

**ALASKA MUNICIPAL BOND BANK  
AUTHORITY  
BOARD OF DIRECTOR'S MEETING**

**TO BE HELD AT  
The AIDEA Building  
813 W Northern Lights Boulevard  
Anchorage, Alaska 99503**

**September 28, 2017**

**10:00 AM ADT**





333 Willoughby Avenue, 11<sup>th</sup> Floor  
P.O. Box 110405  
Juneau, Alaska 99811-405

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## **AGENDA FOR BOARD OF DIRECTOR'S MEETING**

**Meeting Place:**  
AIDEA Building  
813 W Northern Lights Boulevard  
Anchorage, AK 99503

**September 28, 2017 at 10:00 a.m. ADT**

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Minutes of the March 29, 2017 Meeting of the Board of Directors**
- VI. General Business**
  - A. Introduction of New Board Members**
  - B. Election of Officers**
  - C. Kenai Peninsula Borough – Central Hospital – Credit Review & Discussion**
  - D. Resolution 2017-03 – Authorizing the Series 2017 Three Bonds**
  - E. 2017 Series One and Two - Post Sale Summary**
  - F. Finance Director's Report**
    - **Fiscal Year 2017 Audit Status**
  - G. Executive Director's Report**
- VII. Public Comments**
- VIII. Board Comments**
- IX. Adjournment**

## NOTICE OF MEETING: Alaska Municipal Bond Bank Authority Board of Director's Meeting

Meeting Place: AIDEA Building 813 W Northern Lights Boulevard Anchorage, AK 99503

Meeting Date and Time: September 28, 2017 at 10:00 a.m. ADT

*The public is invited to attend. Individuals who may need special modifications to participate should call (907) 465-2893 prior to the meeting.*

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### [Attachments, History, Details](#)

#### Attachments

[AGENDA 9-28-2017.pdf](#)

#### Revision History

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Publish Date: 9/8/2017  
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Events/Deadlines:



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## **MINUTES for the BOARD OF DIRECTORS MEETING**

### **ALASKA MUNICIPAL BOND BANK AUTHORITY**

March 29, 2017

#### **I. CALL TO ORDER**

Mark Pfeffer called the meeting to order at 1:01 PM, Alaska Daylight Time. Members participated at State of Alaska, Department of Revenue, Commissioner's conference room, 333 Willoughby Avenue, 11<sup>th</sup> Floor, Juneau, Alaska 99811, and telephonically.

#### **II. ROLL CALL**

Mark Pfeffer  
Greg Gurse  
Luke Welles  
Pam Leary  
Michael Lamb

#### **OTHERS IN ATTENDANCE:**

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Ryan Williams, Finance Director, Alaska Municipal Bond Bank
- Chip Pierce, Financial Advisor, Western Financial Group
- Susan Barry, Bond Counsel – AMBBA, Orrick, Herrington & Sutcliffe, LLP
- Leslie Krusen, Associate, Orrick, Herrington & Sutcliffe, LLP
- Blake Phillips, Vice President, Alaska Permanent Capital Management
- Jason Roth, Senior Vice President, Alaska Permanent Capital Management
- Bill Lierman, CIO, Alaska Permanent Capital Management

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 March 20, 2017 on the official Alaska Online Public Notice website for the March 29, 2017 meeting date.

IV. APPROVAL OF AGENDA

The agenda was reviewed by the board. The agenda was approved unanimously as written without objection.

V. MINUTES of the February 9, 2017 Board of Directors Meeting

The February 9, 2017 minutes of the AMBBA Board of Directors meeting was reviewed by the board and approved unanimously as written without objection.

VI. GENERAL BUISNESS

*AMBBA Resolution 2017-02, Authorizing the 2017 Series One and Series Two Bonds*

Ms. Barry introduced Resolution 2017-02, a series resolution authorizing the issuance of general obligation bonds, the 2017 Series One and the 2017 Series Two of the Alaska Municipal Bond Bank (all new money / no refundings). Ms. Barry noted that certain bonds may have the potential to be subject to the alternative minimum tax (AMT). The 2017 Series One is proposed to be issued in a principal amount not to exceed \$15 million, and the 2017 Series Two in a principal amount not to exceed \$45 million (aggregate principal amount shall not exceed \$60 million). Ms. Barry mentioned that each series shall be sold either at competitive sale pursuant to the terms of the applicable Notice of Sale, or pursuant to the terms of a Bond Purchase Agreement in the case of a negotiated sale, with sale method being determined by the Executive Director or the Chairman after consulting with the Financial Advisor, with authority expiring 120 days after the adoption of Resolution 2017-02 (flexibility is maintained for either a competitive or negotiated sale while tax diligence is completed on potential for some bonds to be subject to AMT). Ms. Barry mentioned that we are not financing a deposit to the reserve account, as an additional deposit is not needed at this time, and the reserve will be funded at a level to satisfy the requirement. The true interest cost on the 2017 Series One Bonds shall not exceed

4.0%, and shall not exceed 5.0% on the 2017 Series Two Bonds. Mr. Mitchell noted the credit reports for each of these loans were approved at the prior Bond Bank Board meeting on February 9, 2017. Mr. Pfeffer mentioned that he feels obligated to disclose working with Goldman Sachs on another project that has nothing to do with the Bond Bank, and asked if it's at all necessary to abstain from voting on Resolution 2017-02. Mr. Mitchell mentioned that Ms. Leary might have a better handle on a response, since she oversees some ethics determinations within the Division of Treasury at the State of Alaska. Ms. Leary mentioned that it's probably not a problem as long as it's disclosed. Mr. Mitchell mentioned that Goldman is up on the potential AMT piece, and Bank of America Merrill Lynch (BAML) is up on the small non-AMT piece, switching as co-managers on the respective transactions. Mr. Mitchell stated that these underwriters were already chosen since it was their turn as part of the Bond Bank's already established underwriting pool. Ms. Barry noted that she didn't see any reason to abstain from the vote. Mr. Pfeffer mentioned that he did not know that Goldman and BAML were up as underwriters on this transaction until this was just mentioned by Mr. Mitchell. Mr. Gurse made a motion to approve Resolution 2017-02, and Mr. Lamb seconded the motion. Mr. Williams conducted a roll call vote and the motion passed unanimously with five yes votes.

*Updates to AMBBA's Investment Policy Statement:*

Mr. Williams summarized the proposed changes to AMBBA's Investment Policy Statement (IPS). Mr. Williams mentioned that the 2016 Master Resolution Reserve now includes a cash deposit to be reinvested by our investment manager. This revised version of the IPS includes a new section and target asset allocation for the 2016 Resolution Reserve. The reserve was previously covered by a surety policy at the close of the 2016A transaction for Tanana Chiefs Conference, but this recent closing of the 2017A bonds for Yukon-Kuskokwim Health Corporation includes an approximate \$7 million deposit to the reserve fund. Mr. Williams noted there were other minor cleanup items, including new references to "authorized borrowers," instead of "communities." Additionally, the custodian account minimum cash balance was changed from \$750,000 to \$350,000, in an effort to extend the duration of investments in that account, and liquidity needs are less of a concern with the surety policy coverage in the 2005 reserve, placing relief on near term cash needs of the custodian account. Ms. Leary asked if this IPS was for discussion purposes, or we're looking to board approval on changes. Mr. Williams proposed board action on changed items to

the IPS at this meeting, and that we'll need to continue review of the document. Mr. Mitchell suggested that at some point we'll need to continue updating or have ongoing discussions of the IPS if there are opportunities to reinvest and earn enough investment income to cover operations of the Bond Bank. Mr. Lamb mentioned that a copy of the original was not included in the packet, and he would have liked to see the black-lined changes and been more involved in the process. Mr. Mitchell mentioned that the implemented changes were minor, including the reduction in minimum cash balance of the custodian account due to other reserves not demanding immediate transfers from the custodian account, and that we need a decision today since the new policy includes the investment of the 2016 Resolution Reserve. Mr. Mitchell also mentioned that the board has not had a strategic planning meeting for over four years, and that this would be a good item to continually review. Mr. Welles brought a comment that these changes were minor enough that he would like to go ahead and move forward, and would like to get together for a strategic planning meeting to really be able to concentrate on items like the Bond Bank's IPS. Mr. Lamb mentioned he was on board with moving forward, but would have liked more time to really concentrate on exact changes through a black-lined copy, and Mr. Pfeffer concurred that future presentations should include more detail on changes that have been made. Ms. Leary made a motion to approve the updated investment policy statement, and Mr. Gurseay seconded the motion. Mr. Williams conducted a roll call vote and the motion passed unanimously with five yes votes.

*Presentation by AMBBA's Investment Advisor:*

Jason Roth began review of the investment advisor presentation in the board packet, also introducing Blake Phillips and Bill Lierman with Alaska Permanent Capital Management (APCM). Mr. Roth began with a summary of the account market values and one year performance. The 2016 reserve fund is not included because values are as of February 28, 2017, and management of the new fund did not exist at that report date. Mr. Roth continued with account performance of each reserve fund over longer time periods as compared to benchmarks. Mr. Roth mentioned that a little over a one percent return is about as best you can do while looking back over a shorter time horizon as fixed income yields have generally been low. The front-end of the curve has gone up, while the longer end of the curve has flattened. APCM's company opinion on Federal Reserve rate hikes for 2017 is one in June, and one towards the end of the year, or two total, compared to the general consensus forecast view of three rate hikes for 2017. It was mentioned that the Fed's estimates for hikes are much higher than

what the market has actually priced in. This scenario has played out over the last two years, and the market has been the correct speculator in hindsight. Rates are forecasted to be volatile for some time, with various geopolitical uncertainties. Mr. Roth went over a diverse set of scenarios that would improve and detract from the economic outlook. There is concern with how compressed the spread is between credit product and treasuries, with not as much benefit to go out and take additional credit risk. The presentation was concluded, and APCM offered to help with the Bond Bank's investment policy statement as we move further discussions.

*WFG Post Sale Summary for Series 2017A*

Mr. Pierce presented a summary for the most recent transaction on February 28, 2017 – \$100,715,000 2016 Master Resolution General Obligation Bonds, Series 2017A, to the benefit of Yukon-Kuskokwim Health Corporation (YKHC). The bonds were sold by negotiated sale to J.P. Morgan as senior manager. Mr. Pierce presented the TIC on the transaction compared to other recent issues with the TIC of 4.2054%, average life of 19.484 years, and an underwriter cost of \$3.73 per \$1,000. This is the longest average life that we have seen for some time when compared to other recent issues, explaining the slightly higher TIC on the transaction. Also, interest rates have generally moved up, approximately 60 to 100 basis points since the 2016 general election. The tone leading up to the sale was generally positive, with high grade rates declining approximately 15 basis points in the last two weeks of February 2017. At the same time, the trend continued in which Bond Bank bonds traded on a wider basis compared to the MMD AAA index. The credit concerns surrounding the State budget deficit continue to have a negative impact on the Bond Bank's credit ratings, and consequently, on the credit spreads to the AAA index. The spreads were in line with the 2016 3&4 transaction, when the State was facing the threat of a downgrade from the proposed pension obligation bond sale. Mr. Pierce estimated that those buyers already priced in downgrade even though that transaction was pulled. The retail order period was successful with a total of \$17.2 million in orders. The institutional order period went out with a matching scale, and the bond bank ended up agreeing to creative means to increase demand by terming up the 2034 through 2037 5% serial bonds into a 4% term bond with a yield that was approximately 3 basis points lower than the "kicked" yield on the 2037 serial bond, among other adjustments that slightly altered the structure. After further agreed upon adjustments of the scale to increase probability of bond placement, approximately \$7.5 million was underwritten by



the syndicate. Had it not used the Bond Bank, it is likely that YKHC would have had to issue the bonds either as below investment grade or low investment grade credit. Based on estimated yields of YKHC in those two credit scenarios provided by J.P. Morgan, WFG estimates that as a result of the Bond Bank's bond issue, the YKHC achieved savings of \$9.4 million and \$20.3 million.

*Executive Director's Report*

*Mr. Mitchell reported on the following items that were not covered in the March 29, 2017 Agenda:*

Mr. Mitchell mentioned that Michael Lamb would attend the dedication of the Bethel hospital project, and represent the Bond Bank on April 5<sup>th</sup>.

Wildflower court, who issued bonds through the City and Borough of Juneau, notified the Bond Bank that they did not make coverage in 2016, due to a vacancy event. Since then, they have improved the occupancy levels, and have sufficient cash on hand (about twice the coverage requirement). It was the nature of a bad quarter, and they are in the process of hiring a rate consultant to see if adjustments are required.

Mr. Mitchell would like to find a time to get together for a strategic planning session. In-state travel would be easier to approve, and will reach out to folks to find a date and a facilitator.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

Michael Lamb appreciated all the work the Bond Bank conducted on the YKHC deal, and thanked everyone for their participation in the last meeting that he was unable to attend due to a legislative hearing. Also, the APOC has been resolved with no issues.

ADJOURNMENT

Mr. Pfeffer adjourned the meeting without objection at 1:59 p.m. ADT.

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Mark Pfeffer, Chairman

Alaska Municipal Bond Bank  
Application Credit Review Summary Page

Applicant:	Kenai Peninsula Borough Central Kenai Peninsula Hospital Service Area
Loan Amount:	Not to exceed \$28,955,000
Project Type:	Capital improvements to the Central Peninsula Hospital
Project Description:	The Borough, through the Central Peninsula Hospital, Inc. plans to expand and renovate the Central Peninsula Hospital. The project includes construction of approximately 28,700 square feet of new building space and 26,000 square feet of renovated space for a new obstetrics department and cardiac catheterization laboratory. The project plan also includes relocating the existing inpatient pharmacy and adding three intensive care patient rooms.
Term of Loan:	20 years
Revenues Pledged to Loan:	Net hospital revenues
Most Recent FY Pledged Revenues (FY 2017, unaudited):	\$5.79 million
Estimated Annual Debt Service:	\$2.14 million
Total Bond Bank Fiscal Year 2018 Debt Service:	\$16.53 million
Most Recent FY Debt Service Coverage Ratio:	2.71X
Most Recent FY State-Shared Revenues (SSR):	\$95.1 million
Debt Service Coverage of AMBB DS from SSR:	5.75x
Loan Subject to State Debt Service Reimbursement:	No
Estimated Borrower Savings (Gross):	\$3.30 million
Estimated Borrower Savings (Present Value):	\$2.44 million
No Litigation Letter Received:	Yes

# Loan Application Evaluation

## Kenai Peninsula Borough

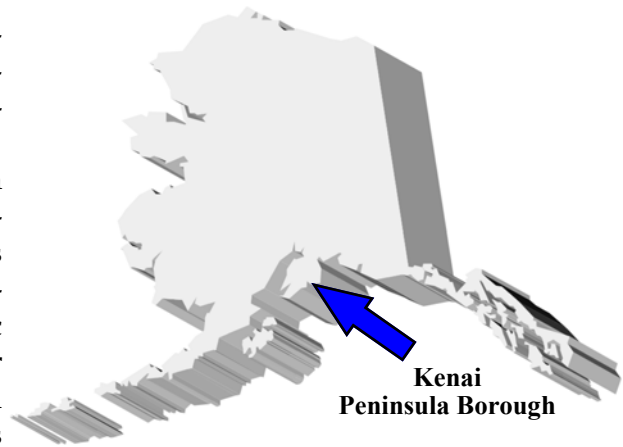
### Introduction

The Central Peninsula Hospital Service Area has submitted an application to the Bond Bank for a loan not to exceed \$28,955,000. The Borough will use this loan to update its obstetrics wing at the Central Peninsula General Hospital and install the first catheterization lab in the Borough. 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 Central Peninsula General Hospital will update its obstetrics wing and install the Kenai Peninsula's first catheterization lab.

The hospital, located in downtown Soldotna, has been seeking to update the obstetrics department for many years and has observed a growing need for a catheterization lab in which patients can receive cardiac services such as angiograms and pacemaker implantation. Central Peninsula General Hospital patients who need such procedures currently have to travel to Anchorage for treatment.



The Kenai Peninsula Borough Assembly has approved an ordinance appropriating \$10 million from the hospital's Plant Replacement and Expansion Fund and authorized the Borough to issue up to nearly \$28.955 million in revenue bonds. Of the \$10 million, \$3.1 million will go to the design cost and approximately \$6.9 million to the construction costs.

### Central Peninsula General Hospital Financial Position

Kenai Peninsula Borough owns the facilities of Central Peninsula General Hospital and the land that the Hospital's facilities occupy. Central Peninsula General Hospital, Inc. is a 501(c)(3) organization that has operated CPGH on behalf of the Borough since 1998. The current lease agreement was recently approved by the Borough Assembly and extends through 2027.

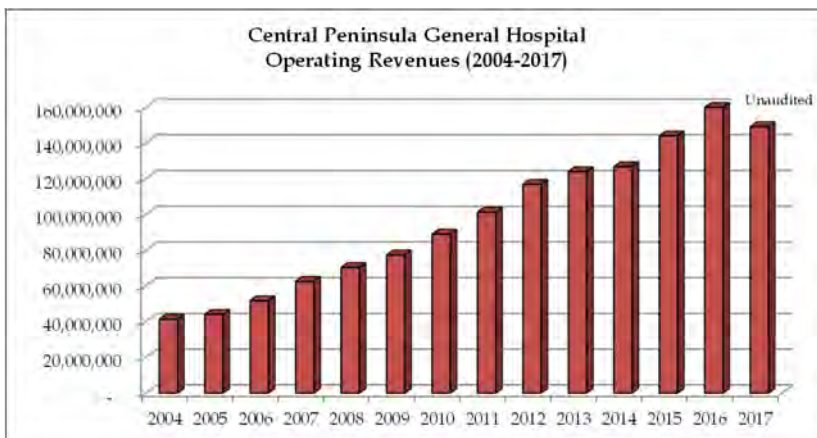
As part of the obstetrics wing and catheterization lab project, the Borough submitted a Condition of Need certificate application to the State on June 16, 2017. That application was deemed complete by the State on August 15, 2017. State staff have until mid-October to complete review of the application and the Commissioner of the Department of Health and Social Services has until the end of November 2017 to make a decision related to the CON request. State regulations allow an additional 30 days for staff review which, if utilized, could push the Commissioner's final decision to the end of 2017.

The financial condition of CPGH has improved significantly in the past eight years. During that period, the hospital has expanded the types of medical services offered and captured market share of procedures and treatments that formerly required travel outside the Borough. For example, in 2011 the Borough hired a spinal surgical specialist which has generated significant additional revenue to the hospital. In 2007, the hospital's operating revenues (net of contractual adjustments for Medicare, Medicaid and private insurance) totaled \$62.6 million. By fiscal year 2017, unaudited operating revenues had more than dou-

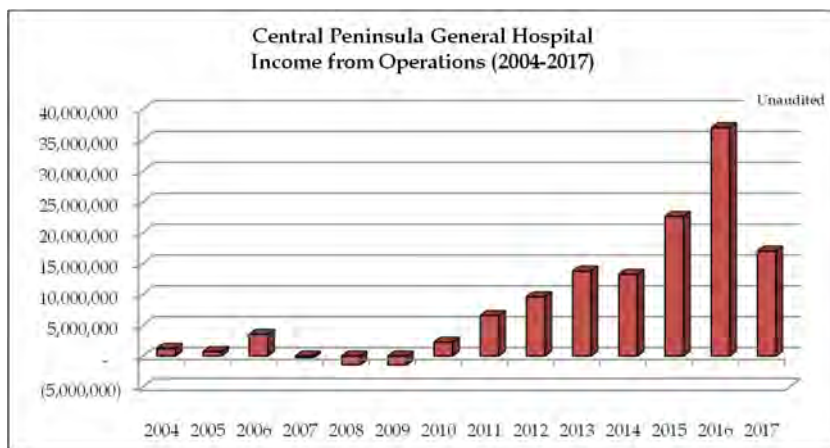
bled to \$149.2 million.

The graph to the right presents CPGH operating revenues over the past 14 years.

As the graph demonstrates, operating revenues have shown a consistent growth pattern during the last decade. From 2004 through 2016 total operating revenues increased by 287%. This translates into a compounded annual growth rate of 11.9%. That that growth pattern reversed in 2017 based on unaudited figures.



The hospital experienced a decline in operating revenues and income in fiscal year 2017. Staff report that hospital specific revenues (which are pledged on a subordinate basis to the 2017 loan) declined from \$142.7 million in fiscal year 2016 to \$119.8 million in fiscal year 2017. Staff attribute the decline to several factors. These include: a 6.8% decline in acute care patient days



(\$9.6 million decline); a decline in supply revenues (\$13.5 million); and a decline in oxygen minute revenues (\$4.0 million).

Some of these declines are attributed to an update to the hospital's electronic health care system that was required in order to meet the requirements of the Affordable Care Act. During a six to eight week conversion process, the hospital was unable to bill for a portion of its supplies,

which had a negative impact on revenue collections.

In order to address the decline in hospital revenues a 10% increase across all hospital charges was implemented in July 2017. In addition, staff is working to adjust the formulas for the supplies/pharmaceuticals charge master to correct the charge structures that were put in place during a recent CPGH software conversion. CPGH staff also report a surge in patient volumes thus far in fiscal year 2018. Also, the renewal of a Medicare Rural Demonstration Project in fiscal year 2018 is expected to add \$1.6 million to hospital revenues. As a result, staff expect in fiscal year 2018 to see a reversal in the downward revenue trend that occurred between fiscal year 2016 and 2017.

Annual price increases, such as the one implemented at the beginning of fiscal year 2018, are not uncommon at CPGH. Since 2000, the hospital has increased rates annually an average of over 7%. Modest increases have allowed the hospital to improve its financial health significantly. Some of the financial improvement at CPGH has been the result of capital expansion and additional service lines. Maintaining competitive pricing has also allowed CPGH to absorb increasing levels of uncompensated care.

In addition, CPGH has worked to increase awareness of expense control. These efforts have included significant amounts of department director education, negotiations with labor unions, and negotiations with supply vendors for increased discounts. These have resulted in cost savings for the organization that, management believes, will continue to enhance financial results in coming years.

## Certificate of Need

The State's Department of Health and Social Services takes an active role in insuring that the medical facilities in the State are sufficient to meet demand, but do not exceed demand. The Certificate of Need program is a review process that, according to the DHSS is "designed to promote responsive health facility and service development, rational health planning, health care quality, and health care cost containment." The State's review of the CON application involves an assessment of both a project's design and service delivery objectives. Because the State is a primary source of funds for medical services throughout Alaska through Medicaid, it is in the State's economic interest to insure that patients, and the State, are receiving the most benefit from the State's investment.

As described previously, the Commissioner of the Department of Health and Social Services is currently reviewing the Borough's Certificate of Need application.

## Security Pledge

The Borough will pledge net revenues from Central Peninsula General Hospital to the Bond Bank loan. From 2014 through 2016 the Borough borrowed a total of \$38.74 million from the Bond Bank for construction of a Specialty Clinic Building. Construction of the Specialty Clinic is complete. Those bonds are currently outstanding in the amount of \$32.13 million. Those previous bonds are secured by a pledge of the gross revenues of the CPGH system. The security for the 2017 loan will be subordinate to the Specialty Clinic Building bonds in two important respects. First, the pledge will be on a more limited stream of revenues. Specifically, revenues from the Specialty Clinic Building will not be pledged to the 2017 loan. Second, while the 2014-2016 bonds are secured by the gross revenues of the hospital system, the 2017 loan will be secured by net revenues of the hospital, after taking into account operating and maintenance costs and the debt service on the 2014-2016 loans.

The table to the right presents the operating results for the years 2015 through 2017 (unaudited), including the revenues available for payment of debt service, the debt service payments on the 2014-2016 CPGH loans, estimated debt service on the 2017 Bond Bank loan and the resulting estimated debt service coverage.

It is important to note that the revenues presented do not include other hospital revenues that are pledged to the 2014-2016 loans. These include more than \$16 million of 2017 gross revenues from the Specialty Clinic which are available to make debt service on the 2014-2016 loans. In other words, the table above reflects the most conservative presentation of revenues available to make payments on the 2017 Bond Bank loan.

The payments on the 2017 Bond Bank loan will be made in approximately equal monthly amounts necessary to fund the debt service requirements on the 2017 Bond Bank loan.

	2015	2016	2017
<b>Hospital Gross Revenues</b>	<b>130,885,630</b>	<b>142,727,469</b>	<b>123,567,329</b>
<b>Expenditures</b>	<b>117,871,109</b>	<b>117,336,256</b>	<b>123,305,997</b>
<b>Net Revenues</b>	<b>13,014,521</b>	<b>25,391,213</b>	<b>261,332</b>
<b>Add Back Depreciation</b>	<b>7,551,580</b>	<b>7,861,566</b>	<b>9,315,097</b>
<b>Available for DS</b>	<b>20,566,101</b>	<b>33,252,779</b>	<b>9,576,429</b>
<b>Existing DS (2014-16 Loans)</b>	<b>2,959,268</b>	<b>3,393,742</b>	<b>3,790,876</b>
<b>Available for Sub. Lien DS</b>	<b>17,606,833</b>	<b>29,859,037</b>	<b>5,785,553</b>
<b>Estimated 2017 Debt Service</b>			<b>2,135,000</b>
<b>Estimated Coverage Ratio</b>			<b>2.71</b>

The additional bonds test in the Borough's 2017 loan revenue bond resolution requires that, before additional parity bonds may be issued, the Borough must demonstrate that pledged revenues available to pay debt service on the new bonds and on existing bonds issued on parity with the 2017 Bond Bank loan are sufficient to cover existing and projected debt service by 1.25 times based on financial results in any 12 consecutive months of the prior 24 months. The Borough may include estimated revenues associated with additions and betterments to the facilities as well as any rate or rent increases that have been implemented or approved. Alternatively, the Borough may issue additional parity bonds if the financial statements in any two of the prior three years demonstrate that one-half pledged revenues were sufficient to produce 1.25 times debt service coverage. In addition to the above additional bonds tests, the Bond Bank will require an additional bonds test that takes into account all debt, including debt issued senior to the 2017 loan, to insure that revenues are sufficient to cover debt service at all lien levels.

If the Borough fails to maintain revenues sufficient to meet the rate covenant, the Bond Bank will require the Borough to retain an expert consultant to make recommendations on implementing operational changes and/or revenue enhancements sufficient to achieve revenues necessary to meet the rate covenant.

### **Future Capital Plans**

A request for solid waste bonds not to exceed \$10,600,000 was approved by voters in October 2016. The first series of these bonds was issued in April 2017 in the amount of \$6.0 million to be repaid over a 6 year period and used to develop a new cell at the Central Peninsula Landfill. The second series is expected to be issued in 2022. A request for Central Emergency Service Area general obligation bonds not to exceed \$4,400,000 was approved by the voters in October 2015 for the purchase of emergency response vehicles for Central Emergency Service Area. The first two series of these bonds were issued in February 2016 in the amount of \$2.8 million to be repaid over 7 and 15 years. The remaining series are expected to be issued in 2019. Central Emergency Service Area is also projecting that in 2021 it will remodel Station #1. The estimated cost is approximately \$10,900,000, which will be funded with a combination of grants and bond proceeds.

### **State-Aid Intercept**

In addition to the net revenue pledge by the Borough, the Bond Bank has the ability to intercept state-shared revenues that will otherwise flow to the Borough. The table below summarizes the revenues subject to intercept, along with the maximum annual debt service on the Borough's bonds.

<b>Shared Taxes and Fees</b>	<b>\$1,172,433</b>
<b>Dept. of Transportation Reimbursement</b>	<b>\$0</b>
<b>Reimbursement and Other Education Funding</b>	<b>\$2,321,622</b>
<b>Education Support Funding</b>	<b>\$81,595,174</b>
<b>Matching Grants</b>	<b>\$8,637,344</b>
<b>Community Jails</b>	<b>\$0</b>
<b>PILT Transfers</b>	<b>\$0</b>
<b>Revenue Sharing</b>	<b>\$1,374,231</b>
<b>Total Revenue Subject to Intercept</b>	<b>\$95,100,804</b>
<b>Fiscal Year 2018 Debt Service (includes 2017 Loans DS)</b>	<b>\$16,531,088</b>
<b>Debt Service Coverage</b>	<b>5.75</b>

## **Estimated Borrower Savings**

Savings to the Borough as a result of borrowing through the Bond Bank are estimated at approximately \$3.30 million, or \$2.44 million on a present value basis. Savings are a result of lower costs of issuance that the Borough will face as a result of borrowing from the Bond Bank, as well as lower assumed yields.

## **Statement of No Litigation**

The Bond Bank has a letter from Collette Thompson, the Borough Attorney, dated September 20, 2017 stating that "there is no litigation pending or threatened ... affecting the corporate existence of Borough... or seeking to restrain or enjoin the issuance, sale or delivery the Bonds, or the rights of the Borough to pay the principal of and interest on the Bonds, ... or in any way contesting or affecting the validity or enforceability of the Bonds or the Loan Agreement between the Borough and the Bank..."

## **Summary**

Based on our assessment, the security offered by Borough, as set forth in the Borough's loan application and supplemental materials, provides sufficient security to justify approval of the application. The subordinate lien net revenue pledge provides adequate 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 Borough in the event of a failure by the Borough to make timely payments provides the ultimate security for this loan. The funding of the loan will be contingent upon the notification to the Borough that the State has issued the Certificate of Need.

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

A handwritten signature in black ink, appearing to read "Chip Pierce", with a stylized flourish at the end.

Chip Pierce



## **Kenai Peninsula Borough Economic and Demographic Information**

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 miles. The Borough is located in the south central part of the state of Alaska. The current population of the Borough is estimated at approximately 57,800. The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class boroughs provide certain services on an area-wide basis to all taxpayers. All other services must be approved by a majority of voters who are to receive the services. This gives taxpayers control over the type and level of services they receive and pay for. Currently, the Borough provides the following area-wide services: assessment and collection of property taxes and sales tax collection for the Borough and cities within the Borough, planning, solid waste disposal, education, senior citizen funding, post secondary education, 911 emergency communications, emergency management and general administrative services. Other services provided by the Borough include fire protection, hospital services, emergency medical and ambulance services, recreation, senior citizen funding, road maintenance, economic development, tourism promotion, and special assessment authority for utility line extensions and road improvement districts. The Borough also has non-area-wide port and harbor powers that are not currently exercised. Funding for the Borough, by order of financial significances, is provided from property tax, sales tax, state revenue, federal revenue, interest earnings, and other sources.

The Borough is home to 8 percent of Alaska's population and 6 percent of its employment. Kenai is accessible by the Sterling Highway to Anchorage, Fairbanks, Canada and the lower 48 states. Scheduled and charter airlines and helicopter services are provided. Ocean-going freighters can be tendered at Seward, Homer and Kenai.

The Borough supports a diverse economy. Employment is concentrated in local government, retail trade, leisure and hospitality, natural resources and health care. Together they represent most of the Borough's employment.

The Borough economy has experienced consistent, gradual growth since the late 1980's. Borough-wide, the general government property tax rate decreased from 8.59 mills in fiscal year 1996 to 4.5 mills in fiscal year 2009, where it has remained. The Borough has a 3% sales tax, which is applied only to the first \$500 of each separate sale. Taxable sales reported in fiscal year 2017 within the Borough were \$1.005 billion, a decrease of .3% from the prior year, but an increase of 15.0% from 2010, when the Borough felt the results of the recession that impacted the state and the rest of the nation. Most of the recent decrease in 2017 is attributed to a reduction in sales taxes collected on fuel sales due to a drop in the price of oil. The sales tax continues to generate a significant portion of the Borough's revenue; in 1998, sales tax revenue represented 21% of total general fund revenues; in 2016, sales taxes represented almost 40%. It should be noted that the sales tax rate increased from 2% to 3% effective January 1, 2008, which also allowed for a reduction in property tax rates to its current rate of 4.5 mills.

For fiscal year 2018 real and personal taxable assessed values increased 4.0% compared to fiscal year 2017, which experienced a 7.6% increase over the prior year. Oil and gas properties are assessed by the State and are subject to significant fluctuations in value. Oil and gas production plays a significant role in the Borough's economy. A tax credit program by the State helped to fuel a resurgence in exploration and production. As a result, assessed valuations of oil and gas properties have increased from \$699 million in fiscal year 2012 to \$1.47 billion in fiscal year 2018. As a result of current market conditions, oil and gas property assessed values are expected to decline in future years absent additional development.

The Borough has been selected as the site of a natural gas liquification plant as part of the Alaska LNG Project. The project would be among the world's largest natural gas development projects. The project is anchored by the Prudhoe Bay and Point Thomson fields and is expected to handle approximately 3.3 billion cubic feet of natural gas per day. The Alaska LNG Project includes a natural gas liquification plant and storage facilities and an export terminal at Nikiski on the Kenai Peninsula, an 800-mile gas pipeline from south central Alaska to the North Slope, and a gas treatment plant and transmission lines connecting the project to gas producing fields. The project has been estimate to cost \$45 billion, with approximately \$25 billion of the project located in the Borough. The project is currently in the preliminary engineering stage and early regulatory review. Given current market conditions this project does not appear to be feasible in the next five years.

Increased oil and gas exploration have had a significant impact on the Borough's unemployment rate, which has fallen from 9.5% in 2011 to 8.2% in 2016. The Borough's unemployment rate has traditionally been 2% to 3% higher than the statewide rate, largely due to the seasonality of work in the fishing and tourism industry.

With the decrease in the price of oil and the phase out of the State's tax credit program, oil companies have announced a reduction in the amount of drilling and exploration. The impact to the Borough if the global reduction in the price of gas and oil continues is unknown at this time.



## **KENAI PENINSULA BOROUGH**

### ***Legal Department***

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441, Ext. 2120

**PHONE:** (907) 714-2120 • **FAX:** (907) 714-2379

[www.kpb.us](http://www.kpb.us)

**MIKE NAVARRE**  
**BOROUGH MAYOR**

September 20, 2017

Deven Mitchell, Executive Director  
Alaska Municipal Bond Bank  
P.O. Box 110405  
Juneau, Alaska 99811-0405

Cynthia L. Cartledge  
Jermain, Dunnagan & Owens, PC  
3000 A Street, Suite 300  
Anchorage, AK 99503

Ladies and Gentlemen:

I am the Borough Attorney for the Kenai Peninsula Borough (the "Borough"). This opinion is given in connection with the issuance and sale by the Borough of its Central Kenai Peninsula Hospital Service Area Hospital Revenue Bonds, 2017 (Obstetrics, Catheterization and Related Projects) in an amount not to exceed \$28,955,000 to finance the costs of planning, designing, constructing, and equipping of facilities at the Central Peninsula Hospital in the Kenai Peninsula Borough. If the Borough enters into a loan agreement with the Alaska Municipal Bond Bank (the "Bank") then the Bonds would be sold through the Bank pursuant to that Loan Agreement between the Bank and the Borough (the "Loan Agreement").

I am of the opinion that:

1. There is no litigation pending or threatened:

A. affecting the corporate existence of the Borough, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or the rights of the Borough to pay the principal of and interest on the Bonds, or pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds or the Loan Agreement between the Borough and the Bank, or the resolution providing for the issuance and sale of the Bonds by the Borough, or contesting the power of the Borough or its authority with respect to the Bonds; or

B. against the Borough or involving any of the property or assets of or under the control of the Borough 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 Borough.

2. The borough is duly organized and legally exists under the laws of the State of Alaska.

Sincerely,

Kenai Peninsula Borough

Colette Thompson  
Borough Attorney



## Application for General Obligation Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue bond issue of the applicant. This isn't considered a commitment on the part of the applicant or the Bond Bank. Additional information may be requested before a final recommendation.

### I. General Information

A. Name of Governmental Unit (Applicant):

Central Kenai Peninsula Hospital Service Area,

B. Type of government (home rule, first class, authority, etc.):

Service Area of Kenai Peninsula Borough, a Second Class Borough

C. Contact Person for the government:

Name:				Title:			
	Craig Chapman				Finance Director		
Address:				City:	State:	Zip:	
	144 N Binkley St						
				Soldotna	AK	99611	
Phone:	Fax:			E-mail:			
(907) 714-2171				cchapman@borough.kenai.ak.us			

D. Applicant's Bond Counsel:

Name:				Title:			
	Jermain Dunnagan & Owens				Cynthia Cartledge		
Address:				City:	State:	Zip:	
	3000 A Street, Suite 300						
				Anchorage	AK	99503	
Phone:	Fax:			E-mail:			
907 563-8844				ccartledge@jdolaw.com			

E. Applicant's Financial Advisor or Underwriter (if applicable):

Name:				Title:			
	N/A						
Address:				City:	State:	Zip:	
Phone:	Fax:			E-mail:			

**II. Issue Information****A. Total amount of bond purchase request:**

\$28,955,000

**B. Total term of requested loan:**

20

**C. Preferred principal and interest payment months:**principle  
/interestinterest  
only**D. If a bond election is required, provide a copy of the bond election ordinance and ballot proposition.**

Attachment # 1

If a bond election has been held, provide the votes for and against the issue(s):

Yes:

No:

Percent of registered voters casting ballots:

Does the municipality intend to pledge any specific assets or taxes in addition to property tax?

N/A

**E. Will you need interim financing?**

No

1. If applicable, provide interim financing information:

Amount:

Maturity:

Rate:

Lender:

2. Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing. ☐ Attached ☒ None

None

**F. Describe project to be financed, including the information requesting in 1-6. If this information is available in a project feasibility study, you may reference and attach it.**

Attachment #2

1. Are engineering and specifications completed?

☐ Yes☒ No

2. If not, when are they projected for completion?

August 2017

3. Have construction bids been awarded?

☐ Yes☒ No

4. Are there additional state or local approvals required?

☒ Yes

No

5. Describe timing/scheduling plan:

November 2017

Certificate of Need

Attachment #3

6. What is the projected completion date?

Spring 2020

**G. Sources of uses of funds****Sources of Funds****Uses of Funds**

Bonds (this application) \$28,955,000

Federal Funds\* \$

State Funds\* \$

Applicant's Funds \$

Other (specify) local hospital funds \$ 10,000,000

Total: \$38,955,000

Construction \$24,522,702

Engineering \$3,095,476

Contingency \$3,998,985

Cost of Issuance \$175,000

Other \$7,162,837

Total: \$38,955,000

\*If federal or state funds are involved, provide a complete description of the status and uses of these funds.

1. Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds:

All eligible cost of the project would be charged to bond proceeds

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds.

Attachment # 4

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? ☐ Yes ☐ No

No

If yes, provide amount of financed, purpose and principal amount outstanding.

\$

C. Are any of the above referenced issues supported by special assessments on benefited property, revenues, user fees or state reimbursement for school construction projects? ☐ Yes ☐ No

No

If yes, please attach details. ☐ Attached

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds? ☐ Yes ☐ No

No

If yes, please attach an explanation. ☐ Attached

E. Has your government ever defaulted on any of its general obligation, revenue, or special assessment bonds? ☐ Yes ☐ No

No

If yes, please attach an explanation. ☐ Attached

F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued. ☐ Attached.

None

G. Attach your government's forecast on amount, timing, and purpose of future general obligation or revenue bond financing. If this information is available in your long-term plan, provide a copy. ☐ Attached

Attachment # 5

H. Give a brief summary of your local economy. Include major industries and their projections. Describe any positive or negative trends or factors. (If this information is available in an annual report, provide a copy with your application.) ☐ Attached

Attachment # 6

I. Are any of the community's major employers expected to make changes in work force or operations?

Attachment # 6

If yes, provide an explanations. ☐ Attached

J. Please provide population figures for your community for the last five years. Indicate the source of your figures.

Year	Population	Source
July 1, 2016	58,060	Alaska Department of Labor
July 1, 2015	57,763	Alaska Department of Labor
July 1, 2014	57,415	Alaska Department of Labor
July 1, 2013	56,862	Alaska Department of Labor
July 1, 2012	56,762	Alaska Department of Labor

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. ☐ Attached

Attachment # 7

M. Provide your audited financial statements from the last two years.

Attachment # 8



N. Provide your current year's budget.

Attachement # 9

O. Provide your capital improvement plan.

Attachement # 10

P. Provide any other financial or economic information that will assist evaluation of your application. ☐ Attached

#### IV. Legal Information

- A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened in any court
1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes 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 applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or
  2. against your government or involving any of the property or assets of or under the control of your government, which , whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.
- B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.
- C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

Attachment # 11

The facts and representations in this application and all attachments are true and accurate in all respects and no material facts are omitted to the best of my knowledge

Craig C Chapman

Name (print)

Kenai Peninsula Borough, Finance Director

Title

Craig C Chapman  
Signature

4/28/2017  
Date of Application

Please return all applications to:

Deven Mitchell

Alaska Municipal Bond Bank Authority

Department of Revenue

PO Box 110405

Juneau, AK 99811-0405

(907)465-2388 phone

(907)465-2389 fax

deven\_mitchell@revenue.state.ak.us



# Central Kenai Peninsula Hospital Service Area

## Kenai Peninsula Borough

The type of bonds being issued by the Hospital are revenues bonds, no election ordinance or ballot proposition are needed. A copy of the resolution authorizing the issuance of the revenue bonds is attached.

# Kenai Peninsula Borough

## Project description

Central Peninsula Hospital (CPH) is proposing to construct a two story OB and Cath Lab addition to the Hospital consisting of approximately 30,000 square feet. This is phase VI of a plan that was developed in 2003 and updated in 2006, 2009 and 2012.

In 2003, the Central Kenai Peninsula Hospital Service Area sold bonds in the amount of \$49.9 million to expand and renovate the hospital as part of Phase I, II, & III of the plan. Phases I & II included the construction of the Mountain Tower, which included 40 inpatient beds (6 ICU), the relocation of 3 surgery suites, recovery area, laboratory, respiratory therapy, staff training and meeting rooms, and gift shop and implementation of the Planetree philosophy for patient care. The result of the expansion project and focus on improved patient care were favorable with patient satisfaction improving from the 51<sup>st</sup> percentile in 2005 to the 85<sup>th</sup> percentile in 2012, resulting in increases in patient volumes and net revenues.

Phase III included the remodel of approximately 52,100 square feet. This extensive remodel focused on upgrading and remodeling of the emergency room, relocation of the cafeteria, and remodel of infusion therapy and wound care. Space that was vacated in the basement allowed for the expansion of storage space and information services and health information management. This phase was completed in 2008.

Phase IV consisted of the construction of a Radiology Oncology Clinic, which was completed in June 2013. Funding for this project was provided by State of Alaska grants in the amount of \$2,000,000 and hospital funding of \$4,700,000.

Phase V, the construction of a Specialty Clinic Building. The phase was completed in the Winter of 2016. Benefits of the SCB includes addressing the lack of space for the spine clinic, space for additional specialties, aligning service lines to include imaging, rehab therapy, infusion oncology and physician clinics to foster a more integrated model of service deliveries that promotes efficiency and patient satisfaction. Construction of the SCB allows CPH to be able to complement services in the Phase IV Radiology Oncology Clinic.

This project is the 6th major addition/renovation of a plan that was developed in 2003 and updated in 2006, 2009 and 2012. The construction of an OB/Cath Lab would be scheduled to start in 2017 with completion scheduled for early 2020. Benefits of the OB/Cath Lab includes replacing the OB department to meet current safety, security and regulatory requirements; development of a cardiology program which has been identified as the number one unmet hospital service need on the peninsula; adding three ICU rooms to accommodate growing patient volumes; providing adequate parking for patients and employees; providing an improved safe heliport for emergency transport; and addressing unmet city code requirements related to the hospital site.

There are multiple exiting issues associated with the medical facilities that will be addressed with the project. The exiting of the building that houses radiology has a non code compliant exiting condition that will be corrected by providing an egress route with direct access to an exterior exit on both the first and the second floor.

Currently there is a section of corridor that connects the emergency department, radiology, surgery and Med Surge that is also the main corridor utilized by the public. One of the focuses of all past planning efforts has been moving toward a complete back of house patient transport corridor connecting all critical services. This project will be the final phase of the completion of this circulation route.

This project will also complete the facilities master site plan which will increase parking by approximately 90 spaces and improve vehicular and pedestrian site circulation. Included in the project is a reconfiguration of the helipad to allow additional emergency department parking and provide a helipad with regulation compliant landing lights and a hydronic snow melt system to increase safety of landing a patient transport. The hospital currently has multiple electrical feeds from the municipal power grid. These will be consolidated through on new transformer and one electrical meter. This will provide significant savings in electrical cost and will have a relatively quick payback period.

This project is contingent upon receiving a **CERTIFICATE OF NEED** (CON) from the State of Alaska Department of Health and Social Services. The CON application is expected to be submitted May 2017, a determination is expected by June 2017.

**Timing and scheduling of the project**

Certificate of Need	Application date of May 2017 Determination date estimated to be June 2017
Construction Documents	OB/CATH Lab August 2017 Parking Lot and Helipad July 2017 Maintenance Building June 2017
Permitting	OB/CATH Lab September 2017 Maintenance Building June 2017
Bidding	OB/CATH Lab October-November 2017 Parking Lot and Helipad August 2017 Maintenance Building July 2017
Notice to Proceed	OB/CATH Lab November 2017 Parking Lot and Helipad August 2017 Maintenance Building August 2017
Substantial Completion	OB/CATH Lab January 2020 Parking Lot and Helipad November 2017 Maintenance Building September 2017
Final Completion	OB/CATH Lab March-April 2020 Parking Lot and Helipad November 2017 Maintenance Building November 2017

# Kenai Peninsula Borough Outstanding Bonds 4/30/17

## Central Kenai Peninsula Hospital Service Area

December 2011	20 year debt	\$20,885,000 (1)
February 2014	15 year debt	\$ 8,510,000 (1)(3)
February 2014	15 year debt	\$18,490,000 (1)(4)
June 2015	8 year debt	\$ 2,422,000 (1)(3)
June 2016	8 year debt	\$ 2,705,000 (1)(3)

## South Kenai Peninsula Hospital Service Area

September 2003 issue	20 year debt	\$ 2,945,000 (1)
August 2007 issue	20 year debt	\$ 680,000 (1)
September 2011 issue	7 year debt	\$ 1,720,000 (1)
June 2015 issue	13 year debt	\$ 8,545,000 (1)
April 2017 issue	15 year debt	\$ 4,500,000 (1)(5)

## Central Emergency Service Area

October 2014 issue	10 year debt	\$ 1,310,000 (1)
February 2016 issue	7 year debt	\$ 455,000 (1)
February 2016 issue	15 year debt	\$ 1,925,000 (1)

## Bear Creek Fire Service Area

March 2013 issue	20 year debt	\$ 1,050,000 (1)
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## Solid Waste Bonds

April 2017 issue	6 year debt	\$ 5,405,000 (2)(6)
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## School Bonds

December 2010	20 year debt	\$12,765,000 (2)
September 2011	10 year debt	\$ 5,140,000 (2)
November 2013	20 year debt	\$18,885,000 (2)

- (1) General obligations of the Service Area
- (2) General obligations of the Borough
- (3) Taxable Revenue Bonds of the Hospital
- (4) Tax Exempt Revenue Bonds of the Hospital
- (5) South Peninsula Hospital bonds scheduled to be issued April 2017
- (6) Solid Waste bonds scheduled to be issued April 2017

# Kenai Peninsula Borough Authorized but unissued Bonds 04/30/17

Central Emergency Service Area Expected to be issued	2022	15 year debt	\$ 1,935,000 (1)
South Kenai Peninsula Hospital Service Area Expected to be issued	early 2017	15 year debt	\$ 4,500,000 (1)
Kenai Peninsula Borough Central Peninsula Landfill Expected to be issued	early 2017	6 year debt	\$ 5,405,000 (2)
Kenai Peninsula Borough Central Peninsula Landfill Expected to be issued	early 2022	6 year debt	\$ 5,195,000 (2)

(1) General obligations of the Service Area

(2) General obligations of the Borough

## Forecast of future general obligations

### Central Emergency Services

CES is projecting that in FY2021, they will be remodeling Station #1. The estimated cost is approximately \$10,900,000 with funding to be provided from by a combination of grants and debt issuance. These bonds would be the responsibility of the Service Area.

### **Profile of the Kenai Peninsula Borough**

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 square miles and is located in the south central part of the state of Alaska. The estimated population for the Borough is 57,763.

### **Local Economy**

The Borough economy is highly diverse. The five industry categories that have the most employment are local government, retail trade, leisure and hospitality, natural resources and health care. Together they represent most of the Borough's employment. That diversity allows the Borough to be more resilient to declines in any one industry. The Borough's economy has experienced consistent, gradual growth since the late 1980's. Borough wide, the general government tax rate has decreased from a high of 8.59 mills in FY1996 to its current rate of 4.5 mills. The Borough also has a 3% sales tax, which is applied only to the first \$500 of each separate sale. Taxable sales in FY2016 were \$1,008 million, a decrease of 1.0% from the prior year but a 15.0% increase from FY2010. Most of the decrease for FY2016 is attributed to a reduction in sales tax collected on fuel sales due to a drop in the price of oil. The overall increase from FY2010 reflects an improving economy recovering from the recession of 2009. Sales tax continues to generate a larger portion of the Borough's revenue; in FY1998, sales tax revenue represented 21% of total General Fund revenues; in FY2016, sales tax revenues represented almost 40%. It should be noted that the sales tax rate went from 2% to 3% effective January 1, 2008.

For FY2018, real and personal taxable assessed values increased 5.4%, compared to FY2017 which increased 7.4%. Oil and gas property is assessed by the State of Alaska under AS 43.56, and is subject to significant fluctuations in value and plays a vital role in the Borough's economy, although the players are changing. Large national and multi-national companies have been replaced by independents. A tax credit program from the State of Alaska helped fuel a resurgence in exploration and production. This has led to new wells in the Anchor Point and Kenai area, a jack up rig being used in Cook Inlet, along with increased exploration in other areas of the Borough, resulting in an increase in assessed value for oil and gas properties. During 2016, large investments by Blue Crest and Furie resulted in an increase in oil and gas properties for FY2017 and FY2018. Assessed values for oil and gas properties have increased from \$699 million for 2012, to \$1.470 billion in 2018. Given current market conditions, the out year projection forecasts a slight decrease in assessed oil and gas values.

The Borough has been selected as the site of a natural gas liquefaction plant as part of the Alaska LNG Project. The Alaska LNG project would be among the world's largest natural gas development projects. The project is anchored by the Prudhoe Bay and Point Thomson fields and is expected to handle approximately 3.3 billion cubic feet of natural gas per day. The Alaska LNG Project includes a natural gas liquefaction plant and storage facilities and an export terminal at Nikiski on the Kenai Peninsula, an 800-mile gas pipeline from southcentral Alaska to the North Slope, a gas treatment plant and transmission lines connecting the project to gas producing fields. The project has an estimated cost of \$45 billion and approximately \$25 billion of the project would be located in the Borough. The project is currently in the preliminary engineering stage and early regulatory review. Given current market conditions, this project does not appear to be feasible in the next five years.

Increased oil and gas exploration has also had an impact on the Borough's unemployment rate. The unemployment rate decreased from 9.5% in 2011; to 8.6% for 2012; to 8.0% for 2013, to 7.8% in 2014, 7.8% in 2015 and 8.2% in 2016. The borough's unemployment rate is expected to increase in 2017. The 2016 unemployment rate for the Borough was 8.2%. The 2016 statewide unemployment average was 6.6%. Traditionally the Borough's unemployment rate has been 2% to 3% higher than the statewide rate, much of this due to the seasonality of work in the fishing and tourism industry.

With the decrease in the price of oil and phase out of the tax credit program from the State of Alaska, oil companies have announced a reduction in the amount of drilling and exploration. The impact to the Borough if the global reduction in the price of gas and oil continues; is unknown at this time.

---

**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2017-03**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION BONDS, 2017 SERIES THREE OF THE ALASKA  
MUNICIPAL BOND BANK**

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**ADOPTED ON SEPTEMBER 28, 2017**



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**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2017-03**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION BONDS, 2017 SERIES THREE OF THE ALASKA  
MUNICIPAL BOND BANK**

WHEREAS, the Board of Directors of the Alaska Municipal Bond Bank (the “Bank”) by Resolution entitled “A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof,” adopted on July 13, 2005, as amended (as further defined in Section 102 hereof, the “Resolution”), has created and established an issue of Bonds of the Bank; and

WHEREAS, the Resolution authorizes the issuance of said Bonds in one or more series pursuant to a Series Resolution authorizing each such series; and

WHEREAS, the Board of Directors of the Bank has determined that it is necessary and desirable that the Bank issue at this time a Series of Bonds in an aggregate principal amount of not to exceed \$28,955,000 (or otherwise as provided in Section 201 hereof), to be designated “Alaska Municipal Bond Bank General Obligation Bonds, 2017 Series Three” to provide moneys to carry out the purposes of the Bank;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALASKA MUNICIPAL BOND BANK AS FOLLOWS:

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

**Section 101- Series Resolution.**

This Series Resolution (the “2017 Series Three Resolution”) is adopted in accordance with the provisions of the Resolution and pursuant to the authority contained in the Act.

**Section 102- Definitions.**

In this 2017 Series Three Resolution and with respect to the 2017 Series Three Bonds:

(1) Unless otherwise defined in Article I herein, all capitalized terms herein shall have the meanings given to such terms in Article I of the Resolution.

(2) “Approved Bid” shall mean, in the case of a competitive sale, the winning bid submitted for the 2017 Series Three Bonds.

(3) “Bank” shall mean the Alaska Municipal Bond Bank (in the Act also referred to as the “Alaska Municipal Bond Bank Authority”).

(4) “Beneficial Owner” shall mean the person in whose name a 2017 Series Three Bond is recorded as the beneficial owner of such 2017 Series Three Bond by the respective systems of The Depository Trust Company and Depository Trust Company Participants or the Holder of the 2017 Series Three Bond if such 2017 Series Three Bond is not then held in book-entry form pursuant to Section 206.

(5) “Bond Purchase Agreement” shall mean, in the case of a negotiated sale, a bond purchase agreement entered into among one or more Underwriters and the Bank, providing for the purchase and the terms of the 2017 Series Three Bonds.

(6) “Bond Year” shall mean each one-year period that ends on an anniversary of the date of issue of the 2017 Series Three Bonds.

(7) “Chairman” shall mean the chairman of the Board of Directors of the Bank.

(8) “Code” shall mean the Internal Revenue Code of 1986, together with all regulations applicable thereto.

(9) “Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate executed by the Bank and dated the date of issuance and delivery of the 2017 Series Three Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

(10) “Depository Trust Company” or “DTC” shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

(11) “Depository Trust Company Participant” or “DTC Participant” shall mean a trust company, bank, broker, dealer, clearing corporation and any other organization that is a participant of Depository Trust Company.

(12) “Excess Investment Earnings” shall mean the amount of investment earnings on gross proceeds of the 2017 Series Three Bonds determined by the Bank to be required to be rebated to the United States of America under the Code.

(13) “Financial Advisor” shall mean Western Financial Group, LLC, a wholly-owned subsidiary of PFM Financial Advisors LLC.

(14) “Letter of Representations” shall mean the Blanket Issuer Letter of Representations dated May 2, 1995, from the Bank to DTC, a copy of which is attached hereto as Appendix A, and the operational arrangements referred to therein.

(15) “Loan Agreement” shall mean, the following agreement pertaining to the repayment of a Loan to the related Governmental Unit as provided for herein: the agreement by and between the Bank and the Kenai Peninsula Borough, Alaska (the “Kenai Peninsula

Borough”) to finance a portion of the costs of capital improvements to the Kenai Peninsula Borough’s Central Peninsula Hospital and adjacent facilities.

(16) “National” shall mean National Public Finance Guarantee Corporation, a monoline insurance company.

(17) “Notice of Sale” shall mean, in the case of a competitive sale, the Official Notice of Sale and Bidding Instructions for the 2017 Series Three Bonds, in substantially the form attached hereto as Appendix D.

(18) “Official Statement” shall have the meaning assigned thereto in Section 211 hereof.

(19) “Preliminary Official Statement” shall have the meaning assigned thereto in Section 211 hereof.

(20) “Record Date” shall mean the date fifteen calendar days preceding each interest payment date with respect to the 2017 Series Three Bonds.

(21) “Resolution” shall mean the General Bond Resolution, adopted by the Board of Directors on July 13, 2005, as amended by a Supplemental Resolution, Resolution No. 2009-03, adopted by the Board of Directors on May 28, 2009 and effective on August 19, 2009; and by a First Supplemental Resolution, Resolution No. 2013-02, adopted by the Board of Directors on February 19, 2013, the amendments in which are effective after all Bonds issued prior to February 19, 2013 are no longer outstanding and the requirements of such First Supplemental Resolution are satisfied.

(22) “Surety Bond Issuer” shall mean the Credit Enhancement Agency, if any, selected by the Chairman or the Executive Director to provide Credit Enhancement for a portion of the Reserve Fund Requirement.

(23) “Underwriter” shall mean the initial purchaser (or representative of the purchasers, if one or more firms act collectively) of the 2017 Series Three Bonds.

(24) “2017 Bond Credit Enhancement” shall mean a Credit Enhancement, if any, issued by a 2017 Bond Insurer on the date of issuance of the 2017 Series Three Bonds for the purpose of further securing the payment of the principal of and interest on all or a portion of the 2017 Series Three Bonds.

(25) “2017 Bond Insurer” shall mean a monoline insurance company, if any, selected by the Chairman or the Executive Director to provide a 2017 Bond Credit Enhancement to further secure the payment of the principal of and interest on all or a portion of the 2017 Series Three Bonds.

(26) “2017 Reserve Fund Credit Enhancement” shall mean the Credit Enhancement, if any, issued by a Surety Bond Issuer on the date of issuance of the 2017 Series Three Bonds for the purpose of satisfying a portion of the Reserve Fund Requirement.

(27) “2017 Reserve Fund Credit Enhancement Agreement” shall mean (i) if a 2017 Reserve Fund Credit Enhancement is obtained and if National is the Surety Bond Issuer, the Financial Guaranty Agreement, dated March 1, 2016, between the Bank and National or (ii) if a 2017 Reserve Fund Credit Enhancement is obtained and if another provider is selected as the Surety Bond Issuer, a reimbursement agreement relating to a letter of credit, a policy from a monoline insurance company or an agreement with the State or with any department, political subdivision or agency thereof, credited to the Reserve Fund to satisfy all or a portion of the Reserve Fund Requirement, approved by the Authorized Officer in accordance with the provisions of Section 302 hereof.

(28) “2017 Series Three Bonds” shall mean the Alaska Municipal Bond Bank General Obligation Bonds, 2017 Series Three authorized in Article II hereof.

## ARTICLE II AUTHORIZATION OF 2017 SERIES THREE BONDS

### Section 201- Principal Amount, Designation and Series.

Pursuant to the provisions of the Resolution, a Series of Bonds designated as “Alaska Municipal Bond Bank General Obligation Bonds, 2017 Series Three” is hereby authorized to be issued in an aggregate principal amount not to exceed \$28,955,000. The Chairman or the Executive Director, in consultation with the Bank’s Financial Advisor, shall determine the number of series and the series names and designations and the aggregate principal amount of the 2017 Series Three Bonds, provided that the aggregate principal amount of all Bonds issued pursuant to this 2017 Series Three Resolution does not exceed \$28,955,000.

The Chairman or the Executive Director is authorized hereby to change the designation of the 2017 Series Three Bonds, and/or to establish additional series of 2017 Series Three Bonds.

### Section 202- Purposes of the 2017 Series Three Bonds.

The purposes for which the 2017 Series Three Bonds are being issued are (i) to make a Loan to the Governmental Unit to the extent and in the manner provided in Article III; (ii) to make a deposit to the Reserve Fund if necessary, as provided in Section 302 hereof; and (iii) to finance costs of issuing the 2017 Series Three Bonds.

### Section 203- Date, Maturities and Interest Rates.

The 2017 Series Three Bonds shall be dated the date the 2017 Series Three Bonds are delivered to the Underwriter, subject to the terms and conditions set forth in this 2017 Series Three Resolution and in the applicable Bond Purchase Agreement or Notice of Sale. Subject to adjustment as provided for in this Section 203, the 2017 Series Three Bonds shall mature, or

have Sinking Fund Installments due, on December 1, 2018 and thereafter on December 1 in each of the years and in the principal amounts set forth in the Notice of Sale in the case of a competitive sale or in the Bond Purchase Agreement in the case of a negotiated sale.

The number of series of 2017 Series Three Bonds, the names and designations of, the aggregate principal amount of, the principal amount of each maturity, the amount of each Sinking Fund Installment, if any, and the maturity dates, Sinking Fund Installment dates and interest rates and payment dates of the 2017 Series Three Bonds shall be fixed and determined by the Chairman or by the Executive Director at the time the Approved Bid is accepted, in the case of competitive sale, or at the time a Bond Purchase Agreement is executed and delivered, in the case of a negotiated sale, pursuant to Section 210 hereof, but subject to the limitations set forth in Sections 201 and 210 hereof.

#### Section 204- Interest Payments.

The 2017 Series Three Bonds shall bear interest from their date of delivery to the Underwriter, payable on each June 1 and December 1, commencing June 1, 2018 (or such other date or dates as may be fixed and determined by the Chairman or the Executive Director at the time the Approved Bid is accepted, in the case of a competitive sale, or at the time the Bond Purchase Agreement is signed, in the case of a negotiated sale). Interest shall be computed on the basis of a 360-day year composed of twelve thirty-day months.

#### Section 205- Denominations, Numbers and Other Designation.

The 2017 Series Three Bonds shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof within a maturity and interest rate, not exceeding the aggregate principal amount of the 2017 Series Three Bonds authorized herein. The 2017 Series Three Bonds shall be numbered serially with any additional designation that the Chairman or the Executive Director deems appropriate.

#### Section 206- Securities Depository.

(1) The 2017 Series Three Bonds shall be registered initially in the name of “Cede & Co.,” as nominee of DTC, and shall be issued initially in the form of a single bond for each series, maturity and interest rate, in the aggregate principal amount for such series, maturity and interest rate. Transfers of ownership of the 2017 Series Three Bonds or any portions thereof, may not thereafter be registered except transfers (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository or such substitute depository’s successor; or (iii) to any person as provided in paragraph (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Bank that it is no longer in the best interest of Beneficial Owners to continue the system of book-entry transfers through DTC or its successors (or any substitute depository or its successor), the Bank may appoint a substitute depository or provide that 2017 Series Three Bonds no longer be held by a depository

and instead be held as provided in paragraph (4). Any substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of paragraph (1) above, the Trustee shall, upon receipt of all Outstanding 2017 Series Three Bonds, together with a written request of an Authorized Officer and a supply of new 2017 Series Three Bonds, authenticate a single new 2017 Series Three Bond for the Outstanding 2017 Series Three Bonds for each maturity and interest rate, registered in the name of such successor or such substitute depository, or its nominee, as the case may be, all as specified in such written request.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Bank determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, the ownership of 2017 Series Three Bonds may then be transferred to any person or entity as provided in the Resolution and the 2017 Series Three Bonds shall no longer be held in book-entry form. An Authorized Officer shall deliver a written request to the Trustee to authenticate 2017 Series Three Bonds as provided in the Resolution in any authorized denomination, together with a supply of definitive Bonds. Upon receipt of all then Outstanding 2017 Series Three Bonds by the Trustee, together with a written request of an Authorized Officer to the Trustee, new 2017 Series Three Bonds shall be issued and authenticated in such denominations and registered in the names of such persons as are requested in such written request.

(5) For so long as the 2017 Series Three Bonds are held in book-entry form under this Section, the Bank and the Trustee may treat DTC (or its nominee) or any substitute depository (or its nominee) as the sole and exclusive registered owner of the 2017 Series Three Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such 2017 Series Three Bonds, selecting such 2017 Series Three Bonds, or portions thereof, to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution (except as otherwise provided pursuant to Section 508 hereof), registering the transfer of such 2017 Series Three Bonds and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Bank nor the Trustee shall be affected by any notice to the contrary. Neither the Bank nor the Trustee shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2017 Series Three Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner, with respect to the accuracy of any records maintained by DTC or any DTC Participant (or by any substitute depository or participant); the payment by DTC or any DTC Participant (or by any substitute depository or participant) of any amount in respect of the principal or Redemption Price of or interest on the 2017 Series Three Bonds, any notice that is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any DTC Participant (or by any substitute depository or participant) of any person to receive payment in the event of a partial redemption of the 2017 Series Three Bonds, or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from money available under the Resolution all principal and Redemption Price of and interest on the 2017 Series Three

Bonds only to or upon the order of DTC of the 2017 Series Three Bonds are then requested to DTC or its nominee, and all such payments shall be valid and effective to fully satisfy and discharge the Bank's obligations with respect to the principal or Redemption Price of and interest on the 2017 Series Three Bonds to the extent of the sum or sums so paid.

#### Section 207- Places and Manner of Payment.

For so long as all Outstanding 2017 Series Three Bonds are registered in the name of Cede & Co. or its registered assigns, payment of principal and interest thereon shall be made as provided in the Letter of Representations and the operational arrangements referred to therein as amended from time to time. In the event that the 2017 Series Three Bonds are no longer registered in the name of Cede & Co. or its registered assigns or to a successor securities depository, (i) payment of interest on the 2017 Series Three Bonds will be made by check or draft mailed by first class mail to the registered owner, at the address appearing on the Record Date on the bond register of the Bank kept at the corporate trust office of the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2017 Series Three Bonds received at least fifteen (15) days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal of the 2017 Series Three Bonds will be payable at the corporate trust office of the Trustee upon surrender of the 2017 Series Three Bonds representing such principal. Both principal of and interest on the 2017 Series Three Bonds are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

#### Section 208- Optional Redemption.

(a) The Chairman and the Executive Director are, and each of them is, hereby authorized to determine the optional redemption provisions, if any, for the 2017 Series Three Bonds, and such provisions shall be included in the applicable Notice of Sale and Approved Bid, in the case of a competitive sale, or in the Bond Purchase Agreement, in the case of a negotiated sale, and in the form of the 2017 Series Three Bond of such series.

(b) Unless otherwise determined by the Chairman or Executive Director by the time the Approved Bid is accepted or the Bond Purchase Agreement is signed, as applicable, notice of optional redemption shall be given at least 20 days, and not more than 60 days, prior to the date fixed for redemption of the 2017 Series Three Bonds to be redeemed and in addition to the requirements of Section 402(A)(1) through (5) and of Section 402(A)(7) of the Resolution, such notice of optional redemption shall state that it is a conditional notice and that on the date fixed for redemption, provided that moneys sufficient to redeem the 2017 Series Three Bonds specified in such notice are on deposit with the Trustee, the redemption price will become due and payable and interest thereon will cease to accrue from and after said date.

#### Section 209- Mandatory Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to approve the mandatory redemption provisions, if any, for the 2017 Series Three Bonds of each



series that are term bonds, and such provisions shall be included in the Notice of Sale and in the Approved Bid, in the case of a competitive sale, or in the Bond Purchase Agreement, in the case of a negotiated sale, and in the 2017 Series Three Bond of such series and maturity.

Unless otherwise determined by the Chairman or Executive Director by the time the Approved Bid is accepted or the Bond Purchase Agreement is signed, as applicable, notice of mandatory redemption shall be given at least 20 days, and not more than 60 days, prior to the date fixed for redemption of the 2017 Series Three Bonds to be redeemed.

#### Section 210- Sale of 2017 Series Three Bonds.

(a) The 2017 Series Three Bonds shall be sold to the Underwriter at competitive sale pursuant to the terms of the Notice of Sale, in the case of a competitive sale, or pursuant to the terms of a Bond Purchase Agreement, in the case of a negotiated sale, as determined by the Executive Director or the Chairman after consulting with the Financial Advisor. The Chairman and the Executive Director are, and each of them is, hereby authorized to (i) amend or supplement the Notice of Sale and to approve and accept an Approved Bid, in the case of a competitive sale, and in the case of a negotiated sale, to approve and execute and deliver a Bond Purchase Agreement, in each case with terms consistent with the provisions of this 2017 Series Three Resolution; (ii) to determine the number of series of 2017 Series Three Bonds, and the name and designation of each such series, and for the 2017 Series Three Bonds, the dated date and the delivery date, the aggregate principal amount, the principal amount of Bonds of each series, maturity and interest rate, the purchase price, the maturity and the interest payment dates and the redemption provisions and interest rate(s); provided, however, that (A) the aggregate principal amount of the 2017 Series Three Bonds shall not exceed \$28,955,000; and (B) the true interest cost on the 2017 Series Three Bonds shall not exceed 4.5 percent. Prior to acceptance of the Approved Bid, in the case of a competitive sale, or in the case of a negotiated sale, prior to the execution and delivery of a Bond Purchase Agreement, the Chairman or the Executive Director, with the assistance of the Financial Advisor, shall take into account those factors that, in their judgment, will result in the lowest true interest cost of the 2017 Series Three Bonds.

(b) The authority granted to the Chairman and the Executive Director under this Section 210 shall expire one hundred twenty (120) days after the date of adoption of this 2017 Series Three Resolution.

#### Section 211- Notice of Sale, Preliminary Official Statement and Official Statement.

The Chairman or the Executive Director are, and each of them is, hereby authorized to approve the final form of, and the distribution in electronic form to prospective purchasers and other interested persons of, the Notice of Sale, in the case of a competitive sale, and the preliminary official statement for the 2017 Series Three Bonds (including any supplements and amendments thereto prior to acceptance of the Approved Bid and/or the execution of the Bond Purchase Agreement, the “Preliminary Official Statement”), each substantially in the form submitted to the Board prior to the date the Preliminary Official Statement is approved, with such changes as the Chairman or the Executive Director deems advisable. The distribution of the Notice of Sale (in the case of a competitive sale) and the Preliminary Official Statement is

hereby authorized, ratified and approved. The Chairman and the Executive Director are hereby further authorized to approve and execute the final official statement for the 2017 Series Three Bonds (the “Official Statement”) substantially in the form of the Preliminary Official Statement with the addition of pricing information and such changes therein from the Preliminary Official Statement as the Chairman or the Executive Director deems advisable, and to approve and authorize the distribution of the final Official Statement in electronic and printed form.

There is hereby delegated to the Chairman or the Executive Director the authority to “deem final” the Preliminary Official Statement on behalf of the Bank for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

### ARTICLE III DISPOSITION OF BOND PROCEEDS

#### Section 301 - Disposition of Proceeds for Loan Purposes.

Upon the delivery of the 2017 Series Three Bonds, the Bank shall apply, in accordance with Article V of the Resolution, proceeds derived from the sale of the 2017 Series Three Bonds (i) to make a Loan to the Kenai Peninsula Borough, in an aggregate principal amount not to exceed \$28,955,000, to finance a portion of the costs of capital improvements to the Kenai Peninsula Borough’s Central Peninsula Hospital and adjacent facilities and to pay costs of issuance; (ii) to satisfy the Reserve Fund Requirement as provided in Section 302 hereof; and (iii) to finance costs of issuing the 2017 Series Three Bonds.

#### Section 302 - Reserve Fund Deposit; Credit Enhancement.

(a) On or before the date of sale of the 2017 Series Three Bonds, but subject to Section 201 hereof, the Chairman or the Executive Director shall determine whether an additional deposit to the Reserve Fund is required and if so, whether it is in the best interest of the Bank to use (1) available cash (2) a portion of the proceeds received from the sale of the 2017 Series Three Bonds, (3) a 2017 Reserve Fund Credit Enhancement or (4) a combination of cash, proceeds from the sale of the 2017 Series Three Bonds and/or a 2017 Reserve Fund Credit Enhancement, to satisfy the Reserve Fund Requirement upon delivery of the 2017 Series Three Bonds, and shall cause such deposits and/or purchase to be made on or before the date of delivery of the 2017 Series Three Bonds.

(b) In the event a deposit to the Reserve Fund is required to satisfy the portion of the Reserve Fund Requirement related to the 2017 Series Three Bonds, the Chairman and the Executive Director are each hereby authorized to determine whether to satisfy such requirement by depositing with the Trustee a 2017 Reserve Fund Credit Enhancement in the form of a debt service reserve surety bond; to select a Surety Bond Issuer and purchase such 2017 Reserve Fund Credit Enhancement; and if the Surety Bond Issuer is not National, to negotiate, approve, execute and deliver a 2017 Reserve Fund Credit Enhancement Agreement in form and with terms that comply with the requirements of the Resolution and that, in the Chairman’s or Executive Director’s judgment after consulting with the Bank’s Financial Advisor, are advisable and in the best interest of the Bank.

(c) The Governmental Unit's responsibility for paying, or for reimbursing the Bank for the payment of any costs of providing and maintaining the Reserve Fund Requirement and the application (or the method for determining the application) of any moneys in excess of the Reserve Fund Requirement shall be determined by the Executive Director and set forth in the Loan Agreement, as applicable, authorized in Section 507 hereof.

(d) The Chairman and the Executive Director are each hereby authorized to determine whether purchasing a 2017 Bond Credit Enhancement for any of the 2017 Series Three Bonds is in the best interest of the Bank and if so, to solicit commitments for such 2017 Bond Credit Enhancement with respect to payment of the interest on and principal of all or a portion of the 2017 Series Three Bonds and thereafter to accept one or more such commitments that are in the best interest of the Bank, to purchase such 2017 Bond Credit Enhancement, and to negotiate, approve, execute and deliver a 2017 Bond Credit Enhancement Agreement in form and with terms that comply with the requirements of the Resolution and that, in the Chairman's or Executive Director's judgment after consulting with the Bank's Financial Advisor, are advisable and in the best interest of the Bank.

#### Section 303- Disposition of Remainder of Bond Proceeds.

The balance of the proceeds received from the sale of the 2017 Series Three Bonds, including any premium received over the principal amount of the 2017 Series Three Bonds, after deducting the amounts to be paid for costs of issuing the 2017 Series Three Bonds, amounts, if any, necessary to ensure the deposit to the Reserve Fund equals the Required Debt Service Reserve, and after deducting the amount allocable to the Reserve Obligations, if any, which amount shall be deposited in the Reserve Fund, shall be deposited with the Governmental Unit and applied towards costs of issuance and debt service payments due and owing on its Municipal Bond (as such term is defined in the Loan Agreement or Amendatory Loan Agreement, as applicable) or such other permitted purpose, including costs of the projects financed or refinanced with proceeds of the 2017 Series Three Bonds.

### ARTICLE IV EXECUTION AND FORM OF 2017 SERIES THREE BONDS

#### Section 401 - Execution and Form of 2017 Series Three Bonds.

The 2017 Series Three Bonds shall be executed in the manner set forth in Section 303 of the Resolution. Subject to the provisions of the Resolution, the 2017 Series Three Bonds, and the Trustee's certificate of authentication, shall be of substantially the following form and tenor:

#### ALASKA MUNICIPAL BOND BANK GENERAL OBLIGATION BONDS, 2017 SERIES THREE

INTEREST RATE:  
\_\_\_\_\_ %

MATURITY DATE:  
\_\_\_\_\_ 1, 20\_\_

CUSIP NO.:  
\_\_\_\_\_

Registered Owner: CEDE & Co.

Principal Amount: \_\_\_\_\_ and No/100 Dollars

Alaska Municipal Bond Bank (herein called the “Bank”), a public body corporate and politic, constituted as an instrumentality of the State of Alaska, organized and existing under and pursuant to the laws of the State of Alaska, acknowledges itself indebted to, and for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum specified above on the Maturity Date specified above, and to pay to the registered owner hereof interest on such principal sum from the date hereof to the date of maturity of this Bond at the rate per annum specified above, payable on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1, commencing \_\_\_\_\_ 1, 2018. For so long as this Bond is held in book-entry form, payment of principal and interest shall be made by wire transfer to the registered owner pursuant to written instructions furnished to The Bank of New York Mellon Trust Company, N.A., in San Francisco, California, as trustee under the General Bond Resolution of the Bank, adopted July 13, 2005, as amended (herein called the “Resolution”), or its successor or assigns as trustee (herein called the “Trustee”). In the event this Bond is no longer held in book-entry form, (i) payment of interest will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Bank kept by the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2017 Series Three Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal will be payable upon presentation and surrender hereof at the corporate trust office of the Trustee. Interest shall be computed on the basis of a 360-day year composed of twelve thirty-day months. Both principal of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is a general obligation of the Bank and is one of a duly authorized issue of Bonds of the Bank designated “Alaska Municipal Bond Bank General Obligation Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to the Alaska Municipal Bond Bank Act, constituting Chapter 85, Title 44, of the Alaska Statutes (herein called the “Act”), and under and pursuant to the Resolution and a series resolution authorizing each such series. As provided in the Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds that may be issued under the Resolution is not limited except as provided in the Resolution, the applicable Series Resolution, and the Act, and all Bonds issued and to be issued under said Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution and the applicable Series Resolution.

The Bank is obligated to pay the principal of and premium, if any, and interest on the Bonds, including this Bond, only from the revenues or funds of the Bank pledged under the Resolutions (as defined below), and the State of Alaska is not obligated to pay the principal or premium, if any, or interest on the Bonds. Neither the faith and credit nor the taxing power of

the State of Alaska is pledged to the payment of the principal, premium, if any, or interest on the Bonds, including this Bond. The Bank has no taxing power.

This Bond is one of a series of Bonds (the “2017 Series Three Bonds”) issued in the aggregate principal amount of \$\_\_\_\_\_ under the Resolution of the Bank and a series resolution of the Bank, adopted on September 28, 2017, and entitled “A Series Resolution Authorizing the Issuance of General Obligation Bonds, 2017 Series Three of the Alaska Municipal Bond Bank” (said resolutions being herein collectively called the “Resolutions”).

Copies of the Resolutions are on file at the office of the Bank and at the corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 2017 Series Three Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2017 Series Three Bonds with respect thereto; and the terms and conditions upon which the Bonds are issued and may be issued thereunder; to all of the provisions of which the registered owner of this Bond, by acceptance of this Bond, consents and agrees. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Bank, with the written consent of the registered owners of at least two-thirds in principal amount of the Bonds then outstanding and, in case less than all of the several Series of Bonds would be affected thereby, with such consent of the registered owners of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding.

The 2017 Series Three Bonds are subject to redemption prior to their respective scheduled maturities as set forth below.

The 2017 Series Three Bonds maturing on or after \_\_\_\_\_ 1, 20\_\_, are subject to redemption, in whole or in part, on or after \_\_\_\_\_ 1, 20\_\_, at the option of the Bank at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption.

[Unless previously redeemed pursuant to the foregoing optional redemption provisions or purchased for cancellation, the 2017 Series Three Bonds maturing on \_\_\_\_\_ 1, 20\_\_ (the “Term Bonds”) are subject to mandatory redemption on \_\_\_\_\_ 1 of the following years and in the following principal amounts at a redemption price equal to 100% of the principal amount of the 2017 Series Three Bonds to be redeemed plus accrued interest, if any, to the date fixed for redemption.]

Term Bonds Due \_\_\_\_\_ 1, 20\_\_

Year

Sinking Fund Requirement

Notice of redemption (which in the case of optional redemption shall be a conditional notice) will be mailed to registered owners of 2017 Series Three Bonds called for redemption not

less than 20 days or more than 60 days before the date fixed for redemption. Except as provided in the Resolutions, interest on any 2017 Series Three Bonds called for redemption will cease on the date fixed for redemption.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Bank kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered 2017 Series Three Bond or Bonds in the same aggregate principal amount and of the same maturity, in authorized denominations, shall be issued to the transferee in exchange therefor as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed.

The 2017 Series Three Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of 2017 Series Three Bonds maturing in the year of maturity of the Bond for which the denomination of the Bond is to be specified. Subject to such conditions and upon payment of such charges, if any, 2017 Series Three Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered 2017 Series Three Bonds of any other authorized denominations, of the same maturity.

This Bond is fully negotiable for all purposes of the Uniform Commercial Code, and each owner of this Bond by accepting this Bond shall be conclusively considered to have agreed that this Bond is fully negotiable for those purposes.

The obligations of the Bank contained in the Resolutions and in this 2017 Series Three Bond are the obligations of the Bank and not of any member, director, officer or employee of the Bank, and no recourse shall be had for the payment of the principal or redemption price or interest on this bond or for any claim hereon or on the Resolutions against any member, director, officer or employee of the Bank or any natural person executing the 2017 Series Three Bonds.

This Bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

The Bank modified the Resolution, effective on the date when all Bonds issued prior to February 19, 2013 cease to be Outstanding, by: (i) authorizing the Trustee to release to the Bank amounts held in the Reserve Fund which exceed the Required Debt Service Reserve whenever there is a reduction in the Required Debt Service Reserve; (ii) requiring the Trustee to withdraw earnings and profits realized in the Reserve Fund, and to provide such amounts to the Bank on or before June 30 of each year so long as the balance therein equals the Required Debt Service Reserve; (iii) authorizing certain amendments and modifications to the Resolution effective upon securing the consent of Holders of at least two-thirds in principal amount of Bonds then Outstanding; and (iv) providing that an underwriter or purchaser of a Series of Bonds may

consent to a modification of, or amendment to, the Resolution as Holder of such Bonds at the time such Bonds are issued.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Alaska and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 2017 Series Three Bonds, together with all other indebtedness of the Bank, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Alaska Municipal Bond Bank has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Executive Director all as of the \_\_\_\_\_ day of \_\_\_\_\_ 2017.

ALASKA MUNICIPAL BOND BANK

[ S E A L ]

\_\_\_\_\_  
Chairman

A T T E S T:

\_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

#### TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 2017 Series Three Bonds of the Alaska Municipal Bond Bank.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,  
as Trustee

Date of Authentication:

\_\_\_\_\_  
Authorized Officer

\*\*\*\*\*

## ARTICLE V MISCELLANEOUS

### Section 501 - Paying Agent.

The Bank of New York Mellon Trust Company, N.A., or its successor or assigns, is appointed paying agent for the 2017 Series Three Bonds.

### Section 502 – Arbitrage Rebate.

Except as otherwise provided in the Bank’s tax certificate, within 30 days after the end of every fifth Bond Year and within 60 days after the date on which all of the 2017 Series Three Bonds have been retired (and/or at such other times as may be required by the Code and applicable Income Tax Regulations), the Bank shall determine the Excess Investment Earnings and shall pay rebate amounts due to the United States of America as provided in Section 148(f) of the Code.

### Section 503 - 2017 Series Three Debt Service Accounts.

There is hereby established as special accounts in the Debt Service Fund the “2017 Series Three Debt Service Account,” for the purpose of receiving amounts in the Debt Service Fund allocable to the 2017 Series Three Bonds; provided, that if so determined by the Chairman or Executive Director, separate debt service accounts for any additional series of 2017 Series Three Bonds are hereby authorized to be established. Such amounts and the earnings thereon shall be deposited and held, and separately accounted for, in the 2017 Series Three Debt Service Account.

### Section 504 - Tax Exemption and General Tax Covenant.

The Bank intends that interest on the 2017 Series Three Bonds shall be excludable from gross income for federal income tax purposes pursuant to Section 103 and 141 through 150 of the Code, and the applicable regulations. The Bank covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on the 2017 Series Three Bonds issued on a tax-exempt basis to be included in gross income, as defined in Section 61 of the Code, for federal income tax purposes.

### Section 505 - Arbitrage Covenant.

The Bank shall make no use or investment of the gross proceeds of the 2017 Series Three Bonds which will cause the 2017 Series Three Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code. The Bank hereby covenants that so long as any of the 2017 Series Three Bonds are outstanding, the Bank, with respect to the gross proceeds of the 2017 Series Three Bonds, shall comply with all requirements of said Section 148 and of all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.



#### Section 506 - Resolution Clarification.

It shall hereby be clarified that the Resolution, at Section 919, shall only apply to Bonds issued on a tax-exempt basis.

#### Section 507 - Loan Agreement.

The Chairman and the Executive Director are each hereby authorized to execute the Loan Agreement between the Bank and the Governmental Unit referred to therein, in a form substantially similar to the form attached hereto as Appendix C and submitted to and part of the records of the meeting on September 28, 2017, with such changes as the Chairman or the Executive Director shall deem advisable.

#### Section 508 - Continuing Disclosure.

The Bank hereby covenants and agrees that it will execute and deliver and will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, the proposed form of which is attached hereto as Appendix B, with such changes as the Chairman or the Executive Director shall deem advisable and in the best interest of the Bank. Notwithstanding any other provision of this 2017 Series Three Resolution, failure of the Bank to comply with the Continuing Disclosure Certificate shall not be a default of the Bank's obligations under this 2017 Series Three Resolution, the Resolution or the 2017 Series Three Bonds; however, the Beneficial Owner of any 2017 Series Three Bond may bring an action for specific performance, to cause the Bank to comply with its obligations under the Continuing Disclosure Certificate and this Section.

#### Section 509 - Chairman and Executive Director.

The Chairman and the Executive Director are, and each is, hereby authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this 2017 Series Three Resolution and to effectuate the issuance and delivery of the 2017 Series Three Bonds, including acceptance of the Approved Bid, or the approval and execution and delivery of the Bond Purchase Agreement, for the 2017 Series Three Bonds, and all prior actions taken to effectuate and in connection with the provisions of this 2017 Series Three Resolution and the issuance and delivery of the 2017 Series Three Bonds are hereby ratified and confirmed. The authority and ratification granted in this Section 509 to the Chairman and the Executive Director includes authorization to determine the manner of sale and authorization to solicit commitments for a policy of insurance with respect to payment of the interest on and principal of all or a portion of the 2017 Series Three Bonds and/or a surety policy and thereafter to accept such commitment which is in the best interest of the Bank and enter into such agreement with the bond insurer as shall be in the best interests of the Bank.

#### Section 510 - Effective Date.

This 2017 Series Three Resolution shall take effect immediately on the date hereof (September 28, 2017).

## APPENDIX A

### BLANKET ISSUER LETTER OF REPRESENTATIONS

#### Blanket Issuer Letter of Representations

[To be Completed by Issuer]

ALASKA MUNICIPAL BOND BANK  
(Name of Issuer)

May 2, 1995  
(Date)

Attention: Underwriting Department — Eligibility  
**The Depository Trust Company**  
55 Water Street, 50th Floor  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

ALASKA MUNICIPAL BOND BANK

(Issuer)

By:

*Norman J. Levesque*  
(Authorized Officer's Signature)

NORMAN J. LEVESQUE  
Executive Director

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By:

*James M. McInerney*

**SAMPLE OFFERING DOCUMENT LANGUAGE  
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable  
only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by

entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer,

subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

## APPENDIX B

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

Alaska Municipal Bond Bank (the “Issuer”) executes and delivers this Continuing Disclosure Certificate (the “Disclosure Certificate”) in connection with the issuance of \$\_\_\_\_\_ Alaska Municipal Bond Bank General Obligation Bonds, 2017 Series Three (the “Bonds”). The Bonds are being issued under the General Bond Resolution of the Bank entitled “A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof,” adopted July 13, 2005, as amended (the “General Bond Resolution”), and Series Resolution No. 2017-03, adopted on September 28, 2017 (the “Series Resolution,” and together with the General Bond Resolution, the “Resolutions”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. The Issuer is executing and delivering this Disclosure Certificate for the benefit of the Beneficial Owners of the Bonds, and to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 of this Disclosure Certificate.

“Fiscal Year” means the fiscal year of the Issuer (currently the 12-month period ending June 30), as such fiscal year may be changed from time to time as required by State law.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

Section 3. Provision of Annual Reports and Financial Statements. Commencing with its Fiscal Year ending June 30, 2017, the Issuer will provide to the MSRB, in a format as prescribed by the Rule:

- (a) Not later than 210 days after the end of each Fiscal Year, an Annual Report for the Fiscal Year. The Annual Report shall contain or incorporate by reference: (i) annual audited financial statements of the Issuer; (ii) a statement of authorized, issued and outstanding bonded debt of the Issuer; (iii) the Reserve Fund balance; and (iv) statistics

regarding Governmental Units similar to those found in Appendix D to the Official Statement as of the end of the prior Fiscal Year. Any or all of these items may be included by specific reference to documents available to the public or the internet website of the MSRB or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference. The Annual Report may be submitted as a single document or as separate documents comprising a package, provided that audited financial statements may be submitted separately from the remainder of the Annual Report.

(b) Not later than 120 days after the end of each Fiscal Year, the Issuer will notify each Governmental Unit, who has, or had, an amount of bonds equal to or greater than ten percent (10%) of all outstanding loans under the General Bond Resolution, of its continuing disclosure undertaking responsibility. A list of such Governmental Units for the prior Fiscal Year will be included in the Annual Report.

Section 4. Notice of Failure to Provide Information. The Issuer shall provide in a timely manner to the MSRB notice of any failure to satisfy the requirements of Section 3 of this Disclosure Certificate.

Section 5. Reporting of Significant Events. (a) The Issuer shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence of such event:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds which include (i) the issuance by the Internal Revenue Service (“IRS”) of proposed or final determinations of taxability, (ii) Notices of Proposed Issues (IRS Form 5701-TEB), (iii) other material notices or determinations with respect to the Bonds, and (iv) other events affecting the tax status of the Bonds.
- (6) Defeasances.
- (7) Rating changes.
- (8) Tender offers.
- (9) Bankruptcy, insolvency, receivership or similar proceeding by the Issuer or “obligated person.”

(b) The Issuer shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence of such event, if material:

- (1) Nonpayment-related defaults.
- (2) Modifications to rights of holders of the Bonds.
- (3) Bond calls, other than mandatory, scheduled redemptions not otherwise contingent on the occurrence of an event.
- (4) Release, substitution or sale of property securing repayment of the Bonds.
- (5) Other than in the normal course of business, the consummation of a merger, consolidation, or acquisition involving an “obligated person,” or the sale of all or substantially all of the assets of the Issuer or “obligated person,” or the entry into a definitive agreement to undertake such an action, or a termination of a definitive agreement relating to any such actions, other than in accordance with its terms.
- (6) Appointment of a successor or additional trustee or the change in name of the trustee for the Bonds.

Section 6. Termination of Reporting Obligation. The Issuer’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, provided that the amendment meets each of the following conditions:

- (a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer;
- (b) This Disclosure Certificate, as amended, would have complied with the requirements of the Rule as of the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances;
- (c) The Issuer obtains an opinion of counsel unaffiliated with the Issuer that the amendment does not materially impair the interests of the Beneficial Owners of the Bonds; and
- (d) The Issuer notifies and provides the MSRB with copies of the opinions and amendments.

Any such amendment may be adopted without the consent of any Beneficial Owner of any of the Bonds, notwithstanding any other provision of this Disclosure Certificate or the Resolutions.



The first Annual Report containing amended operating data or financial information pursuant to an amendment of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment and its effect on the type of operating data and financial information being provided.

Section 8. Filing. Any filing required under the terms of this Disclosure Certificate may be made solely by transmitting such filing to the Electronic Municipal Market Access as provided at <http://www.emma.msrb.org>, or in such other manner as may be permitted from time to time by the Securities Exchange Commission.

Section 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Beneficial Owner may take such actions as may be necessary and appropriate, including an action to compel specific performance, to cause the Issuer to comply with its obligations under this Disclosure Certificate. No failure to comply with any provision of this Disclosure Certificate shall be deemed an Event of Default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel specific performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Trustee, the Participating Underwriter and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATED this \_\_\_\_ day of \_\_\_\_\_ 2017.

ALASKA MUNICIPAL BOND BANK

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DEVEN J. MITCHELL  
Executive Director

## APPENDIX C

### FORM OF

### LOAN AGREEMENT

THIS LOAN AGREEMENT, dated the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ (the “Loan Agreement”), between the Alaska Municipal Bond Bank (the “Bank”), a body corporate and politic constituted as an instrumentality of the State of Alaska (the “State”) exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the “Act”), having its principal place of business at Juneau, Alaska, and the \_\_\_\_\_, Alaska, a duly constituted \_\_\_\_\_ [city] [borough] of the State (the “[City] [Borough]”):

#### W I T N E S S E T H:

WHEREAS, pursuant to the Act, the Bank is authorized to issue bonds and make loans of money (the “Loan” or “Loans”) to governmental units; and

WHEREAS, the [City] [Borough] is a “Governmental Unit” as defined in the General Bond Resolution of the Bank hereinafter mentioned and was authorized to accept a Loan from the Bank, evidenced by its municipal bond; and

WHEREAS, the [City] [Borough] desires to borrow money from the Bank in the amount not to exceed \$\_\_\_\_\_ and has submitted an application to the Bank for a Loan in the amount not to exceed \$\_\_\_\_\_; and

WHEREAS, the [City] [Borough] has duly authorized the issuance of its fully registered bond in the principal amount of \$\_\_\_\_\_ (the “Municipal Bond”), which Municipal Bond is to be purchased by the Bank as evidence of and security for the [City’s][Borough’s] obligation to repay the Loan in accordance with this Loan Agreement; and

WHEREAS, the application of the [City] [Borough] contains the information requested by the Bank; and

WHEREAS, to provide for the issuance of bonds of the Bank to obtain from time to time money with which to make, and/or to refinance Loans, the Board of Directors of the Bank (the “Board”) has adopted its General Obligation Bond Resolution on July 13, 2005 (as amended, the “General Bond Resolution”); and

WHEREAS, the Board approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding; and

WHEREAS, on \_\_\_\_\_, 2017 the Board adopted Series Resolution No. 20\_\_-\_\_ (the “Series Resolution” and together with the General Bond Resolution, the “Bond Resolution”), authorizing the Bank to, among other things, issue the Bank’s General Obligation

Bonds, 2017 Series Three (the “2017 Series Three Bonds”), make the Loan to the [City][Borough] and purchase the [City’s][Borough’s] Municipal Bond.

NOW, THEREFORE, the parties agree as follows:

1. The Bank hereby makes the Loan, and the [City] [Borough], hereby accepts the Loan in the principal amount of \$\_\_\_\_\_. As evidence of the Loan made to the [City] [Borough] and such money borrowed from the Bank by the [City] [Borough], the [City] [Borough] hereby agrees to sell to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A.

2. The [City] [Borough] represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including [Ordinance] [Resolution] No. \_\_\_\_\_, adopted on \_\_\_\_\_, 20\_\_ (the “[City] [Borough] [Ordinance] [Resolution]”). The [City][Borough] further represents to the Bank that the [City][Borough] has taken or will take all other proceedings required by law to enable it to enter into this Loan Agreement and to issue its Municipal Bond to the Bank and that the Municipal Bond will constitute [a general obligation bond, secured by the full faith and credit] [a revenue bond, secured by a special and limited obligation] of the [City] [Borough], all duly authorized by the [City] [Borough] [Ordinance] [Resolution].

The [City][Borough] represents that the [City][Borough] [Resolution] [Ordinance] is in full force and effect and has not been amended, supplemented or otherwise modified, other than as may have been previously certified by the [City][Borough] to the Bank.

3. Subject to any applicable legal limitations, the amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing interest due on its Municipal Bond (the “Municipal Bond Interest Payments”) shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the Loan and to purchase the Municipal Bond (the “Loan Obligations”) and shall be paid by the [City] [Borough] [for revenue obligations in monthly installments] at least seven (7) Business Days before the Interest Payment Date to provide funds sufficient to pay interest as the same becomes due on the Loan Obligations.

4. The amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing principal due on its Municipal Bond (the “Municipal Bond Principal Payments”), shall be paid [for revenue obligations, in monthly installments on the dates and in amounts sufficient] to provide at least seven (7) Business Days before the payment date stated in the Municipal Bond funds sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A.

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the [City] [Borough] pursuant to this Loan Agreement are not made available at any time specified herein, the [City] [Borough] agrees that any money payable to it by any department or agency of the State may be withheld from it and paid over directly to the Trustee acting under the General

Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the [City] [Borough], as provided in the Act.

6. In the event that all or a portion of the Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the [City] [Borough] on the Municipal Bond for the corresponding year pursuant to the terms of the Municipal Bond, then both the Municipal Bond Interest Payments and the Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the [City] [Borough] on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of the Bank's refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond Principal Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of the Loan Obligations, the Bank shall present to the [City] [Borough] for the [City's] [Borough's] approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the [City] [Borough] the revised schedule shall be attached hereto as Exhibit A and incorporated herein in replacement of the previous Exhibit A detailing said principal installment amounts and interest rates.

7. The [City] [Borough] is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the [City] [Borough] shall be in an amount sufficient, together with the [City's] [Borough's] Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to Section 606 of the General Bond Resolution:

(a) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the Administrative Expenses of the Bank; and

(b) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The [City's] [Borough's] Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

8. The [City] [Borough] is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due at least seven (7) Business Days prior to each date indicated in Exhibit A, and thereafter on the

anniversary thereof each year. The [City] [Borough] is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing seven (7) Business Days prior to each date indicated in Exhibit A, and to pay any Fees and Charges imposed by the Bank within 30 days after receiving the invoice of the Bank therefor.

9. The Bank shall not sell and the [City] [Borough] shall not redeem prior to maturity any portion of the Municipal Bond in an amount greater than the related Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The [City] [Borough] shall give the Bank at least 50 days' prior written notice of the [City's][Borough's] intention to redeem its Municipal Bond.

In the event the Loan Obligations with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligations were issued in a principal amount in excess of or less than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such refunding bonds outstanding.

In the event all or a portion of the Loan Obligations have been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligations, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such refunding bonds outstanding.

In the event all or a portion of the Loan Obligations have been refunded, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligations or portion thereof are redeemed, shall be the premium, if any, on the Loan Obligations to be redeemed.

Nothing in this Section shall be construed as preventing the [City] [Borough] from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of all or a portion of the Loan Obligations.

10. Simultaneously with the delivery of the Municipal Bond to the Bank, the [City] [Borough] shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid and binding [general obligation] [special and limited obligation] of the [City] [Borough], secured by the [full faith and credit] [revenue of the \_\_\_\_\_] of the [City] [Borough].

11. Invoices for payments under this Loan Agreement shall be addressed to the [City] [Borough], Attention: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, Alaska 99\_\_\_\_. The [City] [Borough] shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' prior written notice of any change in such address.

12. [The [City] [Borough] hereby agrees that it shall fully fund, at the time of loan funding, its debt service reserve fund (in an amount equal to \$ \_\_\_\_\_) which secures payment of principal and interest on its Municipal Bond, that such fund shall be held in the name of the [City] [Borough] with the Trustee, and that the yield on amounts held in such fund shall be restricted to a yield not in excess of \_\_\_\_\_ percent.  
**(Applies to revenue bonds only.)]**

13. **[Rate covenant and other covenant language – if applicable.]**

14. The [City] [Borough] hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the [City's] [Borough's] record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The [City] [Borough] agrees that all records required by the preceding sentence shall be made available to the Bond Bank upon request.

15. Prior to payment of the amount of the Loan or any portion thereof, and the delivery of the Municipal Bond to the Bank or its designee, the Bank shall have the right to cancel all or any part of its obligations hereunder if:

(a) Any representation, warranty or other statement made by the [City] [Borough] to the Bank in connection with its application to the Bank for a Loan shall be incorrect or incomplete in any material respect.

(b) The [City] [Borough] has violated commitments made by it in the terms of this Loan Agreement.

(c) The financial position of the [City] [Borough] has, in the opinion of the Bank, suffered a materially adverse change between the date of this Loan Agreement and the scheduled time of delivery of the Municipal Bond to the Bank.

16. The obligation of the Bank under this Loan Agreement is contingent upon delivery of its General Obligation Bonds, 20\_\_ Series \_\_\_\_\_ and receipt of the proceeds thereof.

17. The [City] [Borough] agrees that it will provide the Bank with written notice of any default in covenants under the [City] [Borough] [Ordinance] [Resolution] within thirty (30) days after the date thereof.

18. The [City] [Borough] agrees that it shall file, on an annual basis, its annual financial statements with the Municipal Securities Rulemaking Board not later than two hundred ten (210) days after the end of each fiscal year of the [City] [Borough] for so long as the Municipal Bond remains outstanding. The [City] [Borough] further agrees that filings under this Section 18 shall be made in connection with CUSIP Nos. 01179P, 011798 and 01179R. Additional or alternate CUSIP number(s) may be added from time to time by written notice from the Bank to the [City] [Borough]. The [City] [Borough] agrees that if it shall receive from the Bank CUSIP number(s) in addition to those set forth in this Section then it shall thereafter make its filings using both CUSIP numbers herein stated and any additional CUSIP number(s).

19. The [City] [Borough] agrees that it shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on the Municipal Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Municipal Bond is subject on the date of original issuance thereof.

The [City] [Borough] shall not permit any of the proceeds of the Municipal Bond, or any facilities financed with such proceeds, to be used in any manner that would cause the Municipal Bond to constitute a “private activity bond” within the meaning of Section 141 of the Code.

The [City] [Borough] shall make no use or investment of the proceeds of the Municipal Bond that will cause the Municipal Bond to be an “arbitrage bond” under Section 148 of the Code. So long as the Municipal Bond is outstanding, the [City] [Borough], shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect. The [City] [Borough] shall indemnify and hold harmless the Bank from any obligation of the [City] [Borough] to make rebate payments to the United States under said Section 148 arising from the [City’s] [Borough’s] use or investment of the proceeds of the Municipal Bond.

20. Upon request of the Bank, the [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

21. The [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D of the Bank’s Official Statement, dated \_\_\_\_\_, 20\_\_, under the heading “Summary of Borrowers Representing 10% or More of Outstanding Bonds Issued Under the 2005 General Bond Resolution,” attached hereto as Exhibit B.

22. If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

23. This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

24. No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition hereof, nor shall a waiver of any breach of this Loan Agreement be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

25. In this Loan Agreement, unless otherwise defined herein, all capitalized terms which are defined in Article I of the General Bond Resolution shall have the same meanings, respectively, as such terms are given in Article I of the General Bond Resolution.

26. This Loan Agreement shall remain in full force and effect so long as the Municipal Bond remains outstanding.

27. This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the date first set forth above.

ALASKA MUNICIPAL BOND BANK

By: \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

[CITY] [BOROUGH] OF \_\_\_\_\_,  
ALASKA

By: \_\_\_\_\_  
\_\_\_\_\_

Its: \_\_\_\_\_



## EXHIBIT A

\$ \_\_\_\_\_  
[City] [Borough], Alaska  
[General Obligation] [Revenue] Bond, 20\_\_  
(the "Municipal Bond")

Due (_____ 1)	Principal <u>Amount</u>	Interest <u>Rate</u>
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Principal installments shall be payable on \_\_\_\_\_ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on \_\_\_\_\_ 1, 20\_\_, and thereafter on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year.

[Prepayment Provisions: The Municipal Bond principal installments are not subject to prepayment prior to maturity.]

Optional Prepayment: The Municipal Bond principal installments due on or after \_\_\_\_\_ 1, 20\_\_ are subject to prepayment in whole or in part at the option of the [City] [Borough] on any date on or after \_\_\_\_\_ 1, 20\_\_, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

## **EXHIBIT B**

*[Information from Appendix D of the Bank's Official Statement to be inserted]*

**APPENDIX D**  
**FORM OF**  
**OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS**

**ALASKA MUNICIPAL BOND BANK**  
**\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS,**  
**2017 SERIES THREE**

**THE SALE**

NOTICE IS HEREBY GIVEN that electronic bids will be received at the place, on the date and until the time specified below for the purchase of all, but not less than all, of \$ \_\_\_\_\_\* aggregate principal amount of General Obligation Bonds, 2017 Series Three (the “Bonds”) to be issued by the Alaska Municipal Bond Bank (the “Bond Bank”).

DATE: \_\_\_\_\_, 2017\*\*

TIME: [9:00] A.M. Pacific Daylight Time\*\*

ELECTRONIC BIDS: Must be submitted in their entirety via BiDCOMP™/Parity® as described below. **No other form of bid or provider of electronic bidding services will be accepted.**

**ELECTRONIC BIDDING AND BIDDING PROCEDURES**

**Registration to Bid.** All prospective bidders must be contracted customers of BiDCOMP™/Parity® Competitive Bidding System (“BiDCOMP/Parity”). If you do not have a contract with BiDCOMP/Parity, call (212) 849-5021 to become a customer. No other provider of electronic bidding services and no other means of delivery (i.e. telephone, telefax, telegraph, personal delivery, etc.) of bids will be accepted. **If any provision of this Notice of Sale conflicts with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control.** Further information about submitting a bid using BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 849-5021 or from Chip Pierce, Western Financial Group, LLC, a wholly-owned subsidiary of PFM Financial Advisors LLC, the Bond Bank’s Financial Advisor, at (503) 719-6113.

By submitting a bid for the Bonds, a prospective bidder represents and warrants to the Bond Bank that such bidder’s bid for the purchase of the Bonds (if a bid is submitted) is submitted for and on behalf of such prospective bidder by an officer or agent who is authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

**Disclaimer.** Each prospective bidder shall be solely responsible to register to

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\* Preliminary, subject to change.

\*\* Preliminary, subject to change before the Sale Date and time, as provided in this Notice of Sale.

bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Bond Bank nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Bond Bank nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The Bond Bank is using BiDCOMP/Parity as a communication mechanism, and not as the Bond Bank's agent, to conduct electronic bidding for the Bonds. The Bond Bank is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bidding Procedures" described below. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders, and the Bond Bank is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity or notify the Bond Bank's Financial Advisor by email to piercec@pfm.com.

**Bidding Procedures.** Bids must be submitted electronically for the purchase of the Bonds (all or none) by means of the Bid Forms via BiDCOMP/Parity by [9:00] A.M. Pacific Daylight Time on \_\_\_\_\_, \_\_\_\_\_, 2017\*, unless postponed as described herein. See "Postponement." Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP/Parity. Once the final bid has been saved in BiDCOMP/Parity, the bidder may select the final bid button in BiDCOMP/Parity to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the Bond Bank, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/Parity shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Bond Bank, as described below under "Basis of Award."

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time specified above for receiving such bids.

**Award of the Bonds.** The Bond Bank will notify the responsible bidder complying with the terms of this Notice of Sale and offering to purchase the Bonds at the lowest true interest cost to the Bond Bank of the award the Bonds (or all bids will be rejected) by 12:00 p.m. Pacific Daylight Time on \_\_\_\_\_, \_\_\_\_\_, 2017.\*

**Basis of Award.** The Bonds will be awarded to the bidder whose proposal produces the lowest true interest cost. The true interest cost will be that annual interest rate, which, when

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\* Preliminary, subject to change before the Sale Date and time as provided below. See "Postponement."

\* Preliminary, subject to change before the Sale Date and time as provided below. See "Postponement."

compounded semiannually and used to discount all payments of principal and interest payable on the Bonds under such proposal to the date of delivery, results in an amount equal to the purchase price for the Bonds. If two or more bids provide the same lowest true interest cost, the Bond Bank shall determine, in its sole discretion, which bid shall be accepted, and such determination shall be final. See "Interest Rates and Bid Price."

**Modifications.** The Bond Bank reserves the right to modify any term of this Notice of Sale and/or the Preliminary Official Statement for any other reason by notice on the Amendments Page of the BiDCOMP/Parity website no later than 5:00 p.m., Eastern Daylight Time, on \_\_\_\_\_, 2017\* (or, in the event of a postponement in accordance herewith, the day prior to the reset bid date).

**Postponement.** The Bond Bank also reserves the right to postpone the sale and to set a new time for the sale either separately or at one time. Postponement may be effected by 8:00 a.m. Pacific Daylight Time on \_\_\_\_\_, 2017,\* by a Statement of Postponement carried on the Amendments page of the BiDCOMP/Parity website (the "Statement of Postponement"). At the same time or within 48 hours following the Statement of Postponement, the Bond Bank may reset a new time for the sale. The reset sale notice may state different terms and conditions of sale and may refer to this notice for any or all terms of sale. All bidders will be deemed to have assented to the above conditions by submitting a bid, and lack of actual notice of the postponement or of the reset terms of sale will not be considered.

**Right of Rejection.** The Bond Bank reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any actions adjourning or postponing the sale of the Bonds or to take any other action that the Bond Bank may deem to be in its best interest. In the event that the Bond Bank rejects all bids, notice of a new Sale Date, if any, will be carried on the Amendments page of the BiDCOMP/Parity website.

## **THE BONDS**

**Bond Details.** The Bonds will be dated the date of delivery and will bear interest from their dated date, payable semiannually on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year, commencing on \_\_\_\_\_ 1, 2017. Interest will be computed upon the basis of a 360-day year of twelve 30-day months. The Bonds will be dated to mature on the following dates and in the following principal amounts:

### **2017 Series Three\***

\$\_\_\_\_\_ of 2017 Series Three Bonds will mature on \_\_\_\_\_ 1, 2017.\* The remaining 2017 Series Three Bonds will mature on \_\_\_\_\_ 1 in the years and principal amounts set forth below.\*

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\* Preliminary, subject to change before the Sale Date and time as provided below.

Year ( _____ )	Principal <u>Amount</u> *	Year ( _____ )	Principal <u>Amount</u> *
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**Adjustment of Maturities.** The Bond Bank reserves the right to adjust the principal amount of each maturity as may be necessary to achieve structuring objectives related to the underlying loan. The principal amount of any maturity of the Bonds will only be adjusted in increments of \$5,000. Notice of any adjustment will be provided within two hours after the time at which bids are opened through BiDCOMP/Parity. The Bond Bank will attempt to maintain the Underwriter's compensation as a percentage of the final principal amount of the Bonds when adjusting the maturities. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices as a result of any changes made to the revised amounts within these limits.

**Optional Designations of Term Bonds and Mandatory Sinking Fund Redemption.** Bidders have the option of specifying in their bid proposal that all of the principal amount of Bonds scheduled to mature in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or more maturities of the Bonds (the "Term Bonds") scheduled to mature in the latest year of each such combination. The Term Bonds so specified by the bidder will then be subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount thereof, in the principal amount in each year during the combined period of such Term Bonds, which otherwise would have been scheduled to mature in such years. If no Term Bonds are designated in the successful bid, the Bonds will mature serially without Term Bonds.

**Immobilization of the Bonds.** The Bonds are being issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and immobilized in the custody of DTC, which will act as securities depository for the Bonds. A book-entry system will be employed by DTC evidencing ownership of the Bonds in principal amount of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC.

The principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfers of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners

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\* Preliminary, subject to change. See "Adjustment of Maturities."

by participants of DTC will be the responsibility of such participants and persons acting through such participants (the “Participants”), and other nominees of beneficial owners. The Bond Bank will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, the payment by DTC or by Participants of principal of or interest on the Bonds, any notice to bondholders or any consent given or other action taken by DTC as the registered owner of the Bonds.

**Optional Redemption.** The Bonds maturing on or after \_\_\_\_\_ 1, 20\_\_, are subject to redemption at the option of the Bond Bank in whole or in part on any date on or after \_\_\_\_\_, 20\_\_, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption.

**Security for the Bonds.** The Bonds are general obligations of the Bond Bank payable only from revenues or funds of the Bond Bank. The Bond Bank has no taxing power. The State of Alaska is not liable for payment on the Bonds, and the Bonds are not a debt of the State of Alaska. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for payment of the Bonds.

The security for the Bonds is described in the Preliminary Official Statement and the 2005 General Bond Resolution and Series Resolution, and those documents should be consulted for a complete description of the security for the Bonds.

**Bond Insurance At Bidder’s Option And Expense.** Bidders may elect to insure the Bonds at the bidders’ risk and expense. The Trustee will only enter into agreements to comply with the administrative requirements of the bond insurer; **the Bond Bank will not amend the General Bond Resolution, the Series Resolution or the loan agreement.** The Bond Bank will pay the fee for ratings from S&P Global Ratings and Fitch Ratings, regardless of whether the Bonds are insured.

**The Bond Bank is not seeking and has not requested or obtained a commitment for any credit enhancement, including a policy to insure payment of scheduled debt service on the Bonds.** If the Bond Bank selects a bid that is based on providing insurance on the Bonds, then the Official Statement and closing certificates will be amended accordingly. No additional security beyond that described in the Preliminary Official Statement will be allowed, however. **Failure of a bond insurer to deliver a policy of insurance for the Bonds will not release the successful bidder from its obligation to purchase the Bonds.**

**Interest Rates and Bid Price.** The Bonds will be sold in one block on an “all or none” basis, and **at a price of not less than one hundred percent (100%) of the aggregate principal amount of the Bonds. No serial or term bond maturity may bear a price of less than \_\_\_\_\_ percent (\_\_\_%).** Bidders must specify the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be a multiple of one-eighth (1/8) of one percent (1%) or one-twentieth (1/20) of one percent (1%). The highest interest rate bid may not exceed \_\_\_\_%. No limitation is imposed upon bidders as to the number of rates which may be used, except that all Bonds of one maturity must bear one and the same interest rate. **The bidding is permitted either with or without bond insurance at the discretion of the bidder. In either event, the winning bid will be selected on**

**the basis of the true interest cost to the Bond Bank, and in all cases the insurance premium will be paid by the bidder.**

**Good Faith Deposit.** The successful bidder will be required to provide a good faith deposit in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in immediately available funds wired to the Bond Bank's Trustee not later than 2:00 p.m. (Pacific Daylight Time) on \_\_\_\_\_, \_\_\_\_\_, 2017.\* Wire information will be provided to the successful bidder by the Financial Advisor upon bid award.

The Good Faith Deposit will be held by the Bond Bank to ensure the successful bidder's compliance with the terms of its bid and the Notice of Sale and Bidding Instructions and will be applied to the purchase price on the date of delivery of the Bonds. Pending delivery of the Bonds, the good faith deposit may be invested for the sole benefit of the Bond Bank. In the event the successful bidder fails or refuses to pay for the Bonds in accordance with its bid, the amount of the good faith deposit and any investment earnings thereon shall be accepted by the Bond Bank as full and complete liquidated damages.

**Establishment of Issue Price and Certificate of Successful Bidder; Hold the Offering Price Rule May Apply If Competitive Sale Requirements Are Not Satisfied** The successful bidder will be required to provide the Bond Bank within one-half (1/2) hour after the verbal award of the Bonds the initial offering price/yields of the Bonds resold to the Public.

(a) The successful bidder shall assist the Bond Bank in establishing the issue price of the Bonds and shall execute and deliver to the Bond Bank at the closing date of the Bonds an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Bond Bank and Bond Counsel (as defined herein).

(b) The Bond Bank intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements"), which require that:

(1) the Bond Bank disseminates this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;

(2) the Bond Bank provides all bidders shall have an equal opportunity to bid;

(3) the Bond Bank awards the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest overall true interest cost), as set forth in this Notice of Sale; and

(4) the Bond Bank receives bids from at least three Underwriters of municipal bonds

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\* Preliminary, subject to change before the Sale Date and time.



who have established industry reputations for underwriting new issuances of municipal bonds. The Bond Bank intends to satisfy the first three of these requirements.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the Bond Bank shall so advise the successful bidder. The Bond Bank may determine to treat (i) the first price at which 10% of a maturity of the Bonds (and if different interest rates apply within a maturity, to each separate CUSIP number within the maturity) (the “10% test”) is sold to the Public as the issue price of that maturity and/or (ii) the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the Bond Bank if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Bond Bank shall promptly advise the successful bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the Bond Bank determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

(d) By submitting a bid, the successful bidder shall (i) confirm that the Underwriter has offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree that the Underwriter will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The successful bidder shall promptly advise the Bond Bank when the Underwriter has sold 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

(e) If the Competitive Sale Requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the successful bidder agrees to promptly report to the Bond Bank the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date of the Bonds has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that

maturity have been sold.

(f) [The Bond Bank acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that the Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Bond Bank further acknowledges that the Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that it shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.]

(g) By submitting a bid, each bidder confirms that any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) “Public” means any person other than an Underwriter or a Related Party,

(ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the Bond Bank (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),

(iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership,

as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “Sale Date” means the date that the Bonds are awarded by the Bond Bank to the successful bidder

**Delivery.** It is expected that the Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2017,\* and closing will take place on the same date in Seattle, Washington or at another location specified by the Bond Bank. The successful bidder will be required to provide the Bond Bank with information as to the initial offering price of the Bonds to the Public (excluding bond-houses, brokers and similar persons acting as Underwriters or wholesalers) at which a substantial amount of the Bonds were sold and the insurance premium (if insurance is purchased by the bidder). Such information must be confirmed with a certificate dated the date of closing of the Bonds, in the form attached to this Notice of Sale as Exhibit A and satisfactory to Bond Counsel.

There will be furnished to the successful bidder without cost, the executed Bonds to be delivered to DTC or its agent and the usual closing documents dated as of the date of delivery of and payment for the Bonds, including a certificate that there is no litigation pending or threatened affecting the validity of the Bonds.

The Bond Bank will confirm to the successful bidder, by a certificate signed on its behalf by the Executive Director or Chairman and delivered at the closing, that at the time of the acceptance of the bid, and at the time of the closing, insofar as the Bond Bank and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

**Payment.** The successful bidder shall make full payment of the purchase price of the Bonds to the Bond Bank at the time of delivery in federal funds or other immediately available funds without cost to the Bond Bank.

**Tax-Exempt Status. 2017 Series Three Bonds.** The opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Bond Bank (“Bond Counsel”), will state that based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance by the Bond Bank and by the Governmental Unit with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel will observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. For further information, please refer to “TAX MATTERS” in the Preliminary Official Statement.

**Legal Opinion.** The opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Bond Bank, approving the validity of the Bonds, will be furnished upon delivery of the Bonds. The

proposed form of Bond Counsel's opinion is included in the Preliminary Official Statement as an appendix.

**CUSIP Numbers.** CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bonds nor any error with respect thereto shall constitute cause for the successful bidder to fail or to refuse to accept delivery of and to pay for the Bonds. No liability shall attach to the Bond Bank or to any director, officer, employee or agent thereof, including any paying agent or registrar for the Bonds, by reason of such number or by reason of any inaccuracy, error, or omission with respect thereto.

**Continuing Disclosure Undertaking.** The Bond Bank covenants and agrees to execute and deliver on or before the date of delivery of the Bonds a continuing disclosure certificate constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the Bond Bank for the benefit of the beneficial owners of the Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. In the Undertaking, the Bond Bank will undertake to provide certain annual financial information and to provide notices of certain events with respect to the Bonds. The proposed form of the Bond Bank's Undertaking is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

**The Bond Bank is represented by an Independent Registered Municipal Advisor.** The Bond Bank has engaged, is represented by and will rely upon the advice of Western Financial Group, LLC, a wholly-owned subsidiary of PFM Financial Advisors LLC, an independent registered municipal advisor, to advise it on the issuance of the Bonds offered for sale in this Notice of Sale, and other aspects of the financing for which the Bonds are being issued. The Bond Bank intends that (i) this statement constitutes the "required representation" for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3)(vi)(B) and (ii) by publically making this written statement in this Notice of Sale, all prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3)(vi).

**Additional Information.** A Preliminary Official Statement relating to the Bonds and an Official Bid Form for the Bonds may be obtained from Chip Pierce, Western Financial Group, LLC, a wholly-owned subsidiary of PFM Financial Advisors LLC, at piercec@pfm.com, (503) 719-6113 or from Deven J. Mitchell, Executive Director of the Alaska Municipal Bond Bank, 333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811, (907) 465-3750.

The Preliminary Official Statement, referred to above, has been "deemed final" by the Bond Bank for purposes of SEC Rule 15c2-12(b)(1) but is subject to revision, amendment and completion including by the final Official Statement.

By awarding the Bonds to any Underwriter or underwriting syndicate submitting a bid, the Bond Bank agrees that within seven (7) business days after the date of such award the Bond Bank shall provide the senior managing Underwriter of the successful syndicate with copies of a final Official Statement. The senior managing Underwriter of the successful syndicate will be

supplied with final Official Statements in a quantity sufficient to meet its request. Up to 100 copies of the final Official Statement will be furnished without cost.

The Bond Bank designates the senior managing Underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating Underwriter. Any Underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Bond Bank, (i) it will accept such designation, (ii) it will enter into a contractual relationship with all participating Underwriters of the Bonds for purposes of assuring the receipt by each such participating Underwriter of the final Official Statement, and (iii) within one business day following the receipt from the Bond Bank, it will file, or cause to be filed, with the Municipal Securities Rulemaking Board the final Official Statement and the escrow agreement.

DATED: \_\_\_\_\_, 2017

ALASKA MUNICIPAL BOND BANK

By \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

**EXHIBIT A**  
**FORM OF**  
**CERTIFICATE OF THE UNDERWRITER**

\_\_\_\_\_ has acted as the Underwriter in connection with the sale and issuance by the Alaska Municipal Bond Bank (the “Bank”) of its \$\_\_\_\_\_ \* Alaska Municipal Bond Bank General Obligation Bonds, 2017 Series Three (the “Bonds”), through its purchase of the Bonds at competitive bid, being issued on the date hereof, and the Underwriter hereby certifies and represents the following:

Issue Price.

**[AT LEAST 3 BIDS RECEIVED]**

1. The Underwriter received the notice of sale issued in connection with the sale of the Bonds, submitted a bid that constituted a firm bid to purchase the Bonds, and was not given the opportunity to review other bids prior to submitting its bid. As of [SALE DATE], the Underwriter reasonably expected to offer the Bonds to the Public at the Initial Offering Prices. The Initial Offering Prices are the prices used by the Underwriter in formulating its bid to purchase the Bonds. Attached hereto as Schedule 1 is a true and correct copy of the bid provided by Underwriter to purchase the Bonds.

**[LESS THAN 3 BIDS RECEIVED, NOT USING HOLD THE PRICE]**

1. As of the date hereof, other than the Bonds listed on Schedule 1 hereto as undersold maturities (the “Undersold Maturities”), the first price or yield at which at least 10% of each Maturity of the Bonds was sold by the Underwriter to the Public was the price set forth on Schedule 1 hereto.

2. With respect to the Undersold Maturities, the Underwriter agrees to notify the Bank in writing of the first price or yield at which at least 10% of each such Undersold Maturity is ultimately sold by the Underwriter to the Public as soon as practicable after such applicable sales have occurred. If all of an Undersold Maturity is sold to the Public but not more than 10% of the Undersold Maturity is sold by the Underwriter to the Public at any particular price or yield, the Underwriter agrees to notify the Bank in writing of the amount of the Undersold Maturity sold by the Underwriter to the Public at each of the respective prices or yields at which the Undersold Maturity is sold to the Public.

**[LESS THAN 3 BIDS RECEIVED, USING HOLD THE PRICE]**

1. As of [SALE DATE] (the “Sale Date”), all of the Bonds were the subject of an offering to the Public at the Initial Offering Price.

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\* Preliminary, subject to change.

2. [As set forth in the Official Notice of Sale and bid award, and as agreed to in writing by the Underwriter, the Underwriter has not offered or sold any Bond to any person at a price higher than or a yield lower than the respective Initial Offering Price for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering Price by the Underwriter or (b) the close of the fifth business day following the Sale Date. Attached hereto as Schedule 1 is a copy of the final pricing wire for the Bonds or an equivalent communication. **//OR//** As set forth in the Official Notice of Sale and bid award, the Underwriter has agreed in writing that, for a period of time starting on the Sale Date and ending on the earlier of (a) the date on which 10% of the respective Maturity was sold at one or more prices no higher than or yields no lower than the Initial Offering Price by the Underwriter or (b) the close of the fifth business day following the Sale Date (the “Holding Period”), (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

[ADD SECTION ON DSRF/QUALIFIED GUARANTEE IF APPLICABLE]

Defined Terms.

- (a) *Initial Offering Price* means the prices or yields set forth on the [inside] cover page of the Bank’s Official Statement in respect of such Bonds dated [O/S DATE].
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (d) *Related Party* means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as

applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

- (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Bank (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).



The Underwriter understands that the foregoing information will be relied upon by the Bank with respect to certain of the representations set forth in the Tax Certificate and Agreement to which this certificate is included as Exhibit A and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, in connection with its opinion as to the exclusion of interest on the Bonds from federal gross income, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Bank from time to time relating to the Bonds. The Underwriter is certifying only as to facts in existence on the date hereof. Nothing herein represents the Underwriter's interpretation of any laws; in particular the Treasury Regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: \_\_\_\_\_

[UNDERWRITER]

By:

\_\_\_\_\_  
Authorized Representative

**SCHEDULE 1**

**[IF RECEIVED 3 BIDS]**

**BIDDING DOCUMENTATION**

**[IF USING HOLD THE PRICE]**

**FINAL PRICING WIRE OR EQUIVALENT DOCUMENTATION**



**\$12,795,000 General Obligation Bonds, 2017 Series One**  
**\$31,655,000 General Obligation Bonds, 2017 Series Two (AMT)**

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

May 2, 2017

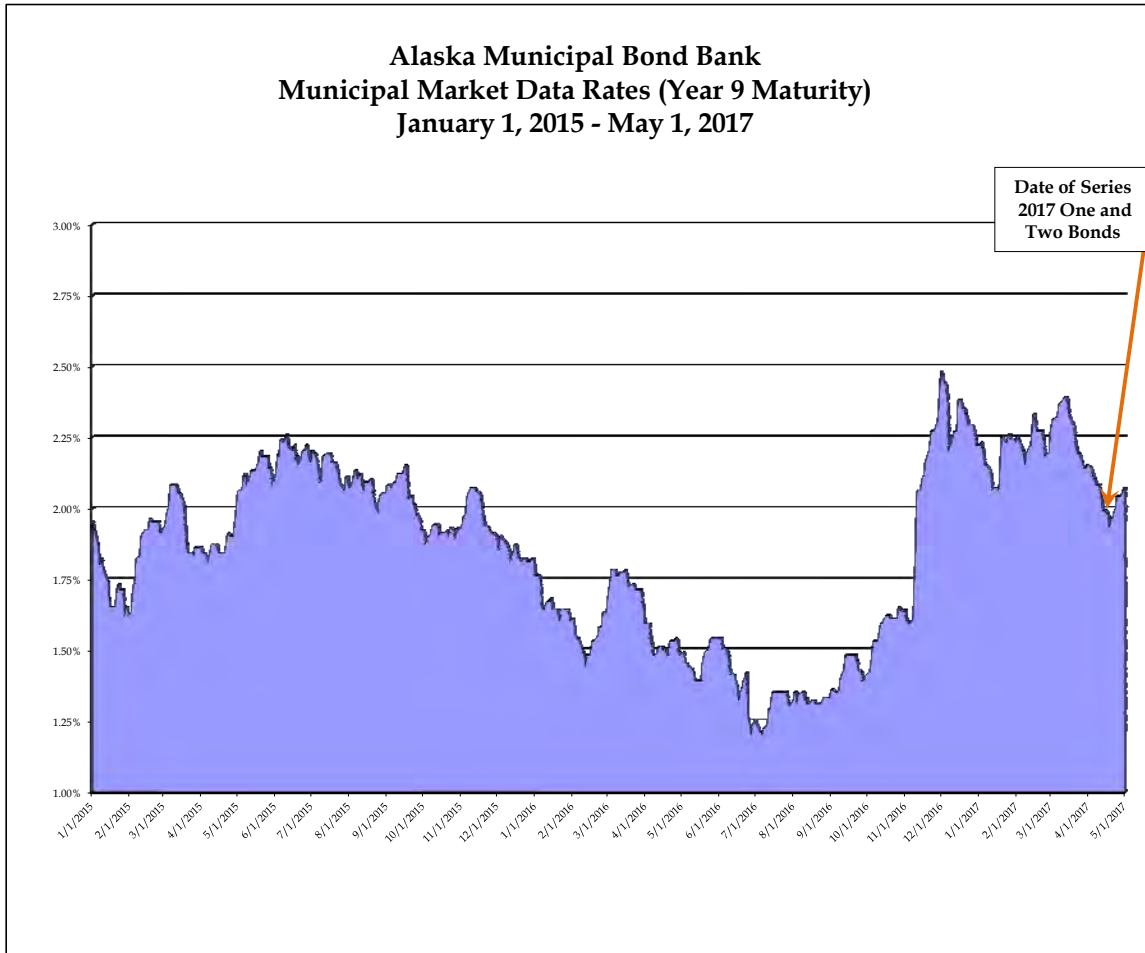
Dear Deven:

With the sale of the Alaska Municipal Bond Bank's General Obligation Bonds, 2017 Series One and 2017 Series Two bonds on April 12, 2017 I have prepared this sale results summary. The 2017 Series One bonds were sold by negotiated sale to Bank of America Merrill Lynch (BAML) as senior manager with Goldman Sachs (Goldman) as co-manager. The 2017 Series Two bonds were sold by negotiated sale to Goldman Sachs as senior manager and BAML as co-manager. The table below summarizes the true interest cost, average life and underwriter costs of recent Bond Bank issues, including the 2017 Series One Bonds. The table only includes information related to the 2017 Series One Bonds, as the 2017 Two Bonds are subject to the alternative minimum tax, and therefore are not comparable in some respects to the other series.

Issue	TIC	Average Life	Underwriter Cost (per \$1,000)
2017 One	2.8599%	7.287	\$3.46
2016 Three	2.4400	6.589	2.93
2016 Two	2.6756	11.166	8.77
2016 One	2.5574	10.493	5.16
2015 Three	3.6984	18.153	3.56
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

*Phone: (503) 719-6113  
3300 NW 185th Ave.  
Suite #270  
Portland, OR 97229*

The graph below presents the yield on the nine-year maturity of a AAA rated bond according to Municipal Market Data. The past seventeen months have been characterized by fluctuations in the yields of highly rated bonds, with rates hitting recent lows early last summer, prior to the lead up to the 2016 general election.



Tax-exempt rates followed a generally declining pattern from June 2015 through mid-summer 2016. Rates then rose sharply by nearly 100 basis points following the general election in November, a trend that continued following an address to a joint session of congress by the president on the evening of February 28th. During that address the possibility of tax reform was discussed as well as several initiatives that have the potential for ballooning the federal deficit, both of which are negative for bonds, particularly tax-exempts.

The tone of the municipal bond market was improving in the weeks leading up to the 2017 One and 2017 Two sale, with rates dropping 30 to 40 basis points in from mid-March until mid-April.

The table below presents the AMBB and MMD scales for sample maturities of the 2017 Series One bonds with a comparison to the yield spreads to the MMD for the 2015 Series One through the 2016 Series Three 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 sale of the 2017 One bonds resulted in slightly tighter spreads relative to the MMD AAA index when compared to the 2016 Three bonds. This improvement in the spread to MMD reflects a modest stabilization of the negative news related to the State's budget situation, as well as a generally positive tone leading up to the 2017 One sale. As the table below demonstrates, spreads widened substantially from the 2016 Two sale to the 2016 Three sale, increasing by as many as 36 basis points. Credit concerns surrounding the state's budget remain, as reflected in the negative outlook that both Fitch and Standard and Poor's retain on the State and Bond Bank ratings.

	MMD (4/12/17)	AMBB (2017 I Bonds)	Difference (2017 I Bonds)	Difference (2016 III Bonds)	Difference (2016 II Bonds)	Difference (2016 I Bonds)	Difference (2015 III Bonds)	Difference (2015 II Bonds)	Difference (2015 I Bonds)
Year 1	0.86	.96	.10	.27	.19	.30	.37	.00	.10
Year 3	1.15	1.45	.30	.47	.28	.24	.36	.33	.19
Year 5	1.46	1.97	.51	.55	.34	.34	.46	.40	.27
Year 8	1.92	2.58	.64	.72	.36	.39	.60	.50	.37
Year 12	2.32	3.21	.89	.80	.58	.72	1.05	.87	.89
Year 14	2.50	3.49	.99	1.15	1.05	.81	1.17	1.01	.91
Year 15	2.58	3.64	1.06	1.15	.94	.84	1.26	.95	1.01

The 2017 One Bonds were new money bonds, the proceeds of which were being loaned to the Kenai Peninsula Borough for a solid waste project and a hospital improvement project, and to the City of Seward for road improvements.

The 2017 Two Bonds were also new money bonds issued on behalf of the City of Unalaska and the City of Whittier, both of which were using the loan proceeds for port improvements.

At 8:40am PDT on the morning of April 11<sup>th</sup> I spoke with the BAML underwriter about the proposed spreads to MMD at which the 2017 One bonds would be marketed. Initial indications from BAML proposed spreads ranging from 15 basis points in 2018 to 78 basis points through the 2027 call date. While these spreads were modest improvements relative to the 2016 Three pricing, we discussed a more aggressive scale given the decent block sizes through 2023. The BAML underwriter suggested a 5 basis point reduction in yields through the call date. Beyond the call date the bonds, all of which had maturity amounts that ranged from less than \$200 thousand to slightly more than \$500 thousand, would be marketed at a slight discount at spreads that ranged from 85 basis points to 110 basis points. The BAML underwriter also agreed to market the long maturities at a spread of 110 basis points instead of 115, and to serialize the 2034 through 2037 maturities at that spread, rather than a single 2037 term bond.

After the call with the BAML underwriter I spoke with the Goldman underwriter, who agreed to market the 2017 Two bonds at a 30 basis point spread to the 2017 One bonds, which reflected the fact that the 2017 Two bonds are subject to the Alternative Minimum Tax. Initially, the Goldman underwriter recommend a single term bond for the 2038 through 2043 maturities. I suggested two term bonds, one in 2040 and one in 2043. The

Goldman underwriter agreed to this suggestion, a change that ultimately produced a 2 basis point benefit to the City of Unalaska.

At 9:30am PDT on April 11<sup>th</sup> members of the working group convened by conference call to discuss the marketing the 2017 Series One Bonds and 2017 Two Bonds. The intent of this call was to discuss the condition of the market, the general structure of the financing and the coupons and yields at which the 2017 One bonds would be offered that morning during a retail order period. In addition, the underwriters would get indications of institutional interest in the bonds in anticipation of the institutional order period on April 12<sup>th</sup>. Goldman suggested, and the Bond Bank and WFG concurred, that there would be limited retail interest in the AMT series, so Goldman prepared a wire along the lines described above that was designed to obtain indications of interest from institutional investors.

During the meeting on the morning of April 11<sup>th</sup> both underwriters reviewed the market tone and presented the proposed coupons and yields that had been discussed during the call earlier that morning.

Investor response during the order period was decent, if not overwhelming, for the 2017 One bonds. There was a smattering of orders in the first five years, few orders in the six to seventeen year range, and full subscriptions for the 2035 through 2037 bonds, which accounted for less than \$600 thousand bonds.

Goldman reported that investors were holding back on providing definitive guidance on the scale presented, but both BAML and Goldman suggested that market tone was sufficiently solid to retain the spreads discussed earlier in the day, with downward yield adjustments reflecting the reduced MMD yields from April 11<sup>th</sup> to the 12<sup>th</sup>.

Following the institutional order period, investor response was decent. The 2017 One bonds had a balance of approximately \$1 million in 2018. There were subscription levels of between 1 and 2 times for the following maturities: 2019, 2020, 2022 through 2027, 2031 and 2033 through 2035. In addition to the 2018 maturity, the following maturities were undersubscribed: 2021, 2028 through 2030 and 2032. The 2036 bonds had a 3.5 times subscription and the 2037 bonds were subscribed for by 2 times. BAML reported total unsold balances of approximately \$2.4 million. Based on the results of the institutional order period, BAML proposed to reduce the yields on the 2031 and 2033 bonds by 2 basis points and the 2034 bonds by 1 basis point and underwrite the remaining unsold balances. AMBB agreed to this proposal and the verbal award was provided.

With respect to the 2017 Two bonds, results were similar to the 2017 One bonds in that some of the maturities had decent interest while others had few, if any, orders. There were no orders for the very small 2018 and 2019 maturities. Additionally, the 2028, 2029, 2031, 2033 and 2035 bonds had no orders. The 2032, 2034 and 2037 bonds had few orders as 5% coupon bonds, but the Goldman underwriter reported that those maturities could be largely cleaned up with a shift to a 4% coupon, which actually improved the economics of the issue. The 2021 through 2025 and 2027 maturities were 1 times subscribed for. The two term bonds in 2040 and 2043 were subscribed for by 3.25 and 4.12 times, respectively.

Goldman reported unsold balances of approximately \$10.5 million. The Goldman underwriter recommended reductions of 2 and 3 basis points, respectively, on the 2040 and 2043 term bonds and was willing to underwrite the unsold balances at the yields agreed to at the time of the wire release. AMBB agreed to this recommendation and the Bond Bank provided the verbal award for the 2017 Two bonds.

The proceeds of the 2017 Series One bond sale were provided to two borrowers, Kenai Peninsula Borough, which had two separate loans, and the City of Seward. The table below summarizes the estimated gross and present value savings achieved by the participants to the 2017 Series One sale.

<b>Borrower</b>	<b>Loan Par</b>	<b>Gross Savings</b>	<b>Present Value Savings</b>
Kenai Peninsula Borough Solid Waste	\$5,405,000	\$216,393	196,626
Kenai Peninsula Borough Hospital	4,500,000	333,783	271,659
Seward	2,890,000	284,850	215,095

The proceeds of the 2017 Series Two bond sale were provided to the City of Unalaska and the City of Whittier. The table below summarizes the estimated gross and present value savings achieved by Unalaska and Whittier as a result the loans from the Bond Bank.

<b>Borrower</b>	<b>Loan Par</b>	<b>Gross Savings</b>	<b>Present Value Savings</b>
Unalaska	\$29,655,000	\$3,523,757	\$2,439,686
Whittier	2,000,000	138,785	100,766

As of April 27, 2017, AMBB held \$66,483,349.31 in its 2005 Resolution Reserve Fund. That amount is comprised of \$48,453,142.73 of cash and securities (based on a March 31, 2017 valuation provided by BNY) and \$18,030,206.58 of reserve sureties provided by National Public Finance Guaranty. The 2005 Resolution Reserve requirement as of April 27, 2017, the date of the 2017 One and 2017 Two closing, was \$60,319,591.55. Consequently, no additional deposit to the 2005 Resolution Reserve Fund was required at closing of the 2017 One and 2017 Two bonds.

The bond sale closed on April 27<sup>th</sup> 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,

A handwritten signature in black ink, appearing to read "Chip Pierce", with a stylized flourish at the end.

Chip Pierce



333 Willoughby Avenue, 11th floor  
P.O. Box 110405  
Juneau, Alaska 99811-0405

Tel (907) 465-2388  
FAX (907) 465-2902  
E-mail: [ambba@revenue.state.ak.us](mailto:ambba@revenue.state.ak.us)

**TO:** AMBBA Board Members **DATE:** September 20, 2017  
Luke Welles, Craig Chapman, Chris Hladick,  
Greg Gurse, Pam Leary

**FROM:** Ryan Williams, Finance Director **TELEPHONE:** 465-2893

### **Fiscal Year 2017 Audit**

A draft copy of AMBBA's fiscal year 2017 financial statements are enclosed (unaudited) for your review. At the time of this writing, the completed audit and opinion letter are expected by September 29, 2017. I have included available documentation, but will follow-up with final statements and any additional material provided by our auditor BDO.

Once again, we have seen a decrease in net position year over year, resulting from subdued investment returns on our reserves and custodian account, expenses associated with payment of interest on reserve obligations, and adjustments related to accrued interest payable on new loans as of June 30, 2017. In early 2017, the Bond Bank secured an increase to our surety policy for our 2005 Resolution Reserve for purposes of using cash directly from the reserve account to satisfy payments on reserve obligations. This will temporarily alleviate our need to use cash from our custodian account to meet those obligations. Going forward, the Bond Bank needs to pay particular attention to costs associated with any new reserve obligations used to fund program reserves.

The contracts for Accounting and Compilation and Annual Audit are expiring, and the Bond Bank will undergo the RFP process to secure contracts for future fiscal years'.

### **Fiscal Year 2017 Returns**

Below depicts the Bond Bank's fund performance and portfolio market values on a cash basis through June 30, 2017:



## Cash Balance and Portfolio Market Value

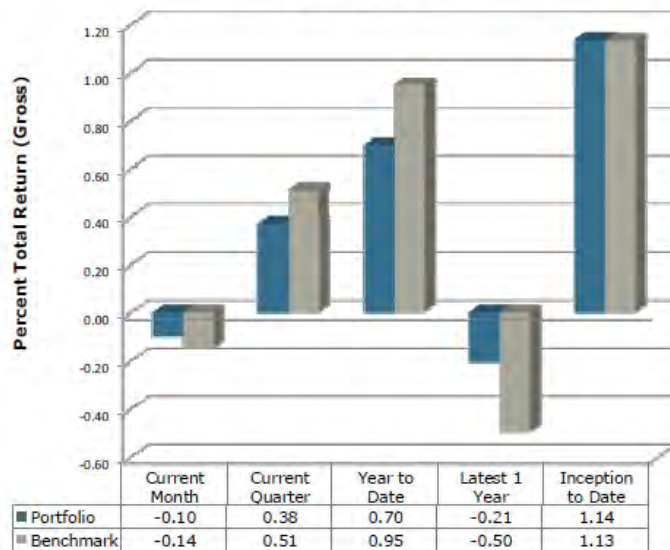
June 30, 2017

Name	Total Cash	Market Value
AMBBA GO 2010 RESERVE FUND-442473	395	289,460
AMBBA CUSTODY -500100	451,296	11,652,200
AMBBA GO 2005 SERIES RESERVE FUND-764568	1,645,237	48,264,488
AMBBA GO 2016 RESERVE	17,490	7,019,739
	<b>2,114,419</b>	<b>67,225,887</b>

### Performance as of 6/30/17

2005 Reserve:

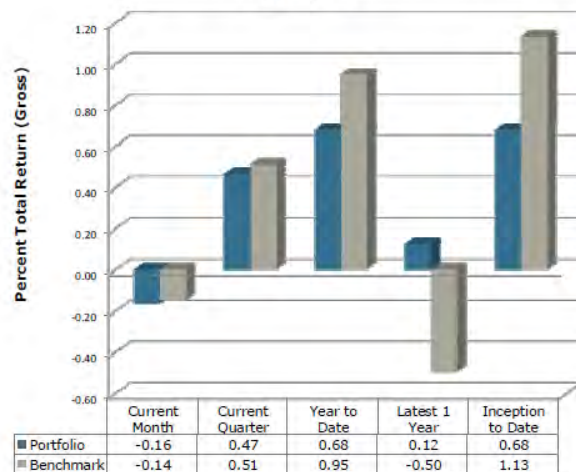
**Current Account Benchmark:  
90% Barclays 1-5 Yr Gov/10% US  
Aggregate**



Performance is Annualized for Periods Greater than One Year

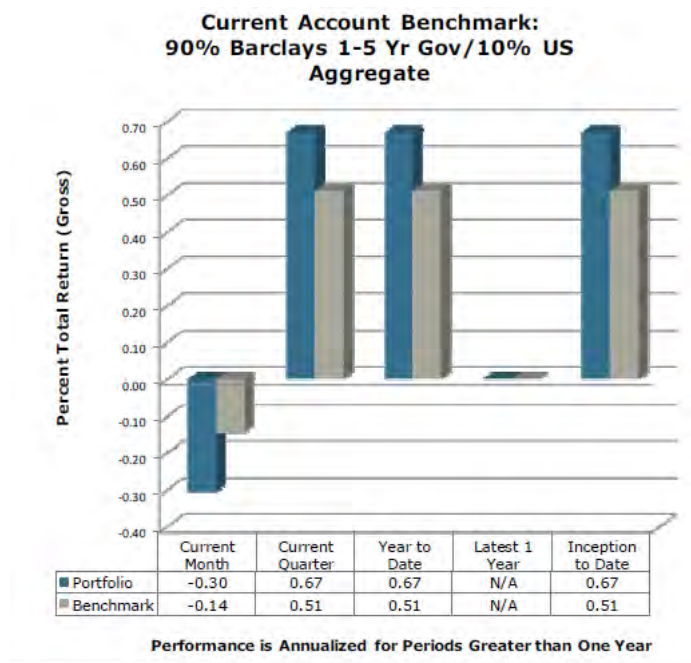
2010 Reserve:

**Current Account Benchmark:  
90% Barclays 1-5 Yr Gov/10% US  
Aggregate**

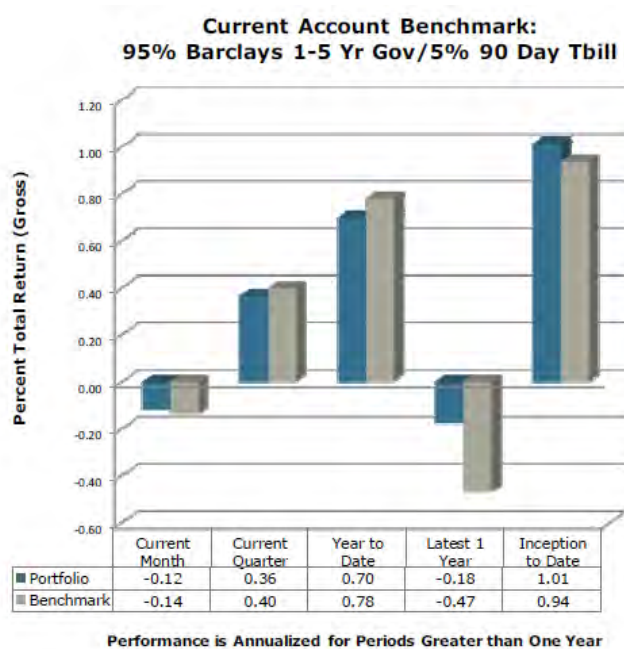


Performance is Annualized for Periods Greater than One Year

## 2016 Reserve:



## Custodian Account:



Please let me know if you have any questions, or would like to discuss this report in more detail. Thank you,

Ryan Williams  
Finance Director  
Alaska Municipal Bond Bank Authority  
[Ryan.Williams@Alaska.gov](mailto:Ryan.Williams@Alaska.gov)  
Direct: (907) 465-2893



Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

August 17, 2017

Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank Authority  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, Alaska 99801

Dear Mr. Mitchell:

### **Agreement to Provide Services**

This agreement to provide services (the "Agreement") is intended to describe the nature and scope of our services.

### **Objective and Scope of the Audit**

As agreed, BDO USA, LLP ("BDO" or "we") will audit the financial statements of the governmental activities and each major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of Alaska Municipal Bond Bank Authority (the "Authority" or "you") as of and for the year ended June 30, 2017.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America ("GAAS"). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required and will be subjected to certain limited procedures, but will not be audited:

#### **1. Management's Discussion and Analysis**

Also, the supplementary information accompanying the basic financial statements, as listed below, will be subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the basic financial statements as a whole.

#### **1. Schedule of Statutory Reserve Accounts - Assets, Liabilities, and Account Reserves**

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

## Responsibilities of BDO

We will conduct our audit in accordance with GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the Authority's transactions for the period. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. In addition, during the course of our audit, financial statement misstatements relating to accounts or disclosures may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit we will communicate to those charged with governance (as defined below) all uncorrected misstatements.

The term "those charged with governance" is defined as the person(s) with responsibility for overseeing the strategic direction of the Authority and obligations related to the accountability of the Authority, including overseeing the financial reporting process. For the Authority, we agree that the Authority's Board of Directors meets that definition.

In making our risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we will communicate to you and those charged with governance in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during our audit.

We are also responsible for communicating with those charged with governance what our responsibilities are under GAAS, an overview of the planned scope and timing of the audit, and significant findings from the audit.



## **Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that you and those charged with governance acknowledge and understand that you and those charged with governance have responsibility (1) for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; (2) for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud; (3) for identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities; and (4) to provide us with access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

You acknowledge and understand your responsibility for the preparation of the supplementary information in accordance with the applicable criteria. You also agree to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. You also agree to present the supplementary information with the audited financial statements, or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and our report thereon.

Management is responsible for adjusting the financial statements to correct material misstatements relating to accounts or disclosures, after evaluating their propriety based on a review of both the applicable authoritative literature and the underlying supporting evidence from the Authority's files; or otherwise concluding and confirming in a representation letter (as further described below) provided to us at the conclusion of our audit that the effects of any uncorrected misstatements are, both individually and in the aggregate, immaterial to the financial statements taken as a whole.

As required by GAAS, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit, the Authority agrees, subject to prevailing laws and regulations, to release and indemnify BDO and its partners, employees, contractors, agents, and Permitted Assignees (as defined herein under "Assignment") (collectively, the "BDO Group") from and against any and all liability and costs relating to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

## **Expected Form and Content of the Auditor's Report**

At the conclusion of our audit, we will submit to you a report containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unmodified opinion on the financial statements, or that our report will require an Emphasis of Matter or Other Matter paragraph, we will discuss this with you. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any

reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

#### **Client Continuance Matters**

BDO is retaining the Authority as a client in reliance on information obtained during the course of our client continuance procedures. Joy Merriner has been assigned the role of engagement partner and is responsible for directing the engagement and issuing the appropriate report on the Authority's financial statements.

#### **Email Communication**

BDO disclaims and waives, and you release BDO from, any and all liability for the interception or unintentional disclosure of email transmissions or for the unauthorized use or failed delivery of emails transmitted or received by BDO in connection with the services we are being engaged to perform under this Agreement.

#### **External Computing Options**

If, at your request, BDO agrees to use certain external commercial services, including but not limited to services for cloud storage, remote control, and/or file sharing options (collectively "External Computing Options"), that are outside of BDO's standard security protocol, you acknowledge that such External Computing Options may be associated with heightened security and privacy risks. Accordingly, BDO disclaims and waives, and you release BDO from, any and all liability arising out of or related to the use of such External Computing Options.

#### **Ownership of Working Papers**

The working papers prepared in conjunction with our audit are the property of BDO, constitute confidential information, and will be retained by us in accordance with BDO's policies and procedures.

#### **Posting of Audit Report and Financial Statements on Your Website**

You agree that, if you plan to post an electronic version of the financial statements and audit report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your website and the signed version of the financial statements and audit report provided to management by BDO. You also agree to indemnify the BDO Group from any and all claims that may arise from any differences between the electronic and signed versions.

#### **Availability of Records and Personnel**

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

#### **Assistance by Your Personnel**

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to Authority employees and/or customers should be provided to us. This assistance will serve to facilitate the progress of our work and minimize costs to you.

#### **Other Services**

We are always available to meet with you and other executives at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the Authority. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend governing board meetings.

#### **Independence**

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Authority in the performance of our services. Any discussions that you have with personnel of BDO regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

#### **Limitation of Liability**

Except to the extent finally determined to have resulted from the fraud or intentional misconduct of any member of the BDO Group, the BDO Group's liability to the Authority for any claims arising under this Agreement shall not exceed the aggregate amount of fees paid by the Authority to BDO during the 12 months preceding the date of the claim for the services giving rise to the claim, regardless of whether such liability arises in contract, statute, tort (including the negligence of any member of the BDO Group), or otherwise. In no event shall the BDO Group be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to this Agreement.

#### **Dispute Resolution Procedure**

Any dispute or claim between you and BDO arising out of or relating to the Agreement or a breach of the Agreement, including, without limitation, claims for breach of contract, professional negligence, breach of fiduciary duty, misrepresentation, fraud and disputes regarding attorney fees and/or costs charged under this Agreement (except to the extent provided below) shall be submitted to binding arbitration before the American Arbitration Association, and subject to the Commercial Arbitration Rules. The arbitration proceeding shall take place in the city in which the BDO office providing the majority of the services involved under this Agreement is located, unless the parties agree in writing to a different location. The arbitration shall be governed by the provisions of the laws of the State of New York (except if there is no applicable state law providing

for such arbitration, then the Federal Arbitration Act shall apply) and the substantive law of such state shall be applied without reference to conflicts of law rules. The parties shall bear their own legal fees and costs for all claims. The arbitration proceedings shall be confidential.

You acknowledge that by agreeing to this Arbitration provision, you are giving up the right to litigate claims against BDO, and important rights that would be available in litigation, including the right to trial by judge or jury, to extensive discovery and to appeal an adverse decision. You acknowledge that you have read and understand this arbitration provision, and that you voluntarily agree to binding arbitration.

No claim or action arising out of or relating to this Agreement or the services provided under this Agreement may be brought by either party hereto more than one (1) year following the completion of the services provided under this Agreement to which the claim relates. This paragraph will shorten, but in no event extend, any otherwise legally applicable period of limitations on such claims.

#### **Fees**

Our charges to the Authority for the audit services described above will be \$189 per hour, plus any out of pocket costs for travel, etc. not to exceed \$25,000 per year. The fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs, upon prior approval of the Alaska Municipal Bond Bank Authority Executive Director.

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to object to or respond to, or we receive and respond to, a validly issued third party subpoena, court order, Authority regulatory inquiry, or other similar request or legal process against the Authority or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, you agree to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs (including outside lawyer fees) that we incur.

Our fees and costs will be billed periodically, and invoices are payable upon receipt. If we do not receive any written notice of dispute within 10 days of your receipt of the invoice, we will conclude that you have seen the invoice and find it acceptable. Invoices that are unpaid 30 days past the invoice date are deemed delinquent and we reserve the right to charge interest on the past due amount at the lesser of (a) 1.0% per month or (b) the maximum amount permissible by applicable law. Interest shall accrue from the date the invoice is delinquent. We reserve the right to suspend our services, withhold delivery of any deliverables, or withdraw from this engagement entirely if any of our invoices are delinquent. In the event that any collection action is required to collect unpaid balances due to us, you agree to reimburse us for all our costs of collection, including without limitation, attorneys' fees.



### Assignment

BDO shall have the right to assign its rights to perform a portion of the services described above to any of its independent Alliance members, affiliates (including, where applicable, member firms of the international BDO network), agents, or contractors (a "Permitted Assignee") without the Authority's prior consent. If such assignment is made, the Authority agrees that, unless it enters into an engagement letter directly with the Permitted Assignee, all of the applicable terms and conditions of this Agreement shall apply to the Permitted Assignee. We agree that we shall not permit the Permitted Assignee to perform any work until it agrees to be bound by the applicable terms and conditions of this Agreement. We further agree that we will remain primarily responsible for the services described above, unless we and the Authority agree otherwise, and we will properly supervise the work of the Permitted Assignee to ensure that all such services are performed in accordance with applicable professional standards. From time to time, and depending on the circumstances, Permitted Assignees located in other countries may participate in the services we provide to the Authority. In some cases, we may transfer information to or from the United States or another country. Although applicable privacy laws may vary depending on the jurisdiction, and may provide less or different protection than those of the Authority's home country, we require that all Permitted Assignees enter into contractual agreements to maintain the confidentiality of the Authority's information and observe our policies concerning any confidential client information that we provide to them.

### Third-Party Use

BDO will perform the professional services provided in connection with this engagement solely for the benefit and use of the Authority. BDO does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by the Authority and BDO.

### Miscellaneous

This Agreement is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with the Authority. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and a few of those banks have mandated the use of this service. To the extent applicable, the Authority hereby authorizes BDO to participate in this electronic confirmation process through the third party's website (e.g., by entering the Authority's bank account information to initiate the process and then accessing the bank's confirmation response) and agrees that BDO shall have no liability in connection therewith.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, professional standards, or related published interpretations (including, without limitation, the independence rules of the American Institute of Certified Public Accountants, Securities and Exchange Commission, and Public Company Accounting Oversight Board), but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, professional standards, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made

a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

This Agreement may be transmitted in electronic format and shall not be denied legal effect solely because it was formed or transmitted, in whole or in part, by electronic record; however, this Agreement must then remain capable of being retained and accurately reproduced, from time to time, by electronic record by the parties to this Agreement and all other persons or entities required by law. An electronically transmitted signature to this Agreement will be deemed an acceptable original for purposes of consummating this Agreement and binding the party providing such electronic signature.

\* \* \* \* \*

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files.

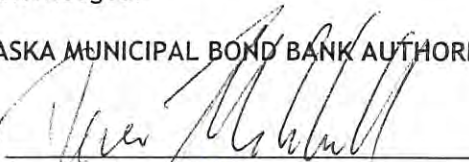
Very truly yours,

*BDO USA, LLP*

Acknowledged:

ALASKA MUNICIPAL BOND BANK AUTHORITY

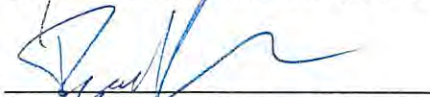
By:

  
Deven Mitchell, Executive Director

Date:

*8/17/17*

By:

  
Ryan Williams, Finance Director

Date:

*8/17/17*

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
(a Component Unit of the State of Alaska)

Financial Statements

For the Year Ended June 30, 2017

Together with Independent Auditor's Report Thereon

DRAFT

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
(a Component Unit of the State of Alaska)

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Statement of Net Position and  
Governmental Funds Balance Sheets

June 30, 2017

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 454,415	\$ 7,721,132	\$ 8,175,547	\$ -	\$ 8,175,547
Investments, at fair value (note 4)	11,155,454	53,714,341	64,869,795	-	64,869,795
Accrued interest receivable:					
Bonds receivable	47,604	15,301,646	15,349,250	-	15,349,250
Investment securities	45,527	196,143	241,670	-	241,670
Bonds receivable (note 5)	6,476,974	1,175,495,000	1,181,971,974	-	1,181,971,974
Other receivables	120,446	-	120,446	-	120,446
Interfund receivables	6,165,108	-	6,165,108	(6,165,108)	-
Total assets	<u>\$ 24,465,528</u>	<u>\$ 1,252,428,262</u>	<u>\$ 1,276,893,790</u>	<u>(6,165,108)</u>	<u>1,270,728,682</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 15,262	\$ -	\$ 15,262	-	15,262
Due to Primary Government	133,248	-	133,248	-	133,248
Principal and interest payments received in advance	-	5,564,147	5,564,147	-	5,564,147
Arbitrage interest rebate payable	-	-	-	-	-
Accrued interest payable	-	-	-	15,470,677	15,470,677
Interfund payables	-	6,165,108	6,165,108	(6,165,108)	-
Bond proceeds held in reserve (note 6):	-	6,993,150	6,993,150	-	6,993,150
Long-term liabilities (note 7):					
Portion due or payable within one year:					
General obligation bonds payable	-	-	-	73,160,000	73,160,000
Portion due or payable after one year:					
General obligation bonds payable	-	-	-	1,114,455,000	1,114,455,000
Total liabilities	<u>148,510</u>	<u>18,722,405</u>	<u>18,870,915</u>	<u>1,196,920,569</u>	<u>1,215,791,484</u>
<b>FUND BALANCES/NET POSITION</b>					
Fund balances:					
Restricted (note 2)	4,956,430	1,233,705,857	1,238,662,287	(1,238,662,287)	-
Unassigned	19,360,588	-	19,360,588	(19,360,588)	-
Total fund balances	<u>24,317,018</u>	<u>1,233,705,857</u>	<u>1,258,022,875</u>	<u>(1,258,022,875)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 24,465,528</u>	<u>\$ 1,252,428,262</u>	<u>\$ 1,276,893,790</u>		
Net position:					
Restricted (note 2)				35,796,462	35,796,462
Unrestricted				19,140,736	19,140,736
Total net position				<u>\$ 54,937,198</u>	<u>\$ 54,937,198</u>

The accompanying notes to the financial statements are an integral part of these statements.

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Statement of Activities and  
Governmental Funds Statements of Revenues, Expenditures, and  
Changes in Fund Balances/Net Position

For the Year Ended June 30, 2017

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues:					
Investment earnings (loss)	\$ (19,385)	\$ (68,793)	\$ (88,178)	\$ -	\$ (88,178)
Interest income on bonds receivable	145,716	49,782,385	49,928,101	-	49,928,101
Other income	7,053	-	7,053	-	7,053
Total revenues	133,384	49,713,592	49,846,976	-	49,846,976
Expenditures / expenses:					
Debt service:					
Principal payments	-	58,405,000	58,405,000	(58,405,000)	-
Interest payments / expense	-	49,274,139	49,274,139	1,145,629	50,419,768
Professional services	429,253	-	429,253	-	429,253
Personal services	203,182	-	203,182	-	203,182
Office expense	3,337	-	3,337	-	3,337
Total expenditures / expenses	635,772	107,679,139	108,314,911	(57,259,371)	51,055,540
Excess (deficiency) of revenues over expenditures / expenses	(502,388)	(57,965,547)	(58,467,935)	57,259,371	(1,208,564)
Other financing sources / (uses):					
Proceeds from bond refunding	-	255,000,000	255,000,000	(255,000,000)	-
Payments to refunded bond escrow agent	-	(99,400,000)	(99,400,000)	99,400,000	-
Transfers - internal activities	32,981	(32,981)	-	-	-
Total other financing sources / (uses)	32,981	155,567,019	155,600,000	(155,600,000)	-
Net change in fund balance / net position	(469,407)	97,601,472	97,132,065	(98,340,629)	(1,208,564)
Fund balances / net position:					
Beginning of the year	24,786,425	1,136,104,385	1,160,890,810	(1,104,745,048)	56,145,762
End of the year	\$ 24,317,018	\$ 1,233,705,857	\$ 1,258,022,875	\$ (1,203,085,677)	\$ 54,937,198

The accompanying notes to the financial statements are an integral part of these statements.

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Notes to Financial Statements

For the Year Ended June 30, 2017

**(1) History/Reporting Entity**

The Alaska Municipal Bond Bank Authority (Authority or Bond Bank) was created pursuant to Alaska Statute, Chapter 85, Title 44, as amended, (Act) as a public corporation and instrumentality of the State of Alaska (State), but with a legal existence independent of and separate from the State. The Authority is a discretely presented component unit of the State of Alaska for purposes of financial reporting. The Authority commenced operations in August 1975.

The Authority was created for the purpose of making monies available to authorized borrowers within the State to finance capital projects primarily through the issuance of bonds by the Authority. Bond proceeds are then used to purchase, from authorized borrowers general obligation and revenue bonds.

The bonds are obligations of the Authority, payable only from revenues or funds of the Authority, and the State of Alaska is not obligated to pay principal or interest thereon, and neither the faith and credit nor the taxing power of the State is pledged to the bonds. The municipal bonds and municipal bond payments, investments thereof and proceeds of such investments, if any, and all funds and accounts established by the bond resolution to be held by the Trustee (with the exception of the Coastal Energy Loan Debt Service Program, which is administered by the Authority) are pledged and assigned for the payment of bonds.

AS 44.85.180(c) was originally enacted in 1975, limiting Bond Bank outstanding bonds at any time to \$150 million. This Statute has been periodically amended to raise the limit, and modify the definition of authorized borrowers. At the beginning of fiscal year 2015, the limit was \$1.5875 billion.

During fiscal year 2015, the legislature passed, and the Governor signed into law a bill to authorize the Authority to make loans to Joint Action Agencies and Regional Health Organizations, effective May 26, 2015. Joint Action Agency lending is now part of the main political subdivision program. Regional Health Organization lending is limited to no more than \$205 million in total, no more than 49% of any single project where the other 51% of the project's funding is in place, and not more than \$102.5 million for any single project.

With this legislation, the total debt limit as of June 30, 2017 was \$1.79 billion, comprised of \$1.5 billion in authority for political subdivisions, \$87.5 million for the University of Alaska, and \$205 million for Regional Health Organizations. Total Bond Bank bonds and notes outstanding as of June 30, 2017 was approximately \$1.2 billion. The limit on additional bond issuance as of June 30, 2017 was approximately \$604.9 million, of which \$543.3 million of authority is available for the main political subdivision program, \$1.4 million is available to the University of Alaska, and \$60.2 million is available to Regional Health Organizations.

**(2) Summary of Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Authority's accounting policies are described below.

**(a) Government-wide and Fund Financial Statements**

The government-wide statement of net position and the statement of activities report information on all of the activities of the Authority. For the most part, the effect of interfund activity has been removed



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from these statements. The balance sheet and statement of revenues, expenditures and changes in fund balances are provided for governmental funds.

**(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund. The Authority adopts an annual budget for the operating account only which does not encompass entire operations of the General Fund, therefore, budgetary comparison information for the General Fund is not presented.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of the Authority. The Authority does not adopt a budget for the Debt Service Fund because it is not legally required to do so.

The purposes of each of these funds are described in the following paragraphs:

**General Fund**

The General Fund is comprised of a Custodian Account and an Operating Account. The Custodian Account is established to account for appropriations by the State of Alaska Legislature available to fund the Special Reserve Accounts. The Operating Account is established to account for the ordinary operations of the Authority. Moneys are derived from the following sources: (a) amounts appropriated by the Legislature, (b) fees and charges collected, (c) income on investments of the Statutory Reserve Account in excess of required debt service reserves required by bond resolutions and (d) any other monies made available for purposes of the General Fund from any other source. Amounts in the Operating Account may be used to pay (a) administrative expenses of the Authority, (b) fees and expenses of the Trustee and paying agents, (c) financing costs incurred with respect to issuance of bonds and (d) any expenses in carrying out any other purpose then authorized by the Act. The excess revenues of the Operating Account are returned to the State of Alaska. The State of Alaska may appropriate the excess revenues to the Bond Bank Custodian Account to fund Reserve Accounts.



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**Debt Service Fund**

Within the Debt Service Fund, separate Debt Service Programs have been established for each bond resolution to account for the portion of bond sale proceeds used to purchase obligations of the authorized borrowers and for the payment of interest and principal on all bonds of the Authority issued under its resolutions. Each program is comprised of an “interest account” and a “principal account”, both of which are maintained by a trustee. The receipts of interest and principal from the authorized borrowers and the Statutory Reserve Account are deposited in these programs and are used to pay interest and principal on the Authority bonds. One additional Debt Service Program has been established to account for transactions not involving bond resolutions. This is the Coastal Energy Loan Debt Service Program. The Coastal Energy Loan Debt Service Program is not maintained by a trustee. Payments of interest and principal by municipalities having coastal energy loans are made directly to the federal government by the municipalities and are accounted for in the Coastal Energy Loan Debt Service Program.

Each debt service fund program contains a Statutory Reserve Account established to account for (a) money available to fund debt service reserves required by future bond sales under various bond resolutions (Custodian Account) and (b) debt service reserves which have already been established under various bond resolutions which are to be used in the case of deficiency in a Debt Service Program in accordance with its respective bond resolution (reserve accounts). Separate reserve accounts exist under each bond resolution as follows:

*2005 General Bond Resolution* – The reserve fund may be funded with transfers from the custodian account, surety policies, bond proceeds, or other funds available to the Bond Bank.

*2010 General Bond Resolution* – The reserve fund may be funded with transfers from the custodian account, surety policies, bond proceeds, or other funds available to the Bond Bank.

*2016 Master Bond Resolution* – The reserve fund may be funded with transfers from the custodian account, surety policies, bond proceeds, or other funds available to the Bond Bank.

At June 30, 2017, the *2005 General Bond Resolution*, *2010 General Bond Resolution* and *2016 Master Bond Resolution* reserves must be the least of: (i) 10% of the initial principal amount of each Series of Bonds outstanding; (ii) the maximum annual principal and interest requirements on all bonds outstanding; (iii) 125% of the average annual debt service on all bonds then outstanding; or (iv) such lower amount as may be allowed by law. Amounts in excess of the required debt service in any reserve are transferred to the Operating Account on a periodic basis.

**(c) Adjustments**

Certain adjustments are considered to be necessary to the governmental funds in order to present the Authority’s financial position and the results of its operations. These adjustments include the elimination of inter-fund payables and receivables. Additionally, bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds and reduces the liability in the statement of net position.

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**(d) Restricted Assets**

Certain resources set aside for the repayment of the Authority's bonds, net of certain proceeds from additional bonds issued, are classified as restricted on the statement of net position because they are maintained in separate trust accounts and their use is limited by applicable bond covenants. Cash and cash equivalents and investments include \$35,796,462 of restricted assets. These assets were funded as follows:

Original State of Alaska appropriation	\$ 18,601,414
2008 appropriation of excess earnings	855,347
2009 appropriation of excess earnings	819,843
2010 appropriation of excess earnings	32,628
2011 appropriation of excess earnings	86,814
2012 appropriation for loan forgiveness	<u>13,000,000</u>
Total State of Alaska appropriated equity	<u><u>\$ 33,396,046</u></u>
Restricted for Debt Service:	
Appropriated amounts residing in reserve accounts	\$ 28,439,616
Appropriated amounts residing in Custodial account,	<u>4,956,430</u>
Total State of Alaska appropriated equity	33,396,046
Bank Bank equity residing in reserve accounts	<u>2,400,416</u>
Total restricted for debt service	<u>35,796,462</u>
Total restricted net assets	<u><u>\$ 35,796,462</u></u>

**(e) Bond Receivables**

Bond receivables are secured by the revenues or are general obligations of the authorized borrowers. Interest rates correspond with the interest rates on the related bonds payable by the Authority. The bond receivables mature during the same period as the related bond payables. Bond receivables are recorded at the par amount of the bonds issued.

**(f) Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Any premium or discount on bond issuance or refunding is not recorded by the Authority as the premium or discount is recorded by the authorized borrowers associated with the issuance and amortized by them, therefore, bonds payable are presented at par. Bond issue costs are generally paid by the authorized borrowers but when a portion is paid by the Authority they are paid from the General Account and considered operating expenses.

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**(g) Fund Equity**

Generally, fund equity represents the difference between the current assets and current liabilities and is classified as fund balance. Bond Bank, in accordance with GASB Statement No. 54 provisions, which require classification of fund balance as nonspendable, restricted, committed, assigned or unassigned, had fund balances in restricted and unassigned categories.

*Restricted Fund Balance* – Restricted fund balance is that portion of fund equity that has constraints placed upon the use of the resources either by an external party or imposed by law.

*Unassigned Fund Balance* – this classification represents fund balance that has not been restricted, committed or assigned to specific purposes within the general fund.

The Authority does not have a policy for its use of unrestricted fund balance amounts, therefore, it considers that committed amounts are reduced first (if any), followed by assigned amounts (if any), and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the government-wide financial statements, restrictions of net position are reported when constraints placed on net position are either externally imposed by creditors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**(h) Interfund Receivables, Payables and Transfers**

Interfund balances represent cash collected or disbursed on behalf of another fund. Interfund transfers are transfers between funds that are required when revenue is generated in one fund and expenditures are paid from another fund.

**(i) Interest Arbitrage Rebate**

Bonds issued and funds segregated into reserves after August 15, 1986 are subject to Internal Revenue Service income tax regulations which require rebates to the U.S. Government of interest income earned on investments purchased with the proceeds from the bonds or any applicable reserves in excess of the allowable yield of the issue. Amounts owed are expensed when paid and refunds are recorded when received at the five year anniversary date of the bond issue or upon final repayment. Beginning in FY 2013 the Bond Bank's arbitrage rebate consultant will update all general obligation bond rebate analysis annually as of June 30. The Bond Bank did not have an arbitrage rebate liability as of June 30, 2017.

**(j) Income Taxes**

The Authority is exempt from paying federal and state income taxes.

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**(3) Cash**

The Authority considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents at June 30, 2017 consist of money market accounts held with the trustee or custodial bank.

The bank balance of all of the Authority's cash and cash equivalents are collateralized by securities held in the Authority's name by its custodial agent.

**(4) Investments**

In accordance with the authoritative guidance on fair value measurements and disclosures, the Authority discloses the fair value of its investments in a hierarchy that ranks the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest ranking to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest ranking to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Inputs other than quoted prices that are observable for the assets, including quoted prices for similar investments based on interest rates, credit risk and like factors.

Level 3 - Unobservable inputs for the assets.

Investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs and methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The aggregate fair value by input level, as of June 30, 2017 is as follows:

		Level		
	6/30/2017	1	2	3
Debt Securities				
General Fund				
U.S. Treasury securities	\$8,158,391	\$8,158,391	\$ -	\$ -
U.S. Government agencies securities	2,997,063	-	2,997,063	-
Debt Service Fund				
U.S. Treasury securities	53,714,341	53,714,341	-	-
Total	<u>\$ 64,869,795</u>	<u>\$ 61,872,732</u>	<u>\$ 2,997,063</u>	<u>\$ -</u>

U.S. treasury securities are liquid and have quoted market prices. Fair value of U.S. treasuries is based on live trading feeds. U.S. treasury securities are categorized in Level 1 of the fair value hierarchy. Government agency securities use market-based and observable inputs. As such, these securities are classified as Level 2 of the fair value hierarchy.

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The fair value of debt security investments by contractual maturity as of June 30, 2017 is shown below.

	Less than 1	1-5	6-10	More than 10	Total
General Fund					
U.S. Treasury securities	\$ 1,221,489	\$ 5,931,609	\$ 1,005,293	\$ -	\$ 8,158,391
U.S. Government agencies securities	2,997,063	-	-	-	2,997,063
	<u>4,218,552</u>	<u>5,931,609</u>	<u>1,005,293</u>	<u>-</u>	<u>11,155,454</u>
Debt Service Fund					
U.S. Treasury securities	11,279,150	36,622,894	5,812,297	-	53,714,341
	<u>11,279,150</u>	<u>36,622,894</u>	<u>5,812,297</u>	<u>-</u>	<u>53,714,341</u>
Total investments	<u>\$ 15,497,702</u>	<u>\$ 42,554,503</u>	<u>\$ 6,817,590</u>	<u>\$ -</u>	<u>\$ 64,869,795</u>

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

**(a) Investment Policies**

The Authority has distinct investment objectives and policies associated with funds held in the Custodian Account, Reserve Funds, and municipal debt payments received prior to scheduled debt service payment dates. The three classes of funds are listed below:

**Custodian Account**

The Custodian Account investment portfolio is designed with the objective of attaining the highest market rate of return subject to the required use of the Custodian Account for operation, funding transfers to the state, and funding reserves. The Custodian Account balance must maintain a minimum balance of \$5 million, and be forecasted to maintain that \$5 million balance for the subsequent twelve-month period, and an analysis of risk profile and historical benefit between the varying strategies must be undertaken before any shift in the investment strategy of the Account. Up to \$1,000,000 shall be used for longer term, 5 to 10 year U.S. Treasury and Agency securities. The Custodian Account has to maintain sufficient liquidity to meet operating requirements, provide the prior fiscal year's state dividend (if not otherwise appropriated back to the Bond Bank), and to allow transfers to reserves as needed for bond issuance activity. Long-term preservation of principal is the third objective of the Custodian Account's investment program. Investments shall be undertaken in a manner that minimizes the probability of long-term loss.

- There are no arbitrage restrictions.

The bond resolutions limit investments to:

- 5% +/- 2% money market funds (no less than \$350,000).
- 95% +/- 3% government agencies and U.S. Treasuries.
- The performance benchmark is 5% +/- 2% three month U.S. Treasury Bill, and 95% +/- 3% Barclays 1-5 year government bond index; Barclays U.S. Aggregate.

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The following transactions are prohibited with the Custodian Account unless those transactions have the prior written consent of the Investment Committee:

- Short sale of securities (the sale and settlement of a security not currently owned by the Authority and a formal agreement to borrow the security to facilitate the settlement of the short sale);
- Purchases of futures, forwards or options for the purpose of speculating (currency futures, forwards and options are permitted only for hedging or to facilitate otherwise permissible transactions);
- Borrowing to leverage the return on investments. Extended settlement of securities purchases executed to facilitate or improve the efficiency of a transaction will not be considered borrowing, provided that sufficient cash equivalent securities or receivables are available to facilitate the extended settlement;
- Purchases of "private placement" or unrated corporate bonds.

Bond Reserve Funds

Preservation of principal is the foremost objective of the Bond Reserve Funds investment program. These funds shall be managed to ensure that the corpus is preserved. These funds will not be expended until the final maturity of the bond issue they secure, unless there is a failure to pay debt service by a community. As there is limited benefit in maximizing return it is the least important objective of the Bond Reserve Funds. It is anticipated that the Reserve Funds cumulative average return should target the blended arbitrage yield limit of the bond issues secured.

Bond resolutions limit allowed investment of these funds. Investment risk is examined on an annual basis to ensure that no greater than the minimum level of risk required to achieve the highest probability of earning the arbitrage yield limit on the bonds is incurred.

The 2005, 2010 and 2016 Reserve Fund bond resolutions limit investments to:

- 90% +/- 10% government agencies and U.S. Treasuries with maturities of less than 5 years.
- 10% +/- 10% government agencies and U.S. Treasuries with maturities of more than 5 years and less than 10 years.
- Performance benchmark is 90% Barclays U.S. 1-5 year government bond index and 10% Barclays U.S. Aggregate index.

Municipal Debt Payments

Preservation of principal and liquidity are the foremost objectives of the Municipal Debt Payments investment program, as these funds will be expended within seven business days of receipt. Return on investment is a benefit of holding these funds for the advance payment period, but not the focus of investing the funds. The bond resolutions limit investments to:

- 100% Money Market Fund.
- Performance benchmark is three-month U.S. Treasury Bill.



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**(b) Concentration Risk**

Concentration risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for pledged investments. The Authority's policies set out maximum concentration limits for investments managed by the external investment manager.

**(c) Credit Risk**

Credit risk is the risk of loss due to the failure of the security or backer. The Authority mitigates its credit risk by limiting investments permitted in the investment policies. U.S. Treasury securities and securities of agencies that are explicitly guaranteed by the U.S. government are not considered to have credit risk.

**(d) Custodial Credit Risk**

The Authority assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority has not established a formal custodial credit risk policy for its investments. The Authority had no investments registered in the name of a counterparty.

**(e) Interest Rate Risk**

Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-pledged investments, the Authority mitigates interest rate risk by structuring its investments' maturities to meet cash requirements, thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in its bond indentures and contractual and statutory agreements.

**(5) Bonds Receivable**

The General Fund includes bonds receivable with interest rates varying from 1% to 5% due from the City of Galena and Kenai Peninsula Borough with maturities as follow:

	City of Galena	Kenai Peninsula Borough	Total General Fund Bonds Receivable
2018	\$ 151,606	\$ 817,000	\$ 968,606
2019	166,980	827,000	993,980
2020	168,658	843,000	1,011,658
2021	170,352	861,000	1,031,352
2022	172,063	879,000	1,051,063
2023-2027	520,315	900,000	1,420,315
	<u>\$ 1,349,974</u>	<u>\$ 5,127,000</u>	<u>\$ 6,476,974</u>

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Bonds receivable by debt service program at June 30, 2017 mature in varying annual installments as follows:

Year ending June 30	2005 General	2010 General	2016 General	Total Principal
2018	\$ 61,230,000	\$ 150,000	6,975,000	\$ 68,355,000
2019	63,560,000	160,000	4,965,000	68,685,000
2020	62,875,000	165,000	5,225,000	68,265,000
2021	61,815,000	170,000	5,485,000	67,470,000
2022	60,055,000	175,000	7,930,000	68,160,000
2023-2027	253,235,000	960,000	27,840,000	282,035,000
2028-2032	202,745,000	1,150,000	15,210,000	219,105,000
2033-2037	131,400,000	1,080,000	18,470,000	150,950,000
2038-2042	73,805,000	-	22,895,000	96,700,000
2043-2047	51,815,000	-	29,855,000	81,670,000
2048-2052	4,100,000	-	-	4,100,000
	<u>\$ 1,026,635,000</u>	<u>\$ 4,010,000</u>	<u>\$ 144,850,000</u>	<u>\$ 1,175,495,000</u>

**(6) Authority Reserve Funds Derived from Series 2017A Bond Proceeds**

The Authority deposited bond proceeds from the issuance of the Series 2017A bonds to satisfy the Authority's 2016 Master Resolution Reserve requirement. The Yukon-Kuskokwim Health Corporation (2017A Borrower) is obligated by the loan agreement to pay all interest expense associated with the Series 2017A bonds including the bonds that funded the deposit to the 2016 Master Resolution. These reserve funds are held by the Trustee until the maturity of the bonds when per the loan agreement proceeds attributable to funding the Authority's 2016 Master Resolution reserve requirement will be used to repay the 2017A bonds that funded them. The amount initially required to satisfy the Authority's reserve at time of issuance was \$6,993,150.

**(7) Long-Term Liabilities**

During the year ended June 30, 2017 the Authority's long-term liabilities changed as follows:

	Beginning of year	New debt	Repayments/ Adjustments	End of year
General obligation bonds payable	\$ 940,920,000	\$ 255,000,000	(157,805,000)	\$ 1,187,615,000
Total	<u>\$ 940,920,000</u>	<u>\$ 255,000,000</u>	<u>\$ (157,805,000)</u>	<u>\$ 1,187,615,000</u>



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Bond Bank's long term liabilities consist of the following as of June 30, 2017:

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2005 Bond Resolution:				
2007-Three Series	4.25%-5.50%	520,000	4.00%	415,000
Bethel, City of				
Juneau, City and Borough of				
2007-Four Series - Kenai Peninsula Borough	4.25%-5.00%	680,000	4.25%-4.50%	1,070,000
2008-One Series	4.00%-5.00%	1,880,000	5.00%	3,260,000
Dillingham				
Kodiak Island Borough				
Kodiak, City of				
Seward				
2008-Two Series	4.40%-6.00%	710,000	4.75%-6.00%	1,200,000
Seward				
Sitka, City and Borough of				
Skagway				
2009-One Series	3.00%-5.63%	1,630,000	4.00%-5.50%	560,000
Kodiak, City of				
Unalaska, City of				
2009-Two Series	4.00%-6.00%	2,605,000	4.00%-6.00%	1,400,000
Cordova				
Nome, City of				
Unalaska, City of				
Kodiak, Island Borough				
2009-Three Series - Juneau, City and Borough of	2.00%-4.00%	4,160,000	2.00%-4.00%	495,000
2009-A-Four Series	3.00%-4.00%	-	3.00%-4.00%	430,000
Kenai Peninsula Borough				
Ketchikan Gateway Borough				
2009-B-Four Series - Ketchikan Gateway Borough	4.63%-5.40%	19,835,000	-	-
2010-A-Series One	2.00%-5.00%	4,285,000	-	-
Ketchikan, City of				
Ketchikan Gateway Borough				
Kenai, City of				
Northwest Arctic Borough				
Petersburg				
Unalaska				
2010-B Series One	5.99%-6.34%	7,415,000	-	-
Kenai, City of				
Northwest Arctic Borough				
Petersburg				
Unalaska				
2010-B Series Two	3.75%-4.91%	10,730,000	-	-
Juneau, City and Borough of				
Cordova				
King Cove, City of				
2010-A Series Three	2.00%-4.00%	1,525,000	-	-
Aleutians East Borough				
Unalaska				
King Cove, City of				
2010-B Series Three	4.93%-5.43%	6,900,000	-	-
Aleutians East Borough				
Unalaska				
King Cove, City of				

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Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2010-A Series Four	2.00%-5.00%	15,230,000	-	-
Kenai Peninsula Borough				
Ketchikan, City of				
Ketchikan Gateway Borough				
Sitka, City and Borough of				
Sitka, City and Borough of (Refunding)				
Soldotna				
2010-B Series Four	1.42%-6.26%	45,140,000	-	-
Kenai Peninsula Borough				
Ketchikan, City of				
Ketchikan Gateway Borough				
Sitka, City and Borough of				
Soldotna				
2011-Series One	3.00%-5.13%	6,310,000	-	-
Kodiak Island Borough				
Wrangell				
2011-Series Two	2.00%-4.38%	6,720,000	-	-
Juneau, City and Borough of				
Sitka, City and Borough of				
2011-Series Three	2.00%-5.00%	53,420,000	2.00%-5.00%	1,390,000
Wrangell				
Aleutians East Borough				
Northwest Arctic Borough				
Ketchikan Gateway Borough				
Kenai Peninsula Borough				
Cordova				
Hoonah				
Skagway				
Seward				
Kodiak Island Borough				
2012-Series One	2.00%-5.00%	6,800,000	-	-
Juneau, City and Borough of (Wildflower Court)				
Juneau, City and Borough of				
2012-Series Two	1.75%-5.00%	36,095,000	2.00%-4.00%	1,900,000
Juneau, City and Borough of				
Ketchikan, City of				
Ketchikan Gateway Borough				
Kodiak Island Borough				
Nome, City of				
North Pole, City of				
Palmer, City of				
Petersburg				
Sitka, City and Borough of				
Valdez				
2012-Series Three	1.50%-5.00%	14,715,000	-	-
Juneau, City and Borough of (School)				
Juneau, City and Borough of (REF)				
Petersburg				
Haines Borough				
2013-Series One	2.00%-5.00%	87,045,000	-	-
Juneau, City and Borough of (Hospital Rev Ref)				
Juneau, City and Borough of				
Kenai Peninsula Borough				
Ketchikan Gateway Borough				
Kodiak Island Borough				
Sand Point, City of				
Sitka, City and Borough of (Harbor				
Sitka, City and Borough of (Electric)				

(continued)

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Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2013-Series Two A Homer, City of Ketchikan, City of Ketchikan, City of (REF) Skagway	2.00%-4.00%	15,750,000	-	-
2013-Series Two B Kodiak Island Borough	3.00%-4.00%	15,235,000	-	-
2013 Series Three Juneau, City and Borough of Kenai Peninsula Borough Lake and Peninsula Borough Sitka, City and Borough of	1.50%-5.00%	66,435,000	-	-
2014-Series One A Juneau, City and Borough of Kodiak Island Borough Kenai Peninsula Borough- Exempt Kenai Peninsula Borough- Taxable	.38%-5.00%	52,950,000	-	-
2014-Series Two A Ketchikan, City of (Harbor) Ketchikan, City of (Hospital) King Cove, City of	3.00%-5.00%	44,670,000	-	-
2014-Series Three City & Borough of Juneau City of Saxman City & Borough of Sitka City of Adak (REF) Municipality of Anchorage (Rev REF) Haines Borough (REF) Kenai Peninsula City of Nome (REF) Northwest Arctic Borough (REF) Petersburg Borough (REF) City of Seward (REF) City of Seward (REF) - 2	1.25%-5.00%	52,325,000	-	-
2015-Series One City of Craig - New Money City of Cordova - New Money City of Cordova (REF2005A) City of Ketchikan (REF2005A) Northwest Arctic Borough (REF2005A) City and Borough of Sitka (REF2005A) City of Unalaska (REF2005A) Ketchikan Gateway Borough (REF2005E) Aleutians East Borough (REF2006A) City of Nome (REF2006A) City of Wrangell (REF2006A) City and Borough of Sitka (REF2008-2) City of Unalaska (REF2009-1) City of Cordova (REF2009-2) City of Nome (REF2009-2)	2.00%-5.00%	52,305,000	-	-
2015-Series Two City of Cordova - CC Municipality of Skagway - PSB City and Borough of Juneau - PP Municipality of Skagway - PP City and Borough of Juneau - School City and Borough of Juneau (REF2007-3) Kenai Peninsula Borough (REF2007-4)	2.00%-5.00%	55,475,000	-	-

(continued)

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
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**Notes to Financial Statements**

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2015-Series Three	2.00%-5.25%	95,835,000	-	-
University of Alaska				
Haines Borough				
Kodiak Island Brough - School				
Kodiak Island Borough - R&R				
King Cove, City of				
2016-Series One	2.00%-5.00%	32,320,000	-	-
Kenai Peninsula Borough CES 7-Year Loan				
Kenai Peninsula Borough CES 15-Year Loan				
City of Klawock				
Kodiak Island Borough - R&R				
Kodiak Island Borough - School				
City of Seward (REF2008-1)				
City of Seward (REF 2008-2)				
2016-Series Two	3.00%-5.00%	55,770,000	-	-
Fairbanks North Star Borough				
Ketchikan, City of				
2016-Series Three	2.00%-5.00%	79,975,000	-	-
City of Petersburg 2007 One Current Refunding				
City of Nome 2007 One Refunding				
Northwest Arctic Borough 2007 One Refunding				
City of Seward 2007 One Refunding				
City of Wasilla 2007 One Refunding				
City and Borough of Sitka 2007 One Refunding				
Aleutians East Borough 2007 Two Refunding				
Kenai Peninsula Borough 2007 Two Refunding				
City of Bethel 2007 Three Refunding				
City of Kodiak 2007 Five Float Refunding				
City of Kodiak 2007 Five Lift Refunding				
City of Dillingham 2008 One Loan Refunding				
City of Kodiak 2008 One Loan Refunding				
Kodiak Island Borough 2008 One Loan Refunding				
City of Skagway 2008 Two Loan Refunding				
City of Kodiak 2009 One Loan Refunding				
City and Borough of Juneau 2006B Refunding				
City and Borough of Juneau New Money				
2016-Series Four	2.00%-5.00%	28,790,000	-	-
City of Ketchikan Port 2006 Two Loan Refunding				
City of Ketchikan Port New Money				
2017-Series One	2.50%-5.00%	12,795,000	-	-
Kenai Peninsula Borough Hospital Loan				
Kenai Peninsula Borough				
Kenai Peninsula Borough Solid Waste Loan				
2017-Series Two	3.63%-5.00%	31,655,000	-	-
City of Unalaska				
City of Whittier				
Total 2005 Bond Resolution:		<u>1,026,635,000</u>		<u>12,120,000</u>
2010 Bond Resolution:				
2010-A-1 Series One - Ketchikan Gateway Borough	3.00%-4.00%	310,000	-	-
2010-A-2 Series One - Ketchikan Gateway Borough	5.78%-6.86%	<u>3,700,000</u>	-	-
Total 2010 Bond Resolution:		<u>4,010,000</u>		-
2016 Master Bond Resolution:				
2016-Series A - Tanana Chiefs Conference	5.00%	44,135,000	-	-
2017 Series A - Yukon-Kuskokwim Health Corporation	3.00%-5.50%	<u>100,715,000</u>		
Total 2016 Master Bond Resolution:		<u>144,850,000</u>		-
		<u>\$ 1,175,495,000</u>		<u>\$ 12,120,000</u>

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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All bonds are secured by bonds receivable and by amounts in the reserve account. The Act further provides that if an authorized borrower defaults on its principal and/or interest payments, upon written notice by the Authority, the State of Alaska must consider paying to the Authority all funds due from the defaulting authorized borrower from the State in an amount sufficient to clear the default. The Bond Bank Executive Director is obligated per resolution to seek and the State may provide an appropriation annually to replenish reserves.

In November 2016 the Authority issued \$109.8 million in general obligation and refunding bonds with interest rates ranging between 2% and 5%. The Authority issued the bonds to advance refund \$99,400,000 of the outstanding 2007-1, 2007-2, 2007-3, 2007-5, 2008-1, 2008-2, 2009-1 and 2006-2 General Obligation bonds with interest rates averaging between 4% and 6%. The Authority used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the series bonds listed above. As a result, these bonds are considered defeased, and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds was \$32,115,000 at June 30, 2017. The advance refunding reduced the total debt service payments over the next 10 years by nearly \$16.3 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$12.6 million.

In fiscal year 2016 the Authority issued bonds to advance refund \$25,370,000 of a portion of the outstanding 2008-1 and 2008-2 general obligation bonds. As a result, these bonds were considered defeased, and the Authority removed the liability from its financial statements. The outstanding principal of these defeased bonds was \$25,370,000 at June 30, 2017.

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Notes to Financial Statements

The above bonds mature in varying annual installments. The maturities at June 30, 2017 are as follows:

Year ending June 30	2005		2010		2016	
	General	Reserve	General		General	
2018	\$ 61,230,000	\$ 4,805,000	\$ 150,000		\$ 6,975,000	
2019	63,560,000	625,000	160,000		4,965,000	
2020	62,875,000	925,000	165,000		5,225,000	
2021	61,815,000	-	170,000		5,485,000	
2022	60,055,000	235,000	175,000		7,930,000	
2023-2027	253,235,000	3,290,000	960,000		27,840,000	
2028-2032	202,745,000	2,240,000	1,150,000		15,210,000	
2033-2037	131,400,000	-	1,080,000		18,470,000	
2038-2042	73,805,000	-	-		22,895,000	
2043-2047	51,815,000	-	-		29,855,000	
2048-2052	4,100,000	-	-		-	
	<u>\$ 1,026,635,000</u>	<u>\$ 12,120,000</u>	<u>\$ 4,010,000</u>		<u>\$ 144,850,000</u>	

Year ending June 30	Total Principal		Total Interest	
2018	\$ 73,160,000	\$ 54,162,800		
2019	69,310,000	51,064,664		
2020	69,190,000	48,082,250		
2021	67,470,000	45,042,453		
2022	68,395,000	41,953,297		
2023-2027	285,325,000	164,372,285		
2028-2032	221,345,000	103,936,696		
2033-2037	150,950,000	59,366,068		
2038-2042	96,700,000	33,185,656		
2043-2047	81,670,000	10,458,272		
2048-2052	4,100,000	207,499		
	<u>\$ 1,187,615,000</u>	<u>\$ 611,831,940</u>		

**(8) Conduit Debt**

Under the Coastal Energy Loan Program (Program), the Authority issued \$5,000,000 1986 Series A Coastal Energy Bonds (Bonds) payable to the National Oceanic and Atmospheric Administration (NOAA). The proceeds of these bonds were used to purchase port revenue bonds from the City of Nome. The City of Nome entered into a tripartite agreement with NOAA and the Authority effective August 2, 1994 to defer payment of the principal and accrual of interest for ten years. Effective January 29, 2009 a second amendment to the tripartite agreement was executed. The amendment authorized the issuance of 2009A Bonds for the purpose of refunding by exchange the outstanding City of Nome, Alaska, Port Revenue Bond 1986 Series A. As of June 30, 2017 the aggregate amount outstanding for conduit debt obligations was \$4,128,430.

Also under the Program, the Authority issued \$6,563,000 1987 Series A Coastal Energy Bonds payable to NOAA. The proceeds of these bonds were used to purchase port revenue bonds from the City of St. Paul. The City of St. Paul entered into a tripartite agreement with NOAA and the Authority effective December 14, 2000 to modify and defer payment. As of June 30, 2017 the aggregate amount outstanding for the City of St. Paul conduit debt obligations was \$6,005,878.

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The related loan payables do not represent a general obligation of the Authority as they are payable only from proceeds received from the City of Nome and St. Paul, respectively. Payment of principal and interest on the Bond Bank's Coastal Energy Bond is not secured by a pledge of any amounts held by or payable to the Bond Bank under the General Bond Resolution, including the Reserve Account, and is not in any way a debt or liability of the Bond Bank and accordingly, are not included in the basic financial statements.

The Coastal Energy Bonds and related accounts are included in the Bond Bank's statutory limit for total bonds outstanding.

**(8) Commitments**

During 2011 State Legislature appropriated \$2,450,000 to Bond Bank to issue a 15-year, one percent interest loan to the City of Galena to retire existing debt obligations and make certain utility improvements. The intent of the legislature was that loan repayments made for the loan be paid into the State of Alaska General Fund in accordance with the provisions of the AS 44.85.270(h). The amount of receipts available to the Authority during fiscal year 2017 as discussed in Note 2(d), included \$178,200 of City of Galena loan repayments for the year ended June 30, 2017. There were no excess receipts over operating expenditures during fiscal year 2017.

The amount of Authority receipts determined under AS 44.85.270(h) and, as discussed in Note 2(d), available for transfer by the Authority and appropriation to the Bond Bank Authority Reserve Fund under AS 44.85.270(a) was \$-0- for fiscal year 2017; the cumulative state appropriated amount, therefore, remained \$33,396,046 at June 30, 2017.

The entire Custodian Account balance is available for appropriation, at any time, by the State Legislature.

**(9) Subsequent Events**

Subsequent to June 30, 2017, the Bond Bank has not issued additional bonds. The Bond Bank has received an application from an authorized borrower. The Board of Director's is scheduled to meet on September 28, 2017 to review the application and discuss the potential for a Fall 2017 bond issuance.

Supplemental Schedule

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule of Statutory Reserve Accounts - Assets, Liabilities, and Account Reserves

June 30, 2017

	2005 Resolution	2010 Resolution	2016 Resolution	Total
<b>ASSETS</b>				
Cash	\$ 1,645,237	\$ 395	\$ 35,406	\$ 1,681,038
Accrued interest receivable	160,958	850	34,335	196,143
Marketable securities	46,458,263	288,214	6,967,864	53,714,341
Interaccount receivables	-	105,791	-	105,791
	<u>\$ 48,264,458</u>	<u>\$ 395,250</u>	<u>\$ 7,037,605</u>	<u>\$ 55,697,313</u>
<b>LIABILITIES</b>				
Accrued interest payable	\$ 169,031	\$ -	\$ -	\$ 169,031
Interaccount payables	5,765,904	-	29,048	5,794,952
Bond proceeds held in reserve	-	-	6,993,150	6,993,150
Bonds payable	12,120,000	-	-	12,120,000
	<u>18,054,935</u>	<u>-</u>	<u>7,022,198</u>	<u>25,077,133</u>
<b>RESERVES</b>				
State appropriated	28,046,530	393,086	-	28,439,616
Unappropriated	2,398,951	1,465	-	2,400,416
Unrealized gain (loss)	(235,958)	699	15,407	(219,852)
	<u>30,209,523</u>	<u>395,250</u>	<u>15,407</u>	<u>30,620,180</u>
	<u>\$ 48,264,458</u>	<u>\$ 395,250</u>	<u>\$ 7,037,605</u>	<u>\$ 55,697,313</u>

See Independent Auditor's report

## Continuing Disclosure Tables

Pursuant to the Securities and Exchange Commission Rule 15c2-12 and the Authority's continuing disclosure undertakings, the Authority is obligated to provide annual financial information. In addition to annual financial statements the Authority must provide a statement of authorized, issued and outstanding bonded debt, reserve fund balances, and government unit statistics in substantially the same form as Appendix C of official statements of the Authority. The following supplemental information related to the 2005, 2010, and 2016 master resolutions is provided in compliance with the Appendix C filing requirement.

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule of 2005 Bond Resolution Program - Borrower Concentration

June 30, 2017

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	\$ 139,685,000	13.45%
City and Borough of Juneau	133,675,000	12.87%
Kenai Peninsula Borough	112,225,000	10.80%
City of Ketchikan	94,680,000	9.11%
Kodiak Island Borough	91,745,000	8.83%
University of Alaska	86,085,000	8.29%
City of Unalaska	61,635,000	5.93%
Fairbanks North Star Borough	55,770,000	5.37%
Ketchikan Gateway Borough	33,495,000	3.22%
City of Seward	33,425,000	3.22%
Northwest Arctic Borough	30,215,000	2.91%
Aleutians East Borough	23,275,000	2.24%
Municipality of Skagway	19,780,000	1.90%
City of Cordova	16,730,000	1.61%
Lake & Peninsula Borough	16,500,000	1.59%
City of Kodiak	12,605,000	1.21%
Haines Borough	10,835,000	1.04%
Petersburg Borough	10,240,000	0.99%
City of Dillingham	9,150,000	0.88%
City of Nome	4,390,000	0.42%
Municipality of Anchorage	3,495,000	0.34%
City of Homer	3,200,000	0.31%
City of King Cove	2,820,000	0.27%
City of Sand Point	2,370,000	0.23%
City of Valdez	2,270,000	0.22%
City of Bethel	2,175,000	0.21%
City of Whittier	2,000,000	0.19%
City of Soldotna	1,900,000	0.18%
City of Craig	1,695,000	0.16%
City of Kenai	1,445,000	0.14%
City of Klawock	1,350,000	0.13%
City of Hoonah	1,015,000	0.10%
City and Borough of Wrangell	980,000	0.09%
City of Wasilla	800,000	0.08%
City of North Pole	755,000	0.07%
City of Palmer	710,000	0.07%
South Peninsula Hosp. (KPB)	680,000	0.07%
City of Adak	680,000	0.07%
City of Saxman	155,000	0.01%
Reserve Obligations	12,120,000	1.18%
Total Outstanding Par	\$ 1,038,755,000	100.00%

See Independent Auditor's report

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule 2005 Bond Resolution Program - Debt Service Requirements

June 30, 2017

Borrower	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
City and Borough of Juneau - 2007 III Deck Loan	\$ 353,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Bethel - 2007 III Court Facility Loan	179,375	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough South Hospital Service Area	695,300	-	-	-	-	-	-	-	-	-
City of Dillingham 2008 One Loan	754,000	-	-	-	-	-	-	-	-	-
Kodiak Police Station 2008 One Loan	218,400	-	-	-	-	-	-	-	-	-
City of Seward Long Term Care 2008 One Loan	982,800	-	-	-	-	-	-	-	-	-
City and Borough of Sitka 2008 Two Loan	355,100	-	-	-	-	-	-	-	-	-
Municipality of Skagway 2008 Two Loan	249,100	-	-	-	-	-	-	-	-	-
City of Seward 2008 Two Loan	148,400	-	-	-	-	-	-	-	-	-
City of Unalaska 2009 One Loan	855,875	-	-	-	-	-	-	-	-	-
City of Unalaska 2009 Two Loan	560,413	-	-	-	-	-	-	-	-	-
City of Cordova 2009 Two Loan	801,338	-	-	-	-	-	-	-	-	-
City of Nome 2009 Two Loan	32,775	-	-	-	-	-	-	-	-	-
City and Borough of Juneau - 2009 Three Loan	1,495,800	1,468,800	1,444,800	1,731,390	1,722,642	1,707,107	1,694,654	1,684,964	1,664,500	1,652,551
Ketchikan Gateway Borough-2009 Four Loan	1,768,232	1,754,104	1,743,479	1,720,011	1,710,181	1,647,255	1,633,433	1,618,840	1,599,948	1,572,339
City of Kenai-2010 One Loan	176,998	178,398	172,704	-	-	-	-	-	-	-
Ketchikan Gateway Borough-2010 One Loan	731,000	730,000	728,000	-	-	-	-	-	-	-
Northwest Arctic Borough-2010 One Loan	282,565	281,765	280,765	284,565	281,315	276,127	275,640	269,552	268,166	260,484
Petersburg Borough - 2010 One Loan	234,494	234,794	234,894	234,794	238,694	235,849	232,010	227,870	228,281	222,947
City of Unalaska-2010 One Loan	428,749	424,949	425,949	426,549	424,299	424,017	417,835	411,055	403,675	399,652
City and Borough of Juneau - 2010 Two Loans	1,129,772	1,117,534	1,107,744	2,472,665	1,820,539	1,779,639	1,517,673	1,742,096	-	-
City of Cordova 2010 Two Loan	46,859	45,138	48,188	46,070	-	-	-	-	-	-
City of King Cove 2010 Two Loan	44,762	43,686	42,540	41,363	40,155	38,847	42,319	40,652	38,985	37,246
Alutians East Borough - 2010 Loan	395,378	396,578	397,966	392,943	390,877	383,441	380,636	372,462	368,918	359,283
City of King Cove 2010 Three Loan	62,392	60,992	59,680	58,205	61,359	59,389	57,419	55,449	53,479	56,271
City of Unalaska 2010 Three Loan	437,867	438,067	433,605	432,617	429,319	420,652	416,616	407,211	397,559	396,616
Kenai Peninsula Borough 2010 Four Loan	1,442,725	1,431,305	1,411,775	1,395,269	1,376,201	1,358,946	1,338,264	1,314,029	1,291,441	1,264,032
City of Ketchikan 2010 Four Loan	616,549	608,190	603,500	597,854	586,163	578,214	568,842	562,857	550,401	540,902
Ketchikan Gateway Borough 2010 Four Loan	324,287	320,209	315,233	314,574	308,091	300,753	292,534	288,269	282,919	277,859
City and Borough of Sitka 2010 Four Loan	4,075,151	4,062,570	4,047,570	4,058,570	4,050,648	4,038,926	4,030,419	4,000,527	3,930,489	3,845,859
City of Soldotna 2010 Four Loan	216,594	211,905	211,752	206,311	205,509	199,279	197,602	195,333	192,515	188,948
City and Borough of Wrangell 2011 One Loan	28,875	28,000	27,000	26,000	-	-	-	-	-	-
Kodiak Island Borough 2011 One Loan	622,950	621,400	622,800	623,600	623,800	625,513	626,275	626,088	624,950	622,863
City and Borough of Juneau 2011 Two Loan	658,831	657,300	659,600	655,200	-	-	-	-	-	-
City and Borough of Sitka 2011 Two Loan	412,134	410,090	407,590	407,390	411,790	407,690	408,071	411,271	408,871	411,071
Alutians East Borough 2011 Three Refunding	229,375	229,875	226,000	231,625	230,625	953,250	-	-	-	-
Kenai Peninsula Borough 2011 Three Refunding	1,630,075	1,621,825	1,617,850	967,375	958,750	609,875	-	-	-	-
Ketchikan Gateway Borough 2011 Three Refunding	618,175	618,800	615,900	616,875	614,000	609,875	-	-	-	-
Northwest Arctic Borough 2011 Three Refunding	2,486,775	2,492,025	2,492,700	2,488,875	2,485,000	2,485,625	1,681,000	-	-	-
Kenai Peninsula Borough (Central Hospital) 2011 Three	3,521,750	3,520,000	3,521,000	3,525,500	3,528,625	3,533,750	3,520,875	-	-	-
City of Cordova 2011 Three	55,625	53,375	56,250	54,000	56,375	-	-	-	-	-
City of Hoonah 2011 Three	111,625	113,250	90,500	93,125	90,375	92,500	89,500	91,700	89,100	91,400
Kodiak Island Borough 2011 Three	300,975	300,975	301,550	301,625	300,125	298,125	300,500	298,600	302,500	300,900
Municipality of Skagway 2011 Three	37,800	36,800	35,900	35,000	34,000	37,875	36,625	35,500	34,500	33,500
City of Seward 2011 Three	244,300	244,175	244,350	244,275	243,400	242,275	242,775	243,900	243,600	243,000
Juneau Wildflower Court Refunding 2012 One	1,418,125	1,486,925	1,555,825	437,725	484,575	534,966	583,463	442,172	491,063	-
Juneau 2012 Two	1,940,250	1,958,400	-	-	-	-	-	-	-	-
City of Ketchikan 2012 Two	356,644	352,019	352,019	355,894	355,344	354,294	351,544	353,169	357,306	353,894
Ketchikan Gateway Borough 2012 Two	682,350	689,250	681,625	-	-	-	-	-	-	-
Kodiak Island Borough 2012 Two	1,439,500	1,447,950	1,439,025	1,442,275	1,433,950	1,433,125	1,433,250	1,435,000	-	-
City of Nome 2012 Two	148,900	148,825	147,950	146,825	146,100	150,000	133,250	-	-	-
City of North Pole 2012 Two	102,550	99,400	100,775	101,900	103,200	104,250	103,250	100,125	101,375	-
City of Palmer 2012 Two	105,800	108,450	104,850	105,725	106,800	107,625	107,750	107,625	-	-

(continued)

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule 2005 Bond Resolution Program - Debt Service Requirements

June 30, 2017

Borrower	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Petersburg Borough 2012 Two	496,600	491,075	488,125	488,375	489,750	485,250	468,125	246,000	-	-
City and Borough of Sitka 2012 Two	1,460,150	1,456,650	1,456,650	1,456,775	1,451,200	1,453,000	1,450,375	630,375	-	-
City of Valdez 2012 Two	348,250	351,850	343,725	340,225	342,550	344,125	343,500	317,750	-	-
Haines Borough 2012 Three	84,744	82,719	85,344	82,844	85,219	87,344	84,344	86,544	83,944	86,594
Juneau 2012 Three Refunding	918,950	928,250	937,125	948,625	947,875	959,750	973,750	-	-	-
Juneau 2012 Three School Construction	1,430,600	1,400,375	1,363,625	1,364,875	1,363,125	1,363,250	-	-	-	-
Petersburg Borough 2012 Three	103,050	105,000	104,500	102,875	104,000	104,875	105,500	101,450	102,750	99,425
Kenai Peninsula Borough (Bear Creek Fire) 2013 One	93,820	97,020	94,520	97,520	95,320	93,120	95,920	92,920	94,920	96,670
City and Borough of Juneau (Bartlett Hospital) 2013 One	1,659,263	1,665,563	1,661,863	1,661,513	1,666,713	1,665,313	1,667,513	1,668,263	1,667,663	1,673,913
City and Borough of Juneau 2013 One	203,610	199,610	204,610	200,210	200,810	201,210	201,410	200,160	203,660	201,660
Ketchikan Gateway Borough 2013 One	607,150	608,150	608,400	607,600	611,000	608,400	-	-	-	-
Kodiak Island Borough 2013 One	1,688,140	1,690,340	1,687,590	1,691,790	1,689,390	1,690,590	1,690,190	1,687,690	1,687,690	1,689,940
City of Sand Point 2013 One	182,980	180,180	181,680	183,680	180,480	182,280	183,880	184,380	184,630	184,630
City and Borough of Sitka (Harbor) 2013 One	308,900	307,900	310,150	308,550	311,750	309,550	312,150	307,400	307,400	306,900
City and Borough of Sitka (Electric) 2013 One	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360
City of Homer 2013 Two	287,850	288,650	289,300	293,300	291,900	290,300	293,500	294,500	295,000	295,000
City of Ketchikan 2013 Two	1,069,200	1,068,450	1,072,250	1,069,850	1,071,650	1,072,450	1,077,250	1,079,250	1,078,000	1,078,000
Kodiak Island Borough 2013 Two	1,355,988	1,355,888	1,360,188	1,361,588	1,361,788	1,363,038	1,367,288	1,364,288	1,369,288	1,366,788
Municipality of Skagway 2013 Two	70,300	69,250	68,200	71,800	70,200	68,600	72,000	69,750	67,500	70,250
City and Borough of Juneau 2013 Three	903,650	905,450	903,650	902,125	902,000	905,000	902,000	-	-	-
Kenai Peninsula Borough	1,626,550	1,625,550	1,626,600	1,627,325	1,628,500	1,627,675	1,630,175	1,630,175	1,627,675	1,627,550
Lake and Peninsula Borough 2013 Three	1,421,950	1,419,850	1,423,900	1,423,250	1,424,250	1,423,500	1,422,000	1,423,375	1,422,500	1,419,375
City and Borough of Sitka 2013 Three	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975
Kenai Peninsula Borough 2014 One	2,956,670	2,960,067	2,960,062	2,959,108	2,955,849	2,957,500	2,955,500	2,958,250	2,959,500	2,957,750
Kodiak Island Borough 2014 One	1,774,713	1,772,713	1,775,113	1,772,113	1,776,363	1,773,113	1,772,613	1,769,613	1,774,925	1,774,425
City and Borough of Juneau 2014 One	407,838	404,838	406,538	403,138	404,638	405,638	406,138	406,138	404,575	403,825
City of Ketchikan Hospital (G.O.) 2014 Two	2,553,700	2,553,700	2,552,700	2,552,700	2,556,450	2,557,700	2,556,450	2,557,700	2,561,200	2,561,700
City of Ketchikan Harbor (G.O.) 2014 Two	205,300	205,550	205,550	205,300	204,800	209,050	207,800	206,300	209,550	207,300
City of King Cove Electric 2014 Two	161,050	160,050	163,800	42,050	41,050	40,050	39,050	38,050	37,050	41,050
City and Borough of Juneau 2014 Three	909,900	908,400	909,000	911,375	907,625	907,625	911,500	908,875	909,875	909,375
City and Borough of Sitka 2014 Three	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250
City of Saxman 2014 Three	12,550	12,350	12,125	11,875	11,625	11,375	16,000	15,500	15,000	14,500
City of Adak Refunding 2014 Three	106,000	105,000	104,500	100,500	101,375	102,000	102,375	102,500	290,500	291,250
Municipality of Anchorage Refunding 2014 Three	294,700	294,600	298,500	296,375	294,000	296,250	298,000	294,375	294,375	-
Haines Borough Refunding 2014 Three	1,196,100	1,198,600	1,195,375	1,191,125	1,194,625	1,190,750	1,189,500	1,190,625	1,189,000	-
Kenai Peninsula Borough Refunding 2014 Three	180,650	180,750	180,000	183,250	181,125	178,750	181,000	177,875	179,375	-
City of Nome Refunding 2014 Three	271,350	268,650	269,625	269,125	268,125	266,625	269,500	271,625	-	-
Northwest Arctic Borough Refunding 2014 Three	445,300	448,200	448,875	447,250	449,750	446,375	447,125	442,000	445,875	-
Petersburg Borough Refunding 2014 Three	399,550	398,750	401,000	401,125	400,500	399,125	401,875	398,750	399,750	-
City of Seward 2005 Refunding 2014 Three	105,400	107,500	104,125	105,250	106,125	106,750	107,125	102,375	102,500	-
City of Seward 2006 Refunding 2014 Three	323,900	320,400	320,475	318,975	316,975	319,350	320,975	321,850	637,100	-
City of Cordova 2015 One New Money	134,225	136,725	134,125	136,075	132,575	133,950	135,075	135,950	136,575	136,950
City of Cordova 2015 One 2005 Refunding	193,300	191,200	193,800	-	-	-	-	-	-	-
City of Cordova 2015 One 2009 Refunding	564,850	566,950	593,350	1,354,000	1,348,500	1,345,875	1,345,875	1,343,375	1,343,250	1,330,625
City of Craig 2015 One New Money	134,388	136,888	134,288	136,238	132,738	134,113	135,238	136,113	136,738	137,113
Aleutians East Borough 2015 One 2006 Refunding	276,000	253,100	250,400	251,375	255,750	269,125	169,125	117,500	97,375	-
Ketchikan Gateway Borough 2015 One 2005 Refunding	594,200	586,500	-	-	-	-	-	-	-	-
Ketchikan 2015 One 2005 Refunding	800,700	-	-	-	-	-	-	-	-	-
Nome 2015 One 2006 Refunding	88,950	91,450	83,950	86,125	87,750	89,125	90,250	86,250	87,125	-
Nome 2015 One 2009 Refunding	19,700	19,700	49,100	52,625	50,875	49,125	52,250	50,250	48,250	51,125
Northwest Arctic Borough 2015 One 2005 Refunding	1,637,600	1,635,100	1,630,400	1,640,000	-	-	-	-	-	-
Sitka 2015 One 2005 Refunding	397,800	398,100	397,800	-	-	-	-	-	-	-
Sitka 2015 One 2008 Refunding	196,275	539,275	535,075	533,500	539,125	538,625	537,688	536,000	537,875	533,625
Unalaska 2015 One 2005 Refunding	397,600	397,900	392,700	-	-	-	-	-	-	-
Unalaska 2015 One 2009 Refunding	815,900	815,900	1,852,438	1,853,125	1,849,844	1,848,994	1,846,138	1,841,825	1,840,575	1,841,200

(continued)

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule 2005 Bond Resolution Program - Debt Service Requirements

June 30, 2017

Borrower	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Wrangell 2015 One 2006 Refunding	238,450	240,060	241,250	240,875	-	-	-	-	-	-
Cordova 2015 Two	211,450	212,650	212,650	212,400	211,900	211,150	213,750	212,500	211,000	214,250
Skagway 2015 Two	683,550	684,150	684,400	682,900	680,900	683,400	683,100	684,600	680,350	680,600
City and Borough of Juneau 2015 Two (G.O. Refunding)	705,350	705,750	708,750	-	-	-	-	-	-	-
City and Borough of Juneau 2015 Two (Harbor Refunding)	362,100	742,100	738,100	738,350	737,600	740,850	741,650	743,150	738,400	737,650
Kenai Peninsula Borough 2015 Two	402,050	1,097,050	1,097,300	1,090,800	1,092,800	1,092,800	1,091,000	1,093,250	1,088,250	1,091,250
Juneau 2015 Two (Cruise Dock)	1,687,500	1,692,500	1,688,250	1,692,250	1,689,000	1,688,750	1,686,250	1,686,500	1,689,250	1,689,250
Skagway 2015 Two (Port)	363,088	361,688	363,438	359,688	360,688	361,188	361,188	360,688	359,688	363,188
University of Alaska 2015 Three	4,057,863	5,586,663	5,589,588	5,585,838	5,587,838	5,590,213	5,587,838	5,590,463	5,587,838	5,589,713
Haines Borough 2015 Three	94,300	93,100	91,300	89,300	92,175	89,925	92,550	90,050	92,425	89,675
Kodiak Island Borough 2015 Three High School	492,413	491,313	491,838	490,838	494,213	491,963	494,088	490,588	491,463	491,588
Kodiak Island Borough 2015 Three Renewal & Replace	224,200	224,600	222,500	224,250	225,500	226,250	226,500	226,250	225,500	-
King Cove 2015 Three	48,588	48,588	48,588	72,963	76,588	75,088	73,588	76,963	75,213	73,463
Kenai Peninsula Borough CES 7-Year Loan - 2016 One	86,125	87,750	89,125	90,250	86,250	87,125	-	-	-	-
Kenai Peninsula Borough CES 15-Year Loan - 2016 One	178,313	178,188	177,813	177,188	176,313	175,188	178,688	176,813	179,563	179,263
City of Klawook New Money Loan - 2016 One	89,950	87,950	85,950	88,825	86,575	84,325	86,950	89,325	91,450	89,350
Kodiak Island Borough R&R Loan - 2016 One	674,250	676,625	677,750	677,625	676,250	678,500	674,375	678,750	676,500	134,169
Kodiak Island Borough High School Loan - 2016 One	133,794	130,544	132,169	133,544	134,669	130,669	131,544	132,169	132,544	145,256
City of Seward 2008 One Refunding - 2016 One	649,006	649,006	1,458,256	1,455,756	1,451,256	1,444,756	1,446,006	1,439,881	1,441,256	1,441,256
City of Seward 2008 Two Refunding - 2016 One	196,575	200,700	341,075	337,700	338,950	339,700	339,950	334,825	339,200	341,400
Fairbanks North Star Borough - 2016 Two	4,110,525	4,109,400	4,113,275	4,111,900	4,110,150	4,112,650	4,109,150	4,109,400	4,112,900	4,109,400
City of Petersburg 2007 One New Money Refunding - 2016 Three	83,550	86,800	84,400	86,900	84,300	81,375	83,000	79,500	80,875	82,000
City of Petersburg 2007 One Current Refunding - 2016 Three	137,200	143,400	138,200	142,800	-	-	-	-	-	-
City of Nome 2007 One Refunding - 2016 Three	171,100	176,400	174,900	168,300	-	-	-	-	-	-
Northwest Arctic Borough 2007 One Refunding - 2016 Three	1,189,650	1,187,700	1,188,800	1,183,200	-	-	-	-	-	-
City of Seward 2007 One Refunding - 2016 Three	236,200	230,200	232,000	228,500	234,600	-	-	-	-	-
City of Wasilla 2007 One Refunding - 2016 Three	415,150	413,100	-	-	-	-	-	-	-	-
City and Borough of Sitka 2007 One Refunding - 2016 Three	830,300	826,200	-	-	-	-	-	-	-	-
Alutians East Borough 2007 Two Refunding - 2016 Three	1,547,150	1,592,650	1,608,050	1,616,550	1,633,050	1,895,625	2,044,875	2,119,750	2,167,375	2,193,625
Kenai Peninsula Borough 2007 Two Refunding - 2016 Three	119,350	119,350	119,350	726,950	726,650	722,000	722,625	-	-	-
City of Bethel 2007 Three Refunding - 2016 Three	93,050	254,750	253,050	251,150	253,950	250,500	255,625	250,250	249,500	253,125
City of Kodiak 2007 Five Float Refunding - 2016 Three	118,763	112,213	115,113	112,913	115,613	112,913	114,788	111,538	113,163	114,538
City of Kodiak 2007 Five Lift Refunding - 2016 Three	214,900	217,250	218,550	219,650	220,550	220,700	220,075	219,200	218,075	216,700
City of Dillingham 2008 One Loan Refunding - 2016 Three	392,150	1,063,450	1,060,550	1,061,550	1,066,550	1,065,500	1,064,000	1,064,500	1,066,500	1,066,500
City of Kodiak 2008 One Loan Refunding - 2016 Three	253,000	448,850	450,450	451,650	447,550	446,950	449,575	451,450	447,700	448,325
Kodiak Island Borough 2008 One Loan Refunding - 2016 Three	228,350	615,450	619,250	617,350	619,750	619,000	619,875	619,500	622,750	619,625
City of Skagway 2008 Two Loan Refunding - 2016 Three	131,700	357,100	357,700	357,900	357,700	355,750	356,875	357,250	356,875	355,750
City of Kodiak 2009 One Loan Refunding - 2016 Three	63,531	62,631	61,431	60,231	59,031	62,556	60,806	59,056	62,181	60,181
City and Borough of Juneau 2006B Refunding - 2016 Three	3,840,950	3,861,500	3,849,800	3,784,100	4,029,000	-	-	-	-	-
City and Borough of Juneau New Money - 2016 Three	328,550	331,900	332,700	333,100	333,100	331,375	332,750	328,500	328,625	328,000
City of Ketchikan Port 2006 Two Loan Refunding - 2016 Four	2,214,925	2,213,250	2,215,500	2,210,375	2,207,875	2,207,750	2,204,875	2,204,125	2,200,375	2,198,500
City of Ketchikan Port New Money - 2016 Four	141,325	144,000	145,875	142,625	144,250	145,625	141,875	143,000	143,875	144,500
Kenai Peninsula Borough Hospital Loan - 2017 One	399,547	398,919	397,669	400,919	398,419	400,419	401,669	399,419	399,669	399,169
Kenai Peninsula Borough Solid Waste Loan - 2017 One	1,065,164	1,065,250	1,063,500	1,064,750	1,063,750	1,060,500	-	-	-	-
City of Seward - 2017 One	210,121	210,056	209,086	209,086	209,306	208,556	207,556	209,431	207,931	206,181
City of Unalaska - 2017 Two	1,343,109	1,328,350	2,013,350	2,014,100	2,013,100	2,015,350	2,010,600	2,010,350	2,010,350	2,014,600
City of Whittier - 2017 Two	155,070	156,625	159,025	155,525	157,025	158,275	154,275	155,275	156,025	156,525
Total Loan Obligation Debt Service	\$ 107,591,568	\$ 107,400,739	\$ 104,028,206	\$ 100,227,540	\$ 95,704,309	\$ 91,326,146	\$ 85,591,028	\$ 76,520,544	\$ 71,913,968	\$ 66,853,160

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule of 2010 Bond Resolution Program - Borrower  
Concentration

June 30, 2017

Borrower	Outstanding Par	Percent of Outstanding
Ketchikan Gateway Borough	\$ 4,010,000	100.00%
Total Outstanding Par	<u>\$ 4,010,000</u>	<u>100.00%</u>

DRAFT

See Independent Auditor's report

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule 2010 Bond Resolution Program - Debt Service Requirements

June 30, 2017

Borrower	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ketchikan Gateway Borough	\$399,644	\$403,444	\$400,474	\$395,791	\$390,819	\$385,558	\$380,007	\$374,168	\$372,895	\$365,080
Total Loan Obligation DS	\$ 399,644	\$ 403,444	\$ 400,474	\$ 395,791	\$ 390,819	\$ 385,558	\$ 380,007	\$ 374,168	\$ 372,895	\$ 365,080

See Independent Auditor's report

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule of 2016 Master Resolution Program - Borrower Concentration

June 30, 2017

Borrower	Outstanding Par	Percent of Outstanding
Tanana Chiefs Conference	\$ 44,135,000	30.47%
Yukon-Kuskokwim Health Corporation	100,715,000	69.53%
Total Outstanding Par	<u>\$ 144,850,000</u>	<u>100.00%</u>

DRAFT

See Independent Auditor's report

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ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule 2016 Master Resolution Program - Debt Service Requirements

June 30, 2017

Borrower	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Tanana Chiefs Conference	9,068,000	6,762,500	6,771,125	6,766,625	6,778,875	6,771,625	6,784,750	3,351,750	-	-
Yukon-Kuskokwim Health Corporation	4,967,494	4,833,238	4,833,238	4,833,238	6,955,913	6,944,188	6,932,038	6,940,788	6,929,163	6,924,788
Total Loan Obligation DS	\$ 14,035,494	\$ 11,595,738	\$ 11,604,363	\$ 11,599,863	\$ 13,734,788	\$ 13,715,813	\$ 13,716,788	\$ 10,292,538	\$ 6,929,163	\$ 6,924,788



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**TO:** AMBBA Board Members  
Luke Welles, Craig Chapman, Chris Hladick,  
Gregory Gurse, Pam Leary

**DATE:** September 15, 2017

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

Following are updates on items not covered in the September 28, 2017 Agenda:

On July 21, 2017 Wildflower Court provided the attached review and analysis report in response to a failure to meet their rate covenant. This was the prescribed remedy for failing to meet coverage and the Wildflower Court staff acted diligently to comply. This was likely the most thorough response to a failed debt service coverage test that I've seen.

On July 21, 2017 Governor Walker wrote the attached letter to former Board Member Mark Pfeffer for his service on the Board.

FY 2017 results – In FY '17 the Bond Bank funded \$280.7 million of loans (\$255 million of par bonds) to 17 borrowers. Bond Bank participation in these loans is estimated to have saved over \$41.2 million in total interest expense with a present value of \$20.3 million.

YKHC Dr. Paul John Calricaraq Project – As of September 1 the project reached 95% construction documents. Approximately \$36 million has been spent on design and construction, the roofing and sheathing are being installed to the steel frame, and the building schedule is on track.

In August and September Ryan and I worked with the City of Soldotna to determine if they would issue a \$2.5 million revenue bond through the Bond Bank. After extensive consideration it was determined that the structure of the City's enterprise would need to be modified to allow for a revenue bond issue. This determination combined with the availability of other financing alternatives including pay as you go for the City resulted in the City's withdrawal from consideration of using the Bond Bank.

The contracts for Trustee and Investment Manager are being optionally extended for a year per the original RFPs.



HANSEN HUNTER & CO. P.C.  
*Certified Public Accountants*

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July 19, 2017

Ruth Johnson  
Wildflower Court  
2000 Salmon Creek Lane  
Juneau, Alaska 99801

RE: Wildflower Court

Ms. Johnson:

From June 20 to 22, 2017, we visited the Wildflower Court in Juneau, Alaska. The following is a report related to our visit. This report is a confidential administrative report.

We performed an operational review and analysis of systems in your facility. This included review of payroll and overtime hours, supplemental staff contracts, and observation and interview of multiple staff members in the facility. Additionally, we performed analysis of multiple departments' productivity and efficiency. As a result, we have identified overstaffing in a number of departments, as well as a number of additional identified operational inefficiencies that has resulted in increased expense for your facility. Moreover, we determined that the staffing levels were above the level required to meet the needs of the residents in a number of departments. By following our recommendations and adjusting the current staffing levels to the appropriate need you will reduce facility expense and ensure that your debt service coverage ratio will return to greater than 1.15. A thorough explanation of findings was provided to the management team verbally upon exit on the last day of the review (6.22.17).

The Executive Summary of this report outlines our general findings and immediate recommendations. In the Findings and Recommendations portion of this report, you will find detailed analysis of concern identified from the review, with our recommendations.

If there are questions, please feel free to call Alicia Moore at (708) 337-1310 or Jeff Moore at (503) 244-2134.

Very truly yours,

HANSEN HUNTER & CO. P.C.

Alicia Moore, MOT, RAC-CT

Carol Maher, RN-BC, RAC-CT, RAC-MT, CPC

Enclosure

cc:

Bob Bartholomew, Director of Finance  
City and Borough of Juneau  
1555 South Seward Street  
Juneau, AK 99801

Deven Mitchell, State Investment Officer (Debt Manager)  
PO Box 110405  
Juneau, AK 99811-0405





Governor Bill Walker  
STATE OF ALASKA

July 21, 2017

Mr. Mark Pfeffer  
425 G Street, Suite 210  
Anchorage, AK, 99501

Dear Mr. Pfeffer:

Thank you for your dedicated service to Alaska as a member of the Alaska Municipal Bond Bank Authority. On behalf of all Alaskans, I appreciate your contributions of time and attention to our state throughout your term of service.

The spirit of volunteerism goes beyond our individual concerns to help others and is an essential component of a healthy Alaska. I am grateful to know we can rely on people like you who offer themselves up by giving back to the society that has given us so much.

Although your time on the Authority has ended, your continued involvement in Alaskan issues and commitment to public service are deeply appreciated.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker  
Governor

cc: Deven Mitchell, Executive Director, Alaska Municipal Bond Bank  
Authority

# AMBBA FY2017 Activity

## 2016 Series 3&4

Par Amount of Bonds:	109,835,000		
Original Issue Premium:	13,299,425		
<b>Total:</b>	<b>123,134,425</b>		
Borrowers and Savings:	Loan Par	Gross Savings	PV Savings
City of Petersburg (Refund GO 2007-1 Harbor)	520,000	120,649	110,405
City of Petersburg (Refund GO 2007-1 School)	670,000	-	-
City of Nome (Refund GO 2007-1)	650,000	40,147	38,876
Northwest Arctic Borough (Refund GO 2007-1)	4,470,000	285,491	275,878
City of Seward (Refund GO 2007-1)	1,055,000	57,344	55,824
City of Wasilla (Refund GO 2007-1)	815,000	31,419	30,926
City & Borough of Sitka (Refund GO 2007-1)	1,630,000	65,216	64,155
Aleutians East Borough (Refund GO 2007-2)	17,155,000	2,859,891	2,464,501
Kenai Peninsula Borough (Refund GO 2007-2)	2,660,000	369,984	342,022
City of Bethel (Refund GO 2007-3)	2,000,000	417,824	276,151
City of Kodiak (Refund GO 2007-5 Harbor)	1,680,000	2,179,736	1,570,024
City of Kodiak (Refund GO 2007-5 Lift)	3,485,000	-	-
City of Dillingham (Refund GO 2008-1)	8,425,000	1,153,122	946,818
City of Kodiak (Refund GO 2008-1)	6,355,000	-	-
Kodiak Island Borough (Refund GO 2008-1)	4,905,000	529,142	481,938
Municipality of Skagway (Refund GO 2008-2)	2,875,000	403,184	322,921
City of Kodiak (Refund GO 2009-1)	875,000	-	-
City & Borough of Juneau (Refund CBJ's 2006B not BB)	17,575,000	1,217,644	1,191,048
City of Ketchikan (Refund 2006-2 AMT)	27,635,000	6,601,134	4,406,350
City & Borough of Juneau (new money Capital Transit)	2,635,000	-	-
City of Ketchikan (new money Harbor AMT)	1,765,000	-	-
<b>Total:</b>	<b>109,835,000</b>	<b>16,331,927</b>	<b>12,577,837</b>

"-" indicates all gross and PV savings for community are all included in a single line

## Series 2017A (2016 Master Resolution)

Par Amount of Bonds:	100,715,000		
Original Issue Premium:	9,738,268		
<b>Total:</b>	<b>110,453,268</b>		
Borrowers and Savings:	Loan Par	Gross Savings	PV Savings
Yukon-Kuskokwim Health Corporation	100,715,000	20,340,838	-
<b>Total:</b>	<b>100,715,000</b>	<b>20,340,838</b>	<b>-</b>

## 2017 Series 1&2

Par Amount of Bonds:	44,450,000		
Original Issue Premium:	2,660,339		
<b>Total:</b>	<b>47,110,339</b>		
Borrowers and Savings:	Loan Par	Gross Savings	PV Savings
Kenai Peninsula Borough (South Hospital Homer Medical)	4,500,000	333,783	271,659
Kenai Peninsula Borough (Solid Waste / Landfill)	5,405,000	216,393	196,626
City of Seward (Road Improvements)	2,890,000	284,850	215,095
Unalaska (Port)	29,655,000	3,523,757	2,439,686
City of Whittier (Harbor)	2,000,000	138,785	100,766
<b>Total:</b>	<b>44,450,000</b>	<b>4,497,568</b>	<b>3,223,832</b>

<b>Total Par:</b>	<b>255,000,000</b>
<b>Total Par with OIP:</b>	<b>280,698,033</b>
<b>TOTAL GROSS SAVINGS:</b>	<b>41,170,333</b>
<b>TOTAL PV SAVINGS:</b>	<b>15,801,669</b>

Doesn't include PV savings estimate for YKHC Loan

TOTAL 2005 RESOLUTION GROSS SAVINGS:	20,829,495
TOTAL 2005 RESOLUTION PV SAVINGS:	15,801,669

TOTAL 2016 RESOLUTION GROSS SAVINGS:	20,340,838
TOTAL 2016 RESOLUTION PV SAVINGS:	-

Assumes YKHC at BB Rating on Comparable Stand-alone Issue



# DR. PAUL JOHN CALRICARAQ PROJECT

Monthly Stakeholder Report - September 2017



## PROJECT UPDATE

### PJCP Design

On September 1, the Bettisworth North design team issued a conformed progress set of drawings reflecting all changes to date. This set will be used for coordination and review in preparation for the 95% construction documents to be submitted on November 16, 2017. A two-day work session with the design, project and construction team members will be held September 13 and 14 to review site, civil, plumbing, mechanical, structural, electrical, dietary, IT and door hardware for the project. The team is reviewing patient monitoring systems, access control and camera systems. Types of nurse call technology and custom casework headwalls in patient rooms have been determined. Monitor locations were discussed throughout the clinic and hospital. The Steering Committee will review South Entry design.

### Other Program Elements

**Medical Equipment Planning & Design:** Arcadis completed confirmation of the medical equipment list with all YKHC department heads. The team worked with The Innova Group to finalize the medical equipment list and develop sole source justifications for major medical equipment required for design completion. The medical equipment list will be used to populate the Request for Proposals (RFP) pricing sheets and group similar items into procurement packages for solicitation of vendors to procure, ship, install and service the equipment.

**Dental Equipment Planning & Design:** The dental equipment list has been finalized. Some design clearance adjustments were identified by ZGF and Burkhart is revising their drawings accordingly. Arcadis is working with Intalere to prepare the RFP (including standard Terms and Conditions) in conjunction with the medical equipment RFP.

**Non-Medical Equipment Planning:** The design team, including RSA Engineers, has been compiling non-medical equipment information on copiers, shredders, vending machines, etc. This information will be combined with

### PROJECT ACCOMPLISHMENTS

- BNAP and Assa Abloy provided final hardware/door schedule
- YKHC selected pedestrian/bike pathway/turn lane option
- YKHC completed Call for Photography
- BiNW and BNAP held Furniture Textile Selection Workshop #3
- HRS completed Materials Management recommendations report
- BNAP delivered conformed construction drawings as of September 1
- The Innova Group finalized the medical equipment list

the non-medical equipment that ASKW-Davis is furnishing/ installing and added to a master FF&E list.

**Non-Medical Furniture Planning & Design:** BiNW is coordinating with the design team to finalize the non-medical furniture drawings and specifications for the project. BiNW is working on the planning and design for the laboratory and pharmacy areas, with drawings scheduled for review in late September. YKHC and BiNW will meet in mid-September to review furniture selections for the Gathering House, Children's furniture, coffee/end tables. BiNW is preparing the furniture specifications package for the hospital and new clinic and expects to have that package complete in October.

**Call for Photography:** YKHC's "Call for Photography" resulted in over 700 photo submissions from community members in the YK Delta region. Additionally, two professional photographers traveled to Aniak, Toksook Bay, Scammon Bay, Kotlik, Emmonak, Grayling, Hooper Bay and Nunapitchuk to capture photos of subsistence, crafts, arts, recreation, regional landscapes and sky/horizon landscapes to be used throughout the project.



## PJCP Construction

ASKW/Davis has been installing the exterior wall framing and sheathing, performing layout for interior walls and spraying fireproofing. EP Roofing began work in early September. Sampson continues electrical rough-in and MCC continues roof drain and waste and vent pipe rough-in. Air handlers, final roofing materials and insulated metal siding panels arrived in Bethel in early September. Local hire of construction laborers continues to be a priority with 36% of laborers hired from the Bethel area. The team continues to review overall project phasing and hospital phasing.

The Steering Committee reviewed cost estimates for both independent and attached DOT pathway options and approved the attached option. USDA representatives toured the PJCP construction site on September 7.

**Cogeneration:** The project team is investigating an option to install a two-megawatt microturbine cogeneration plant to supply electrical power and heat to the clinic. This option would bring the benefit of a relative short investment payback period and significant future energy savings. Power to the existing hospital would continue to be provided by AVEC.

**Enhanced Commissioning Services:** The Commissioning Plan and Owner's Program of Requirements were sent to the design team and ASKW/Davis for review. Pre-functional testing is planned for the air handlers that recently arrived on site.

**Special Inspections:** DOWL/QAS is performing code-required special inspections including structural steel welding, bolting, and fireproofing.

**Warehouse/Materials Management:** HRS Consulting submitted a report reviewing YKHC's Materials Management operations and provided operational/efficiency recommendations, primarily in the area of automation.

## FUTURE MILESTONES

- Design Review Work Session (Conformed Progress Set) – September 13-14
- BNAP to develop a finish/color selection summary – Late September
- Draft Lab/Pharmacy Design Plans – Late September
- Cultural Art and Words of Wisdom Workshop – Late September
- Furniture Specifications Package – Late October

## SAFETY IS OUR FIRST PRIORITY!

- Prior arrangement is required for all site visitation
- All visitors/deliveries must check in at the ASKW-Davis project office upon arrival to project site
- Personal protective equipment (PPE) is ALWAYS required on site
- Hard hats/safety glasses are available, on a limited basis, at the project office

## YKHC Staff Housing

YKHC and the Bethel Federal Services construction team, a Bethel Native Corporation subsidiary, have been working to address construction impacts from July and August's high winds and heavy rain. Initial inspections of water damage are complete and repairs are underway. BFS submitted a mitigation plan that includes 3rd party inspection, which is underway. Exterior siding on the three-story housing modules is underway as interior plumbing, ductwork and electrical tie-ins and connections progress. YKHC is providing inspection services to monitor construction progress and water damage repairs.

## PROJECT TEAM CONTACTS

**YKHC || Deanna Latham, VP Support Services || 907.543.6071, Deanna\_Latham@ykhc.org**

**YKHC (Media Contact) || Tiffany Zulkosky, VP of Communications || 907.543.6013, Tiffany\_Zulkosky@ykhc.org**

**Arcadis || Kent Crandall, Program Manager || 907.244.3689, kent.crandall@arcadis.com**

**Bettisworth North Architects and Planners || Tracy Vanairsdale, Principal Architect || 907.456.5780, tvanairsdale@bettisworthnorth.com**

**ASKW/Davis Constructors || James Murrell, Project Manager || 907.562.2336, james@davisconstructors.com**

# CONSTRUCTION PHOTOS



*PJCP 3-story new clinic construction as of September 3, 2017*



*Hoisting section one of five for air handler #3 into the penthouse*



*Roofing installation at central utility area*



*MCC continues rough-in of roof drain piping*



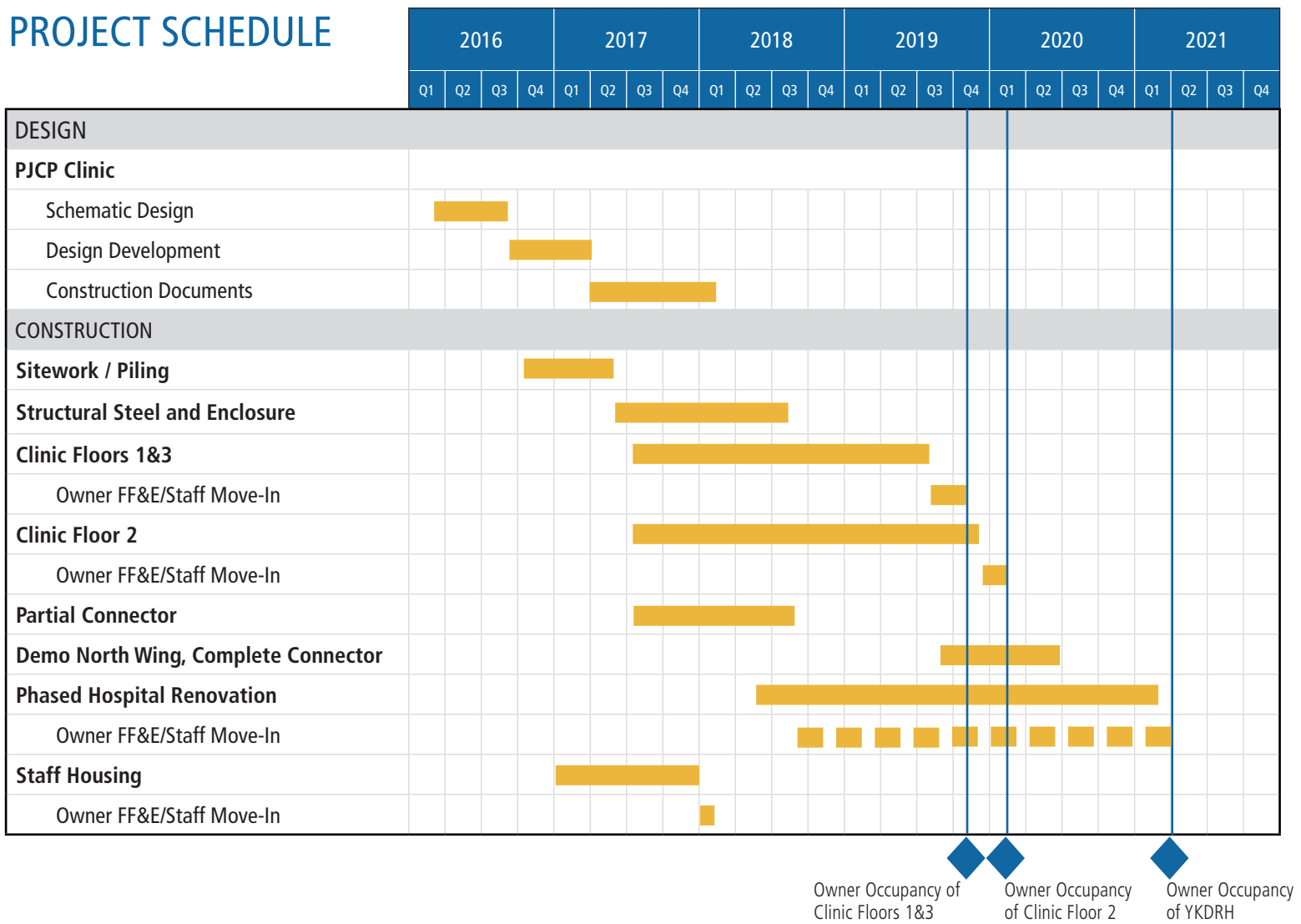
*Start of exterior sheathing*



*PJCP Staff Housing as of September 11, 2017*



# PROJECT SCHEDULE



## PROJECT BUDGET (8/01/17 - 8/31/17)

COST CODE DESCRIPTION	CURRENT BUDGET	CURRENT COMMITMENTS	FORECASTS	SPENT (as of 08/31/17)
CONSTRUCTION COST	\$274,858,611	\$219,088,696	\$50,969,916	\$26,419,801
DESIGN SERVICE FEE	\$17,811,389	\$17,811,389	\$0	\$9,561,078
FURNITURE, FIXTURES & EQUIPMENT	\$25,730,000	\$86,913	\$23,243,087	\$46,578
HOUSING	\$17,500,000	\$17,500,000	\$0	\$5,065,308
<b>PJCP Total</b>	<b>\$335,900,000</b>	<b>\$254,486,998</b>	<b>\$74,213,003</b>	<b>\$41,092,765</b>





## **CITY OF KING COVE, ALASKA NEWS RELEASE**

June 15, 2017

### *Waterfall Creek Hydroelectric Facility Online*

The City of King Cove is pleased to announce that our new Waterfall Creek hydroelectric facility came online last week. The new hydro has been performing exceptionally well and producing up to 400 KW.

Waterfall Creek is the community's second run-of-the-river hydro facility. Our first hydro facility, Delta Creek, came online in 1994 and is about twice the size of Waterfall Creek. Together, these two renewable energy sources are expected to produce about 75% of the city's annual power demand of 4.5 megawatts.

These two hydroelectric facilities give King Cove the distinction of being the most prolific, single-site, renewable energy community in rural Alaska. Mayor Henry Mack said *"the community is very excited about Waterfall Creek being completed and does not expect to hear the sound of our diesel support system until winter."*

The final project cost is expected to be about \$6.7 million. The project has been funded with \$3.3 million (50%) in grants from the Alaska Energy Authority and Aleutians East Borough, \$3.0 million (45%) in long-term debt from the Alaska Municipal Bond Bank and AEA's Power Project Fund and \$400,000 (5%) in contributions from the City.

The project required twelve years from the initial concept, design, permitting, funding, and construction. As Mayor Mack noted, *"the City's perseverance in completing the project has largely been driven by 22 years of success with Delta Creek. This hydro has displaced over 3 million gallons during this time with more than 50% of the community's total power production coming from this renewable energy source."*

King Cove's current cost of a kilowatt-hour (kWh) of electricity is \$0.30. This cost is one the "cheapest" in all of rural Alaska where the average cost is \$0.45/kWh. The average cost of electricity in the lower 48 is \$0.12/kWh. With Waterfall Creek online the city is confident that it can maintain, or possibly even lower, its kWh rate.

There is some irony with the timing of Waterfall Creek coming online and King Cove being simultaneously informed by the Regulatory Commission of Alaska that the community is no longer eligible for a power cost equalization (PCE) subsidy. About 185 communities throughout rural Alaska receive the PCE subsidy, including more than 35 communities that have some amount of renewable power generation.

The community is planning a formal dedication of the Waterfall Creek hydro facility later this summer. The city will also be issuing a detailed report later this summer documenting the project's unique history, challenges, and what we expect our renewable energy future to look like.

*BACKGROUND - King Cove is a community of 925 residents located 625 air miles southwest of Anchorage at the western end of the Alaskan Peninsula. The community was settled in 1911. King Cove incorporated as a city in 1949 when Alaska was still a Territory and became a first-class city in 1974. The city adopted a Mayor-Council form of local government. The city has employed a city administrator since 1976.*

*The City has an annual budget of \$5.0 million. The Electric Department comprises about 20% of the total budget. The City has 25 full time employees dispersed throughout the departments of Administration, Public Safety, Public Works, Harbor/Port, Electric, and Recreation/Teen Center.*

*King Cove is one of the largest Aleut communities in Alaska. It is a progressive waterfront community with two harbors supporting a year-round, fisheries' economy. One of the state's largest fish processing operations, Peter Pan Seafoods, is located in King Cove.*

*FOR FURTHER INFORMATION – Contact Mayor Henry Mack (907-947-6468) or City Administrator, Gary Hennigh, at (907-982-7505) or [ghennigh@kingcoveak.org](mailto:ghennigh@kingcoveak.org)*