

**ALASKA MUNICIPAL BOND BANK
AUTHORITY**

BOARD OF DIRECTOR'S MEETING

TO BE HELD AT:

**Department of Revenue
333 Willoughby Ave., 11th Floor
Juneau, AK 99801**

**Telephonic Access: 1-907-202-7104
with Code 315 432 555#**

August 16, 2023

10:00 am Alaska Time





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:

Department of Revenue, Conf. Room,
333 Willoughby Ave., 11th Floor,
Juneau, AK 99801
Telephonic Access:
(907) 202-7104
With passcode 315 432 555#
August 16, 2023, at 10:00 a.m. AK

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Election of Officers Fiscal Year 2024**
- VI. Minutes of the May 31, 2023, Meeting of the Board of Directors**
- VII. General Business**
 - A. AMBBA Independent Audit – BDO Audit Planning Presentation – Fiscal Year 2023**
 - B. AMBBA, Kroll GO Credit Rating Released July 21, 2023 – Discussion**
 - C. Review of Fiscal Year 2024 Operating Budget**
 - D. Executive Director's Report**
- VIII. Public Comments**
- IX. Board Comments**
- X. Adjournment**

NOTICE OF PUBLIC MEETING - AMBBA Board of Director's Meeting 8/16/2023

NOTICE OF PUBLIC MEETING - AMBBA Board of Director's Meeting 8/16/2023

Meeting Place: Department of Revenue, Conf. Room, 333 Willoughby Ave., Floor 11, Juneau, Alaska 99801; For telephonic participation: (907) 202-7104, With pass code 315 432 555#; August 16, 2023, at 10:00 a.m. AK.

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

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[Attachments, History, Details](#)

Attachments

[AMBBA Agenda 8-16-2023 FINAL.pdf](#)

Revision History

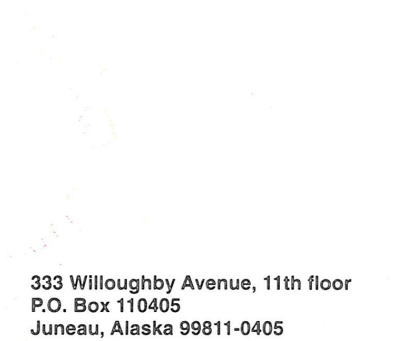
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Events/Deadlines:



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

May 31, 2023

I. CALL TO ORDER

Luke Welles called the meeting to order on May 31, 2023, at 10:02 a.m. Alaska Time. Members participated at the KPB Architects Meeting Room, 500 L Street, Suite 400, Anchorage, AK 99501, and telephonically at 1-907-202-7104, with passcode 296 448 601#.

II. ROLL CALL

Luke Welles
Bruce Tangeman (absent)
Fadil Limani
Micaela Fowler
Ken Koelsch

There was a quorum.

OTHERS IN ATTENDANCE:

- Ryan Williams, Executive Director, Alaska Municipal Bond Bank Authority
- Les Krusen, Bond Counsel to AMBBA, Orrick, Herrington & Sutcliffe LLP
- Matt Schoenfeld, Financial Advisor to AMBBA, PFM
- John Springsteen, Development Advisor, Office of the Governor, State of Alaska

III. PUBLIC MEETING NOTICE

Mr. Williams reviewed the 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 May 22, 2023, on the Alaska Online Public Notice website for the May 31, 2023, meeting date.

IV. APPROVAL OF AGENDA

The agenda was reviewed by the board. Mr. Welles asked if there were any comments. Mr. Welles noted that we would kick off the meeting with a Bond Bank Executive Session. There were no additional comments and no objections. Mr. Koelsch made a motion to approve the agenda as written, and Ms. Fowler seconded the motion. Mr. Williams conducted a roll call vote, and there were four 'yes' votes. The agenda was approved unanimously by present board members.

V. Minutes of the December 9, 2022, Meeting of the Board of Directors

The December 9, 2022, minutes of the AMBBA Board of Director's meeting were reviewed by the board. Mr. Koelsch made a motion to approve the December 9, 2022, minutes as written, and Ms. Fowler seconded the motion. Mr. Welles asked if there were any comments. There were no comments and no objections. Mr. Williams conducted a roll call vote, and there were four 'yes' votes. The December 9, 2022, minutes were approved unanimously by present board members.

VI. GENERAL BUISNESS

AMBBA Executive Session

Mr. Koelsch made a motion to move into an AMBBA Executive Session, and Mr. Limani seconded the motion. The Bond Bank went into an Executive Session as established by members of the Board. Attendance included all Board Members, and 'Others in Attendance,' as described within this document.

Mr. Welles noted, after the Executive Session, that the Board would need a motion to consider moving forward with an engagement of Kroll Ratings with authority provided to the Executive Director. Mr. Koelsch made the motion to move forward as stated by Mr. Welles, and Mr. Limani seconded the motion.

There were no additional comments and no objections. Mr. Williams conducted a roll call vote, and there were four 'yes' votes. The motion to move forward with an engagement of Kroll Ratings with authority provided to the Executive Director was approved unanimously by present board members.

AMBBA Credit Rating and Rating Agencies – Discussion

Mr. Williams noted that the DOR Commissioner (Mr. Crum) and Deputy Commissioner (Mr. Limani) would visit with all four rating agencies and anticipates the concentration to be on State of Alaska updates, including the current revenue outlook, budget forecast and to address other questions as they arise. Mr. Welles noted that he would like the Bond Bank to update rating agencies as well in the near-term for any specific program updates. Specifically, Mr. Welles has been inspecting the potential of mandated lease revenue for regional health tied to the 105(l) lease programs through the Indian Health Service (IHS) and the Bureau of Indian Affairs (BIA) that had promulgated from a supreme court ruling several years ago. It is now mandated that these federal programs cover market rental rates for certain programs that are caused to be provided by organizations and could result in development activity at the local level depending on the monetization of the revenue streams backed by the 105(l) leases. Mr. Welles stated that we should push for a full understanding of these concepts by rating agencies, similar to prior presentations given on joint venture agreements in the 2014 timeframe.

AMBBA – 2023 Series One and Two – Post-Sale Summary

Mr. Schoenfeld, PFM, discussed a summary of the pricing for the Bond Bank's 2023 Series One and Two Bonds. These bonds were sold by negotiated sale on January 31, 2023, to Jefferies as managing underwriter and Wells Fargo as co-manager. Mr. Schoenfeld presented charts indicating the interest rate trend for the prior 14 months for both 10-year AAA MMD, as well as US Treasuries, and noted the pricing date coincided with the week of the fed meeting. The Series One was very well received by investors. Overall, the issue was approximately 3.75x oversubscribed, with oversubscription spread across nearly all maturities. Jefferies suggested downward yield revisions across all maturities with the exception of the 2041 maturity, which was held at its initial offering yield and termed with 2042, and the 2052 term bond maturity, which was undersubscribed. The 2026 maturity through the 2039 maturity were all repriced 5 bp lower. The

2042 and 2047 maturities were repriced 3 bp lower. Series Two is subject to the alternative minimum tax (AMT) owing to the commercial element of the port in Skagway. AMT issues are often difficult to place but Series Two was generally well received by investors. The issue was approximately 3x oversubscribed. Jefferies was able to find orders to clean up the serial bond maturities from 2023 to 2029 as well as all of the term bond maturities. As a result, Jefferies suggested downward revisions to the term bond maturities ranging from 3 bp to 5 bp. However, the serial bond maturities from 2030 – 2032 found no buyers during the order period and those yields were unchanged in the final underwriting proposal by Jefferies. The borrowers and use of loan proceeds included Kenai Peninsula Borough, \$14.52 million for CES fire station construction and \$30 million for school district capital upgrades, the City of Soldotna, \$9.02 million for field house construction, and the City and Borough of Wrangell, \$3.1 million for school improvements. The Series Two consisted of the Municipality of Skagway, \$29.88 million (AMT) for their port improvements. The bonds closed on February 15, 2023, and carried a true interest cost of 3.681 percent for the Series One portion, and 4.563 percent for the Series Two portion.

Executive Director's Report

Mr. Williams provided the following updates on items not covered in the May 31, 2023, Agenda:

The 12/31/2022 and 3/31/2023 quarterly ethics reports were filed with the Department of Law without any findings.

The annual report and reserve certifications (as of 6/30/22) were disclosed through the EMMA-MSRB marketplace prior to the deadline of 1/31/23.

The State of Alaska is updating all rating agencies the first full week of June. The presentations will cover any FY2024 budget enactments (pending), the Spring 2023 Revenue Forecast, and other current events. As the Bond Bank is one notch off the State's General Obligation credit rating this will directly tie into the Bond Bank's final rating profile. I would propose an update to rating agencies in Fall 2023 with Bond Bank specific program information.

Mr. Williams stated that he met with the Kenai Peninsula Borough, the Ketchikan Gateway Borough, and other communities to discuss very preliminary bonding estimates / projections. He anticipates several ballot measures across

State communities in October and will have a better sense of activity (or applications) in late Fall of 2023.

As of this writing, Mr. Williams noted the Federal debt ceiling debate is still ongoing. After further review of projected impacts to the Bond Bank, there is one maturity in refunding escrow with a maturity date of 6/1/2023. This was related to the 2021 Series One/Two/Three refunding portion of the issuance and is in the amount of approximately \$14.1 million. This escrow was already structured to be sufficient to meet bond redemption requirements. Mr. Williams will monitor the ongoing debt ceiling discussions and potential US Treasury payment deficiencies.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

There were none.

IX. ADJOURNMENT

Mr. Welles adjourned the meeting without objection at 10:45 a.m. Alaska Time.

Luke Welles, Chairperson

Alaska Municipal Bond Bank Authority (AMBBA)

Issuer: Alaska Municipal Bond Bank Authority

Assigned	Rating	Outlook
General Obligation Bonds	AA-	Stable

Methodology:

[U.S. State Annual Appropriation Obligation Rating Methodology](#)

[ESG Global Rating Methodology](#)

Analytical Contacts:

Michael Taylor, Senior Director
+1 (646) 731-3357
michael.taylor@kbra.com

Peter Scherer, Director
+1 (646) 731-2325
peter.scherer@kbra.com

Rating Summary: The long-term rating on the Alaska Municipal Bond Bank Authority's ("AMBBA" or "the Bank") general obligation bonds reflects the underlying credit fundamentals of the [State of Alaska](#) ("Alaska" or "the State"), the essentiality of the Bank towards funding the capital needs of member governmental entities, and the State's standing appropriation provision and moral obligation pledge towards replenishing any draws on dedicated debt service reserve funds ("DSRF") through both a discretionary replenishment provision and the requirement to intercept the applicable State Aid payments of deficient borrowers to cure loan deficiencies. The rating is underpinned by the Bank's requirement to annually report reserve fund sufficiency and to initiate a budgetary request for appropriations from the State Legislature to replenish the funds if necessary, and, as such, is based on an evaluation of factors discussed in KBRA's U.S. State Annual Appropriation Obligation Rating Methodology. Because the mechanism effectively functions like a State annual appropriation,

KBRA believes a one-notch rating differential is warranted between the State's G.O. rating and the Bond Bank.

Established in 1975, AMBBA is a public corporation and instrumentality of the State, operating within its Department of Revenue ("DoR") Treasury Division, though with a legal existence independent of and separate from the State. The Bank was established to assist Alaskan municipalities in accessing the financial markets, by lending money through the purchase of general obligation bonds. AMBBA itself has no taxing power, and the Bank is administered by staff that is shared with the DoR. The State Governor appoints all five members of AMBBA's board of directors, who authorize the Bank's actions including the issuance of bonds and approval of loans to borrowers. Furthermore, the Legislature approves AMBBA's annual operating budget.

AMBBA's G.O. bonds are direct and continuing general obligations of the Bank, secured by its full faith and credit pledge to the timely payment of principal and interest on the bonds. The G.O. bonds are first supported by loan payments made from eligible municipal borrowers participating in the lending program. Bonds issued under the 2005 General Bond Resolution ("2005 Resolution") total \$937.7 million as of December 31, 2022, and are afforded additional security by the establishment of a common Reserve Fund, while a separate 2016 Master Resolution ("2016 Resolution") independently adopted for the purpose of lending to regional health organizations provides for the establishment of a separate DSRF supporting approximately \$96.3 million in bonds. The reserves are sized utilizing the standard three-pronged municipal test, and KBRA understands that the requirement has been partially met through the issuance of a DSRF surety bonds. Notably, revenue-secured loans, which represent approximately 46% of AMBBA's loans funded by G.O. bonds, typically require an additional loan-level DSRF be held by either a Bond Trustee (2005 Resolution) or the Yukon-Kuskokwim Health Corporation (2016 Resolution), a Tribal Organization that administers a comprehensive healthcare delivery system for rural communities, adding an additional layer of default protection.

The bonds benefit from a discretionary replenishment provision designed to ensure the maintenance of the DSRF requirements. The Bank is required to annually report the sufficiency of the funds (before each January 30), and to seek appropriations from the State Legislature to replenish the reserves, if needed, during the State's then-current fiscal year (ending June 30). To satisfy this standing appropriation, AMBBA must request it annually pursuant to the respective bond resolutions, and KBRA understands that the State has granted the open-ended appropriation annually since 2009. In addition, the bonds are backed by the State's moral obligation pledge to replenish draws, if any, on the Bank's reserve funds, and KBRA understands that the Bank has further statutory authority to borrow funds from Alaska's general fund at the direction of the DoR Commissioner. The State has also appropriated any excess earnings back to the Bond Bank over the same time period.

Payments made by the borrowers are due seven days prior to G.O. debt service payments, providing adequate time to access Bank resources, including State general funds, as needed to ensure full and timely payment of debt service. To date, the Bank has made all principal and interest payments on its G.O. bonds when due. Management has certified that no deficiencies have arisen in any Bank debt service fund or reserve fund, nor has there been a need to exercise the provision requiring that State aid payments to governmental units be swept and paid to the Bank.

The Stable Outlook reflects KBRA's expectation that G.O. bond debt service will continue to be paid on a timely basis by loan repayments of eligible governmental borrowers, and that the State will continue to include AMBBA's standing appropriation in its annual budget.

Key Credit Considerations

The rating was assigned because of the following key credit considerations:

Credit Positives

- The essentiality of the Bank towards funding local government capital needs within the State;
- Extensive operating history, coupled with a solid history of debt repayment without realizing instances of loan payment default;
- Ample DSRF reserve balances, albeit partially satisfied with surety policies; and,
- Precautionary appropriation by the State each year since 2009 to make any AMBBA Capital Reserve Replenishments that may arise makes the State's moral obligation more akin to that of an annual appropriation pledge.

Credit Challenges

- Sensitivity of loan repayments to the credit quality of underlying loan borrowers, which currently consist of approximately 37 local government entities.

Rating Sensitivities

▪ An upgrade of the state's bond rating.	+
▪ A downgrade of the state's bond rating.	
▪ Failure of the Legislature to proactively grant AMBBA its annual standing appropriation for reserve replenishment.	-

Key Ratios

Rating Highlights	
2005 General Bond Resolution Debt Outstanding	\$937,705,000
2016 Master Bond Resolution Debt Outstanding	\$96,340,000
Coastal Energy Impact Loans Outstanding	\$9,464,394
Direct Loans Outstanding	\$1,678,635
TOTAL¹	\$1,045,188,029
Authorized Debt Capacity	\$ 2,500,000,000
% of Capacity Exhausted	42%

Source: Official Statement, Series 2023A & 2023B

¹ Data as of December 31, 2022



Legal Environment

Organizational Structure

The Bank is a public corporation and instrumentality of the State, established and organized by the authorizing act ("the Act") in 1975 within the State of Alaska Department of Revenue – Treasury Division, initially to assist municipalities in the state in accessing the financial markets by lending money through the purchase of municipal bonds. AMBBA itself has no taxing power, and the bank is administered by staff that is shared with the DoR.

The Act has been modified periodically since enactment, including changes to allow the Bank to finance loans to port authorities, joint action agencies, the Alaska Municipal League Joint Insurance Association, the University of Alaska, and regional health organizations and for purposes including revenue bond issues, other debt obligations, and electrical generation projects including hydroelectric projects. The bonds issued by the Bank for the purpose of making loans to governmental borrowers are issued pursuant to the 2005 General Bond Resolution. The bonds issued by the Bank for the purpose of making loans to regional health organizations are issued pursuant to the 2016 Master Bond Resolution, adopted by the Board on May 5, 2016 (the "2016 Resolution").

Board of Directors

The State Governor appoints all five members of the AMBBA board of directors, who authorize the Bank's actions including the issuance of bonds and approval of loans. Furthermore, the Legislature approves AMBBA's annual operating budget.

The powers of the Bank are vested in the Board. The membership of the Board consists of five Directors: the Commissioners of the DOR and the Department of Commerce, Community and Economic Development ("DCCED") of the State and three Directors appointed by the Governor. The three appointees serve four-year staggered terms and must be qualified voting residents of the State. The Commissioners of the DOR and the DCCED may appoint delegates to serve in their absence.

The Act requires the Board in the first meeting of each fiscal year to elect one of the Directors as chair and one of the Directors as vice chair and also to elect a secretary and a treasurer, who need not be Directors. Action may be taken and motions and resolutions adopted by the Board at any meeting by the affirmative vote of at least three Directors. The Directors appoint an Executive Director and a Finance Director to manage the business of the Bank.

2005 General Bond Resolution

The bonds issued by the Bank for the purpose of making loans to governmental borrowers are issued pursuant to the 2005 General Bond Resolution.

2016 Master Resolution

The bonds issued by the Bank for the purpose of making loans to regional health organizations are issued pursuant to the 2016 Master Resolution, adopted by the Board on May 5, 2016.

Bond Security

AMBBA's G.O. bonds are direct and continuing general obligations of the Bank, secured by its full faith and credit pledge to the timely payment of principal and interest on the bonds. The G.O. bonds are first supported by loan payments made from eligible municipal borrowers participating in the lending program. Bonds issued under the 2005 General Bond Resolution ("2005 Resolution") total \$937.7 million as of December 31, 2022, and are afforded additional security by the establishment of a common Reserve Fund, while a separate 2016 Master Resolution ("2016 Resolution") independently adopted for the purpose of lending to regional health organizations provides for the establishment of a separate DSRF supporting approximately \$96.3 million in bonds. The reserves are sized utilizing the standard three-pronged municipal test, and KBRA understands that the requirement has been partially met through the issuance of DSRF surety bonds. Notably, revenue-secured loans, which represent approximately 46% of AMBBA's loans funded by G.O. bonds, typically require an additional loan-level DSRF held by the Bank's trustee and add an additional layer of default protection.

The bonds benefit from a discretionary replenishment provision designed to ensure the maintenance of the DSRF requirements. The Bank is required to annually report the sufficiency of the funds (before each January 30), and to seek appropriations from the State Legislature to replenish the reserves, if needed, during the State's then-current fiscal year (ending June 30). To satisfy this standing appropriation, AMBBA must request it annually pursuant to the respective bond resolutions, and KBRA understands that the State has granted the open-ended appropriation annually since 2009. In addition, the bonds are backed by the State's moral obligation pledge to replenish draws, if any, on the Bank's reserve funds, and KBRA understands that the Bank has further statutory authority to borrow funds from Alaska's general fund at the direction of the DoR Commissioner.



Payments made by the borrowers are due seven days prior to G.O. debt service payments, providing adequate time to access Bank resources, including State general funds, as needed to ensure full and timely payment of debt service. To date, the Bank has made all principal and interest payments on its G.O. bonds when due. Management has certified that no deficiencies have arisen in any Bank debt service fund or reserve fund, nor has there been a need to exercise the provision requiring that State aid payments to governmental units be swept and paid to the Bank.

Appropriation Mechanism

The 2005 General Bond Resolution requires the Bank to submit annually to the State a budget request for an appropriation to replenish the Reserve Fund to the Reserve Fund Requirement in the event that there is a deficiency as a result of a default by a Governmental Unit. Since fiscal year 2009 continuing through fiscal year 2024, the State has included in its operating budget an appropriation to replenish the Reserve Fund, if necessary. Although the Bank is obligated under the 2005 General Bond Resolution to seek an appropriation within the State's annual operating budget, and has obtained such appropriation in every year since fiscal year 2010, the State is not obligated, legally or otherwise, to include the appropriation in its annual operating budget. The Bank's annual obligation to submit to the State a budget request for an appropriation is in addition to the Bank's obligation to seek an appropriation to restore the Reserve Fund to the amount of the Required Debt Service Reserve as described below.

The 2005 General Bond Resolution provides that on or before December 31 of each year, and subject to the requirements of the 2005 General Bond Resolution, the Trustee will transfer from the Reserve Fund any amounts remaining in the Reserve Fund derived from income or interest earned and profits realized by the Reserve Fund due to investments thereof to the Operating Fund, but only to the extent that there remains after such transfer an amount in the Reserve Fund equal to the Required Debt Service Reserve.

The Act provides that, to the extent that any department or agency of the State is the custodian of money payable to a Governmental Unit, at any time after notice from the Bank that the Governmental Unit is in default on the payment of the principal of or interest on its Municipal Bonds then held or owned by the Bank, the department or agency is required to withhold the payment of such money held by it and pay over such money to the Bank for the purpose of paying the principal of and interest on the bonds of the Bank. State payments to Governmental Units include, but are not limited to, payments through the School Debt Reimbursement Program (the "SDRP") and Education Support Funding through the Department of Education and Early Development ("DEED"); and, community jail funding through the Department of Corrections.

Debt Service Reserve Fund

As additional security for the payment of principal of and interest on the bonds issued under the 2005 General Bond Resolution, the Bank established a common Reserve Fund. The Reserve Fund is a separate reserve account within the reserve fund created by the Act and does not secure the payment of bonds issued under the 2016 Master Bond Resolution, or any other resolution. The Reserve Fund is separate from, and the Bonds are not secured by, the reserve account established pursuant to the 2016 Master Bond Resolution.

The reserve fund requirement is equal to the least of the following: (i) 10 percent of the initial principal amount of each series of bonds then outstanding, (ii) maximum annual debt service with respect to all bonds outstanding, or (iii) 125 percent of average annual debt service on all bonds outstanding, or (iv) such lower amount as may be required by law. Following the Bank's 2023A and 2023B issuance in January 2023, the trustee maintained approximately \$54.9 million in the 2005 General Bonds Resolution Reserve Fund, of which \$18 million was satisfied with a surety policy.

The Act provides that to assure the maintenance of the Reserve Fund Requirement, the Legislature may appropriate annually to the Bank for deposit in the Reserve Fund the amount, if any, necessary to restore the Reserve Fund to an amount equal to the Reserve Fund Requirement. The Chair of the Board is required annually (before each January 30) to make and deliver to the Governor and to the Legislature a certificate stating the amount, if any, required to restore the Reserve Fund to the amount of the Reserve Fund Requirement. Money received by the Bank from the State pursuant to such certification is required, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Reserve Fund Requirement, to be deposited in the Reserve Fund. The Legislature is legally authorized, but not legally obligated, to appropriate such sums during the then-current State fiscal year. The State's fiscal year begins July 1 and ends June 30. This provision of the Act does not create a debt obligation on behalf of the State or a legally enforceable obligation of the State.

Beginning in 2009, the Bank has been obligated by the 2005 General Bond Resolution to seek annually an appropriation within the State's annual operating budget to replenish the Reserve Fund, if necessary. The 2016 Master Bond Resolution also requires the Bank to seek an annual appropriation to satisfy any unanticipated deficiency in the Bank's reserve account established under that resolution. An appropriation for replenishment of the Bank's reserve accounts, including the Reserve Fund, has been included in each State operating budget since the fiscal year 2010 budget, including for the current fiscal year 2023. No such replenishment from State appropriation has been necessary.



If the Bank is required to draw on the Reserve Fund because of a default by a Governmental Unit, the appropriation provides that an amount equal to the amount drawn from the Reserve Fund is appropriated from the State's General Fund to the Reserve Fund. The State is not obligated to make such appropriation. There is no guarantee that the Bank will be able to secure future appropriations within the State's operating budget for replenishment of the Bank's reserve accounts, including the Reserve Fund.

Debt Limitation

Effective July 3, 2022, House Bill 127 ("HB 127") amended the Act to grant broader authority to the Bank to issue bonds on behalf of the University of Alaska (the "University") and regional health organizations. HB 127 permits the Bank to issue bonds on behalf of the University for any University purpose, and the maximum authorized amount increased from \$87.5 million to \$500 million. HB 127 increased the maximum amount that a regional health organization is permitted to borrow for a given project from 49% of the project costs to 100% of the project costs, and from a maximum authorized amount of \$102.5 million to \$250 million of the cost of a project, and the total lending authority of the Bank for regional health organization bond issuances increased from \$205 million to \$500 million.

Political Environment

All of the Bank's publicly offered bonds maintain a Capital Reserve Fund with the State's moral obligation attached. The Bank has covenanted to notify the State legislature of any failure to maintain the capital reserve fund at their required levels. The State legislature may appropriate funds to the Bank to restore capital reserve funds to required amounts. The Bank has also covenanted to seek an annual appropriation from the State of Alaska to replenish the reserve funds to their required amounts in the event of a deficiency due to a borrower default. The Bank has been successful in obtaining this appropriation since 2009.

Project Essentiality

As a requirement of eligibility, Bank borrowers must demonstrate project essentiality and the ability to repay in order to access financing. In order of preference, AMBBA's preferred purposes of the municipal bonds that may be considered by the Bank for purchase include schools, water and wastewater treatment facilities, fire protection and public safety facilities, public health facilities, and public transportation facilities.

Borrowers must comply promptly relating to making of a study or review as to project desirability, need, cost or expense, or financial feasibility with respect to a public project, purpose, or improvement, or the financial or fiscal responsibility or ability of a political subdivision making application for loan to the Bank and for the purchase by the Bank bonds to be issued by that municipality.

Third Party Risk

There is no third-party lessor or operator.

Completion and Acquisition Risk

The extensive nature of the capital program and its important public purpose mitigates the risk that could arise due to the delay or failure to complete any component of the capital program.

Further Rating Considerations

AMBBA's program has not been challenged legally or by voter initiative, and the loan program is not considered controversial. Funded projects are related to the State's operations – albeit at the local level – and are not solely to benefit private parties, therefore KBRA did not assign a lower rating due to the essential nature of projects financed.

Bankruptcy Assessment

KBRA has consulted outside counsel on bankruptcy matters and the following represents our understanding of the material bankruptcy issues relating to the Bonds. To be a debtor under the municipal bankruptcy provisions of the U.S. Bankruptcy Code (i.e., Chapter 9), a local governmental entity must, among other things, qualify under the definition of "municipality" in the Bankruptcy Code, and must also be specifically authorized to file a bankruptcy petition by the State in which it is located.

Under Chapter 9 of the U.S. Bankruptcy Code, State governments are not permitted to petition courts for protection from creditors, including holders of their general obligation debt. Because Alaska is a state any bonds it issues are not subject to adjustment in a Chapter 9 case given that the State is not eligible for relief under the U.S. Bankruptcy Code.

In contrast, the Alaska Municipal Bond Bank Authority, as a body corporate and politic, meets the definition of a municipality under Chapter 9 of the U.S. Bankruptcy Code. As to authorization, however, KBRA understands that Alaska does not currently permit local municipalities to file for protection under the U.S. Bankruptcy Code. Of course, Alaskan state law can be amended generally, or a specific bill can be passed to permit a particular municipal issuer to seek Chapter 9 relief in the future.



ESG Management

KBRA typically analyzes Environmental, Social, and Governance (ESG) factors through the lens of how issuers plan for and manage relevant ESG risks and opportunities. More information on KBRA's approach to ESG risk management in public finance ratings can be found [here](#). Over the medium-term, public finance issuers will likely need to prioritize ESG risk management and disclosure with the likelihood of expansions in ESG-related regulation and rising investor focus on ESG issues.

KBRA analyzes many sector- and issuer-specific ESG issues but our analysis is often anchored around three core topics: climate change, with particular focus on greenhouse gas emissions; stakeholder preferences; and cybersecurity. Under environmental, as the effects of climate change evolve and become more severe, issuers are increasingly facing an emerging array of challenges and potential opportunities that can influence financial assets, operations, and capital planning. Under social, the effects of stakeholder preferences on ESG issues can impact the demand for an issuer's product and services, the strength of its global reputation and branding, its relationship with employees, consumers, regulators, and lawmakers, and, importantly, its cost of and access to capital. Under governance, as issuers continue to become more reliant on technology, cybersecurity planning and information management are necessary for most issuers, regardless of size and industry.

KBRA's assessment of ESG Management can be found in the [report](#) for the State of Alaska dated July 21, 2023.

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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: August 9, 2023

Luke Welles, Bruce Tangeman, Fadil Limani, Micaela Fowler, Ken Koelsch

FROM: Ryan Williams, Exec. Director

TELEPHONE: 907-465-2893

The fiscal year 2024 Authority for AMBBA per object type (also referred to as line item) is summarized below. Authority can be moved around per object type; however, there is scrutiny in and out of travel and specific justification would be required for review.

FY 2024 Budget Authority for AMBBA

\$1,281,200	AMBBA Receipts
\$105,000	Stat Designated Receipts (Proceeds of the bond issues restricted to a specific use from regional health organizations)
\$1,386,200	Total

Breakdown

\$237,600	Personal Services
\$24,500	Travel
\$1,015,300	Services
\$3,800	Commodities
\$1,281,200	AMBBA Receipts

\$105,000	Services
\$105,000	Stat Designated Receipts



333 Willoughby Avenue, 11th floor
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Juneau, Alaska 99811-0405

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

TO: AMBBA Board Members

DATE: August 8, 2023

Luke Welles, Bruce Tangeman, Fadil Limani, Micaela Fowler, Ken Koelsch

FROM: Ryan Williams, Exec. Director

TELEPHONE: 907-465-2893

The following are updates on items not covered in the August 16, 2023, Agenda:

The 6/30/2023 quarterly ethics report was filed with the Department of Law without any findings.

The contracts for Trustee, Financial Advisor, Accounting Preparation / FS Compilation, and Investment Manager are being optionally extended for a year per the original RFPs. The contract for Arbitrage Rebate services is being optionally extended for two years per the original RFP.

In March and April 2023, Kenai Peninsula Borough made final payments on outstanding direct loan obligations with the Bond Bank for their CKPH service area specialty clinic building (\$3.2 million, 2015 loan, and \$3.05 million, 2016 loan).

On July 21, 2023, Wildflower Court, in conjunction with AMBBA, CBJ and Bartlett Hospital, optionally redeemed all remaining maturities associated with AMBBA's 2012 Series One bonds (December 1, 2023-2025 maturities, \$1,465,000 total principal, all were currently callable).

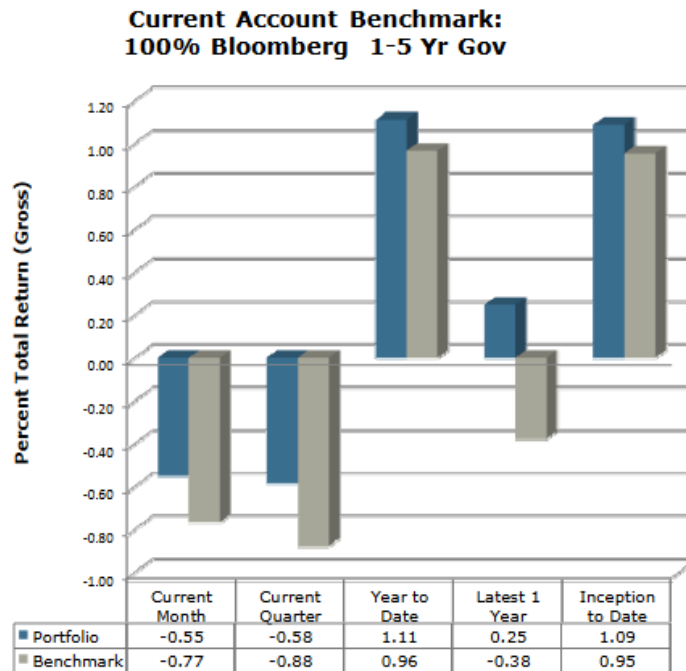
Portfolio Market Values:

Below depicts the Bond Bank's market values and performance, as of June 30, 2023, for the 2005 and 2016 Reserves, as well as the Bond Bank's Custodian Account.

Alaska Permanent Capital Management Co.
Cash Balance and Portfolio Market Value
June 30, 2023

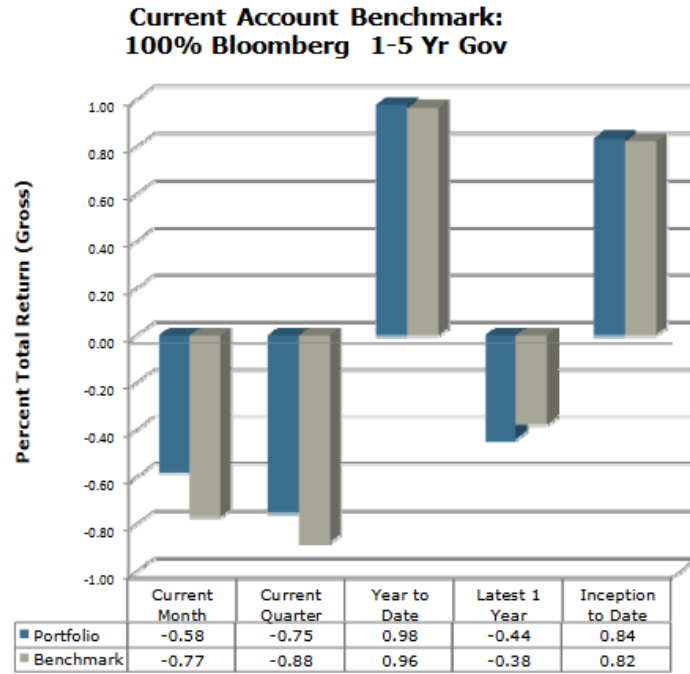
Name	Total Cash	Market Value
AMMBA Custody #180969	381,853	13,329,837
AMBBA GO 2005 SERIES RESERVE FUND-764568	75,558	39,682,795
AMBBA GO 2016 RESERVE	742,932	7,332,647
	1,200,343	60,345,279

AMBBA GO 2005 Resolution Reserve Fund:



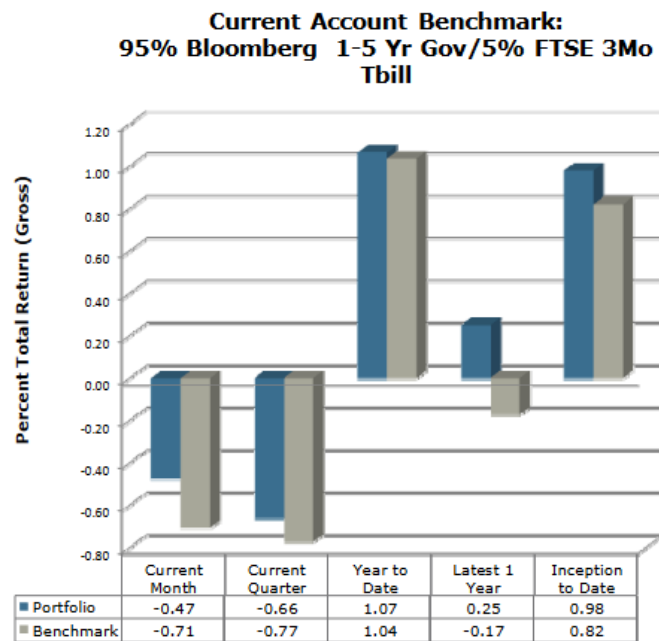
Performance is Annualized for Periods Greater than One Year

AMBBA GO 2016 Resolution Reserve Fund:



Performance is Annualized for Periods Greater than One Year

Custodian:



Performance is Annualized for Periods Greater than One Year

Surety Analysis:

Surety Policy Issues	Incremental Surety Coverage Provided at Issuance	Notes and Expiration
2016 Three & Four	7,500,000	2016 Three expires December 1, 2037; 2016 Four - December 1, 2035
2016 Two	3,383,328	Term Expires December 1, 2035
Stand Alone \$1.23mm	1,230,000	Term Expires March 1, 2046
2016 One	718,412	Term Expires August 1, 2040
2015 Three	5,198,466	Term Expires October 1, 2044

Coverage stated amount: ~\$18.0 million

Most recent available Parity Reserve Fund Valuation on the 2005 Resolution Reserve (6/30/23): ~\$41.8 million and ~\$971K in the 2005 Investment Earnings Account.

Please don't hesitate to reach out to discuss any items contained in the report.

Best Regards,
Ryan

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