savings achieved by the participants to the 2015 Series Two sale.

Borrower	**Loan Par**	**Gross Savings**	**Present Value Savings**
City of Cordova (Civic Center)	$ 2,790,000	$ 262,000	$ 192,600
Municipality of Skagway (Public Safety)	11,715,000	1,561,000	924,200
City and Borough of Juneau (Dock)	20,595,000	4,447,700	3,014,900
Municipality of Skagway (Port)	4,735,000	898,600	610,200
City and Borough of Juneau (2005 Refund)	3,135,000	205,535	182,669
City and Borough of Juneau (2007 Refund)	7,925,000	281,409	340,112
Kenai Peninsula Borough (2007 Refund)	8,655,000	353,194	400,399

The bond sale closed on June 4th in Seattle. As always, it was a pleasure to serve the Bond Bank on this transaction. If you have any questions, please feel free to call me.

Sincerely,

Chip Pierce

ALASKA MUNICIPAL BOND BANK AUTHORITY

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TO: AMBBA Board Members
Mark Pfeffer, Pam Leary, Luke Welles,
Gregory Gursey, Michael Lamb

DATE: June 7, 2015

FROM: Deven Mitchell, Executive Director **TELEPHONE:** 465-3750

Following are updates on items not covered in the June 15, 2015 Agenda:

SB 46 approved by the Legislature – On May 27, 2015 Governor Walker signed SB 46 into law. The bill expands the Bond Bank's powers by allowing lending funds to regional health organizations. The Legislation also provided technical clean-up of some statutes.

AGFOA – April 28-May 1, 2015 Ryan and I attended the Spring AGFOA Conference in Fairbanks, Alaska.

Blue Lake Expansion Project Dedication – Unfortunately Mark and I were unable to attend the May 7, 2015 dedication of the Blue Lake Expansion Project in Sitka. We sent our thanks and congratulations.

Underwriting Pool – We are in the process of reviewing proposals for the underwriting pool and are scheduled to make a final selection of firms by June 19.