

**ALASKA MUNICIPAL BOND BANK
AUTHORITY**

BOARD OF DIRECTOR'S MEETING

**TO BE HELD AT
DOR Amalga Conference Room
333 Willoughby Ave., 11th Floor
Juneau, Alaska 99801**

March 3, 2020

10:00 AM ADT





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

Phone: (907) 465-2388
Fax: (907) 465-2902
dor.trs.ambba@alaska.gov

AGENDA FOR BOARD OF DIRECTOR'S MEETING

Meeting Place:

DOR Amalga Conference Room
333 Willoughby Ave. Floor 11
Juneau, AK 99801

March 3, 2020 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 September 5, 2019 Meeting of the Board of Directors**
- VI. General Business**
 - A. City of Ketchikan Loan Application and Credit Review**
 - B. AMBBA 2019 Three and Four – Post-Sale Summary**
 - C. Finance Director's Report**
 - D. Executive Director's Report**
- VII. Public Comments**
- VIII. Board Comments**
- IX. Adjournment**

STATUS: Active

NOTICE OF PUBLIC MEETING - AMBBA Board of Director's Meeting

AGENDA FOR AMBBA BOARD of DIRECTOR'S MEETING:

The Alaska Municipal Bond Bank Authority ('AMBBA') will hold a meeting in Juneau, Alaska, at the State Office Building, Floor 11, DOR Amalga Conference Room, 333 Willoughby Ave., Juneau, AK 99801, and telephonically, on March 3, 2020 at 10:00 AM ADT.

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

Call in: 1-800-315-6338 with passcode 907100#

- 1) Call to Order
- 2) Roll Call
- 3) Public Meeting Notice
- 4) Approval of Agenda
- 5) Minutes of the September 5, 2019 Meeting of the Board of Directors
- 6) General Business
 - a) City of Ketchikan Loan Application and Credit Review
 - b) AMBBA 2019 Three and Four - Post-Sale Summary
 - c) Finance Director's Report
 - d) Executive Director's Report
- 7) Public Comments
- 8) Board Comments
- 9) Adjournment

Attachments, History, Details

Attachments

[AMBBA Agenda 3-3-2020.pdf](#)

Revision History

Created 2/24/2020 9:33:25 AM by rswilliams

Details

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

Publish Date: 2/24/2020
 Archive Date: 3/4/2020

Events/Deadlines:



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

MINUTES of the BOARD OF DIRECTORS MEETING

ALASKA MUNICIPAL BOND BANK AUTHORITY

September 5, 2019

I. CALL TO ORDER

Luke Welles called the meeting to order at 10:02 a.m., Alaska Daylight Time. Members participated at the ANTHC Consortium Office Building, 4000 Ambassador Dr., Floor 1, Room 4, Anchorage, AK 99508, and telephonically.

II. ROLL CALL

Luke Welles
Craig Chapman
Pam Leary
John Springsteen
Lamar Cotton – ABSENT

OTHERS IN ATTENDANCE:

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Ryan Williams, Finance Director, Alaska Municipal Bond Bank
- Fred Eoff, Financial Advisor, PFM
- Alex Qin, Senior Analyst, PFM
- Leslie Krusen, Orrick, Herrington & Sutcliffe, LLP
- Doug Goe, Orrick, Herrington & Sutcliffe, LLP
- Greg Blonde, Orrick, Herrington & Sutcliffe, LLP
- Scott Schickli, Orrick, Herrington & Sutcliffe, LLP
- John Stanley, Orrick, Herrington & Sutcliffe, LLP
- Tom Yang, RBC

III. PUBLIC MEETING NOTICE

A copy of the Online Public Notice concerning the date, location, and purpose of the meeting was reviewed for the record. The public notice was officially published on August 26, 2019, on the official Alaska Online Public Notice website for the September 5, 2019 meeting date.

IV. APPROVAL OF AGENDA

The agenda was reviewed by the board. There were no modifications. The Agenda was approved unanimously as written.

V. ELECTION OF OFFICERS

Mr. Chapman made a motion to keep elected officers in the same positions as fiscal year 2019, and Mr. Springsteen seconded the motion. There were no objections. There were four 'yes' votes and the motion passed unanimously by present board members. Mr. Mitchell gave a summary of the officer positions for clarity: Mr. Welles as Chairperson, Mr. Chapman as Vice-Chairperson, Mr. Mitchell as Treasurer, and Mr. Williams as Deputy Treasurer.

VI. MINUTES of the June 26, 2019 Board of Directors Meeting

The June 26, 2019 minutes of the AMBBA Board of Directors meeting were reviewed by the board. Ms. Leary moved to adopt the June 26, 2019 minutes as written, and approval was seconded by Mr. Chapman. There were no objections. There were four 'yes' votes and the June 26, 2019 minutes were adopted unanimously by present board members.

VII. GENERAL BUISNESS

AMBBA Resolution No. 2019-02

Mr. Krusen introduced Resolution 2019-02, a series resolution authorizing the issuance of general obligation and refunding bonds, the 2019 Series Three, 2019 Series Four, and 2019 Series Five of the Alaska Municipal Bond Bank. The Resolution authorizes a total of three series of bonds in an aggregate principal amount of not to exceed \$29,945,000. It's split into three series for tax purposes. 2019 Series Three is proposed to be issued in an aggregate principal amount of not to exceed \$20,700,000 for non-AMT tax exempt governmental purpose, the 2019 Series Four is proposed to be issued in an aggregate principal amount of not

to exceed \$4,740,000 for AMT purpose, and the 2019 Series Five is proposed to be issued in an aggregate principal amount of not to exceed \$4,505,000 for tax exempt 501(c)(3) purpose. Mr. Krusen mentioned that the 2019 Series Three and 2019 Series Four would be new money bonds, and the 2019 Series Five would refund a portion of outstanding bonds related to the Bond Bank's 2013B Series Two Bonds. The Chairperson and Executive Director have authority to change the designations of these 2019 Bonds, and/or establish additional Series of 2019 Bonds, and/or consolidate the 2019 Bonds into two or fewer series and to determine designations thereof, and method of sale (competitive vs. negotiated), although contemplated to be a negotiated sale at this point given the overall complexity of the structure and multiple series. Maximum true interest costs shall not exceed 4.0% for the 2019 Series Three Bonds, shall not exceed 5.0% for the 2019 Series Four Bonds, and shall not exceed 4.0% for the 2019 Series Five Bonds. Authority granted to the Chairman and Executive Director shall expire 120 days after adoption of this Resolution 2019-02 of the Bond Bank. Mr. Welles noted for the record that there are certain highlighted sections within the preliminary official statement in the Resolution's section of the packet that include concerns related to the governor's budget and noted a paradigm change for municipalities and would like to make sure that we have the proper notation in disclosure documents. Mr. Mitchell noted that the same section of the Board packet contains the working draft, or form of, preliminary official statement, and Mr. Krusen noted that underwriter's counsel was tasked with preparing the official statement for this transaction. Mr. Krusen noted that the Chairperson and Executive Director have authority to make final approvals of versions of the preliminary official statement and official statement for the 2019 Series Three/Four/Five bonds, and the Bond Bank staff and financing team are working on all segments of the disclosure documents before official release. Mr. Chapman moved to approve Resolution 2019-02 authorizing the Bond Bank to issue general obligation and refunding bonds 2019 Series Three, 2019 Series Four, and 2019 Series Five, and approval was seconded by Ms. Leary. Mr. Welles called an all-in-favor vote and there were four 'yes' votes, no objections, and Resolution 2019-02 was approved unanimously by all present board members.

AMBBA Travel Policy Updated through August 19, 2019

Mr. Mitchell presented an updated travel policy for the Bond Bank. The Bond Bank has an outdated travel policy, and due to the staffs' housing within the Department of Revenue, our policy has inherent difficulty when compared to other public corporations of the State of Alaska. For instance, if within the travel

budget, if you target items that would move the mission of the Bond Bank forward, you still need approval from the Commissioner of the Department of Revenue (or their delegate) who is also on the Bond Bank Board. Staff has put together an updated policy contained within the packet, and would like to adhere to the authorizations and general guidelines contained therein. Mr. Mitchell recommended approval of this updated travel policy, but would keep it as a continual living document for additional changes as revisions need to be incorporated. Mr. Springsteen summarized the process AIDEA uses as it pertains to State government. AIDEA has administrative alignments with the Department of Commerce through reporting of travel, and their Chairperson has approval procedures for in-state travel, and out-of-state travel continues to go through the Governor's / Chief of Staff's office for final approval. Ms. Leary questioned whether AIDEA is subject to directives from the Governor's office to Department of Commerce, and Mr. Springsteen noted that it carries through such as certain directives to reduce travel budgets. Mr. Chapman questioned if Mr. Springsteen had seen delays that resulted in increased travel costs due to additional timelines created through the administrative process. Mr. Springsteen mentioned that the process was relatively streamlined and noted no delays, but they definitely monitor the overall price movement and overall function of the travel requests for final approvals. Mr. Welles recommended tabling the updated travel policy for now, and the Board will come back at a future meeting with revisions based on discussions in today's meeting including a not-to-exceed amount for reimbursement of actual expenses (not-to-exceed maximum per-diem rates), and at a future point the intention will be to review and approve the updated copy and approve a continual working ('living document') travel policy.

AMBBA Budget Summary

Mr. Mitchell provided a summary to the board regarding the FY2020 budget authority for AMBBA by line item. Mr. Mitchell mentioned that authority can be moved around per line item, but there has been increased scrutiny in and out of travel and justification would be required. Mr. Mitchell provided a breakdown of \$904,300 for AMBBA receipts, consisting of \$200,700 for personal services, \$14,500 for travel, \$685,300 for services, and \$3,800 for commodities. The budget also includes \$105,000 for services or designated receipts related to proceeds of the bond issues from regional health organizations. Through both AMBBA receipts and services the grand total is \$1,009,300. Mr. Mitchell mentioned the process has begun for the FY2021 budget, and there's a general expectation that the budget authority would be similar to FY2020. Actuals for AMBBA over the

last couple years have come in under the authority due to lowered issuance activity, and closer to the authority in years of higher activity (such as years where advance refundings were still allowed), but ultimately AMBBA is a self-sufficient program where expenses are commensurate with actual annual activity.

Finance Director's Report

Mr. Williams provided an update to the Board on the Bond Bank's 2019 audit process, and is currently working with the accounting and compilation team (Elgee Rehfeld), and directly with independent auditors (BDO). The process is in motion, with an expectation to have the final audited statements and accompanying notes before the statutory deadline by September 30, 2019. Mr. Williams mentioned the expectation for an increase in net position most directly correlated to fiscal year 2019 investment revenue, although a portion of which is attributable to unrealized capital gains. Mr. Williams reviewed the portfolio market values and returns as of 6/30/2019. Mr. Mitchell also reviewed the optional redemption of outstanding AMBBA reserve obligations over the fiscal year that had a relatively high coupon rate, which also had a positive impact, and will have an impact moving forward for our ability to earn additional income on reserve assets without negative arbitrage. There's still a small piece of about \$2.3 million in reserve obligations outstanding, and staff continues to monitor Bond Bank resources, including the IRS test for reserve requirement and options to manage this component. Mr. Chapman made a motion to approve the Finance Director's report, and Ms. Leary seconded the motion. Mr. Welles conducted an all-in-favor vote, and there were four 'yes' votes, no objections, and the Finance Director's report was approved unanimously by all present board members.

Executive Director's Report

Mr. Mitchell presented Bond Bank information to Commonwealth North in July (telephonically). Mr. Welles attended the presentation in-person, and the audience took favorably to the Bond Bank's mission, streamlined operation, and the presentation as a whole.

Mr. Mitchell reported, as designated representative for the Bond Bank, that there were no ethics violations or determinations, and provided a copy of the ethics report in the packet.

Mr. Mitchell mentioned the FY2020 operating budget of the State included reductions on transfers to communities for the support of debt they have issued through the Bond Bank. This includes reductions to the DOT reimbursement program and the DEED administered school debt reimbursement program. Two communities that participate in the DOT program borrowed through the Bond Bank. Eighteen of the participants in the DEED program have issued bonds through the Bond Bank. The DOT letters to communities and the summary of communities that participate in the DEED program were presented to the Board. There was discussion regarding the varying levels of revenue used to support debt at the community level, and the Bond Bank will continue to monitor State budget items and impact to communities as time progresses.

In August, Mr. Mitchell submitted two proposed statutory change requests to the Administration. The proposed changes would increase flexibility and authority for lending to regional health organizations and the University. Mr. Mitchell provided a summary of the proposed legislation describing the reasoning for the changes and where changes could be made.

Ms. Leary made a motion to approve the Executive Director's report, and Mr. Chapman seconded the motion. Mr. Welles conducted an all-in-favor vote, and there were four 'yes' votes, no objections, and Executive Director's report was approved unanimously by all present board members.

VIII. PUBLIC COMMENTS

There were none.

IX. BOARD COMMENTS

There were none.

ADJOURNMENT

Mr. Welles adjourned the meeting without objection at 11:10 a.m. ADT.

Luke Welles, Chairperson

Alaska Municipal Bond Bank Application Credit Review Summary Page

Applicant:	City of Ketchikan (the “City”)
Loan Amount:	Estimated \$11,500,000
Project Type:	Public Utility
Project Description:	The City will use the proceeds of the Bond Bank loan to fund the construction of a 48-fiber undersea fiber optic telecommunications cable between the island community of Ketchikan, Alaska, and the mainland community of Prince Rupert, British Columbia, Canada.
Term of Loan:	20 years
Revenues Pledged to Loan:	Utility Revenues
Most recent FY Net Pledged Revenues:	Utility Revenue: \$10,576,953 (2018)
Estimated Annual Debt Service:	Approximately \$930,000
Estimated Total Bond Bank Annual Debt Service:	Approximately \$1,072,250 (utility revenue bonds only) Approximately \$8,069,183 (all bonds)
Most Recent FY Debt Service Coverage Ratio:	9.86x (FY 2018 revenue coverage of FY 2020 debt service)
Most Recent FY State-Shared Revenues (SSR):	\$6,548,864
Debt Service Coverage of AMBB DS from SSR:	0.81x
Loan Subject to State Debt Service Reimbursement:	No
No Litigation Letter Received:	To be provided closer to board meeting.

Loan Application Evaluation

City of Ketchikan

Introduction

The City of Ketchikan (the “City”) has submitted an application to the Alaska Municipal Bond Bank Authority (the “Bond Bank”) for a Utility Revenue Bond Loan totaling approximately \$11,500,000. We have completed our review of this application, and the following is our overview of this project and the security provisions associated with the loan.

The Project

This Revenue Bond will fund construction of a 48-fiber undersea fiber optic telecommunications cable between the island community of Ketchikan, Alaska, and the mainland community of Prince Rupert, British Columbia, Canada (an undersea route distance of approximately 90 miles). Extensive engineering – including a bathymetric route survey – was completed in 2018. Necessary easements and permits were obtained in 2019 and 2020. Construction bids were solicited (three responsive bids received) in 2019, and a construction contract-award will be issued in 2020. Construction is planned for summer, 2020, with ‘turn up’ of the new cable scheduled for October, 2020.



Ketchikan Public Utilities – Telecommunications Division (“KPUT”) will utilize the new undersea fiber as a ‘transport medium’ – for ultimate provision of internet, television, wireless, and other telecommunications broadband services throughout the community of Ketchikan.

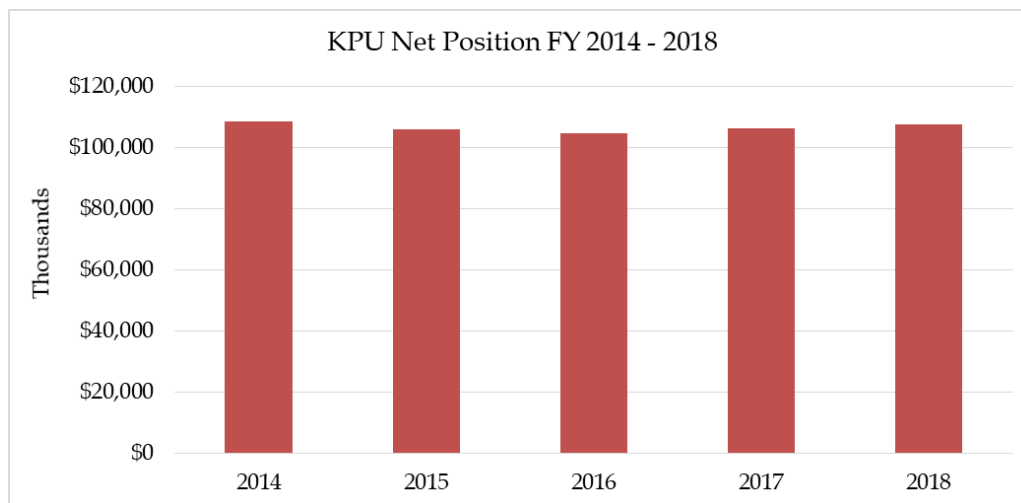
To meet the present and future needs of KPUT’s broadband customers, KPUT requires an affordable method of connecting its local network to the telecommunications ‘cloud’ in Seattle, Washington. KPUT’s existing transport-networks are at-capacity. KPUT’s present over-capacity needs are mitigated via month-to-month rental of expensive (lacking this project, network-rental expenses are projected to exceed \$1,000,000 annually in 2021) additional transport capacity. The undersea fiber optic cable project will enable KPUT to connect to competitive transport providers in Canada, for ultimate terrestrial network-transport to Seattle. Upon ‘turn up’ of the new undersea cable, KPUT will:

1. Disconnect the month-to-month rental of transport capacity
2. Utilize the funds previously paid in ‘rent’, to instead make annual Revenue Bond payments
3. Have more than sufficient capacity for future growth requirements
4. Have sufficient excess capacity for sale to other telecommunications carriers

Ketchikan Public Utilities (“KPU”) Financial Position

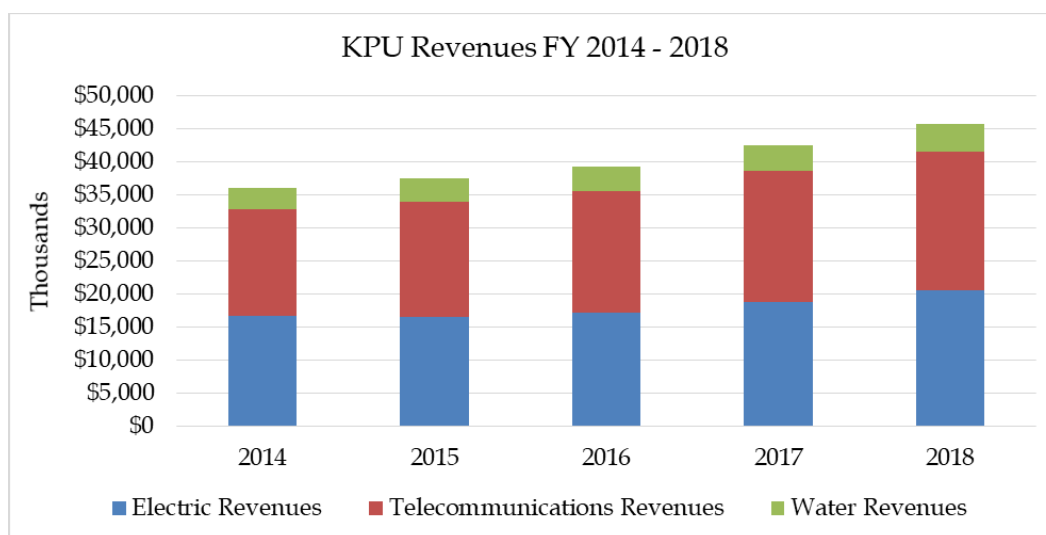
KPU is a combined utility owned by the City that provides electric, telecommunications and water utility services. The KPU Enterprise Fund derives its revenues from electric operating revenues (45.03% in FY 2019) and telecommunication operating revenues (46.02% in FY 2019) and water service operating revenues (8.95% in FY 2019). In 2019, the City Council approved a series of rate increases intended to improve the overall finances of its public utilities and provide additional financial resources for much needed infrastructure improvements. Electric rates were increased by 3.5% and water rates by 5.5%. The water rate increase became effective April 2019 while electric rate increase became effective in January 2020.

At the end of fiscal year 2018, total net position for KPU was \$107.67 million, an increase of \$1.32 million from FY 2017. The graph below presents the KPU Enterprise Fund’s year-end net position for fiscal years 2014 through 2018.



Security Pledge

The City plans to pledge the revenues of all three utilities operated by KPU to support the debt service on the Bond Bank loan. The following graph and table presents KPU’s stable upward trending revenues over the past five fiscal years. The following graph illustrates that Electric and Telecommunication have consistently made up the majority of KPU’s revenues, accounting for nearly 91% of total operating revenues over the past five years. Water revenues make up the remainder of KPU’s operating revenues, accounting for approximately 9% during that period. Over the past five fiscal years Electric Revenues have increased at an average annual rate of 5.5%, Telecommunication Revenues have increased at an average annual rate of 6.8%, and Water Revenues have grown at an average annual rate of 6.3%.



	2014	2015	2016	2017	2018
Electric Revenues	\$16,617,414	\$16,437,518	\$17,135,823	\$18,791,612	\$20,554,107
Telecommunications Revenues	16,160,808	17,502,673	18,463,623	19,813,713	\$21,004,196
Water Revenues	3,208,695	3,502,178	3,721,473	3,788,132	\$4,084,650
Total	\$35,986,917	\$37,442,369	\$39,320,919	\$42,393,457	\$45,642,953

The following table presents historical coverage levels KPU has achieved on its Utility Revenue Bonds. KPU's bond covenants require that for every dollar of debt service KPU must generate at least \$1.25 of net revenue to satisfy debt service coverage requirements. If the revenues are not sufficient, rates must be increased.

Fiscal Year	Gross Revenues	Expenses Excluding Depreciation Taxes & Debt	Net Available Revenues	Debt Service	Coverage
2009	33,750,681	26,912,879	6,837,802	2,979,976	2.29
2010	33,171,040	24,676,756	8,494,284	2,986,176	2.84
2011	34,436,817	26,109,799	8,327,018	2,927,061	2.84
2012	35,106,045	27,420,125	7,685,920	2,946,730	2.61
2013	37,991,740	31,130,999	6,860,741	2,050,818	3.35
2014	36,458,482	29,080,289	7,378,193	2,594,780	2.84
2015	37,987,135	29,920,251	8,066,884	2,444,980	3.30
2016	39,463,946	31,296,075	8,167,871	2,368,775	3.45
2017	42,589,761	31,017,566	11,572,195	2,313,950	5.00
2018	46,061,143	35,484,190	10,576,953	1,144,325	9.24

Note: Unaudited

Impact of Governor's Proposed Budget

State employment accounts for 7.9% of the local workforce, revenue sharing and, historically, has been a predominant player in the development and construction of infrastructure through its capital matching grant programs and drinking and clean water loan programs. The City's utilities and public facilities have benefited from these programs. Over the past ten years, the City has received millions of dollars to improve, replace or acquire water and sewer mains, hydroelectric plant, harbor and port facilities, a fire station, a library, and a hospital wing. The City Council is cognizant of the fact that it must carefully assess the finances of the State as it develops and approves the City's annual budgets and continues to make this an important step in its budget deliberations in order to arrive at a spending plan that continues to maintain the quality of life for the citizens of the City without placing upon them an undue tax burden.

Future Capital Plans

The City is currently addressing the need to invest up to \$150 million in port and uplands improvements in order to accommodate neo-panamax cruise ships that have started entering the Alaska cruise market. The City's current port infrastructure is undersized for berthing neo-panamax cruise ships and the uplands are inadequate for passenger traffic that could reach 1.5 million within the next ten years. The City's current strategy is to seek partners willing and able to make investments in port and uplands infrastructure in exchange for preferential berthing or operating rights. If this strategy is not successful, the City may need to consider self-financing the critical improvements necessary to berth the neo-panamax cruise ships and to ensure that the uplands can safely accommodate projected pedestrian and vehicular traffic.

The City's 2020 - 2024 Capital Improvement Programs for General Government and Ketchikan Public Utilities will require \$3 million of future bond funding that has yet to be approved by the voters in order to accomplish the City Council's five-year goals for improving the City's facilities and infrastructure. It is important to note that the goals of the City Council may change. This could impact the priority of projects included in the capital improvement programs, require the addition of new projects or the deletion or modification of existing projects. The City has no definitive plans to issue future general obligation or revenue bonds.

State-Aid Intercept

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

Shared Taxes and Fees	\$2,802,901
Dept. of Transportation Reimbursement	0
Reimbursement and Other Education Funding	0
Education Support Funding	0
Matching Grants	3,555,449
Community Jails	0
PILT Transfers	0
Revenue Sharing	190,514
Total Revenue Subject to Intercept	6,548,864
Fiscal Year 2020 Debt Service (includes 2020 Loan DS)	\$8,069,183
Debt Service Coverage	0.81x

Statement of No Litigation

To be provided closer to the board meeting.

Summary

Based on our assessment, the security offered by City, as set forth in the City's loan application and supplemental materials, provides sufficient security to justify approval of the application. The City's Public Utilities Fund has sufficient revenue sources to meet debt service coverage requirements, maintains high fund balances and the Bond Bank's ability to intercept City revenues adds to the security of the loan.

We recommend approval of this loan application conditioned upon receipt of the No Litigation letter. If you or any of the Board members have any questions regarding our analysis, please feel free to call me at (206) 858-5370.

For PFM Financial Advisors LLC



Fred Eoff, Director

City of Ketchikan Economic and Demographic Information

From the moment of the City's founding in 1900, the local economy has been based on natural resources. During the early 1900's mining and fishing were important area industries. At one point in its history, Ketchikan was known as the "Salmon Capital of the World". By the 1950's, mining's role in the local economy had diminished and fishing was in the process of being replaced by timber as the major industry that would drive the local economy for nearly fifty years. This transition occurred because two 50-year timber contracts to cut timber in the Tongass National Forest were awarded by the US Forest Service. The contracts resulted in the construction of two major pulp mill facilities, one of which was located in Ketchikan, and the development of several saw mills in and near Ketchikan.

For most of the second half of the 20th Century, the fishing and timber industries co-existed and the community enjoyed the benefits of a stable economy that grew at a slow, but consistent pace. By the time the 1990's arrived, both industries were under duress. The fishing industry was suffering from high operating costs, excessive inventories, low market prices and competition from farmed fish. The timber industry was faced with addressing environmental issues; changing government regulations that affected the supply of timber from the Tongass National Forest and impacted the cost of doing business; and the premature cancellation of the 50- year timber contracts. Overcoming these issues was difficult at best and eventually resulted in the closure of the Ketchikan pulp mill facility in 1997 and the subsequent closure of a several local saw mills and other regional timber operations in Southeast Alaska.

Ketchikan's economy is still dependent on natural resources but it has transitioned from one that is based primarily on the extraction and development of natural resources to one that is more focused on the preservation of natural resources so they can be shared with future generations from around the world. The fishing industry continues to play an important role in the local economy and the mining industry is attempting to make a comeback through efforts to develop two rare earth and precious metal mines near Ketchikan that are currently in the exploratory stages. Ketchikan's most dominant economic sector is tourism and its popularity as a major port of call for large cruise ships and their passengers continues to grow. The number of paying passengers arriving by large cruise ships has increased from 236,000 in 1990 to 1,045,000 in 2018. The most recent forecast for 2019 is projecting that 46 cruise ships will make 576 stops and bring a record breaking 1.2 million paying passengers to the community. The growth in tourism has led local government and private businesses to make significant investments in the land-based facilities and port infrastructure necessary to accommodate the needs of the industry. The City invested over \$40 million dollars in 2006 to construct Berth III, add a waterfront promenade and develop ground transportation areas and other shore side amenities. Private companies have invested millions of dollars to develop a retail complex at the former Spruce Mill site and Berth IV and its adjacent ground transportation area. The City recently completed phase four of a \$26 million four-phase project to upgrade Berths I and II. As will be discussed in the next page, the City is now planning for the construction of improvements that could cost up to \$150 million to upgrade its port facilities to accommodate neopanamax cruise ships that are beginning to serve the Southeast Alaska cruise market.

The City is a major contributor to the community's economy and has played an important role in planning and supporting economic development. The City is the community's sole provider of electric utility services; the largest provider of port and harbor services; a major provider of telecommunication services; the owner of the Ketchikan Medical Center, a major regional health care facility; and the lead local governmental agency responsible for constructing and maintaining a significant portion of the community's transportation infrastructure, all of which affect the overall direction and health of the local economy. The City, with an annual payroll of \$21.6 million is one of the community's top five employers.

The City is located within the boundaries of the Ketchikan Gateway Borough, which had a population of 13,843 in 2018. Approximately 59 percent of the community's population, or 8,157 residents, make their home within the city limits. The City's population peaked in 1997 at 8,552, the last year of operations for the Ketchikan Pulp Company. School enrollment also peaked in 1997 at 2,782 pupils and has since followed a similar downward trend, until bottoming out at 2,110 students in 2009. In 2018, the Ketchikan Gateway Borough School District reported an enrollment of 2,346 pupils, a decrease of 32 pupils from 2017.

The shift in the local economy from timber to tourism has resulted in a labor force that has become more seasonal. In 2018, the monthly employment varied between 6,554 and 7,980. The average employed labor force in 2018 was 7,044 with employment peaking at 7,980 in July. The average labor force in 2017 was 7,104. The average annual unemployment rate for 2018 was 6.2 percent, a decrease from the 6.3 percent that was reported for 2017. Per capita income in the Ketchikan Gateway Borough for 2015, 2016 and 2017 was \$64,943, \$63,894 and \$65,034, respectively. No figures were available for 2018.

In 2018, assessed values increased by 2.25% to \$923.9 million from \$903.6 million. Assessed values increased again in 2019 by 1.49% to \$937.7 million. Gross retail sales decreased from \$606.0 million in 2018 to \$597.1 million in 2019, or by 1.5%. All of the decrease was attributable to a \$21 million drop in construction retail sales. Taxable retail sales, however, increased from \$311.8 million in 2018 to \$320.5 million in 2019, or by 2.8%. Sales tax collections increased from \$12.47 million in 2018 to \$12.82 million in 2019. The increase in taxable retail sales is the result of a record breaking number of cruise ship passengers visiting Ketchikan. The most recent growth spurt began in 2017 with a season ending count of 993,718 passengers, an increase of 6.2% over 2016. In 2019, the season ended with 1,171,620 passengers. Since 2016 there has been a 25.2% increase in the number of cruise ship passengers making the annual trek to Ketchikan.



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

January 14, 2020

**Re: \$18,000,000 General Obligation Bonds, 2019 Series Three
\$4,245,000 General Obligation Bonds, 2019 Series Four**

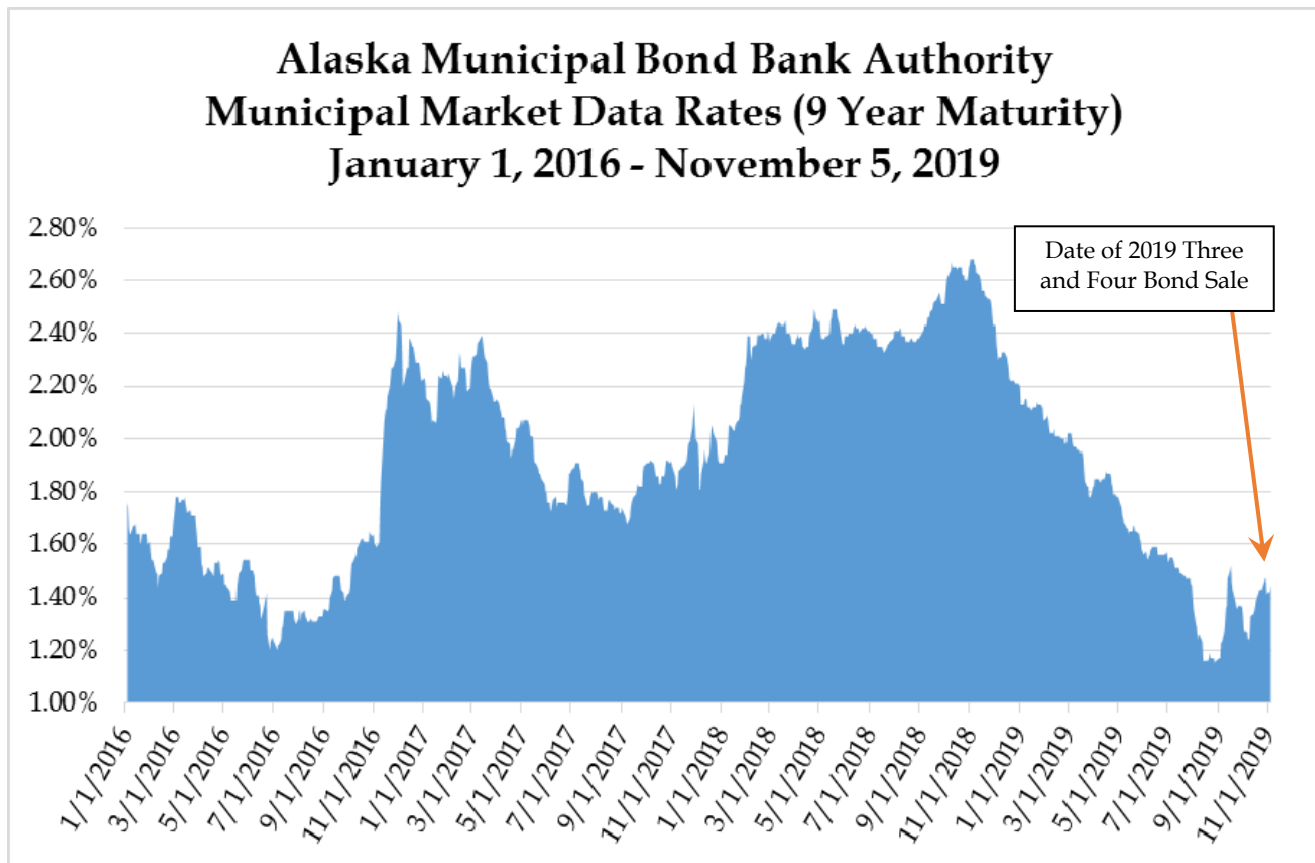
Dear Deven:

This sales summary memorandum is provided in regards to the issuance of the Alaska Municipal Bond Bank's General Obligation Bonds, 2019 Series Three and Four Bonds on October 22, 2019.

The 2019 Three and Four bonds were sold by negotiated sale to RBC Capital Markets ("RBC"). The 2019 Three and Four bonds achieved a true interest cost of 1.7561% and 2.0209% respectively. RBC purchased the 2019 Three and Four bonds with an underwriter cost of \$2.27/\$1,000 and \$2.32/\$1,000 respectively. For comparison, the table below summarizes the true interest costs, average life and underwriter costs of other recent Bond Bank issues.

Issue	TIC	Average Life	Underwriter Cost (per \$1,000)	Method of Sale
2019 Four	2.0209%	4.730	\$2.27	Negotiated
2019 Three	1.7561	5.015	2.32	Negotiated
2019 Two	3.5638	5.662	3.79	Negotiated
2019 One	3.2068	11.044	3.43	Negotiated
2018 One	4.1953	12.201	4.08	Negotiated
2017 Three	3.1005	11.912	13.69	Competitive
2017 One	2.8599	7.287	3.46	Negotiated
2016 Three	2.4400	6.589	2.93	Negotiated
2016 Two	2.6756	11.166	8.77	Competitive
2016 One	2.5574	10.493	5.16	Competitive
2015 Three	3.6984	18.153	3.56	Negotiated
2015 Two	3.6255	11.732	3.03	Negotiated
2015 One	2.7652	8.173	2.90	Negotiated
2014 Three	3.3368	13.214	3.09	Negotiated
2014 Two	3.7806	18.742	2.75	Competitive
2014A One	3.5484	12.374	2.94	Negotiated
2014B One	2.2643	4.318	2.52	Negotiated
2013 Three	4.1274	16.753	3.19	Negotiated
2013 Two	3.4048	11.843	3.20	Negotiated

The graph on the following page presents Municipal Market Data's AAA Index for a bond maturing in 9 years for the period leading up to and immediately following the Bond Bank's sale.



The past four years have been characterized by wide swings in the yields of highly rated bonds. AAA MMD interest rates leading up to the sale had dropped more than 100 basis points from October of 2018 and over 30 basis points from May of 2019.

MMD AAA interest rates fluctuated during the month leading up to the bond sale. The rates associated with the nine-year maturity dropped in late-September, then increased by 19 bps in the two week leading up to the sale. Prior to the sale, S&P Global Ratings affirmed the Bond Bank's AA- rating, and maintained their stable outlook. Fitch downgraded the Bond Bank's rating from AA- to A+ due to an earlier downgrade of the State of Alaska's credit on September 5th, 2019. The Bond Bank still maintains one notch below the State of Alaska's rating.

The following table presents the AMBBA and MMD scales for sample maturities of the 2019 Series Three and Four Bonds compared to MMD yield spreads for the 2016 Series One through the 2019 Series One Bonds. The yields have been adjusted to reflect the "yield kick" associated with callable premium bonds. Callable premium bonds are priced to the earliest call date, so the yield kick refers to the difference between the yield to maturity and the yield to the call date. Because the yield to maturity is higher than the yield to the call date, investors receive a higher rate of return if the bonds are not called. Measuring the spread to MMD based on the kicked yield 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 2019 Three bonds priced 2-5 bps wider to the MMD AAA index than the 2019 One bonds before the call date, and 11-17 bps wider after the call date. Part of the widening is attributed to the fact that the maturities after the call date had relatively small block sizes. The 2019 Four bonds priced 5-11 bps tighter compared to the 2018 One bonds, which were the most recent AMT bonds the Bond Bank had issued.

Year	MMD AAA Index (10/21/19)	Difference (2019 IV Bonds)	Difference (2019 III Bonds)	Difference (2019 I Bonds)	Difference (2018 I Bonds)	Difference (2017 III Bonds)	Difference (2017 I Bonds)	Difference (2016 III Bonds)	Difference (2016 II Bonds)
1	1.16	0.35	0.17	0.15	0.46	0.28	0.10	0.27	0.19
3	1.15	0.50	0.22	0.20	0.55	0.23	0.30	0.47	0.28
5	1.18	0.60	0.30	0.26	0.65	0.31	0.51	0.55	0.34
8	1.36	0.74	0.44	0.39	0.80	0.41	0.64	0.72	0.36
12	1.60	-	0.93	0.82	1.07	0.47	0.89	0.80	0.58
14	1.68	-	1.18	1.05	1.31	0.82	0.99	1.15	1.05
15	1.72	-	1.27	1.10	1.26	0.83	1.06	1.15	0.94

On the afternoon of October 21st, the working group gathered by conference call to discuss pre-marketing scales that RBC would discuss with prospective investors in advance of the marketing of the 2019 Three and Four bonds on October 22nd. Prior to the call, RBC proposed spreads to PFM's Pricing Group. On the 2019 Three bonds RBC proposed spreads to the MMD AAA that ranged from 17 basis points in 2020 to 52 basis points 2031 through 2034. On the 2019 Four bonds, RBC proposed spreads to the MMD AAA that ranged from 25 basis points in 2020 to 70 basis points in 2029. PFM felt these scales were appropriate, and the working group agreed to pre-marketing at these spreads.

Prior to the release of the wire on October 22nd, RBC reported that there had not been much movement in the market, and did not recommend any adjustments to the scales going into the order period.

Following the order period, RBC reported mixed results in the order book. The 2019 Series Three bonds received strong order flow on maturities 2020 – 2026, reaching 1x – 2x oversubscription but received very low order flow for the remaining maturities 2027 – 2034, with approximately 0.05x subscription. The 2019 Series Four bonds also received very low order flow with less than 0.02x subscription.

Given the mixed order results, RBC proposed holding the yields on the 2019 Three bonds' 2020 – 2026 maturities, and adjusting the reoffering scale 2 basis points wider on maturities 2027 – 2034. On the 2019 Four bonds RBC proposed adjustments of 10 basis points wider across all maturities. PFM felt these adjustments were appropriate given the limited order flow and modest maturity amounts, and the Bond Bank agreed to these changes and provided the verbal award to RBC.

As an overall summary of the transaction, PFM is of the opinion that the 2019 Series Three maturities were well received through 2026 and modestly less appealing 2027-2034 due to the smaller maturity amounts. The 2019 Series Four maturities were challenged with all maturities owing to the small maturity amounts and the AMT tax characteristics of the bonds which limits the pool of investors. In our opinion, RBC performed well for this sale under the circumstances described here.

The proceeds of the 2019 Series Three and Four Bond sales were transferred successfully to the City and Borough of Juneau and the Kenai Peninsula Borough for their respective intended capital improvement purposes at closing.

The 2019 Series Three and Four Bonds sale closed on November 18 in Anchorage. As always, PFM is pleased to be able to serve the Bond Bank with its transactions. If you have any questions, please feel free to call me.

Sincerely,



Fred Eoff
(206) 858-5370



Alex Qin
(213) 415-1631



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

TO: AMBBA Board Members **DATE:** February 24, 2020
Luke Welles, Mike Barnhill, Craig Chapman, John Springsteen,
Lamar Cotten

FROM: Ryan Williams, Finance Director **TELEPHONE:** 907-465-2893

Audit and Annual Report Completion for Fiscal Year 2019

Our Fiscal Year 2019 audit was completed within the statutory deadline (9/30/2019), as well as our annual report (1/31/2020). An electronic copy of each was emailed to board members and have attached the annual report and audit to this board packet for official adoption by the board. Please let me know if there are any questions on these items.

Underwriter Pool Procurement February 2020

The Bond Bank evaluation committee completed review of proposals for revision to our underwriting pool - several years have passed since our last underwriting pool was updated. There were eight proposals received, and five participants were approved for the underwriting pool including Bank of America, RBC, Jefferies, Citi, and Wells Fargo.

The proposal review revealed large variances in what underwriters chose to include in a sample refunding transaction, from \$73.8 million with \$7.7 million in present value savings, to \$223.1 million with nearly \$30 million in present value savings.

We are working with our Financial Advisor and underwriters to explore the most economical transaction that may utilize a mixture of tax-exempt and taxable bonds. Once we have progressed in this discussion, communities will be contacted. Using taxable bonds to advance refund outstanding tax-exempt debt is increasingly a viable option given the rate environment as of late.

Most Recent Fund Performance and Portfolio Market Values

Below depicts the Bond Bank's fund performance and portfolio market values through January 31, 2020:

Alaska Permanent Capital Management Co.
Cash Balance and Portfolio Market Value
January 31, 2020

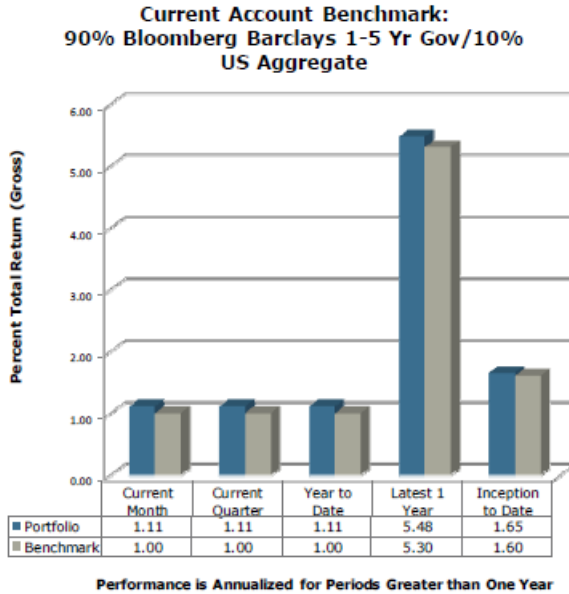
Name	Total Cash	Market Value
AMMBA Custody #180969	530,979	8,409,435
AMBBA GO 2010 RESERVE FUND-442473	15,039	417,842
AMBBA GO 2005 SERIES RESERVE FUND-764568	355,794	43,459,115
AMBBA GO 2016 RESERVE	313,910	7,479,155
	1,215,723	59,765,547

Surety Policy Coverage Stated Amount: \$18,030,207

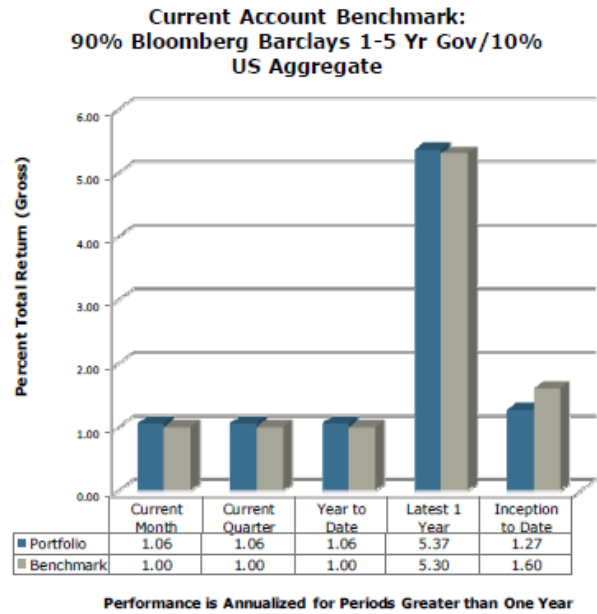
PERFORMANCE as of 1/31/2020

2005, 2010, and 2016 Reserves, and Custodian Account:

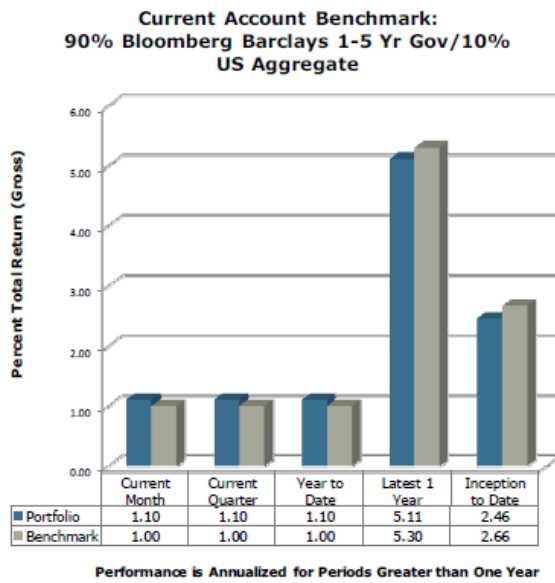
2005:



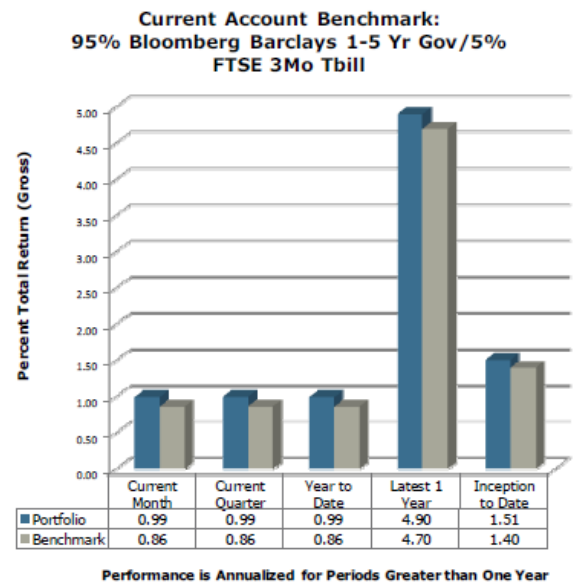
2010:



2016:



Custodian:



Please let me know if you have any questions. Thank you,

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



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

ANNUAL LETTER FROM THE CHAIRPERSON

Dear Fellow Alaskans:

On behalf of the entire Board of Directors, I am pleased to report that during Fiscal Year 2019 the Alaska Municipal Bond Bank Authority ('Bond Bank') completed another year of saving Alaskans money by providing lower cost financing options. While lending increased in Fiscal Year 2019 by over 70% compared to Fiscal Year 2018, activity remains below recent historical averages due to 2018 changes in the federal tax code's allowance for refinancing bond issues combined with fewer municipal capital projects. The Bond Bank is well prepared for changes in activity through use of professional contractors and only two part-time staff that flex between the Bond Bank and other State of Alaska, Department of Revenue functions. As a result, the Bond Bank is self-supporting and positioned to act on annual program demand. A few accomplishments we are proud of this year include:

- The funding of eight projects across seven communities, with a total of \$50.4 million in loans
- Alaskans realizing more than \$4.3 million in savings through the utilization of our program

The Bond Bank's authority to capitalize on the financial strength of the State of Alaska to achieve high credit ratings and pooling community bond issuances into larger more economic offerings are examples of how we lower bond issuance costs and help borrowers realize savings.

The Bond Bank operates by selling bonds with high credit ratings on the national market, and using the proceeds to purchase bonds from local governments and other authorized borrowers at the same rate. For 44 years, the Bond Bank has provided a lower cost alternative for authorized borrowers in financing capital improvement projects such as schools, water and sewer systems, public buildings, ports and harbors, hospitals, and public utilities.

Since 1975 the Bond Bank has facilitated 283 loans to Alaskan communities, a ferry authority, the University of Alaska, and two Regional Health Organizations to finance infrastructure projects. We find that borrowers rely on the Bond Bank primarily to lower loan interest rates and save money; however, borrowers also rely on the financial expertise of Bond Bank staff to ease the administrative burden on local officials. The monetary and time savings achieved by the borrowing communities has directly reduced local taxpayer burden. The State of Alaska also benefits when communities borrow through the Bond Bank at lower interest rates since the State of Alaska pays lower reimbursement rates for qualifying projects such as schools and health care facilities.

We hope you share our pride in the Bond Bank's accomplishments in Fiscal Year 2019 and we look forward to continuing to efficiently serve all Alaskan borrowers that seek our expertise and assistance in the future.

In accordance with Alaska Statute 44.85.100, the Bond Bank respectfully submits this report along with the attached Fiscal Year 2019 audited financial statements and certifications for fully funded reserves.

Sincerely,

A handwritten signature in black ink, appearing to read "Luke Welles".

Luke Welles
Bond Bank Chairperson

Fiscal Year 2019 Annual Report



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

December 12, 2019

The Honorable Michael J. Dunleavy
Governor of the State of Alaska

The Honorable Cathy Giessel
President of the Alaska State Senate

The Honorable Bryce Edgmon
Speaker of the Alaska House of Representatives

I, Luke Welles, Chairperson of the Alaska Municipal Bond Bank Authority Board, hereby certify pursuant to Alaska Statute 44.85.270g that the amount of funds necessary to restore the debt service reserves for fiscal year ended June 30, 2019 is as follows:

\$0.00 Zero Dollars and Zero Cents

CERTIFICATE: General Bond Resolution 2005
Adopted July 13, 2005

CERTIFICATE: General Bond Resolution 2010
Adopted November 2, 2010

CERTIFICATE: General Bond Resolution 2016
Adopted May 5, 2016



BY:

A handwritten signature in black ink, appearing to read "Luke Welles".

Luke Welles
Chairperson
Board of Directors
Alaska Municipal Bond Bank Authority

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

Financial Statements

For the Year Ended June 30, 2019

Together with Independent Auditor's Report Thereon

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

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Financial Statements	
Statement of Net Position and Governmental Funds Balance Sheets	10
Statement of Activities and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Net Position	11
Notes to Financial Statements	12-29
Supplemental Schedule of Statutory Reserve Accounts – Assets, Liabilities, and Account Reserves	30
Continuing Disclosure Tables	31-38



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

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Board of Directors
Alaska Municipal Bond Bank Authority
Juneau, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alaska Municipal Bond Bank Authority (the Authority), a component unit of the State of Alaska, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 be presented 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 obtained during our audit of the basic financial statements. We do 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules and continuing disclosure tables noted in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules and continuing disclosure tables are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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. In our opinion, the supplemental schedules and continuing disclosure tables are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
September 26, 2019

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2019

This Management's Discussion and Analysis (MD&A) is required by GASB Statement No. 34, a standard established by the Governmental Accounting Standards Board. This section is intended to make the financial statements more understandable to the average reader who is not familiar with traditional accounting terminology.

This financial report has two integral parts: this MD&A and the financial statements with the accompanying notes that follow. Together, they present the Alaska Municipal Bond Bank Authority's (Bond Bank) financial performance during the fiscal year ended June 30, 2019. Summarized prior fiscal year information is shown within this MD&A, as needed, for comparative purposes.

Required Financial Statements

GASB Statement No. 34 requires two types of financial statements: the Statement of Net Position and Governmental Fund Balance Sheets and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Net Position. These statements report financial information about the Bond Bank's activities using accounting principles generally accepted in the United States of America. In addition to the basic financial statements, the Notes to Financial Statements provide information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Highlights

During fiscal year 2019 the Bond Bank entered into nine loan agreements to fund approximately \$50.4 million in loans resulting in an estimated \$4.3 million in savings. In fiscal year 2019, Bond Bank loans funded eight projects located in seven communities and refinanced one loan for savings. The Bond Bank issued approximately \$44.2 million in bonds that generated \$49.8 million and provided a \$0.6 million direct loan, providing a total of \$50.4 million in funding during fiscal year 2019.

In comparison, during fiscal year 2018 the Bond Bank issued approximately \$29.0 million in bonds that generated \$31.2 million to fund one loan agreement resulting in an estimated \$3.4 million in savings.

Statement of Net Position

The Statement of Net Position reports assets, liabilities and net position of the Bond Bank.

Assets

Assets represent 1) The value of the Bond Bank's investments and investment income receivable on the financial statement date, recorded at fair market value, and 2) Bond principal and interest payments receivable from borrowers. The investments generate income for the Bond Bank, used to meet reserve requirements and pay operating costs. Historically excess operating account earnings were transferred to the State of Alaska's (State) general fund each year. Since fiscal year 2009, and continuing through fiscal year 2020, the State operating budget has appropriated any excess earnings of the operating account to the Bond Bank's reserve fund (HB 39, Sec. 33(g)).

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2019

Interest received on bonds purchased from borrowers is used to pay the Bond Bank's corresponding interest payments on the bonds that it has issued.

Liabilities

Liabilities represent claims against the fund for 1) goods and services provided before the financial statement date but not yet paid for at that date, and 2) interest and bond payments due to purchasers of the Bond Bank's bonds after the financial statement date.

Restricted and Unrestricted Net Position

Net position is comprised of two components. The restricted portion reflects monies maintained in separate trust accounts where their use is limited by applicable bond covenants for repayment of bonds. The unrestricted portion reflects monies that are available for any authorized purpose of the Bond Bank.

The following table shows the value of Bond Bank assets summarized as of June 30, 2019 and 2018, as well as liabilities and net position:

	As of June 30,		Changes from 2018 to 2019	
	2019	2018	Increase/(Decrease) Dollars	Percent
Assets:				
Cash and investments	\$ 66,970,604	\$ 68,247,354	\$ (1,276,750)	-1.87%
Bonds and bond interest receivable	1,127,903,301	1,154,164,155	(26,260,854)	-2.28%
Other receivables	9,323	9,323	-	0.00%
Total assets	1,194,883,228	1,222,420,832	(27,537,604)	-2.25%
Liabilities:				
Accounts payable and accrued liabilities	12,257,469	12,208,319	49,150	0.40%
Bonds and bond interest payable	1,125,168,299	1,156,062,992	(30,894,693)	-2.67%
Total liabilities	1,137,425,768	1,168,271,311	(30,845,543)	-2.64%
Net Position:				
Restricted	36,532,035	36,064,283	467,752	1.30%
Unrestricted	20,925,425	18,085,238	2,840,187	15.70%
Total net position	\$ 57,457,460	\$ 54,149,521	\$ 3,307,939	6.11%

The Bond Bank's investments are all held in U.S. Government securities.

The decrease in bonds and bond interest receivable, as well as in bonds and bond interest payable, reflects the issuance of approximately \$44.2 million in new bonds during the year, net of principal payments on bonds previously issued of approximately \$74.8 million. The Bond Bank realized a net decrease in 2019 long term debt balances due to greater principal payments during the fiscal year on bonds previously issued when compared to the issuance activity during the fiscal year. The Bond Bank issued the 2018 Series One, 2019 Series One, and 2019 Series Two in the aggregate principal amount of approximately \$44.2 million during the year to make loans to authorized

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2019

borrowers. Additionally, the Bond Bank provided a direct loan to one community in the amount of \$0.6 million.

Statement of Activities

The statement of activities shows how the Bond Bank's net position changed during the most recent fiscal year.

Revenues

Revenues include total return on investments and interest payments received from municipalities. Earnings on investments include interest on fixed income marketable securities and the change in fair market value of those investments.

Expenses

Expenses include interest payments made to bond holders who purchased the Bond Bank's bonds, payments made to the State of Alaska and operating expenses. Operating expenses include all expenditures required to issue bonds during the current year and include in-house expenses, as well as external consultant fees. Expenses are subtracted from revenues.

The following is a condensed statement of the Bond Bank's changes in net position as of June 30, 2019, and 2018:

	As of June 30,		Changes from 2018 to 2019	
	2019	2018	Increase/(Decrease) Dollars	Percent
Revenues:				
Interest income on bonds receivable	\$ 51,784,009	\$ 53,365,097	\$ (1,581,088)	-2.96%
Investment earnings	4,135,937	34,724	4,101,213	11810.89%
Total income	55,919,946	53,399,821	2,520,125	4.72%
Expenses:				
Interest expense on bonds payable	51,927,628	53,689,219	(1,761,591)	-3.28%
Operating expenses	684,379	498,279	186,100	37.35%
Total expenses	52,612,007	54,187,498	(1,575,491)	-2.91%
Change in net position	3,307,939	(787,677)	4,095,616	519.96%
Net position, beginning of period	54,149,521	54,937,198	(787,677)	-1.43%
Net position, end of period	\$ 57,457,460	\$ 54,149,521	\$ 3,307,939	6.11%

Interest income and expense on bonds receivable and payable are a function of the total amount of bonds outstanding, the age of the bonds and the interest rates at which they are issued. The interest income and expense decreases are consistent with the decreases in bond receivable and payable balances, respectively.

Investment earnings are a function of market conditions, and active management. The Bond Bank uses other assets to subsidize debt service during times of low investment returns in bond reserve funds. During fiscal year 2019, the Bond Bank optionally redeemed approximately \$4.4 million in outstanding reserve obligation bonds. The increase in net position is primarily due to improved investment returns and decreased debt service on reserve obligations.

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2019

Governmental Funds

The governmental funds include the General Fund, which accounts for the primary operations of the Bond Bank, and the Debt Service Fund, which accounts for the resources accumulated and payments made on the long-term debt of the Bond Bank. The primary difference between the governmental funds balance sheet and the statement of net position is the elimination of inter-fund payables and receivables. Bond proceeds are reported as another financing source in the governmental funds statement of revenues, expenditures and changes in fund balances, and this contributes 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 debt principal is recorded as expenditure in the governmental funds statement of revenues, expenditures and changes in fund balances and reduces the liability in the statement of net position.

The following tables show governmental funds' condensed balance sheets and statements of revenues, expenditures and changes in fund balances as of June 30, 2019, and 2018.

General Fund

	As of June 30,		Changes from 2018 to 2019	
	2019	2018	Increase/(Decrease) Dollars	Percent
Assets:				
Cash, investments and related				
accrued interest	\$ 8,301,893	\$ 12,343,305	\$ (4,041,412)	-32.74%
Bonds and bond interest receivable	5,087,690	5,536,894	(449,204)	-8.11%
Other receivables	9,323	9,323	-	0.00%
Interfund receivable	10,876,628	6,290,067	4,586,561	72.92%
Total assets	24,275,534	24,179,589	95,945	0.40%
Liabilities:				
Accounts payable and accrued liabilities	158,471	81,455	77,016	94.55%
Fund Balance:				
Restricted for debt service	4,956,430	4,956,430	-	0.00%
Unassigned	19,160,633	19,141,704	18,929	0.10%
Total fund balance	24,117,063	24,098,134	18,929	0.08%
Total liabilities and fund balance	\$ 24,275,534	\$ 24,179,589	\$ 95,945	0.40%

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2019

Debt Service Fund

	As of June 30,		Changes from 2018 to 2019	
	2019	2018	Increase/(Decrease) Dollars	Percent
Assets:				
Cash, investments and related accrued interest	\$ 58,668,711	\$ 55,904,049	\$ 2,764,662	4.95%
Bonds and bond interest receivable	1,122,815,611	1,148,627,261	(25,811,650)	-2.25%
Total assets	<u>1,181,484,322</u>	<u>1,204,531,310</u>	<u>(23,046,988)</u>	<u>-1.91%</u>
Liabilities:				
Accounts payable and accrued liabilities	12,098,998	12,126,864	(27,866)	-0.23%
Interfund payables	10,876,628	6,290,067	4,586,561	72.92%
Total liabilities	<u>22,975,626</u>	<u>18,416,931</u>	<u>4,558,695</u>	<u>24.75%</u>
Fund Balance:				
Restricted for debt service	<u>1,158,508,696</u>	<u>1,186,114,379</u>	<u>(27,605,683)</u>	<u>-2.33%</u>
Total liabilities and fund balance	<u>\$ 1,181,484,322</u>	<u>\$ 1,204,531,310</u>	<u>\$ (23,046,988)</u>	<u>-1.91%</u>

General Fund

	As of June 30,		Changes from 2018 to 2019	
	2019	2018	Increase/(Decrease) Dollars	Percent
Revenues:				
Interest income on bonds receivable	\$ 113,043	\$ 154,435	\$ (41,392)	-26.80%
Investment earnings	441,446	-	441,446	100.00%
Total income	<u>554,489</u>	<u>154,435</u>	<u>400,054</u>	<u>259.04%</u>
Expenditures:				
Operating expenses	<u>684,379</u>	<u>498,279</u>	<u>186,100</u>	<u>37.35%</u>
Deficiency of revenues over expenditures	(129,890)	(343,844)	213,954	62.22%
Other financing sources - transfers	<u>148,819</u>	<u>124,960</u>	<u>23,859</u>	<u>19.09%</u>
Excess (deficiency) of revenues and transfers over expenditures	18,929	(218,884)	237,813	108.65%
Fund balance, beginning of year	<u>24,098,134</u>	<u>24,317,018</u>	<u>(218,884)</u>	<u>-0.90%</u>
Fund balance, end of year	<u>\$ 24,117,063</u>	<u>\$ 24,098,134</u>	<u>\$ 18,929</u>	<u>0.08%</u>

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2019

Debt Service Fund

	As of June 30,		Changes from 2018 to 2019	
	2019	2018	Increase/(Decrease) Dollars	Percent
Revenues:				
Interest income on bonds receivable	\$ 51,670,966	\$ 53,246,419	\$ (1,575,453)	-2.96%
Investment earnings (loss)	3,694,491	(1,033)	3,695,524	357746.76%
Total revenues	55,365,457	53,245,386	2,120,071	3.98%
Expenditures:				
Interest payments	52,237,321	54,761,904	(2,524,583)	-4.61%
Principal payments	74,810,000	74,905,000	(95,000)	-0.13%
Total expenditures	127,047,321	129,666,904	(2,619,583)	-2.02%
Deficiency of revenues over expenditures	(71,681,864)	(76,421,518)	4,739,654	-6.20%
Other financing sources (uses):				
Bonds issued	44,225,000	28,955,000	15,270,000	52.74%
Transfers	(148,819)	(124,960)	(23,859)	-19.09%
Total other financing sources (uses):	44,076,181	28,830,040	15,246,141	52.88%
Deficiency of revenues and transfers over expenditures	(27,605,683)	(47,591,478)	19,985,795	41.99%
Fund balance, beginning of year	1,186,114,379	1,233,705,857	(47,591,478)	-3.86%
Fund balance, end of year	\$ 1,158,508,696	\$ 1,186,114,379	\$ (27,605,683)	-2.33%

Long-term Debt

At June 30, 2019, the Bond Bank had \$1,111,080,000 of bonds and notes outstanding, down 2.68% from \$1,141,665,000 at June 30, 2018. This excludes conduit debt obligations of the Coastal Energy Loan Program. 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. Please see note (8) to the financial statements.

As discussed in the previous section, the net decrease in 2019 long term debt balances is due to greater principal payments during the fiscal year on bonds previously issued as compared to new issuance activity.

AS 44.85.180(c) was originally enacted in 1975, limiting the 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. The total debt limit as of June 30, 2019 was \$1,792,500,000, comprised of \$1.5 billion in authority for political subdivisions including joint action agencies and the Alaska Municipal League's Joint Insurance Association, \$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, 2019 was approximately \$1,111,080,000. The limit on additional bond issuance as of June 30, 2019 was approximately \$681.4 million, of which \$606.3

ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis

Year Ended June 30, 2019

million of authority is available for the main political subdivision program, \$3.0 million is available to the University of Alaska, and \$72.1 million is available to Regional Health Organizations.

Outstanding long term debt is comprised of the following bonds and loans at year end:

	As of June 30,		Changes from 2018 to 2019	
	2019	2018	Increase/(Decrease)	
			Dollars	Percent
GO bonds payable	\$ 1,111,080,000	\$ 1,141,665,000	\$ (30,585,000)	-2.68%
	\$ 1,111,080,000	\$ 1,141,665,000	\$ (30,585,000)	-2.68%

Contacting the Bond Bank's Financial Management

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Bond Bank's finances and to demonstrate the Bond Bank's accountability of its assets. If you have any questions about this report or need additional financial information, contact the Finance Director or the Executive Director of the Bond Bank at (907) 465-2893 or (907) 465-3750, respectively.

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

Statement of Net Position and
Governmental Funds Balance Sheets

June 30, 2019

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 393,150	\$ 7,421,666	\$ 7,814,816	\$ -	\$ 7,814,816
Investments, at fair value (note 4)	7,871,927	50,967,999	58,839,926	-	58,839,926
Accrued interest receivable:					
Bonds receivable	37,293	14,050,611	14,087,904	-	14,087,904
Investment securities	36,816	279,046	315,862	-	315,862
Bonds receivable (note 5)	5,050,397	1,108,765,000	1,113,815,397	-	1,113,815,397
Other receivables	9,323	-	9,323	-	9,323
Interfund receivables	10,876,628	-	10,876,628	(10,876,628)	-
Total assets	<u>\$ 24,275,534</u>	<u>\$ 1,181,484,322</u>	<u>\$ 1,205,759,856</u>	<u>(10,876,628)</u>	<u>1,194,883,228</u>
LIABILITIES					
Accounts payable	\$ 8,409	\$ -	\$ 8,409	-	8,409
Due to Primary Government	150,062	-	150,062	-	150,062
Principal and interest payments received in advance	-	5,105,848	5,105,848	-	5,105,848
Accrued interest payable	-	-	-	14,088,299	14,088,299
Interfund payables	-	10,876,628	10,876,628	(10,876,628)	-
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	-	-	-	72,190,000	72,190,000
Portion due or payable after one year:					
General obligation bonds payable	-	-	-	1,038,890,000	1,038,890,000
Total liabilities	<u>158,471</u>	<u>22,975,626</u>	<u>23,134,097</u>	<u>1,114,291,671</u>	<u>1,137,425,768</u>
FUND BALANCES/NET POSITION					
Fund balances:					
Restricted (note 2)	4,956,430	1,158,508,696	1,163,465,126	(1,163,465,126)	-
Unassigned	19,160,633	-	19,160,633	(19,160,633)	-
Total fund balances	<u>24,117,063</u>	<u>1,158,508,696</u>	<u>1,182,625,759</u>	<u>(1,182,625,759)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 24,275,534</u>	<u>\$ 1,181,484,322</u>	<u>\$ 1,205,759,856</u>		
Net position:					
Restricted (note 2)				36,532,035	36,532,035
Unrestricted				20,925,425	20,925,425
Total net position				<u>\$ 57,457,460</u>	<u>\$ 57,457,460</u>

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

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

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

For the Year Ended June 30, 2019

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues:					
Investment earnings	\$ 441,446	\$ 3,694,491	\$ 4,135,937	\$ -	\$ 4,135,937
Interest income on bonds receivable	113,043	51,670,966	51,784,009	-	51,784,009
Total revenues	554,489	55,365,457	55,919,946	-	55,919,946
Expenditures / expenses:					
Debt service:					
Principal payments	-	74,810,000	74,810,000	(74,810,000)	-
Interest payments / expense	-	52,237,321	52,237,321	(309,693)	51,927,628
Professional services	469,842	-	469,842	-	469,842
Personal services	193,296	-	193,296	-	193,296
Administrative travel	17,543	-	17,543	-	17,543
Office expense	3,698	-	3,698	-	3,698
Total expenditures / expenses	684,379	127,047,321	127,731,700	(75,119,693)	52,612,007
Excess (deficiency) of revenues over expenditures / expenses	(129,890)	(71,681,864)	(71,811,754)	75,119,693	3,307,939
Other financing sources / (uses):					
Bonds issued	-	44,225,000	44,225,000	(44,225,000)	-
Transfers - internal activities	148,819	(148,819)	-	-	-
Total other financing sources / (uses)	148,819	44,076,181	44,225,000	(44,225,000)	-
Net change in fund balance / net position	18,929	(27,605,683)	(27,586,754)	30,894,693	3,307,939
Fund balances / net position:					
Beginning of the year	24,098,134	1,186,114,379	1,210,212,513	(1,156,062,992)	54,149,521
End of the year	\$ 24,117,063	\$ 1,158,508,696	\$ 1,182,625,759	\$ (1,125,168,299)	\$ 57,457,460

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

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

Notes to Financial Statements

For the Year Ended June 30, 2019

(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.

Alaska Statute (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 the 2015 legislation, the total debt limit as of June 30, 2019 was \$1,792,500,000, 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, 2019 was approximately \$1,111,080,000. The limit on additional bond issuance as of June 30, 2019 was approximately \$681.4 million, of which \$606.3 million of authority is available for the main political subdivision program, \$3.0 million is available to the University of Alaska, and \$72.1 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.

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

Notes to Financial Statements

(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 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. Monies 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

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

Notes to Financial Statements

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.

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, 2019, 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 debt service reserve requirement in any reserve are transferred to the Operating Account on a periodic basis.

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

Notes to Financial Statements

(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.

(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 \$36,532,035 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 Custodian account	<u>4,956,430</u>
Total State of Alaska appropriated equity	33,396,046
Bond Bank equity residing in reserve accounts	<u>3,135,989</u>
Total restricted for debt service/net position	<u><u>\$ 36,532,035</u></u>

(e) Bond Receivables

Bond receivables are secured by the pledged 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.

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

Notes to Financial Statements

(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.

(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. The Bond Bank's arbitrage rebate

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

Notes to Financial Statements

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, 2019.

(j) Income Taxes

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

(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, 2019 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.

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

Notes to Financial Statements

The aggregate fair value by input level, as of June 30, 2019 is as follows:

		Level		
	6/30/2019	1	2	3
Debt Securities				
General Fund				
U.S. Treasury securities	\$ 7,041,975	\$ 7,041,975	\$ -	\$ -
U.S. Government agency securities	829,952	-	829,952	-
Total General Fund	7,871,927	7,041,975	829,952	-
Debt Service Fund				
U.S. Treasury securities	44,297,222	44,297,222	-	-
U.S. Government agency securities	6,670,777	-	6,670,777	-
Total Debt Service Fund	50,967,999	44,297,222	6,670,777	-
Total Debt Securities	<u>\$58,839,926</u>	<u>\$51,339,197</u>	<u>\$ 7,500,729</u>	<u>\$ -</u>

U.S. Treasury securities are liquid and have quoted market prices. Fair value of U.S. Treasuries securities 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.

The fair value of debt security investments by contractual maturity as of June 30, 2019 is shown below.

	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Total
General Fund					
U.S. Treasury securities	\$ 1,899,520	\$ 4,266,641	\$ 875,814	\$ -	\$ 7,041,975
U.S. Government agency securities	-	829,952	-	-	829,952
Total General Fund	1,899,520	5,096,593	875,814	-	7,871,927
Debt Service Fund					
U.S. Treasury securities	4,689,803	34,544,606	5,062,813	-	44,297,222
U.S. Government agencies securities	-	6,670,777	-	-	6,670,777
Total Debt Service Fund	4,689,803	41,215,383	5,062,813	-	50,967,999
Total investments	<u>\$ 6,589,323</u>	<u>\$ 46,311,976</u>	<u>\$ 5,938,627</u>	<u>\$ -</u>	<u>\$ 58,839,926</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:

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

Notes to Financial Statements

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 operations, 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.

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 borrower. As there is limited benefit

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

Notes to Financial Statements

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.

(b) Concentration of Credit Risk

Concentration of credit 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.

More than 5 percent of the Authority's investments are in Government Sponsored Enterprise (GSE) debt, including the Federal Home Loan Bank, Federal Farm Credit Bank and Federal Home Loan Mortgage Corporation. These investments are 10.7%, 1.3%, and 0.8% of the Authority's total investments, respectively. 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 that are explicitly guaranteed by the U.S. government are not considered to have credit risk. GSE's are considered to have an implicit guarantee. The Federal Home Loan Bank, Federal Farm Credit Bank, and Federal Home Loan Mortgage

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

Notes to Financial Statements

Corporation all carry senior debt credit ratings of ‘Aaa’ by Moody’s Investors Service and ‘AA+’ by Standard and Poor’s.

(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, Kenai Peninsula Borough and Kodiak Island Borough with maturities as follows:

	City of Galena	Kenai Peninsula Borough	Kodiak Island Borough	Total General Fund Bonds Receivable
2020	\$ 168,798	\$ 843,000	\$ 50,000	\$ 1,061,798
2021	170,494	861,000	50,000	1,081,494
2022	172,207	879,000	50,000	1,101,207
2023	173,937	900,000	55,000	1,128,937
2024	175,684	-	55,000	230,684
2025-2029	156,277	-	290,000	446,277
	<u>\$ 1,017,397</u>	<u>\$ 3,483,000</u>	<u>\$ 550,000</u>	<u>\$ 5,050,397</u>

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

Notes to Financial Statements

Bonds receivable by debt service program at June 30, 2019 mature in varying annual installments as follows:

Year ending June 30	2005 General	2010 General	2016 General	Total Principal
2020	\$ 65,875,000	\$ 165,000	\$ 5,225,000	\$ 71,265,000
2021	64,960,000	170,000	5,485,000	70,615,000
2022	63,345,000	175,000	7,930,000	71,450,000
2023	61,890,000	180,000	8,280,000	70,350,000
2024	59,040,000	185,000	8,690,000	67,915,000
2025-2029	241,600,000	1,030,000	16,570,000	259,200,000
2030-2034	204,525,000	1,235,000	16,460,000	222,220,000
2035-2039	111,970,000	560,000	19,985,000	132,515,000
2040-2044	72,785,000	-	25,425,000	98,210,000
2045-2049	26,165,000	-	18,860,000	45,025,000
	<u>\$ 972,155,000</u>	<u>\$ 3,700,000</u>	<u>\$ 132,910,000</u>	<u>\$ 1,108,765,000</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

The Authority does not have unused lines of credit, direct borrowings or direct placements, which would now be required presentation in accordance with GASB Statement No. 88 Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.

During the year ended June 30, 2019 the Authority's long-term liabilities changed as follows:

	Beginning of year	New debt	Repayments/ Adjustments	End of year
General obligation bonds payable	\$ 1,141,665,000	\$ 44,225,000	\$ (74,810,000)	\$ 1,111,080,000
Total	<u>\$ 1,141,665,000</u>	<u>\$ 44,225,000</u>	<u>\$ (74,810,000)</u>	<u>\$ 1,111,080,000</u>

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

Notes to Financial Statements

Bond Bank's long term liabilities consist of the following as of June 30, 2019:

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2005 Bond Resolution:				
2009-Three Series - Juneau, City and Borough of	2.00%-4.00%	\$ 1,440,000	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%	18,600,000	-	-
2010-A-Series One	2.00%-5.00%	1,895,000	-	-
Ketchikan, City of				
Ketchikan Gateway Borough				
Kenai, City of				
Northwest Arctic Borough				
Petersburg				
Unalaska				
2010-B Series One	5.99%-6.34%	7,320,000	-	-
Kenai, City of				
Northwest Arctic Borough				
Petersburg				
Unalaska				
2010-B Series Two	3.75%-4.91%	9,335,000	-	-
Juneau, City and Borough of				
Cordova				
King Cove, City of				
2010-A Series Three	2.00%-4.00%	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				
2010-A Series Four	2.00%-5.00%	10,940,000	-	-
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%	42,270,000	-	-
Kenai Peninsula Borough				
Ketchikan, City of				
Ketchikan Gateway Borough				
Sitka, City and Borough of				
Soldotna				
2011-Series One	3.00%-5.13%	5,590,000	-	-
Kodiak Island Borough				
Wrangell				
2011-Series Two	2.00%-4.38%	5,060,000	-	-
Juneau, City and Borough of				
Sitka, City and Borough of				

(continued)

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

Notes to Financial Statements

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2011-Series Three	2.00%-5.00%	\$ 39,405,000	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%	4,240,000	-	-
Juneau, City and Borough of (Wildflower Court)				
Juneau, City and Borough of				
2012-Series Two	1.75%-5.00%	24,690,000	-	-
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%	10,900,000	-	-
Juneau, City and Borough of (School)				
Juneau, City and Borough of (REF)				
Petersburg				
Haines Borough				
2013-Series One	2.00%-5.00%	82,050,000	-	-
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)				
2013-Series Two A	2.00%-4.00%	14,330,000	-	-
Homer, City of				
Ketchikan, City of				
Ketchikan, City of (REF)				
Skagway				
2013-Series Two B	3.00%-4.00%	12,130,000	-	-
Kodiak Island Borough				
2013 Series Three	1.50%-5.00%	62,120,000	-	-
Juneau, City and Borough of				
Kenai Peninsula Borough				
Lake and Peninsula Borough				
Sitka, City and Borough of				
2014-Series One A	0.38%-5.00%	47,130,000	-	-
Juneau, City and Borough of				
Kodiak Island Borough				
Kenai Peninsula Borough- Exempt				
Kenai Peninsula Borough- Taxable				
2014-Series Two A	3.00%-5.00%	42,590,000	-	-
Ketchikan, City of (Harbor)				
Ketchikan, City of (Hospital)				
King Cove, City of				

(continued)

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

Notes to Financial Statements

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2014-Series Three	1.25%-5.00%	\$ 47,115,000	-	\$ -
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				
2015-Series One	2.00%-5.00%	44,000,000	-	-
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)				
2015-Series Two	2.00%-5.00%	50,665,000	-	-
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)				
2015-Series Three	2.00%-5.25%	93,485,000	-	-
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%	30,830,000	-	-
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%	51,925,000	-	-
Fairbanks North Star Borough				
Ketchikan, City of				

(continued)

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

Notes to Financial Statements

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2016-Series Three	2.00%-5.00%	63,715,000	-	-
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%	26,850,000	-	-
City of Ketchikan Port 2006 Two Loan Refunding				
City of Ketchikan Port New Money				
2017-Series One	2.50%-5.00%	10,525,000	-	-
Kenai Peninsula Borough Hospital Loan				
City of Seward				
Kenai Peninsula Borough Solid Waste Loan				
2017-Series Two	3.63%-5.00%	31,530,000	-	-
City of Unalaska				
City of Whittier				
2017-Series Three				
Central Peninsula Hospital District	3.00%-5.00%	28,060,000	-	-
2018-Series One	5.00%	11,840,000	-	-
Sitka Airport Loan				
Sitka Harbor Loan				
2019-Series One	5.00%	28,445,000	-	-
Fairbanks North Star Borough - Tax-Exempt				
City of Homer Police Station				
Northwest Arctic Borough Loan to Kivalina				
SE Alaska Power - Refunding				
City of Dillingham				
2019-Series Two	2.65%-3.600%	3,710,000	-	-
Fairbanks North Star Borough - Taxable				
Total 2005 Bond Resolution		<u>972,155,000</u>		<u>2,315,000</u>
2010 Bond Resolution:				
2010-A-1 Series One - Ketchikan Gateway Borough	3.00%-4.00%	-	-	-
2010-A-2 Series One - Ketchikan Gateway Borough	5.78%-6.86%	<u>3,700,000</u>	-	<u>-</u>
Total 2010 Bond Resolution		<u>3,700,000</u>		<u>-</u>
2016 Master Bond Resolution:				
2016-Series A - Tanana Chiefs Conference	5.00%	32,195,000	-	-
2017 Series A - Yukon-Kuskokwim Health Corporation	3.00%-5.50%	<u>100,715,000</u>	-	<u>-</u>
Total 2016 Master Bond Resolution		<u>132,910,000</u>		<u>-</u>
Total Long-Term Liabilities		<u>\$ 1,108,765,000</u>		<u>\$ 2,315,000</u>

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

Notes to Financial Statements

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.

The above bonds mature in varying annual installments. The maturities at June 30, 2019 are as follows:

Year ending June 30	2005 Resolution		2010 Resolution	2016 Resolution
	General	Reserve	General	General
2020	\$ 65,875,000	\$ 925,000	\$ 165,000	\$ 5,225,000
2021	64,960,000	-	170,000	5,485,000
2022	63,345,000	235,000	175,000	7,930,000
2023	61,890,000	1,155,000	180,000	8,280,000
2024	59,040,000	-	185,000	8,690,000
2025-2029	241,600,000	-	1,030,000	16,570,000
2030-2034	204,525,000	-	1,235,000	16,460,000
2035-2039	111,970,000	-	560,000	19,985,000
2040-2044	72,785,000	-	-	25,425,000
2045-2049	26,165,000	-	-	18,860,000
	<u>\$ 972,155,000</u>	<u>\$ 2,315,000</u>	<u>\$ 3,700,000</u>	<u>\$ 132,910,000</u>

Year ending June 30	Total Principal	Total Interest
2020	\$ 72,190,000	\$ 51,113,569
2021	70,615,000	47,909,728
2022	71,685,000	44,663,723
2023	71,505,000	41,293,511
2024	67,915,000	37,924,392
2025-2029	259,200,000	148,187,979
2030-2034	222,220,000	90,689,926
2035-2039	132,515,000	49,787,262
2040-2044	98,210,000	23,878,050
2045-2049	45,025,000	3,913,360
	<u>\$ 1,111,080,000</u>	<u>\$ 539,361,500</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, 2019 the aggregate amount outstanding for conduit debt obligations was \$3,876,460.

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

Notes to Financial Statements

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, 2019 the aggregate amount outstanding for the City of St. Paul conduit debt obligations was \$6,005,878.

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.

(9) 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 2019 as discussed in Note 2(d), included \$167,119 of City of Galena loan repayments for the year ended June 30, 2019. There were no excess receipts over operating expenditures during fiscal year 2019.

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 2019; the cumulative state appropriated amount, therefore, remained \$33,396,046 at June 30, 2019.

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

(10) Subsequent Events

Subsequent to June 30, 2019, the Bond Bank has not issued additional bonds. At a meeting on September 5, 2019, the Bond Bank Board of Directors approved a resolution authorizing the issuance of the 2019 Series Three, Four, and Five bonds. The Bond Bank anticipates the issuance of the 2019 Series Three, Four, and Five bonds before the end of calendar year 2019.

Subsequent to June 30, 2019, the outstanding Bond Bank Series 2016A Bonds, in the amount of \$32.195 million were defeased on August 6, 2019. Escrow obligations, together with additional funds, have been deposited with the Bond Bank's Trustee as escrow agent to be used to satisfy such defeasance. The Series 2016A Bonds maturing on or after April 1, 2021, will be optionally redeemed on October 1, 2020.

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

Notes to Financial Statements

(11) Recent Accounting Pronouncements

The Bond Bank implemented GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements in fiscal year 2019. There was no significant impact on the financial statements of the Bond Bank.

There are several recently issued Governmental Accounting Standards Board standards that the Bond Bank must consider with upcoming implementation dates as follows:

- GASB 84 – *Fiduciary Activities*. Effective for fiscal years beginning after December 15, 2018.
- GASB 87 – *Leases*. Effective for fiscal years beginning after December 15, 2019.
- GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for fiscal years beginning after December 15, 2019.
- GASB 90 – *Majority Equity Interest – an Amendment of GASB Statement No. 14 and No. 61* – Effective for reporting periods beginning after December 15, 2018.
- GASB 91 – *Conduit Debt Obligations*. Effective for reporting periods beginning after December 15, 2020.

Currently, the Bond Bank does not expect any of these standards to have any significant impact on the financial statements of the Bond Bank.

Supplemental Schedule

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

Supplemental Schedule of Statutory Reserve Accounts - Assets, Liabilities, and Account Reserves

June 30, 2019

	<u>2005 Resolution</u>	<u>2010 Resolution</u>	<u>2016 Resolution</u>	<u>Total</u>
ASSETS				
Cash	\$ 902,175	\$ 14,565	\$ 17,474	\$ 934,214
Accrued interest receivable	239,067	2,010	37,969	279,046
Marketable securities	43,544,952	397,154	7,025,893	50,967,999
Total Assets	<u>\$ 44,686,194</u>	<u>\$ 413,729</u>	<u>\$ 7,081,336</u>	<u>\$ 52,181,259</u>
LIABILITIES				
Accrued interest payable	\$ 37,688	\$ -	\$ -	\$ 37,688
Interaccount payables	9,474,872	16,051	4,101	9,495,024
Bond proceeds held in reserve	-	-	6,993,150	6,993,150
Bonds payable	2,315,000	-	-	2,315,000
Total Liabilities	<u>11,827,560</u>	<u>16,051</u>	<u>6,997,251</u>	<u>18,840,862</u>
RESERVES				
State appropriated	28,046,530	393,086	-	28,439,616
Unappropriated	3,134,525	1,464	-	3,135,989
Unrealized gain (loss)	1,677,579	3,128	84,085	1,764,792
Total Reserves	<u>32,858,634</u>	<u>397,678</u>	<u>84,085</u>	<u>33,340,397</u>
Total Liabilities & Reserves	<u>\$ 44,686,194</u>	<u>\$ 413,729</u>	<u>\$ 7,081,336</u>	<u>\$ 52,181,259</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 general and 2016 master resolutions is provided in compliance with the Appendix C filing requirement.

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

Supplemental Schedule of 2005 Bond Resolution Program - Borrower Concentration

June 30, 2019

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	\$ 141,270,000	14.53%
Kenai Peninsula Borough	121,970,000	12.54%
City and Borough of Juneau	103,695,000	10.66%
City of Ketchikan	87,995,000	9.05%
University of Alaska	84,525,000	8.69%
Kodiak Island Borough	79,945,000	8.20%
Fairbanks North Star Borough	61,400,000	6.31%
City of Unalaska	57,285,000	5.89%
Northwest Arctic Borough	31,390,000	3.23%
City of Seward	30,935,000	3.18%
Ketchikan Gateway Borough	26,165,000	2.69%
Aleutians East Borough	20,450,000	2.10%
Municipality of Skagway	18,455,000	1.90%
Lake & Peninsula Borough	15,145,000	1.56%
City of Cordova	14,245,000	1.47%
City of Kodiak	11,845,000	1.22%
City of Dillingham	11,215,000	1.15%
Haines Borough	9,040,000	0.93%
Petersburg Borough	8,235,000	0.85%
City of Homer	7,015,000	0.72%
SE Alaska Power Agency	4,245,000	0.44%
City of Nome	3,285,000	0.34%
Municipality of Anchorage	3,240,000	0.33%
City of King Cove	2,455,000	0.25%
City of Sand Point	2,230,000	0.23%
City of Whittier	1,875,000	0.19%
City of Bethel	1,835,000	0.19%
City of Valdez	1,765,000	0.18%
City of Soldotna	1,670,000	0.17%
City of Craig	1,570,000	0.16%
City of Klawock	1,270,000	0.13%
City of Kenai	1,260,000	0.13%
City of Hoonah	880,000	0.09%
City of North Pole	615,000	0.06%
City of Palmer	555,000	0.06%
City of Adak	530,000	0.05%
City and Borough of Wrangell	510,000	0.05%
City of Saxman	145,000	0.01%
Reserve Obligations	2,315,000	0.24%
Total Outstanding Par	<u>\$ 974,470,000</u>	<u>100.00%</u>

See Independent Auditor's report

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

Supplemental Schedule of 2005 Bond Resolution Program - Debt Service Requirements

June 30, 2019

Borrower	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
City and Borough of Juneau - 2009 Three Loan	1,468,800	-	-	-	-	-	-	-	-	-
Ketchikan Gateway Borough - 2009 Four Loan	1,743,479	1,731,390	1,722,642	1,707,107	1,694,654	1,684,964	1,664,500	1,652,551	1,633,521	1,617,708
City of Kenai - 2010 One Loan	172,704	172,011	171,018	164,725	163,433	161,840	159,948	152,339	149,730	146,804
Ketchikan Gateway Borough - 2010 One Loan	728,000	-	-	-	-	-	-	-	-	-
Northwest Arctic Borough - 2010 One Loan	280,765	284,565	281,315	276,127	275,640	269,552	268,166	260,484	257,485	253,852
Petersburg Borough - 2010 One Loan	234,894	234,794	238,694	235,849	232,010	227,870	228,281	222,947	217,009	215,595
City of Unalaska - 2010 One Loan	425,949	426,549	424,299	424,017	417,835	411,055	403,675	399,652	389,678	384,070
City and Borough of Juneau - 2010 Two Loans	1,107,744	2,472,665	1,820,539	1,779,639	1,517,673	1,742,096	-	-	-	-
City of Cordova 2010 Two Loan	48,188	46,070	-	-	-	-	-	-	-	-
City of King Cove 2010 Two Loan	42,540	41,363	40,155	38,847	42,319	40,652	38,985	37,246	40,283	38,170
Aleutians East Borough - 2010 Loan	397,966	392,943	390,877	383,441	380,636	372,462	368,918	359,283	353,530	342,370
City of King Cove 2010 Three Loan	59,680	58,205	61,359	59,389	57,419	55,449	53,479	56,271	53,827	51,383
City of Unalaska 2010 Three Loan	433,605	432,617	429,319	420,652	416,616	407,211	397,559	396,616	389,233	376,444
Kenai Peninsula Borough 2010 Four Loan	1,411,775	1,395,269	1,376,201	1,358,946	1,338,264	1,314,029	1,291,441	1,264,032	1,232,410	1,203,756
City of Ketchikan 2010 Four Loan	603,500	597,854	586,163	578,214	568,842	562,857	550,401	540,902	529,470	512,257
Ketchikan Gateway Borough 2010 Four Loan	315,233	314,574	308,091	300,753	292,534	288,269	282,919	-	-	-
City and Borough of Sitka 2010 Four Loan	4,047,570	4,058,570	4,050,648	4,038,926	4,030,419	4,000,527	3,930,489	3,845,859	3,758,179	3,669,087
City of Soldotna 2010 Four Loan	211,752	206,311	205,509	199,279	197,602	195,333	192,515	188,948	184,721	180,180
City and Borough of Wrangell 2011 One Loan	27,000	26,000	-	-	-	-	-	-	-	-
Kodiak Island Borough 2011 One Loan	622,800	623,600	623,800	625,513	626,275	626,088	624,950	622,863	623,006	621,869
City and Borough of Juneau 2011 Two Loan	659,600	655,200	-	-	-	-	-	-	-	-
City and Borough of Sitka 2011 Two Loan	407,590	407,390	411,790	407,690	408,071	411,271	408,871	411,071	407,671	408,526
Aleutians East Borough 2011 Three Refunding	226,000	231,625	230,625	-	-	-	-	-	-	-
Kenai Peninsula Borough 2011 Three Refunding	1,617,850	967,375	958,750	953,250	-	-	-	-	-	-
Ketchikan Gateway Borough 2011 Three Refunding	615,900	616,875	614,000	609,875	-	-	-	-	-	-
Northwest Arctic Borough 2011 Three Refunding	2,492,700	2,488,875	2,485,000	2,485,625	1,681,000	-	-	-	-	-
Kenai Peninsula Borough (Central Hospital) 2011 Three	3,521,000	3,525,500	3,528,625	3,533,750	3,520,875	-	-	-	-	-
City of Cordova 2011 Three	56,250	54,000	56,375	-	-	-	-	-	-	-
City of Hoonah 2011 Three	90,500	93,125	90,375	92,500	89,500	91,700	89,100	91,400	88,250	89,625
Kodiak Island Borough 2011 Three	301,550	301,625	300,125	298,125	300,500	298,600	302,500	300,900	-	-
Municipality of Skagway 2011 Three	35,900	35,000	34,000	37,875	36,625	35,500	34,500	33,500	37,250	35,750
City of Seward 2011 Three	244,350	244,275	243,400	242,275	245,775	244,600	243,900	243,000	241,125	243,125
Juneau Wildflower Court Refunding 2012 One	1,555,825	437,725	484,575	534,966	583,463	442,172	491,063	-	-	-
City of Ketchikan 2012 Two	352,019	355,894	355,344	354,294	351,544	353,169	357,306	353,894	354,703	354,819
Ketchikan Gateway Borough 2012 Two	681,625	-	-	-	-	-	-	-	-	-
Kodiak Island Borough 2012 Two	1,439,025	1,442,275	1,433,950	1,433,125	1,433,250	1,435,000	-	-	-	-
City of Nome 2012 Two	147,950	146,825	146,100	150,000	133,250	-	-	-	-	-
City of North Pole 2012 Two	100,775	101,900	103,200	104,250	99,750	100,125	101,375	-	-	-
City of Palmer 2012 Two	104,850	105,725	106,800	107,625	107,750	107,625	-	-	-	-
Petersburg Borough 2012 Two	488,125	488,375	489,750	485,250	468,125	246,000	-	-	-	-
City and Borough of Sitka 2012 Two	1,455,650	1,456,650	1,451,200	1,453,000	1,450,375	630,375	-	-	-	-
City of Valdez 2012 Two	343,725	340,225	342,550	344,125	343,500	317,750	-	-	-	-
Haines Borough 2012 Three	85,344	82,844	85,219	87,344	84,344	86,544	83,944	86,594	84,494	87,272
Juneau 2012 Three Refunding	937,125	948,625	947,875	959,750	973,750	-	-	-	-	-
Juneau 2012 Three School Construction	1,363,625	1,364,875	1,363,125	1,363,250	-	-	-	-	-	-

(continued)

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

Supplemental Schedule of 2005 Bond Resolution Program - Debt Service Requirements

June 30, 2019

Borrower	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petersburg Borough 2012 Three	101,500	102,875	104,000	104,875	105,500	101,450	102,750	99,425	101,500	-
Kenai Peninsula Borough (Bear Creek Fire) 2013 One	94,520	97,520	95,320	93,120	95,920	92,920	94,920	96,670	93,170	94,670
City and Borough of Juneau (Bartlett Hospital) 2013 One	1,661,863	1,661,513	1,666,713	1,665,313	1,667,513	1,668,263	1,667,663	1,673,913	1,676,063	1,673,625
City and Borough of Juneau 2013 One	204,610	200,210	200,810	201,210	201,410	200,160	203,660	201,660	199,410	201,910
Ketchikan Gateway Borough 2013 One	608,400	607,600	611,000	608,400	-	-	-	-	-	-
Kodiak Island Borough 2013 One	1,687,590	1,691,790	1,689,390	1,690,590	1,690,190	1,687,690	1,687,690	1,689,940	1,689,190	1,690,440
City of Sand Point 2013 One	181,680	183,680	180,480	182,280	183,880	184,380	184,630	184,630	184,380	183,880
City and Borough of Sitka (Harbor) 2013 One	310,150	308,550	311,750	309,550	312,150	307,400	307,400	306,900	310,900	309,150
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	289,300	293,300	291,900	290,300	293,500	294,500	295,000	295,000	294,500	293,500
City of Ketchikan 2013 Two	1,072,250	1,069,850	1,071,650	1,072,450	1,077,250	1,079,250	1,079,500	1,078,000	1,079,750	1,079,500
Kodiak Island Borough 2013 Two	1,272,938	1,274,338	1,274,538	1,275,788	1,280,038	1,027,038	1,024,538	1,025,538	1,024,788	1,027,288
Municipality of Skagway 2013 Two	68,200	71,800	70,200	68,600	72,000	69,750	67,500	70,250	67,750	70,250
City and Borough of Juneau 2013 Three	903,650	902,125	902,000	905,000	902,000	-	-	-	-	-
Kenai Peninsula Borough	1,626,600	1,627,325	1,628,500	1,627,675	1,630,175	1,630,175	1,627,675	1,627,550	1,629,550	1,628,550
Lake and Peninsula Borough 2013 Three	1,423,900	1,423,250	1,424,250	1,423,500	1,422,000	1,423,375	1,422,500	1,419,375	1,423,750	1,420,500
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	2,960,062	2,959,103	2,955,849	2,957,500	2,955,500	2,958,250	2,959,500	2,957,750	2,960,000	2,955,750
Kodiak Island Borough 2014 One	1,775,113	1,772,113	1,776,363	1,773,113	1,772,613	1,769,613	1,774,925	1,772,425	1,772,175	1,773,925
City and Borough of Juneau 2014 One	406,538	403,138	404,638	405,638	406,138	406,138	404,575	403,825	407,575	405,575
City of Ketchikan Hospital (G.O.) 2014 Two	2,551,700	2,552,700	2,556,450	2,557,700	2,556,450	2,557,700	2,561,200	2,561,700	2,559,200	2,556,800
City of Ketchikan Harbor (G.O.) 2014 Two	205,550	205,300	204,800	209,050	207,800	206,300	209,550	207,300	209,800	208,400
City of King Cove Electric 2014 Two	163,800	42,050	41,050	40,050	39,050	38,050	37,050	41,050	39,800	38,800
City and Borough of Juneau 2014 Three	909,000	911,375	907,625	907,750	911,500	908,875	909,875	909,375	907,375	908,750
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	12,125	11,875	11,625	11,375	16,000	15,500	15,000	14,500	14,000	13,500
City of Adak Refunding 2014 Three	104,500	100,500	101,375	102,000	102,375	102,500	-	-	-	-
Municipality of Anchorage Refunding 2014 Three	298,500	296,375	294,000	296,250	298,000	294,375	290,500	291,250	296,375	291,000
Haines Borough Refunding 2014 Three	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	180,000	183,250	181,125	178,750	181,000	177,875	179,375	-	-	-
City of Nome Refunding 2014 Three	269,625	269,125	268,125	266,625	269,500	271,625	-	-	-	-
Northwest Arctic Borough Refunding 2014 Three	448,875	447,250	449,750	446,375	447,125	442,000	445,875	-	-	-
Petersburg Borough Refunding 2014 Three	401,000	401,125	400,500	399,125	401,875	398,750	399,750	-	-	-
City of Seward 2005 Refunding 2014 Three	104,125	105,250	106,125	106,750	107,125	102,375	102,500	-	-	-
City of Seward 2006 Refunding 2014 Three	320,475	318,975	316,975	319,350	320,975	321,850	637,100	-	-	-
City of Cordova 2015 One New Money	134,125	136,075	132,575	133,950	135,075	135,950	136,575	136,950	137,075	136,950
City of Cordova 2015 One 2005 Refunding	193,800	-	-	-	-	-	-	-	-	-
City of Cordova 2015 One 2009 Refunding	593,350	1,354,000	1,348,500	1,345,875	1,345,875	1,343,375	1,343,250	1,330,625	1,325,500	1,327,375
City of Craig 2015 One New Money	134,288	136,238	132,738	134,113	135,238	136,113	136,738	137,113	137,238	137,113
Aleutians East Borough 2015 One 2006 Refunding	250,400	251,375	255,750	269,125	169,125	117,500	97,375	-	-	-
Nome 2015 One 2006 Refunding	83,950	86,125	87,750	89,125	90,250	86,250	87,125	-	-	-
Nome 2015 One 2009 Refunding	49,100	52,625	50,875	49,125	52,250	50,250	48,250	51,125	53,750	51,250
Northwest Arctic Borough 2015 One 2005 Refunding	1,630,400	1,640,000	-	-	-	-	-	-	-	-
Sitka 2015 One 2005 Refunding	397,800	-	-	-	-	-	-	-	-	-
Sitka 2015 One 2008 Refunding	535,075	533,500	539,125	538,625	537,688	536,000	537,875	533,625	538,125	-
Unalaska 2015 One 2005 Refunding	392,700	-	-	-	-	-	-	-	-	-
Unalaska 2015 One 2009 Refunding	1,852,438	1,853,125	1,849,844	1,848,994	1,846,138	1,841,825	1,840,575	1,841,200	1,833,700	1,837,825
Wrangell 2015 One 2006 Refunding	241,250	240,875	-	-	-	-	-	-	-	-
Cordova 2015 Two	212,650	212,400	211,900	211,150	213,750	212,500	211,000	214,250	212,000	214,500

(continued)

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

Supplemental Schedule of 2005 Bond Resolution Program - Debt Service Requirements

June 30, 2019

Borrower	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Skagway 2015 Two	684,400	682,900	680,900	683,400	683,100	684,600	680,350	680,600	680,100	683,850
City and Borough of Juneau 2015 Two (G.O. Refunding)	708,750	-	-	-	-	-	-	-	-	-
City and Borough of Juneau 2015 Two (Harbor Refunding)	738,100	738,350	737,600	740,850	741,650	743,150	738,400	737,650	735,650	737,400
Kenai Peninsula Borough 2015 Two	1,097,300	1,090,800	1,092,800	1,092,800	1,091,000	1,093,250	1,088,250	1,091,250	1,086,750	-
Juneau 2015 Two (Cruise Dock)	1,688,250	1,692,250	1,689,000	1,688,750	1,686,250	1,686,500	1,689,250	1,689,250	1,686,500	1,691,000
Skagway 2015 Two (Port)	363,438	359,688	360,688	361,188	361,188	360,688	359,688	363,188	360,938	363,188
University of Alaska 2015 Three	5,589,588	5,585,838	5,587,838	5,590,213	5,587,838	5,590,463	5,587,838	5,589,713	5,585,838	5,585,963
Haines Borough 2015 Three	91,300	89,300	92,175	89,925	92,550	90,050	92,425	89,675	91,800	93,675
Kodiak Island Borough 2015 Three High School	491,838	490,838	494,213	491,963	494,088	490,588	491,463	491,588	490,963	489,588
Kodiak Island Borough 2015 Three Renewal & Replace	222,500	224,250	225,500	226,250	226,500	226,250	225,500	-	-	-
King Cove 2015 Three	48,588	72,963	76,588	75,088	73,588	76,963	75,213	73,463	76,588	74,588
Kenai Peninsula Borough CES 7-Year Loan - 2016 One	89,125	90,250	86,250	87,125	-	-	-	-	-	-
Kenai Peninsula Borough CES 15-Year Loan - 2016 One	177,813	177,188	176,313	175,188	178,688	176,813	179,563	179,263	179,513	178,013
City of Klawock New Money Loan - 2016 One	85,950	88,825	86,575	84,325	86,950	89,325	91,450	89,350	87,550	85,150
Kodiak Island Borough R&R Loan - 2016 One	677,750	677,625	676,250	678,500	674,375	678,750	676,500	-	-	-
Kodiak Island Borough High School Loan - 2016 One	132,169	133,544	134,669	130,669	131,544	132,169	132,544	134,169	131,169	132,069
City of Seward 2008 One Refunding - 2016 One	1,458,256	1,455,756	1,451,256	1,444,756	1,446,006	1,439,881	1,441,256	1,452,256	1,437,356	1,434,656
City of Seward 2008 Two Refunding - 2016 One	341,075	337,700	338,950	339,700	339,950	334,825	339,200	341,400	339,400	334,900
Fairbanks North Star Borough - 2016 Two	4,113,275	4,111,900	4,110,150	4,112,650	4,109,150	4,109,400	4,112,900	4,109,400	4,110,000	4,111,775
City of Petersburg 2007 One New Money Refunding - 2016 Three	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	138,200	142,800	-	-	-	-	-	-	-	-
City of Nome 2007 One Refunding - 2016 Three	174,900	168,300	-	-	-	-	-	-	-	-
Northwest Arctic Borough 2007 One Refunding - 2016 Three	1,188,800	1,183,200	-	-	-	-	-	-	-	-
City of Seward 2007 One Refunding - 2016 Three	232,000	228,500	234,600	-	-	-	-	-	-	-
Aleutians East Borough 2007 Two Refunding - 2016 Three	1,608,050	1,616,550	1,633,050	1,895,625	2,044,875	2,119,750	2,167,375	2,193,625	2,209,000	2,208,875
Kenai Peninsula Borough 2007 Two Refunding - 2016 Three	119,350	726,950	726,650	722,000	722,625	-	-	-	-	-
City of Bethel 2007 Three Refunding - 2016 Three	253,050	251,150	253,950	250,500	255,625	250,250	249,500	253,125	251,125	-
City of Kodiak 2007 Five Float Refunding - 2016 Three	115,113	112,913	115,613	112,913	114,788	111,538	113,163	114,538	110,788	116,788
City of Kodiak 2007 Five Lift Refunding - 2016 Three	218,550	219,650	220,550	220,700	220,075	219,200	218,075	216,700	215,075	218,075
City of Dillingham 2008 One Loan Refunding - 2016 Three	1,060,550	1,061,550	1,066,250	1,065,500	1,064,000	1,060,500	1,064,750	1,066,500	1,060,875	-
City of Kodiak 2008 One Loan Refunding - 2016 Three	450,450	451,650	447,550	446,950	449,575	451,450	447,700	448,325	453,075	447,075
Kodiak Island Borough 2008 One Loan Refunding - 2016 Three	619,250	617,350	619,750	619,000	619,875	619,500	622,750	619,625	620,125	-
City of Skagway 2008 Two Loan Refunding - 2016 Three	357,700	357,900	357,700	355,750	356,875	357,250	356,875	355,750	358,750	-
City of Kodiak 2009 One Loan Refunding - 2016 Three	61,431	60,231	59,031	62,556	60,806	59,056	62,181	60,181	63,056	60,806
City and Borough of Juneau 2006B Refunding - 2016 Three	3,849,800	3,784,100	4,029,000	-	-	-	-	-	-	-
City and Borough of Juneau New Money - 2016 Three	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	2,215,500	2,210,375	2,207,875	2,207,750	2,204,875	2,204,125	2,200,375	2,198,500	2,198,250	2,199,375
City of Ketchikan Port New Money - 2016 Four	145,875	142,625	144,250	145,625	141,875	143,000	143,875	144,500	144,875	145,000
Kenai Peninsula Borough Hospital Loan - 2017 One	397,669	400,919	398,419	400,419	401,669	399,419	399,669	399,169	397,919	402,719
Kenai Peninsula Borough Solid Waste Loan - 2017 One	1,063,500	1,064,750	1,063,750	1,060,500	-	-	-	-	-	-
City of Seward - 2017 One	210,056	209,806	209,306	208,556	207,556	209,431	207,931	206,181	209,181	209,681
City of Unalaska - 2017 Two	2,013,350	2,014,100	2,013,100	2,015,350	2,010,600	2,014,100	2,010,350	2,014,600	2,011,350	2,010,850
City of Whittier - 2017 Two	159,025	155,525	157,025	158,275	154,275	155,275	156,025	156,525	156,775	156,775
Kenai Peninsula Borough Central Hospital - 2017 Three	2,061,663	2,058,288	2,062,413	2,058,913	2,057,788	2,058,788	2,061,663	2,061,288	2,062,538	2,060,288
Sitka Harbor - 2018 One	589,750	589,750	584,250	588,500	587,000	590,000	592,250	593,750	589,500	589,750
Sitka Airport - 2018 One	337,250	335,500	333,500	336,250	333,500	335,500	337,000	333,000	333,750	334,000
Dillingham Fire - 2019 One	42,673	47,000	46,000	45,000	44,000	43,000	47,000	45,750	44,500	43,250
Dillingham Street - 2019 One	235,594	236,500	236,750	231,750	231,750	231,500	236,000	235,000	233,750	232,250
Fairbanks North Star Borough - 2019 One	287,449	288,250	288,250	288,250	288,250	288,250	288,250	288,250	288,250	363,250
City of Homer - 2019 One	394,431	395,500	395,500	395,000	394,000	397,500	395,250	392,500	394,250	395,250
Northwest Arctic Borough - 2019 One	866,492	871,750	869,500	871,500	872,500	872,500	871,500	874,500	871,250	872,000
Southeast Alaska Power Agency - 2019 One	981,660	978,750	978,500	981,250	981,750	-	-	-	-	-
Fairbanks North Star Borough - 2019 Two	446,920	448,501	449,151	449,088	448,288	446,818	449,544	446,430	447,660	372,960
Total Loan Obligation Debt Service	<u>\$ 110,184,838</u>	<u>\$ 106,390,079</u>	<u>\$ 101,860,873</u>	<u>\$ 97,484,397</u>	<u>\$ 91,742,604</u>	<u>\$ 81,447,150</u>	<u>\$ 76,847,675</u>	<u>\$ 71,782,378</u>	<u>\$ 70,858,331</u>	<u>\$ 66,646,855</u>

See Independent Auditor's report

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

Supplemental Schedule of 2010 Bond Resolution Program - Borrower
Concentration

June 30, 2019

Borrower	Outstanding Par	Percent of Outstanding
Ketchikan Gateway Borough	\$ 3,700,000	100.00%
Total Outstanding Par	<u>\$ 3,700,000</u>	<u>100.00%</u>

See Independent Auditor's report

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

Supplemental Schedule of 2010 Bond Resolution Program - Debt Service Requirements

June 30, 2019

Borrower	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Ketchikan Gateway Borough	\$ 400,474	\$ 395,791	\$ 390,819	\$ 385,558	\$ 380,007	\$ 374,168	\$ 372,895	\$ 365,080	\$ 360,667	\$ 350,740
Total Loan Obligation Debt Service	\$ 400,474	\$ 395,791	\$ 390,819	\$ 385,558	\$ 380,007	\$ 374,168	\$ 372,895	\$ 365,080	\$ 360,667	\$ 350,740

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

Supplemental Schedule of 2016 Master Resolution Program -
Borrower Concentration

June 30, 2019

Borrower	Outstanding Par	Percent of Outstanding
Tanana Chiefs Conference	\$ 32,195,000	30.47%
Yukon-Kuskokwim Health Corporation	100,715,000	69.53%
Total Outstanding Par	<u>\$ 132,910,000</u>	<u>100.00%</u>

See Independent Auditor's report

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

Supplemental Schedule of 2016 Master Resolution Program - Debt Service Requirements

June 30, 2019

Borrower	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Tanana Chiefs Conference	\$ 6,771,125	\$ 6,766,625	\$ 6,778,875	\$ 6,771,625	\$ 6,784,750	\$ 3,351,750	\$ -	\$ -	\$ -	\$ -
Yukon-Kuskokwim Health Corporation	4,833,238	4,833,238	6,955,913	6,944,188	6,932,038	6,940,788	6,929,163	6,924,788	6,919,038	6,916,538
Total Loan Obligation Debt Service	<u>\$ 11,604,363</u>	<u>\$ 11,599,863</u>	<u>\$ 13,734,788</u>	<u>\$ 13,715,813</u>	<u>\$ 13,716,788</u>	<u>\$ 10,292,538</u>	<u>\$ 6,929,163</u>	<u>\$ 6,924,788</u>	<u>\$ 6,919,038</u>	<u>\$ 6,916,538</u>



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

TO: AMBBA Board Members **DATE:** February 25, 2020
Luke Welles, Craig Chapman, John Springsteen,
Lamar Cotten, Mike Barnhill

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

Following are updates on items not covered in the March 3, 2020 Agenda:

Based on board direction we have obtained approval from the Administration to pursue obtaining a legislative sponsor for legislation to broaden the Bond Bank's lending authority (see attached explanation). The idea is to allow the University to fully participate in the Bond Bank program due to the recent credit downgrades they have suffered and to eliminate some of the restrictions on regional health organization borrowing. I have discussed the idea with representatives and senators and have been given a lot of positive feedback, but, as yet an unwillingness to commit the political capital required to pursue this statute change. One of the legislators did have Legislative Legal draft a bill (attached) to accomplish the proposed change. We will continue to pursue this action.

On January 23, 2020 the attached letter was sent to Maniilaq Association's Chief Financial Officer Daniel Bain. The letter explained the ability of the Bond Bank to work with regional health organizations.

The October 1, 2019 to December 31, 2019 quarterly ethics report has been filed with the Department of Law. A copy of the filing is attached.

From February 18 through the 20th I participated in the Alaska Municipal League's winter conference in Juneau. There were multiple conversations about debt, including a short presentation on state debt that I provided, and I had a number of productive conversations with local elected officials about the Bond Bank.

Over the course of the last several months Ryan and I have provided bond sizing and potential debt service information to a number of communities that are considering options for projects that are being developed.

The proposed Legislation has two components.

University of Alaska

Broaden the authority of the Bond Bank to lend to the University of Alaska to reduce costs and free up funds for other core purposes. There is a financial benefit to the University and the State by association, there is no adverse impact on the State or state credit from this shift, and the University and Bond Bank have worked together successfully in the past.

On July 17, 2019 Moody's Investors Service downgraded the University's credit rating to Baa1. This credit rating is well below the A+/AA- credit ratings of the Bond Bank, and using the Bond Bank will lower the cost of borrowing for the University when financing needed capital projects or re-financing existing debt. This allows more money to stay in Alaska to provide employment or pay for services instead of paying interest expense to out of state investors. The University's has outstanding bond issues that are approaching their optional redemption dates (the dates at which they can be re-financed) and use of the Bond Bank will make the refinancing more beneficial. There is an added benefit in that if the refinancing is viable it may allow for the release of an approximate \$12 million reserve, giving a one-time boost to the University's financials.

Lending credit support of the State through the Bond Bank to the University is a costless opportunity to reduce the cost of future debt issues. The credit rating agencies already recognize the significant financial support and close linkage between the University and the State of Alaska. In fact, this linkage and support is why the University was downgraded by Moody's. Allowing use of the Bond Bank won't have any anticipated impact on the State's debt capacity, but will result in a financing option for the University that, in the current market would lower interest rates by approximately ½ percent.

In 2014 the legislature approved SB 218 [http://www.akleg.gov/basis/Bill/Detail/28?Root=SB 218](http://www.akleg.gov/basis/Bill/Detail/28?Root=SB%20218) which amended the Alaska Municipal Bond Bank statutes to allow the University of Alaska to use the program for heat and power projects, specifically the University of Alaska Fairbanks plant. This legislative authority was used In 2015 and that transaction was accomplished without issue. The Bond Bank was utilized at that time as the University had limitations on ability to issue additional revenue supported bonds, but critical need for project implementation.

Alaskan Regional Health Organizations

Increase authority for Alaska's Regional Health Organizations "RHOs" to use the Bond Bank in a more streamlined and economic fashion. Currently the Bond Bank can only fund 49% of a project in amounts up to \$102.5 million. This requires the RHO's to secure other financing for the balance of their projects incurring multiple sets of costs associated with issuing debts and significant administrative time to coordinate with multiple lenders. Allowing greater participation with the Bond Bank will result in lower borrowing costs freeing up funds to provide higher quality and greater levels of health care in Alaska. The money being spent on interest expense to investors outside Alaska generates no benefit to Alaska while the money being spent on care in the state creates employment.

The Bond Bank has funded two loans under the RHO program to date, one in 2016 to the Tanana Chief's Conference for \$44.1 million and one in 2017 to the Yukon Kuskokwim Health Corporation for \$100.7

million. These two loans are estimated to have saved over \$65.3 million in interest expense, allowing that money to stay in Alaska.

In 2019 the Tanana Chief's Conference loan was fully repaid through a refinancing of the loan without use of the Bond Bank. This action was taken due to credit rating improvement of TCC combined with the inefficiency of having to conduct two debt issues for their next project. While this stand-alone financing option was a little more expensive, the administrative relief warranted the action. Additional potential lending in Wrangell, Sitka, Yakutat, and Anchorage has not been pursued due to the limitations on participation.

In 2015 the legislature approved SB 46 <http://www.akleg.gov/basis/Bill/Detail/29?Root=sb46> which amended the Alaska Municipal Bond Bank statutes to allow, among other things, Regional Health Organizations to use the program. The idea was to reduce the cost of funding health care facilities of the RHO's so that they could spend more money in AK rather than paying interest expense to New York Bankers. In the course of the legislative process some additional constraints were placed in the legislation out of an abundance of caution for a new lending program. Two of the constraints have become problematic enough that the benefit of lower interest rates is being overwhelmed by the administrative effort of these requirements and the RHOs are using more expensive financing. With a successful four year history, and greater understanding of the credit strength of RHO's it is reasonable to consider removing these limits.

Sec. 44.85.010. Legislative policy.

(a) It is the policy of the state to

(1) foster and promote by all reasonable means the provision of adequate capital markets and facilities for borrowing money by municipalities in the state to finance capital improvements or for other authorized purposes, to assist these municipalities in fulfilling their capital needs and requirements by use of borrowed money within statutory interest rate or cost of borrowing limitations, to the greatest extent possible to reduce costs of borrowed money to taxpayers and residents of the state, and equally to encourage continued investor interest in the purchase of bonds or notes of municipalities as sound and preferred securities for investment;

(2) encourage municipalities to continue their independent undertakings and financing of capital improvements and other authorized purposes and to assist them by making capital funds available at reduced interest costs for orderly financing of capital improvements and other purposes especially during periods of restricted credit or money supply, particularly for those municipalities not otherwise able to borrow for capital needs;

(3) assist municipalities to provide for adequate insurance coverage by authorizing the Alaska Municipal Bond Bank Authority to issue negotiable or nonnegotiable revenue bonds, notes, or certificates of participation either directly or through an entity it may create for the purpose of providing a self-insurance program for municipalities or municipal joint insurance arrangements organized under AS 21.76;

(4) assist governmental employers to prepay all or a portion of their share of unfunded accrued actuarial liabilities of retirement systems in an effort to reduce their costs of satisfying their contractual obligations to provide retirement and other benefits to public employees through the issuance of bonds, notes, commercial paper, or other obligations by the bond bank authority or by a subsidiary corporation created by the bond bank authority under AS 44.85.085, but only after submitting a proposal to the Legislative Budget and Audit Committee and if the state bond rating is the equivalent of AA- or better; this assistance is limited as provided in AS 37.15.903;

(5) assist the University of Alaska [TO PROVIDE HEATING OR ENERGY PROJECTS] by providing capital funds through loans that minimize costs and the effects on the debt capacity of the University of Alaska;

(6) assist regional health organizations to provide health care facilities by providing capital funds through loans that minimize costs and the effects on the debt capacity of regional health organizations when the commissioner of health and social services anticipates a state financial benefit and an increase in regional quality of care;

(7) assist joint action agencies in providing public utilities, including hydroelectric power projects, through loans and bonds that minimize costs and the effects on the debt capacity of public utilities and joint action agencies.

(b) The legislature further declares that

(1) the exercise of the powers of the state in the interest of its municipalities and in the interest of public employees of the state and of its municipalities is required to further and implement the policies declared in (a) of this section by authorizing the creation of a state bond bank authority as a body corporate and politic that will have full powers to borrow money and to issue its bonds and notes to make capital funds available for borrowing by municipalities and for borrowing by or on behalf of governmental employers, by authorizing governmental employers to contract with the bond bank authority or with a subsidiary created under AS 44.85.085 for the purpose of reducing future costs of providing retirement and other benefits to employees, and by granting broad powers to the bond bank authority to carry out the declared policies, which are in the public interest of the state and its taxpayers and residents;

(2) state funds should be applied or authorized to be paid to a state bond bank authority only to provide adequate assurance and security to the holders of the bonds or notes of the bond bank authority;

(3) the bond bank authority should conduct its operations to provide the lowest rates in terms of borrowing to municipalities as is consistent with a self-supporting operation with no expectation of subsidization with state funds; the legislature does not intend that the bond bank authority be utilized as a means to finance municipalities beyond their capability to meet repayment schedules and debt service requirements of bonds or notes;

(4) the bond bank authority or its subsidiary should conduct its operations to provide the lowest rates in terms of borrowing to governmental employers under AS 44.85.085 and 44.85.086 as is consistent with a self-supporting operation with no expectation of subsidization with state funds; the legislature does not intend that the bond bank authority or its subsidiary be utilized as a means to finance governmental employers under AS 44.85.085 and 44.85.086 beyond their capability to meet repayment schedules and debt service requirements of bonds, notes, commercial paper, or other obligations to the bond bank authority or its subsidiary.

Sec. 44.85.090. Limitations.

Under this chapter, the bond bank authority may not

(1) make loans of money to a person, firm, or corporation except as provided in this chapter;

(2) emit bills of credit, accept deposits of money for time or demand deposit, administer trusts, or engage in any form or manner in, or in the conduct of, a private or commercial banking business, or act as a savings bank or savings and loan association;

(3) be or constitute a bank or trust company within the jurisdiction or under the control of a regulatory or supervisory board or department of the state, or the Comptroller of the Currency of the United States, or the Department of the Treasury, or Federal Reserve Board of the United States;

(4) be or constitute a bank, banker, or dealer in securities within the meaning of or subject to the provisions of securities, securities exchange, or securities dealers law, of the United States or of this state or of another state; or

(5) issue bonds or notes to a regional health organization unless
[(A) the bond bank authority finances not more than 49 percent of a project;

(B)] the remaining costs of a project are secured or delivered to the bond bank authority before the bond bank authority provides financing under (A) of this paragraph[; AND

(C) THE BONDS OR NOTES DO NOT EXCEED \$102,500,000 FOR A SINGLE PROJECT].

Sec. 44.85.180. Issuance of bonds and notes.

(a) Subject to AS 44.85.100(b), the bond bank authority may issue its bonds or notes in principal amounts that it considers necessary to provide funds for any purposes under this chapter, including

(1) the purchase of municipal bonds;

(2) the making of loans through the purchase of municipal bonds, notes, or certificates of participation secured by an agreement between the bond bank authority and a municipality or a municipal joint insurance arrangement organized under AS 21.76;

(3) the payment, funding, or refunding of the principal of, or interest or redemption premiums on, bonds or notes issued by it whether the bonds or notes or interest to be funded or refunded have or have not become due;

(4) the establishment or increase of reserves to secure or to pay bonds or notes or interest on bonds or notes and all other costs or expenses of the bond bank authority incident to and necessary or convenient to carry out its corporate purposes and powers;

(5) assisting governmental employers to prepay all or a portion of their share of the unfunded accrued actuarial liabilities of retirement systems, with security as the bond bank authority considers reasonable; however, to carry out this paragraph, bonds and other obligations may only be issued after submitting a proposal to the Legislative Budget and Audit Committee under (f) of this section and if the state bond rating is the equivalent of AA- or better; bonds issued under this paragraph are subject to AS 37.15.903.

(b) Except as otherwise provided in this chapter or by the bond bank authority, every issue of bonds or notes shall be general obligations payable out of the revenues or funds of the bond bank authority, subject only to agreements with the holders of particular bonds or notes pledging a particular revenue or fund. Bonds or notes may be additionally secured by a pledge of a grant or contributions from the United States or the state or a political subdivision or a person, firm, or corporation, or a pledge of income or revenues, funds or money of the bond bank authority from any source whatsoever.

(c) Notwithstanding the provisions of (a) and (b) of this section, the total amount of bond bank authority bonds and notes outstanding at any one time may not exceed \$1,500,000,000. This subsection does not apply to

(1) bonds or notes issued to fund or refund bonds or notes;

(2) bonds, notes, commercial paper, and other obligations issued under AS 44.85.086 or (a) (5) of this section.

(d) In deciding to purchase municipal bonds, the bond bank authority shall give preference to the entities referred to in AS 44.85.005. In addition, the following, listed in order of preference, are preferred purposes of the municipal bonds that may be considered by the bond bank authority for purchase: schools, waste water treatment facilities, fire protection and public safety facilities, public health facilities, and public transportation facilities.

(e) Notwithstanding (a), (b), and (c) of this section, the bond bank authority may issue its bonds or notes

[(1) IN PRINCIPAL AMOUNTS NOT TO EXCEED \$87,500,000 FOR THE PURPOSE OF MAKING LOANS TO THE UNIVERSITY OF ALASKA; AND

(2)] in principal amounts not to exceed [\$205,000,000] \$500,000,000 at any one time for the purpose of making loans to a regional health organization; this paragraph does not apply to bonds or notes issued to fund or refund bonds or notes.

(f) Before the issuance of bonds or other obligations under this section, the bond bank authority shall submit a proposal to the Legislative Budget and Audit Committee for review, and 45 days shall elapse before bonds or other obligations are issued, unless the Legislative Budget and Audit Committee earlier recommends that the bond bank authority proceed with the issuance. Should the Legislative

Budget and Audit Committee recommend within the 45-day period that the bond bank authority not proceed with the issuance of bonds or other obligations, the bond bank authority shall again review the proposal, and, if the bond bank authority decides to issue the bonds or other obligations, the bond bank authority shall provide the Legislative Budget and Audit Committee with a statement of the bond bank authority's reasons for doing so before issuance under this section.



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

January 23, 2020

Mr. Daniel Bain
Chief Financial Officer
Maniilaq Association, Alaska
P.O. Box 256, #733 2nd Ave.
Kotzebue, AK 99752

RE: Alaska Municipal Bond Bank Authority's (Bond Bank) Regional Health Organization (RHO) Lending Program – Maniilaq Association, Alaska

The Bond Bank is allowed by statute to make loans to RHOs, of which the Maniilaq Association meets the definition requirements through providing health aide services under a contract with the Alaska Native Health Service in a rural area that is at least 4,000 square miles.

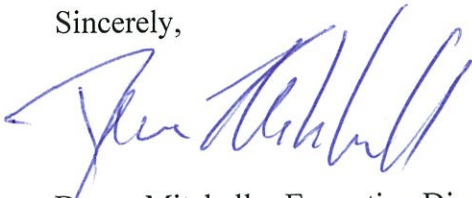
The Bond Bank is a potential lender to the Maniilaq Association for their pursuit of the renovation and expansion of their Maniilaq Health Center. We have been in contact with the Maniilaq Association and are aware of their final project application status under the IHS Joint Venture Program.

There are certain limitations and requirements that are imbedded in Bond Bank statute that are described below for additional awareness as parties described in this letter prepare application material for our program, should they choose to do so in the future:

- 1) The Bond Bank may lend up to 49% of the project cost;
- 2) The remaining costs of a project are secured or delivered to the Bond Bank before the Bond Bank provides financing;
- 3) The bonds or notes do not exceed \$102,500,000 for a single project;
- 4) In order to lend, the Bond Bank must obtain notice from the Commissioner of Health and Social Services that declares the project will have a positive financial benefit for the State of Alaska
- 5) With receipt of an application from an RHO borrower, the Bond Bank's financial advisor will undertake a loan analysis and recommend loan approval to the Bond Bank board. This approval will be contingent upon an ability to provide an unencumbered parity revenue pledge to the Bond Bank to secure any loan.

Given the parameters above, the Bond Bank is interested in engaging in further discussions with the Maniilaq Association regarding their potential application for a loan through our program. If there are any additional questions regarding our RHO lending program, please don't hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Deven Mitchell", with a stylized, cursive script.

Deven Mitchell – Executive Director
Alaska Municipal Bond Bank Authority

CC: Ryan Williams, Finance Director, Bond Bank
Tom Bolen, Capital Projects Director, Maniilaq Association



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

Phone: (907) 465-2388
Fax: (907) 465-2902
dor.trs.ambba@alaska.gov

TO: Jennifer Williams
Litigation Assistant
Office of the Attorney General
Opinions, Appeals & Ethics Section

DATE: 7/1/2019

FILE NO.:

FROM: Deven Mitchell

TEL. NO.: 465-3750

Executive Branch Ethics Act, AS
39.52 Quarterly Report

SUBJECT: October 1, 2019 – December 31,
2019

As designated ethics supervisor and executive director for the Alaska Municipal Bond Bank Authority, I wish to advise you that I have received no notifications of potential violations or requests for ethics determinations under the Ethics Act (AS 39.52) and have made no written determinations for this quarter.

Ethics Supervisor Quarterly Statistical Summary*

Reporting Period 10-1-19 through 12-31-19

Alaska Municipal Bond Bank Authority

Reporting Agency, Board, Commission or Public Corporation

Type of Disclosure

Number Reviewed

All agencies, boards, commissions and public corporations:

Notices of Potential Violation 0

Requests for Ethics Determination 0

Gifts 0

Gifts from Other Governments 0

Interests in Contracts, Grants, Leases, Loans 0

Agencies only:

Outside Employment or Services

Boards, commissions and public corporations only:

Conflicts of Interest stated orally
at board/commission meetings 0

** Please report the total number of written disclosures in each category, regardless of disposition. You need not report informal oral or email contacts, only those disclosures submitted on ethics disclosure forms.*

** Attach this summary to your regular quarterly report.*