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

Virtual Meeting with Telephonic Access: 1-907-202-7104
with Code 422 508 456#

September 26, 2025

11:00 AM AKDT

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

Phone: (907) 465-2893
dor.trs.ambba@alaska.gov

AGENDA FOR BOARD OF DIRECTOR'S MEETING

Meeting Place:

Telephonic Meeting

Department of Revenue,
333 Willoughby Ave., 11th Floor,
Juneau, AK 99801
With Access: (907) 202-7104
and passcode 422 508 456#

September 26, 2025, at 11:00 AM AKDT

I. Call to Order

II. Roll Call

III. Public Meeting Notice

IV. Approval of Agenda

V. Minutes of the May 15, 2025, Meeting of the Board of Directors

VI. General Business

- **A. AMBBA Election of Officers for Fiscal Year 2026 (Chair, Vice-Chair, Treasurer and Secretary)**
- **B. AMBBA Independent Audit – BDO Audit Planning Communication and Presentation – Fiscal Year 2025**
- **C. Post Sale Summary – AMBBA 2025 Series Three**
- **D. Review of Preliminary Fiscal Year 2025 Actuals and Enacted Fiscal Year 2026 Operating Budget**
- **E. Executive Director's Report**

VII. Public Comments

VIII. Board Comments

IX. Adjournment

STATUS: Active

NOTICE OF PUBLIC MEETING - AMBBA Board of Director's Meeting 9/26/2025

Meeting Place: Telephonic, State of Alaska – Department of Revenue, 333 Willoughby Ave., 11th Floor, Juneau, AK 99801; For telephonic access: (907) 202-7104, With pass code 422 508 456#; September 26, 2025, at 11:00 AM AKDT.

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

AGENDA FOR BOARD OF DIRECTOR'S MEETING, AMBBA:

I. Call to Order
II. Roll Call
III. Public Meeting Notice
IV. Approval of Agenda
V. Minutes of the May 15, 2025,Meeting of the Board of Directors
VI. General Business
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B. AMBBA Independent Audit – BDO Audit Planning Communication and Presentation – Fiscal Year 2025
C. Post Sale Summary – AMBBA 2025 Series Three
D. Review of Preliminary Fiscal Year 2025 Actuals and Enacted Fiscal Year 2026 Operating Budget
E. Executive Director's Report
VII. Public Comments
VIII. Board Comments
IX. Adjournment

Attachments, History, Details

Attachments

AMBBA Agenda 9-26-2025.pdf

Revision History

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Details

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Sub-Category:	
Location(s):	Statewide
Project/Regulation #:	
Publish Date:	9/11/2025
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Events/Deadlines:	

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MINUTES of the BOARD OF DIRECTORS MEETING

ALASKA MUNICIPAL BOND BANK AUTHORITY

May 15, 2025

I. CALL TO ORDER

Luke Welles called the meeting to order on May 15, 2025, at 1:02 p.m. Alaska Time. Members participated at the State of Alaska, Atwood Building Conference Center, 550 W 7th Avenue, 12th Floor, Room 1236, Anchorage, AK 99501, and telephonically at 1-907-202-7104, with passcode 935 245 063#.

II. ROLL CALL

Luke Welles
Adam Crum
Anna Latham
Ken Koelsch
There was a quorum.

OTHERS IN ATTENDANCE:

- Ryan Williams, Executive Director, Alaska Municipal Bond Bank Authority
- Llewellyn Smyth, Policy Advisor, DOR Commissioner's Office
- Matthew Schoenfeld, PFM, Municipal Advisor to the Alaska Municipal Bond Bank Authority
- Elli Halperin, PFM, Municipal Advisor to the Alaska Municipal Bond Bank Authority
- Les Krusen, Bond Counsel to AMBBA, Orrick, Herrington & Sutcliffe LLP
- Alexandra Bartos-O'Neill, Bond Counsel to AMBBA, Orrick, Herrington & Sutcliffe LLP
- Luke Fulp, CFO, University of Alaska

- Mike Newman, Hilltop Securities, Municipal Advisor to the University of Alaska
- Tom Yang, RBC Capital Markets
- Dave Officer, RBC Capital Markets

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 7, 2025, on the Alaska Online Public Notice website. The public notice requirement was met for the meeting.

IV. APPROVAL OF AGENDA

The agenda was reviewed by the board. Mr. Welles asked if there were any comments or modifications. There were no comments and no objections to the agenda as written. Mr. Welles noted that we would have a general market update by RBC Capital Markets during the general business portion of the agenda, at approximately 1:30pm. The agenda was approved and adopted unanimously by board members as written.

V. Minutes of the December 10, 2024, Meeting of the Board of Directors

The December 10, 2024, minutes of the AMBBA Board of Director's meeting were reviewed by the board. Mr. Welles asked if there were any comments. There were no comments and no objections to the meeting minutes as written and Mr. Williams conducted a roll call vote, there were four yes votes, and the December 10, 2024, minutes were unanimously approved.

VI. GENERAL BUSINESS

University of Alaska – Credit Review Summary and Application – General Revenue

The University of Alaska (the "University") submitted an application to the AMBBA for a Revenue loan totaling $120,000,000, which does not include amounts contemplated to refund prior debt issued through the Bond Bank under the 2015 Series Three. Mr. Schoenfeld, PFM, noted that the anticipated plan of finance would include six University obligations that are considered for advantageous refunding through the Bond Bank program including the Alaska

Housing Finance Corporation Note 1997, Lease Revenue Bonds 2012, General Revenue and General Revenue Refunding Bonds 2013 Series S / 2015 Series T / 2020 Series W and would be considered “new money” to the Bond Bank program. Also, the Bond Bank 2015 Series Three is under consideration as part of the overall refunding plan. Mr. Schoenfeld noted the Bond Bank loan would be secured by a pledge of the University’s General Revenues. The University Board of Regents authorized a refunding bond issuance, up to a maximum par of $170 million at its meeting on February 21, 2025. Mr. Schoenfeld described the expansion of authority provided to the Bond Bank through HB 127, which authorizes a new cap for the University of up to $500 million (the prior authority only included Heat and Power projects). The proposed transaction would be the first utilizing this expanded authority provided in 2022.

Mr. Schoenfeld walked through a credit summary of the University, including revenues and debt service coverage over the preceding five years, including items such as net student tuition and fees, facilities and administrative cost recovery, sales and services, auxiliary enterprises and other sources. In 2024, the total general revenues were approximately $228.5 million, and with existing debt service of approximately $21.2 million the debt service coverage ratio was 10.78x (prior to any refunding activity for savings that this proposed transaction contemplates). Mr. Schoenfeld reviewed student tuition and fees, accounting for an average of 53.63% of revenues over the past five years. The University’s enrollment has been steady following drops in 2020 and 2021 due to the COVID-19 pandemic.

In 2013, the University amended the trust indenture to eliminate the requirement of a reserve fund on all subsequent loans. This amendment became effective on July 15, 2020. However, Bond Bank policy requires a local level debt service reserve for all revenue credits. The University has agreed to establish a local level reserve, sized to the standard lesser-of-three test, through the purchase of a surety policy. The surety purchase is expected to be funded with bond proceeds. Additionally, regarding the Bond Banks 2005 Resolution debt service reserve, PFM does not anticipate that the transaction will increase the funding requirement, as the reserve is currently overfunded (consisting of existing cash, securities and surety bonds), but there is anticipation that the proposed financing will consume a significant percentage of the available capacity that would otherwise be available to other municipalities to access the Bond Bank program. Additionally, it was noted that Bond Bank’s existing surety is tied to the 2015 Series Three bonds that may be partially refunded as part of this proposed transaction. It is understood that the existing surety will remain in effect as long as maturities of the 2015 Series Three bonds are outstanding. To preserve capacity for municipal borrowers and ensure that the 2005 Resolution Reserve remains adequately funded, the University has agreed to purchase an additional surety, expected to be paid with bond proceeds. Mr. Schoenfeld noted that the University is technically in a Bond Bank Covenant Default even though the Sixteenth Supplemental Indenture of the University, dated March 1, 2013, eliminated the establishment and maintenance of a Reserve Fund and related funding obligations, effective only after all General Revenue Bonds issued prior to March 1, 2013, ceased to be outstanding and upon compliance by the University with certain requirements set forth in the Indenture, at which time these modifications and amendments would apply to General Revenue Bonds of the University. These amendments became effective on July 15, 2020. Section 12 of the existing 2015 Series Three loan agreement between the Bond Bank and the University covenanted that the University would maintain a local level debt service reserve. As a result of the preceding amendment, according to the University, the local debt service reserve funds were released in error by the trustee bank, resulting in a technical default of the University's loan agreement with the Bond Bank. While the release of such funds may have been allowable pursuant to the University's Indenture, the financial disclosure to EMMA did not include the relevant Bond Bank bonds. The University did not notify the Bond Bank pursuant to the terms of the loan agreement as it was unaware such funds had been released by the trustee holding such funds, the Bank of New York Mellon Trust Company, NA, in violation of the terms of its Loan Agreement. The 2015 Series Three local reserve was administered outside of the Bond Bank's trustee system (but at the same Trustee company). To remedy this, the University has agreed to purchase a new surety policy. If the transaction is not executed, Mr. Schoenfeld suggested that the Bond Bank seek remedy through an outright purchase of a new surety policy by the University, or to fulfil the local reserve requirement through other University sources. PFM recommended approval of the loan application and credit review and asked for any questions or clarifications.

Mr. Welles asked Mr. Fulp about the decrease in student tuition and fees since 2020, while other facilities and administrative cost recovery items increased over the same time-period. Mr. Fulp noted that student enrollment has stabilized over the last couple years and the Board of Regents looks to increase student base while cost recovery has been more expansive with broader research activity, which allocates costs across a broader base for the University. Mr. Koelsch inquired about the risk that federal government policies may impose upon the University. Mr. Fulp noted that the University is aware of certain policy decisions that may affect the University, including such items as tax changes to endowments and changes to federal research grants. Mr. Fulp noted that it's difficult to say at this juncture of specific impacts, but notes that the University has a specialized background in science and engineering with multi-year awards and has expanded the revenue base over the years and continues to track and plan accordingly with certain grant awards. Ms. Latham noted that the University, specifically Fairbanks, was pursuing "R1" status, and would like a breakdown on how this bond package may ultimately have an impact. Mr. Fulp noted that the University is looking to streamline operating expenditures, and the proposed bond package would decrease the fixed cost base for debt and would allow the University to pursue additional designations with more limited resources. The research arm already qualifies for certain designations, but the University looks to expand doctoral research.

AMBBA Resolution No. 2025-01 – Authorizing issuance of AMBBA GO and Refunding Bonds, the 2025 Series Three

Mr. Krusen, Orrick, introduced Resolution 2025-01, a series resolution authorizing the issuance of general obligation and refunding bonds, the 2025 Series Three ("2025 Bonds") of the AMBBA. Resolution No. 2025-01 authorizes an aggregate principal amount of not to exceed $170 million for the 2025 Bonds, which includes certain outstanding revenue debt of the University as new money to the Bond Bank program as well as certain maturities of the outstanding 2015 Series Three Bonds for refunding. Mr. Krusen mentioned that the Chairman or the Executive Director, in consultation with the Bond Bank's Municipal Advisor, shall determine the number of series and the series names and designations for the 2025 Bonds and expects there to be one series and act as designated representatives for the transaction. Resolution 2025-01 authorizes the transaction to be sold through negotiated sale, and true interest cost shall not exceed 5.50%. The authority granted to the Chairman and Executive Director to sign a bond purchase agreement shall expire 120 days after adoption of this Resolution 2025-01 of the Bond Bank.

Mr. Welles asked for a motion for adoption of Resolution 2025-01 by the Bond Bank Board. Mr. Koelsch moved to approve Resolution 2025-01 and approval was seconded by Commissioner Crum. Mr. Williams took a roll call vote with board members, and there were four "yes" votes and no objections. AMBBA's Resolution 2025-01 was approved unanimously by board members.

Mr. Williams asked for formal approval of the University application and credit review of the University under General Business Item A that also coincides with the Resolution 2025-01. Mr. Koelsch moved to approve the application and credit review of the University and approval was seconded by Ms. Latham. Mr. Williams took a roll call vote with board members, and there were four "yes" votes and no objections. The University's application and credit review was formally approved and adopted by board members.

Dave Officer, RBC, provided a broad and very detailed market update for the municipal market and several economic indicators that are being tracked by the underwriting desk. Mr. Officer covered trade talk and tariff discussion that have been driving the overall market in recent months.

Post Sale Summary of the Bond Bank's 2025 Series One and Two

Mr. Schoenfeld, PFM, discussed a summary of the pricing for the Bond Bank's 2025 Series One and Two Bonds ($41.9 million and $13.7 million, respectively). These bonds were sold by negotiated sale on March 25, 2025, to RBC Capital Markets as managing underwriter. Mr. Schoenfeld presented true interest cost percentages and related underwriter costs compared to prior sales of the Bond Bank and noted costs for this transaction were consistent with prior issues. The TIC for this issuance was approximately 3.452%, with average life of 5.075 years for the 2025 Series One, and approximately 4.788%, with average life of 12.754 years for the 2025 Series Two (AMT). Mr. Schoenfeld presented a chart showing the interest rates for the year leading up to the pricing, utilizing the 10-year U.S. Treasury security and the 10-year AAA BVAL yield for trend analysis. In general, interest rates had increased through the beginning of 2025, slightly tapering off post mid-January. Both series were well received by investors, generating subscription levels of 398% and 226% of the respective series, although there were pockets of inactivity due to both block sizing and tax treatment. Overall, the issue was a success given some AMT challenges and block sizes at certain parts of the curve and priced well considering overall market conditions and structure. The transaction was a combination of new money transactions as well as refundings. The new money projects included $3.5 million to Petersburg Borough to finance costs of certain capital improvements to the Petersburg Borough high/middle school, $5.0 million to Ketchikan Gateway

Borough to finance improvements to Ketchikan International Airport; and $4.5 million to the City of Whittier, to finance improvements to the City's small boat harbor. Additionally, refundings were carried out on behalf of the City of Cordova, the City and Borough of Juneau, Kenai Peninsula Borough, Kodiak Island Borough, and the City of Unalaska. For the refunding candidates, the transaction resulted in an aggregate net present value savings of $1.89 million, or 3.81% of the refunded bonds.

Mr. Koelsch moved to approve this post-sale summary report for the 2025 Series One and Two of the AMBBA, and Commissioner Crum seconded. Mr. Williams conducted a roll call vote, and there were 4 "yes" votes, the post-sale summary report was unanimously approved.

Executive Director's Report

Mr. Williams reported on the following items not already covered during the May 15, 2025, Agenda:

The Bond Bank's 12/31/2024 and 3/31/2025 quarterly ethics reports were submitted to the Department of Law without any findings.

The contract for municipal advisory services (PFM), was extended through 7/31/2025. This extended timeframe coincides with the issuance under consideration at this board meeting as well as assistance with year-end fiscal year 2025 reporting. Mr. Williams will undergo a procurement for these services in early June 2025 to line up with the current contract expiration.

The Bond Bank will review the underwriting pool through an informal request for qualifications in fiscal year 2026, with assistance from our municipal advisor.

I have provided Elgee Rehfeld, CPAs, our Accounting and Financial Statement Preparation firm, with information on the prior issuance and will look to confirm the FY2025 audit calendar of events with the independent auditor.

Mr. Williams reviewed the Bond Bank's market values and performance, as of March 31, 2025, for the 2005 and 2016 Reserves, as well as the Custodian Account.

Mr. Koelsch moved to approve the executive directors report of the AMBBA, and Ms. Latham seconded. Mr. Williams conducted a roll call vote, and there were 4 "yes" votes, the executive directors report was unanimously approved.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

There were none.

IX. ADJOURNMENT

Mr. Welles adjourned the meeting without objection at 1:52 p.m. Alaska Time.

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Luke Welles, Chairperson

ALASKA MUNICIPAL BOND BANK AUTHORITY

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:** September 19, 2025
Luke Welles, Pam Leary, Anna Latham, and Ken Koelsch

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

FY2026 Bond Bank positions for election: Chair, Vice-Chair, and Treasurer and Secretary

FY2025 election summary: Chair – Luke Welles, Vice-Chair – Bruce Tangeman (currently vacant), and Treasurer and Secretary – Ryan Williams.

The following provides additional detail on AS 44.85.030, an excerpt of AS 44.85.040, and an excerpt of the Bylaws of the Bond Bank regarding certain vacancies and the annual election process:

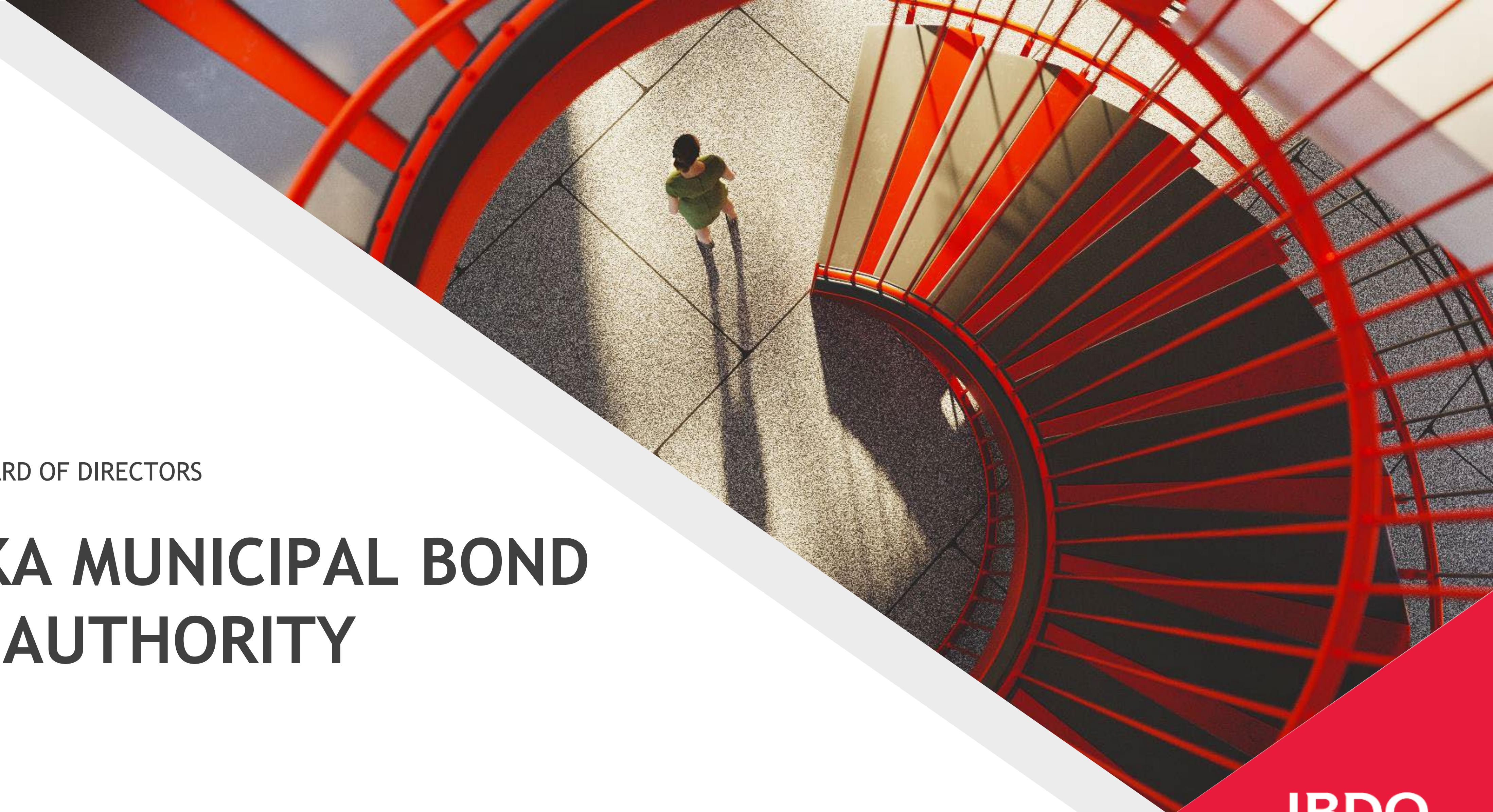
AS 44.85.030. Membership and Vacancies. The bond bank authority consists of the following five directors: the commissioner of revenue, the commissioner of commerce, community, and economic development, who shall each be a director ex officio with voting privileges, and three directors appointed by the governor. The appointment of each director other than the commissioner of revenue and the commissioner of commerce, community, and economic development is subject to confirmation by the legislature. The three directors appointed by the governor serve at the governor's pleasure for four-year terms. They must be residents of the state and qualified voters at the time of appointment and shall comply with the requirements of AS 39.50 (public official financial disclosure). Each director shall hold office for the term of appointment and until a successor has been appointed and qualified. A director is eligible for reappointment. A vacancy in a directorship occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the unexpired term only. Each director before entering upon the duties of office shall take and subscribe to an oath to perform the duties faithfully, impartially, and justly to the best of the director's ability. A record of the oath shall be filed in the office of the governor.

AS 44.85.040. Officers, Quorum, and Meetings. (a) The directors shall elect one of their number as chairman. The directors shall elect a secretary and a treasurer who need not be directors, and the same person may be elected to serve both as secretary and treasurer. The powers of the bond bank authority are vested in the directors, and three directors of the bond bank authority constitute a quorum. Action may be taken and motions and resolutions adopted by the bond bank authority at any meeting by the affirmative vote of at least three directors. A vacancy in the directorship of the bond bank authority does not impair the right of a quorum to exercise all the powers and perform all the duties of the bond bank authority.

Bylaws, Section 3. Officers and quorum. During the first meeting occurring after July 15 of each year, the Directors shall elect one of their members as Chairman, one of their members as Vice-Chairman, and a secretary and a treasurer. The secretary and treasurer need not be directors, and the same person may be elected to serve as both secretary and treasurer. Other offices may be established by resolution of the Board. An officer of the Authority serves until the first Board meeting occurring after the next July 15, or until a successor has been elected and qualified, unless otherwise fixed by resolution of the Board.

Best Regards,
Ryan

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



REPORT TO BOARD OF DIRECTORS

ALASKA MUNICIPAL BOND BANK AUTHORITY

2025 AUDIT PLAN
YEAR ENDED JUNE 30, 2025

Welcome

BDO USA, P.C.
3601 C St. #600,
Anchorage, AK 99503
Tel.: 907-278-8878
www.bdo.com

September 4, 2025

Board of Directors

Alaska Municipal Bond Bank Authority

We look forward to discussing with you the current year audit plan for Alaska Municipal Bond Bank Authority (the Authority). This report provides an overview of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

We are pleased to be of service to the Authority, are committed to executing a quality audit, and look forward to discussing our audit plan, as well as other matters that may be of interest to you.

Respectfully,

BDO USA

Copy to: Ryan S. Williams, Executive Director

Your Client Service Executive Team

JOY MERRINER
Engagement Principal
jmerriner@bdo.com

MARCUS BROWN
Manager
Marcus.brown@bdo.com

Contents

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors) and, if appropriate, management of the Authority, and is not intended and should not be used by anyone other than these specified parties.

Executive Summary

Executive Summary

Audit timeline

- We will perform our year-end procedures during the months of September.

Audit strategy, including significant risks identified

- Our audit strategy, including significant risks identified, for the 2025 audit is outlined in the “Areas of Significant Risk” on page 12-14.

Audit Overview & Strategy

Overview

Our audit strategy follows a risk-based approach, so that our audit work, including the nature, timing and extent of audit procedures planned, is focused on the areas of the financial statements where the risk of material misstatement is assessed to be significant as well as other areas of the financial statements where we have identified risks of material misstatement.

In preparation for our audit, we have discussed with Board of Directors, management significant matters including, but not limited to, market conditions, activities, and changes to the Authority's business, systems, accounting principles and controls, and obtained management's view of potential audit risk in order to update our understanding of the Authority. This is important to our identification and assessment of risks of material misstatement to the financial statements and related disclosures.

Key components of our audit objectives and strategy are highlighted within this report.

We will continue to update the resulting assessment throughout the audit. We will communicate to you any significant changes to the planned audit strategy or the significant risks initially identified and communicated herein, and the reason for such changes, as applicable, when we present the results of our audit upon completion.

Terms of the Audit and Independence

AUDITOR’S RESPONSIBILITY

BDO USA, P.C., as your auditor, is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities.

TERMS OF THE AUDIT

Our establishment and understanding of the terms of the audit engagement have been documented in our annual engagement letter, which was provided to you on August 15, 2025, and includes the objectives of the audit along with the responsibilities of both the auditor and of management for your reference.

INDEPENDENCE

- Our engagement letter to you dated August 15, 2025, describes our responsibilities in accordance with professional standards and certain regulatory authorities regarding independence and the performance of our services. This letter also stipulates the responsibilities of the Authority with respect to independence as agreed to by the Authority. Please refer to that letter for further information.

Determining Our Planned Audit Strategy

We focus on areas with higher risk of material misstatement to the financial statements, whether due to error or fraud. Our audit strategy includes consideration of the following:

- Prior year audit results including discussions with management and the Board of Directors regarding the Authority’s operations and risks.
- Inherent risk within the Authority (i.e., the susceptibility of the financial statements to material error or fraud) without regard to the effect of controls.
- A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the Authority.
- Recent developments within the industry, regulatory environment, and general economic conditions.
- Recently issued and effective accounting and financial reporting guidance.
- The Authority’s significant and critical accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
- The control environment, risk management and monitoring activities, and the possibility that internal controls may fail to prevent or detect a material misstatement due to error or fraud.
- The use of information systems and service organizations in the financial reporting process and overall IT environment.

We will communicate to you any significant changes to the planned audit strategy, or to the significant risks initially identified, that may occur during the audit due to the results of audit procedures or in response to external factors, such as changes in the economic environment.

Areas of Significant Risk

Our areas of significant risk, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations, are as follows. Our planned audit procedures for these risks are detailed starting on page 12-14.

- Management Override of Controls
- Revenue Recognition (Interest Income)
- Loan Loss Reserves

Detail of Significant Risks & Additional Audit Considerations

Fraud Risk - Management Override of Controls

SUMMARY OF AREA OF SIGNIFICANT RISK

Management override of controls is presumed to be a significant fraud risk for all entities.

Management can circumvent internal controls through 1) posting of journal entries, 2) manipulation of significant estimates, especially those with significant unobservable inputs, and 3) engagement in significant and unusual transactions.

SUMMARY OF PLANNED AUDIT PROCEDURES

BDO will perform review and substantive procedures over transactions in the general ledger that may be unauthorized or unusual. A review of managements judgments involving accounting estimates.

In order to address this significant risk, we plan to perform the following procedures:

- Perform a walkthrough of the financial reporting business process and evaluate the design of controls in this area.
- Design a unique set of criteria that will be used to identify journal entries deemed to be of higher risk of management override and perform test work over the appropriateness of the journal entries.

Revenue Recognition

SUMMARY OF AREA OF SIGNIFICANT RISK

There is a risk that management could overstate interest income on amounts due from borrowers by creating fictitious borrowers or inflating the amounts reported as paid to the Alaska Municipal Bond Bank Authority. Such actions may lead to the recognition of interest income that was not actually earned, resulting in a misrepresentation of the entity's financial performance.

SUMMARY OF PLANNED AUDIT PROCEDURES

To address this significant risk, we plan to implement the following procedures:

- Obtain confirmations from each borrower with an outstanding bond receivable balance to verify the interest amounts paid during the audit period.
- Perform analytical procedures to assess the existence and accuracy of bond interest receivables as of June 30, 2025.

Loan Loss Reserves

SUMMARY OF AREA OF SIGNIFICANT RISK

The loan loss reserve represents a significant audit risk for the Alaska Municipal Bond Bank Authority. There is a risk that management may underestimate the reserve amounts required to adequately cover potential future losses arising from defaults or non-payment by borrowers. If reserves are insufficient, AMBBA's ability to meet its financial obligations, safeguard bondholders, and maintain operations during periods of financial stress could be compromised.

SUMMARY OF PLANNED AUDIT PROCEDURES

In order to address this significant risk, we plan to perform the following procedures:

- Review outstanding bond receivable and interest receivable balances and evaluate the probability of collection
- Obtain and review the current loan loss policy and provision and evaluate whether they are adequate

Inquiries of Those Charged with Governance

Obtaining Information from Those Charged with Governance

We perform inquiries related to fraud and other matters to help inform our audit strategy and execution of our audit procedures. As part of the upcoming meeting with you, we would like to discuss the following topics with you to understand any matters of which you believe we should be aware, including, but not limited to:

- Your views about the risk of material misstatements due to fraud, including the risk of management override of controls
- How you exercise oversight over the Authority's assessment of fraud risks and the establishment of controls to address these risks
- Your awareness of any actual, alleged or suspected fraud or illegal acts affecting the Authority
- Your awareness of tips or complaints regarding the Authority's financial reporting and your response to such tips and complaints
- Your awareness of other matters relevant to the audit including, but not limited to, violations or possible violations of laws or regulations
- Your awareness of noncompliance with laws and regulations to include consideration of noncompliance with provisions of contracts and grant agreements.
- Your awareness of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.
- Your awareness of any significant communications between the Authority and regulators
- Your understanding of the Authority's relationships and transactions with related parties that are significant to the Authority
- Any business relationships between a BDO firm and the Authority or its affiliates
- Whether the Authority has entered into any significant unusual transactions
- Your awareness of any other information that is important to the identification and assessment of risks of material misstatement

Other Topics

BDO’s System of Quality Management

An audit firm’s effective system of quality management (“SoQM”) is crucial for supporting the consistent performance of high-quality audits and reviews of financial statements, or other assurance or related services engagements under professional standards, and applicable legal and regulatory requirements.

Accordingly, BDO has implemented a SoQM designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those standards and requirements. The firm’s SoQM supports the consistent performance of quality audits through many ongoing activities including, at least annually, certification by leaders with responsibility for key controls and related processes. Our Assurance Quality Management team performs regular reviews and testing of key controls and processes throughout the SoQM and identifies and communicates areas for improvement. In addition, our Audit Quality Advisory Council supports our SoQM by providing guidance and input on audit quality initiatives.

As required by International Standard on Quality Management 1 (ISQM 1) under the International Auditing and Assurance Standards Board (IAASB), BDO has conducted an evaluation of the effectiveness of its system of quality management and concluded, as of July 31, 2024, that, except for certain deficiencies related to the execution of its issuer audits, that system provides the reasonable assurance that our professionals will perform audits and reviews of financial statements or related assurance services engagements in accordance with professional standards, and applicable legal and regulatory requirements. BDO has either implemented or is designing remedial actions to address those deficiencies prior to our next evaluation.

We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO’s system of quality management within our annual Audit Quality Reports, the most recent of which is accessible here.

CLICK HERE TO ACCESS IAASB ISQM-1 IN ITS ENTIRETY >

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$100,845,000 General Obligation Bonds, 2025 Series Three (Non-AMT)

September 11, 2025

Ryan S. Williams, Executive Director
Alaska Municipal Bond Bank Authority
P.O. Box 110405
Juneau, AK 99811

Executive Director Williams:

This memorandum is prepared in summary of the sale of the Alaska Municipal Bond Bank Authority's ("AMBBA") General Obligation Bonds, 2025 Series Three ("the Bonds") on July 9, 2025. Prior to the sale, Moody's Ratings upgraded the Bond Bank's rating from A1 to Aa3 and revised the outlook from Positive to Stable. This occurred concurrently with the State of Alaska's issuer rating upgrade from Aa3 to Aa2. S&P and Kroll confirmed the Bond Bank ratings, assigning ratings of AA- (Stable) and AA (Stable), respectively. The Bonds were sold by negotiated sale to RBC Capital Markets as Senior Manager (the "Underwriter") with Jeffries LLC as Co-Manager.

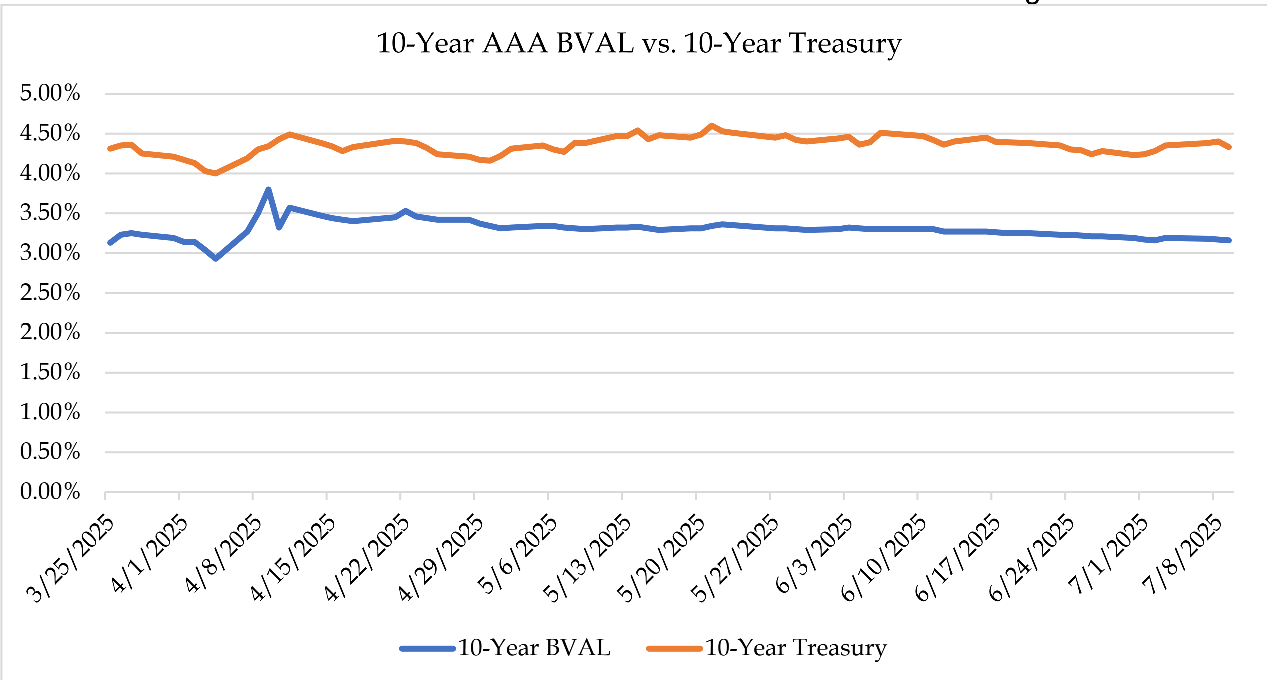
The University of Alaska was the only participant in the 2025 Series Three transaction, which refunded three outstanding obligations that were new money to the Bond Bank, as well as refunding a portion of the Bond Bank's 2015 Series Three Bonds. The non-Bond Bank refunded components included the University's Lease Revenue Bonds, 2012, General Revenue and Refunding Bonds, 2013 Series S, and General Revenue Bonds, 2015 Series T. The refunded Bond Bank 2015 Series Three bonds achieved a net present value ("NPV") savings of $4.04 million, or 8.82% of the refunded bonds, while the University as a whole achieved an NPV savings of $8.33 million, or 7.76% of all refunded bonds.

The University of Alaska secured a debt service reserve surety policy through Build America Mutual Assurance ("BAM") to cover both the University's local level debt service reserve fund, as well as a surety to cover the relative increase to the Bond Bank's 2005 Resolution reserve requirement, which was approximately $3.1 million. As part of the surety quote, BAM required, and provided, bond insurance on the final 10/1/2039 maturity of the Bonds. PFM estimates that the bond insurance provided 4-5 bps of benefit.

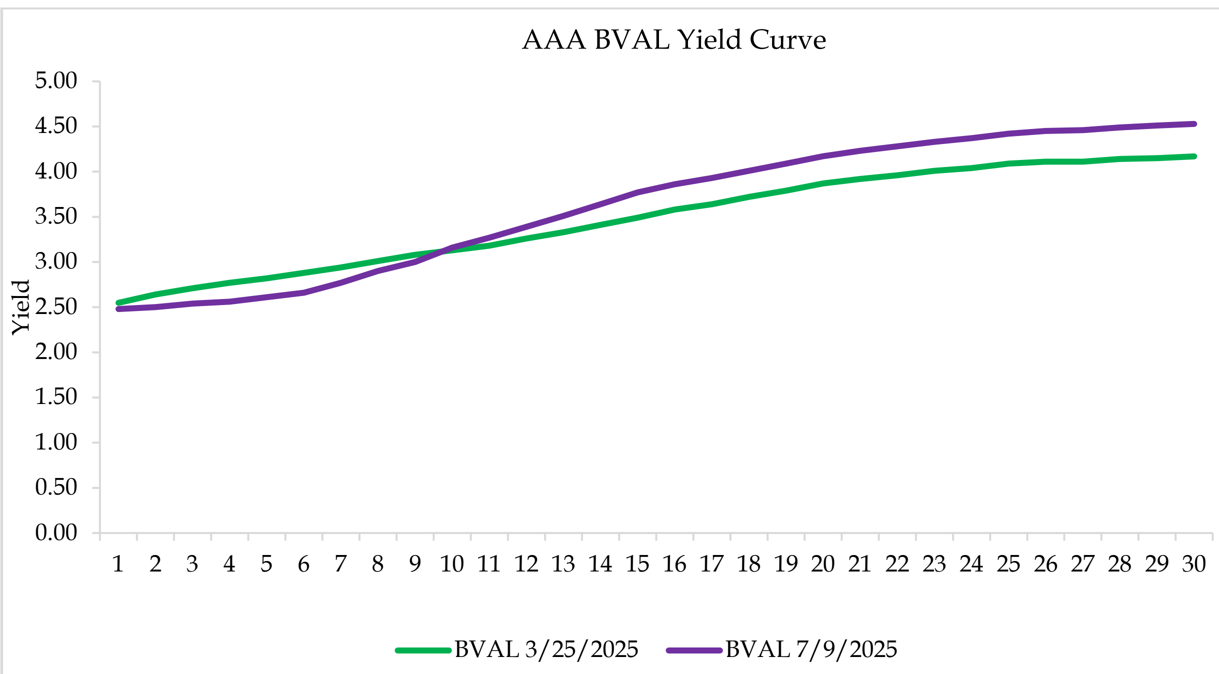
The table below provides details of the TIC percentage and underwriter costs compared with prior AMBBA issues for historical comparison. As the transaction was a refunding for the University, the average life of these bonds was shorter than many past Bond Bank transactions that included new money components. A higher interest rate environment at the time of the sale resulted in a TIC that was slightly higher than recent transactions with a similar duration. This was partially mitigated by negotiating a reduced underwriter takedown for the Bonds, which ended up on the lower end of the historical average and in line with the takedowns established in the initial underwriting pool request for qualifications that established the Bond Banks current pool of firms.

Issue	TIC	Average Life	Underwriter Cost (per $1,000)
2025 Three	3.689%	7.896	$3.37
2025 Two (AMT)	4.788%	12.754	$4.35
2025 One	3.452%	5.075	$3.23
2023 Three (AMT)	4.780%	19.191	$4.80
2023 Two (AMT)	4.563%	18.964	$3.91
2023 One	3.681%	13.038	$3.70
2022 Two	4.546%	17.296	$6.04
2022 One	3.667%	14.210	$4.49
2021 Three (AMT)	2.178%	10.981	$3.50
2021 Two (Taxable)	2.516%	11.628	$3.63
2021 One	1.040%	4.306	$3.30
2020 One	1.641%	5.951	$3.34
2019 Two (Taxable)	3.564%	5.662	$3.79
2019 One	3.207%	11.044	$3.79
2018 One (AMT)	4.195%	12.201	$4.08

The graph below highlights the interest rate between the pricing of the Bond Bank's 2025 Series One and Two Bonds (3/25/2025) and the pricing of the Bonds (7/9/2025), utilizing the 10-year U.S. Treasury and the 10-year AAA BVAL spot rates for trend analysis. Treasuries were 2 basis points ("bps") higher, while BVAL was 3 bps higher, when compared to the 2025 Series One and Two transaction.



The following graph displays the full 30-year yield curve of the AAA rated BVAL index over the same time period as above.



Municipal benchmark yields had ticked upwards before pricing, rising 1-3 bps before the July 4th holiday. The upward trend was thought to be a market response to the release of stronger than expected employment data. Moving into the week of pricing, the market continued to see some volatility driven by uncertainty around a looming tariff negotiation deadline. However, early July is historically a good time to price bonds, as investors often have excess cash as a result of June and July bond redemptions. The week of pricing saw 1-3 bps cuts in rates on Monday, and mixed changes on Tuesday, with 1-2 bps bumps in the first 10-years of the benchmark curve and 3-4 bps cuts thereafter. Rates were stable the morning of pricing. The initial and final pricing levels for the Bonds are summarized in the following table.

Series Three (Non-AMT) Pricing Results – End of Order Period

Maturity	Initial Yields	Final Yields	Yield Adj.	Initial Par Amount ($000)	Total Orders ($000)	Unsold/(Oversold) Balances ($000)[1]	Total Subscription
10/1/2025	2.77%	2.74%	0.03%	$1,110	$4,435	($3,290)	387%
10/1/2026	2.74%	2.62%	0.12%	$7,270	$90,175	($82,845)	1230%
10/1/2027	2.76%	2.63%	0.13%	$7,635	$99,160	($91,460)	1288%
10/1/2028	2.78%	2.64%	0.14%	$6,180	$92,425	($86,750)	1629%
10/1/2029	2.81%	2.68%	0.13%	$6,155	$67,020	($61,850)	1296%
10/1/2030	2.92%	2.79%	0.13%	$6,210	$78,670	($72,415)	1258%
10/1/2031	3.08%	2.96%	0.12%	$5,935	$64,150	($58,425)	1121%
10/1/2032	3.25%	3.16%	0.09%	$5,980	$49,550	($43,530)	823%
10/1/2033	3.34%	3.25%	0.09%	$7,185	$66,925	($59,695)	926%
10/1/2034	3.51%	3.41%	0.10%	$7,555	$72,445	($64,845)	953%
10/1/2035	3.68%	3.58%	0.10%	$7,940	$84,660	($76,670)	1060%
10/1/2036	3.87%	3.77%	0.10%	$7,335	$76,120	($68,740)	1031%
10/1/2037	4.02%	3.92%	0.10%	$7,715	$72,015	($64,245)	927%
10/1/2038	4.14%	4.04%	0.10%	$8,110	$75,825	($67,665)	929%
10/1/2039[2]	4.18%	4.09%	0.09%	$8,530	$77,200	($68,615)	899%
Total				**$100,845**	**$1,070,775**	**($971,040)**	**1074%**

[1] Reflects unsold/(Oversold) balances at the end of the initial order period. Total of Unsold/(Oversold) Balances does not include negative balances reflecting over-subscriptions. Includes priority and stock orders.
[2] Insured maturity.

The Bonds were enthusiastically received by investors, generating subscription levels of 1074%, with over $1 billion in orders received. PFM's Pricing Group commented that the transaction greatly benefited from a strong day in the market – as others deal did well, investors started placing orders to ensure that they would be able to receive allotments from deals in the market. RBC responded to the order period by negotiating rate adjustments with the Bond Bank and PFM's pricing group. The 2025 maturity had the lowest subscription at 387% and received a 3 bps bump. Other maturities had bumps ranging from 9 to 14 bps with their strong subscription of at least 8x. The final negotiated levels are demonstrated in the table above.

The following table summarizes the top investor participation at the end of the order period for the Bonds.

Top 10 Investors	Total Orders ($mm)	Percent of Par	% Of Total Orders
J.P. Morgan Investment Management	$99,735	100.00%	9.45%
Parametric Portfolio Associates	$98,590	98.85%	9.34%
Fidelity Management Trust	$83,560	83.78%	7.91%
Pacific Investment MGMT.	$69,675	69.86%	6.60%
U.S. Trust	$64,590	64.76%	6.12%
Northern Trust	$60,105	60.26%	5.69%
Neuberger Berman	$49,715	49.85%	4.71%
Goldman Sachs Asset Management	$48,730	48.86%	4.62%
Sterling Capital Management	$40,825	40.93%	3.87%
Charles Schwab Investment Management	$37,915	38.02%	3.59%

Overall, we believe the issuance was a success given the extraordinary investor engagement, subsequent adjustments to interest rates after the order period, and the debt service savings that the Bond Bank was able to generate on behalf of the University.

The bond sale was closed July 23, 2025. As always, it was a pleasure to serve the Bond Bank on this transaction. If you have any questions, we will be happy to discuss them with you.

Sincerely,

Matt Schoenfeld
Senior Managing Consultant

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:** September 18, 2025

Luke Welles, Pam Leary, Anna Latham, Ken Koelsch

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

The fiscal year 2025 and 2026 operating authority for AMBBA per object type (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 is required.

FY 2025 Budget – Management Plan Plus Passed Supplementals Less Vetoes, Authority for AMBBA

$1,296,900	AMBBA Receipts
$105,000	Statutory Designated Receipts (Certain special classifications of any receipt supported services, or a portion of proceeds of a bond issue that may be restricted to specific uses)
$1,401,900	**Total**

Breakdown

$237,000	Personal Services
$26,500	Travel
$1,134,600	Services
$3,800	Commodities
$1,401,900	**AMBBA Receipts**

$105,000	Services (included in the breakdown above if there needs to be a separate distinction or designation in the Services object type)
$105,000	**Statutory Designated Receipts**

FY 2025 Preliminary Unaudited Actuals for AMBBA (comparison to budget)

Breakdown

$155,107	Personal Services ($81,893)
$17,148	Travel ($9,352)
$222,128	Services ($912,472)
$0	Commodities ($3,800)
$133,828	Arbitrage Interest ($133,828)
$528,211	**AMBBA Receipts ($873,689)**

$0	Services / Statutory Designated Receipts designation ($105,000)

<u>Enrolled FY 2026 Budget Less Vetoes, Authority for AMBBA</u>

$1,307,200	AMBBA Receipts
$105,000	Stat Designated Receipts (Proceeds of the bond issues restricted to a specific use)
$1,412,200	**Total**

Breakdown

$247,300	Personal Services
$26,500	Travel
$1,134,600	Services
$3,800	Commodities
$1,412,200	**AMBBA Receipts**
$105,000	Services (included in breakdown above – Statutory Designated Receipts)

The enacted fiscal year 2026 budget included, and has since 2009, the language for both the "standing appropriation" to backfill the reserve fund in the instance of draw due to underlying borrower payment deficiencies as well as an appropriation of excess earnings back to the Bond Bank. The request has been made for inclusion in the upcoming FY2027 Governor's budget proposal as well.

Enacted fiscal year 2026 budget:

(f) The amount of municipal bond bank receipts determined under AS 44.85.270(h) to be available for transfer by the Alaska Municipal Bond Bank Authority for the fiscal year ending June 30, 2025, estimated to be $0, is appropriated to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

(g) If the Alaska Municipal Bond Bank Authority must draw on the Alaska municipal

-103- **CCS HB 53(brf sup maj fld H)**

bond bank authority reserve fund (AS 44.85.270(a)) because of a default by a borrower, an amount equal to the amount drawn from the reserve is appropriated from the general fund to the Alaska municipal bond bank authority reserve fund (AS 44.85.270(a)).

Please don’t hesitate to reach out to discuss any items contained in this report.

Best Regards,
Ryan

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

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:** September 19, 2025
Luke Welles, Pam Leary, Anna Latham, and Ken Koelsch

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

The following are updates on items not covered in the September 26, 2025, Agenda:

The Bond Bank's 6/30/2025 quarterly ethics report was submitted to the Department of Law without any findings.

The Bond Bank received a waiver to recruit for a Treasury analyst role within DOR, and the position is anticipated to assist with the operations and management responsibilities of the Bond Bank. DOR has gone through an extended recruitment phase and as of the date of this report, I am considering candidates (already interviewed) and will next navigate the hiring waiver process, and all necessary state approvals. Once the position is filled, it is anticipated the Treasury analyst will be proposed for consideration by the Board as Finance Director of the Bond Bank.

The Bond Bank executed the final two-year extension for our arbitrage rebate consultant, AMTEC (through August 31, 2027).

The Bond Bank executed a new contract with independent auditor, BDO. The engagement covers fiscal years 2025, 2026 and 2027, with two one-year renewal options.

A financial advisory request for proposals resulted in three qualifying proposals, which were evaluated by the Bond Bank's evaluation committee on July 17th. After the completion of the evaluation committee's scoring process, and procurement's final review and implementation, PFM Financial Advisors LLC received the award, and a services contract was executed for three years with two optional one-year renewals.

The Bond Bank is working with PFM on an underwriting pool informal request for qualifications that we plan on soliciting in late 2025 or early 2026. We are currently postponing its release until there is clarity on any potential 2nd or 3rd quarter FY2026 bond issuance activity.

The Bond Bank received an application from the City and Borough of Wrangell for a general obligation backed renovation of their public safety building. I am currently reaching out to other communities to inquire about potential projects and/or loan applications.

On June 17, 2025, Moody's Investor's Service (Moody's) upgraded the State of Alaska's issuer rating to Aa2 from Aa3, with a simultaneous reversion of the outlook to stable from positive. Two main components mentioned in the independent report of State General Obligation debt included the restraint on appropriating for dividends to qualified Alaskan residents from the Alaska Permanent Fund's Earnings Reserve Account, and the re-building of the State's Constitutional Budget Reserve Fund since the end of fiscal year 2022. At the same time, Moody's upgraded the rating on the Bond Bank to Aa3 from A1.

On September 12, 2025, Fitch Ratings (Fitch) upgraded the State of Alaska's issuer rating to AA- from A+, with a simultaneous reversion of the outlook to stable from positive. At the same time, Fitch upgraded the rating on the Bond Bank to A+ from A.

As of September 12, 2025, the Bond Bank retained ratings of AA-/A+/Aa3/AA from S&P Global Ratings (S&P), Fitch Ratings (Fitch), Moody's Investors Service, Inc. (Moody's), and Kroll Bond Rating Agency (KBRA), respectively. The Bond Bank receives certain credit support from the State of Alaska, with ratings linked to the State's General Obligation debt rating.

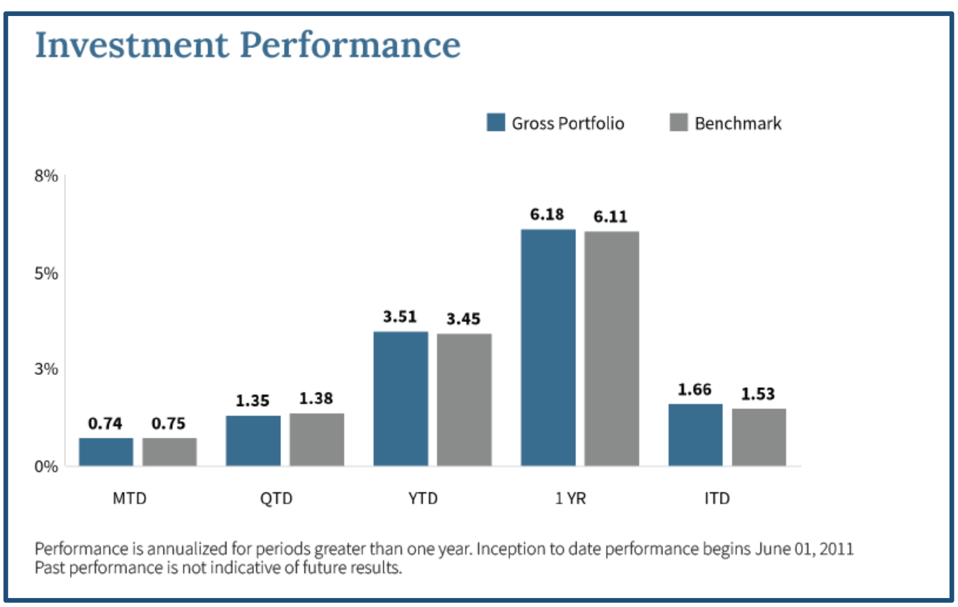
A copy of the recent Moody's and Fitch press releases are enclosed behind this report and were disclosed through MSRB-EMMA upon release.

Portfolio Market Values:

The following pages depict the Bond Bank's market values and performance, as of June 30, 2025, for the 2005 and 2016 Reserves, as well as the Custodian Account.

AMBBA GO 2005 SERIES RESERVE | JUNE 2025

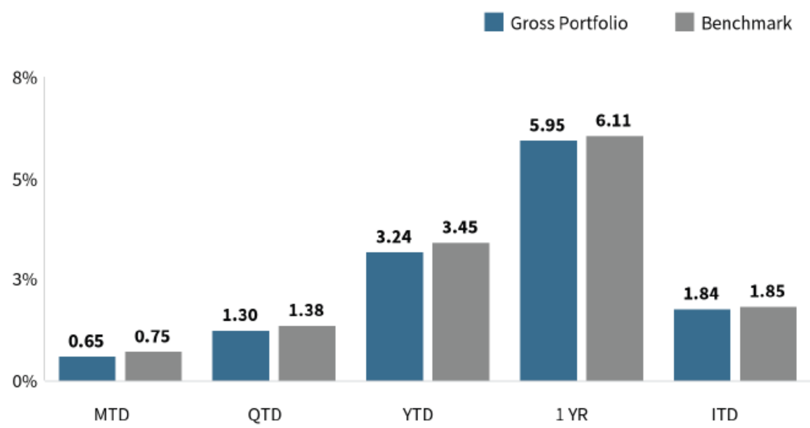
ENDING VALUE + ACCRUED **$41,432,702**



AMBBA GO 2016 RESERVE | JUNE 2025

ENDING VALUE + ACCRUED **$7,047,432**

Investment Performance

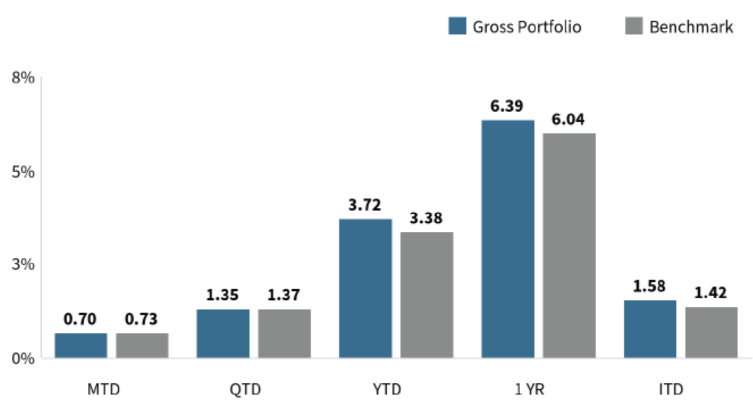


Performance is annualized for periods greater than one year. Inception to date performance begins April 01, 2017
Past performance is not indicative of future results.

AMBBA CUSTODY | JUNE 2025

ENDING VALUE + ACCRUED **$17,510,596**

Investment Performance



Performance is annualized for periods greater than one year. Inception to date performance begins June 01, 2011
Past performance is not indicative of future results.

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 (2005 Resolution Reserve) as of June 30, 2025: ~$18.0 million.

As mentioned in the 2025 Series Three pricing summary, at closing on July 23rd, the Bond Bank secured a surety from Build America Mutual Assurance to cover the relative increase to the 2005 Resolution reserve requirement associated with the transaction of approximately $3.1 million, bringing the coverage stated amount up to approximately $21.1 million.

Please 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

MOODY'S RATINGS

Rating Action: Moody's Ratings upgrades Alaska's issuer rating to Aa2 and assigns Aa3 to new Alaska Municipal Bond Bank bonds; outlook revised to stable from positive

17 Jun 2025

New York, June 17, 2025 -- Moody's Ratings (Moody's) has upgraded the State of Alaska's issuer rating to Aa2 from Aa3 and taken the other rating actions listed below. The outlook has been revised to stable from positive.

The upgrade reflects the legislature's record of restraint on appropriating for citizen dividends from the Alaska Permanent Fund's Earnings Reserve Account (ERA). This restraint has allowed the state to rebuild its rainy-day fund, the Constitutional Budget Reserve Fund (CBRF), to almost $2.9 billion in April 2025, from $914.5 million at the end of fiscal 2022.

The stable outlook is supported by strong budgetary reserves and Alaska's ability to offset future oil revenue volatility by making sustainable draws from the Permanent Fund's ERA.

Rating actions are as follows:

Upgrades:

Issuer rating: to Aa2 from Aa3

General obligation (GO) bonds: to Aa2 from Aa3

Lease Appropriation bonds: to Aa3 from A1

Alaska Muncipal Bond Bank bonds: to Aa3 from A1

New rating assignment:

$170 million General Obligation and Refunding Bonds, 2025 Series Three issued by Alaska Municipal Bond Bank: Aa3

RATINGS RATIONALE

Alaska's Aa2 issuer rating is supported by the ability to partly cover operating needs from earnings of the Alaska Permanent Fund (now valued at $81 billion). The fund's Earnings Reserve Account greatly strengthens state available fund balance and liquidity measures. A practice of annual percentage of market value (POMV) withdrawals, which is sustainable given a statutory limit (5% of trailing five-year average fund value), offsets exposure to oil production tax volatility. Legislators have established a practice of preserving sufficient amounts for state budget needs from POMV draws, which also fund annual citizen dividends. This alleviates governance challenges in the absence of a legal framework prioritizing budgetary needs over dividend distributions. Revenue alternatives for Alaska are somewhat constrained by the state's small and less-diversified economy, although progress on major new Alaska North Slope developments bolsters both the economic outlook and the state's long-term oil production trajectory. Recent retirement benefit liability reductions have been driven by higher interest rates, strong contributions, and the state's 2006 closure of defined benefits plans, which together have significantly improved Alaska's leverage characteristics and resulted in a low fixed-cost burden.

The state's Aa2 GO rating incorporates a pledge of Alaska's full faith and credit.

The Aa3 rating on the Alaska Municipal Bond Bank's bonds is supported by the state's commitment to replenish a debt service reserve fund. A practice of annually making appropriations for this, in advance of potential reserve draws, creates a stronger credit framework than a moral obligation pledge alone, which typically would fall two notches below the state's issuer rating.

The Aa3 ratings on the state's lease appropriation debt incorporate the contingent nature of the payment obligation, which is subject to annual legislative appropriation, as well as the financed facilities' importance to state government functions.

RATING OUTLOOK

The state's stable outlook is supported by maintenance of strong budgetary reserves and Permanent Fund earnings that the state uses as an operating revenue source, through sustainable annual withdrawals. Both the size of the state's available fund balances and its practice of Permanent Fund earnings withdrawals will mitigate exposure to petroleum industry revenue volatility.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Enactment of a strong framework guiding allocation of annual Permanent Fund withdrawals

- Addition of large, recurring revenue sources that further reduce Alaska's fiscal reliance on petroleum production taxes

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reductions exceeding 25% for the CBRF without a clear path to rebuilding, or a Permanent Fund ERA balance less than 1.5 times annual POMV withdrawals

- New pension benefit commitments that reverse recent retirement benefit liability reductions

PROFILE

Alaska is the largest state by area: its 586,412 square miles are a fifth as large as the other 49 states combined. Alaska's population, 740,133 based on the Census Bureau's 2024 estimate, ranks 48th among states. Its economy also ranked 48th, based on 2024 current dollar GDP of $70 billion.

The Alaska Municipal Bond Bank is a public corporation of the state, operated through the state's Department of Revenue. Its role as debt issuer and lender facilitates capital project financing for local governments that would otherwise find direct market access too costly or cumbersome.

METHODOLOGY

The principal methodology used in these ratings was US States and Territories published in July 2024 and available at https://ratings.moodys.com/rmc-documents/425428. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

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

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/rmc-documents/435880.

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

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

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FitchRatings

RATING ACTION COMMENTARY

Fitch Upgrades Alaska's IDR to 'AA-'; Outlook Stable

Fri 12 Sep, 2025 - 12:59 PM ET

Fitch Ratings - New York - 12 Sep 2025: Fitch Ratings has upgraded the State of Alaska's Issuer Default Rating (IDR) to 'AA-' from 'A+'. Fitch has also upgraded the following obligations linked to the state's IDR:

--General obligation (GO) bonds to 'AA-' from 'A+';

--State appropriation bonds to 'A+' from 'A';

--Alaska Municipal Bond Bank Authority (AMMBA) GO bonds to 'A+' from 'A'.

The Rating Outlook is Stable following the upgrades.

RATING ACTIONS

ENTITY / DEBT	RATING			PRIOR
Alaska, State of (AK) [General Government]	LT IDR	AA-	Upgrade	A+

Alaska Municipal Bond Bank Authority (AK) /General Obligation - State DSRF Replenishment - 2005 Resolution/1 LT	LT	A+	Upgrade	A
Alaska Municipal Bond Bank Authority (AK) /General Obligation - State DSRF Replenishment - 2016 Resolution/1 LT	LT	A+	Upgrade	A
Alaska, State of (AK) /General Obligation - Unlimited Tax/1 LT	LT	AA-	Upgrade	A+
Alaska, State of (AK) /Lease Obligations - Standard/1 LT	LT	A+	Upgrade	A
Alaska, State of (AK) /State Annual Appropriation/1 LT	LT	A+	Upgrade	A

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VIEW ADDITIONAL RATING DETAILS

Fitch's upgrade of Alaska's IDR to 'AA-' reflects the state's maintenance of robust reserves and changes in its fiscal structure. The changes meaningfully diversify the state's revenue structure and are likely to support steadier operating performance on an ongoing basis. Since 2019, the percentage of market value (POMV) statutory formula has provided Alaska with a consistent and disciplined approach to accessing investment gains of the massive Alaska Permanent Fund (APF) held in the earnings reserve account (ERA). The smoothing of historical market values in the POMV formula and APF's global, diverse asset portfolio reduce the state's exposure to financial volatility compared to the period before fiscal 2019, when energy receipts were its primary revenue source.

Reliance on the statutory POMV is now embedded in the state's fiscal framework, supporting the upgrade, but Fitch views the state's fiscal transition as only partially complete. POMV draws from the ERA have been sufficient to support state operations and the politically sensitive annual dividend payment to Alaska's residents. However, the long-term sustainability of the ERA is not assured due to the parallel need to appropriate inflation-proofing transfers from the ERA back to the APF corpus. Implementation of measures such as imposing new taxes, structurally reducing recurring spending, modifying the APF account structure or making a stable POMV draw mechanism constitutional could support budget stability and limit the state's exposure to energy-related cyclicality.

The 'AA-' IDR continues to be supported by Alaska's moderate long-term liability burden. Fitch views it as a limited risk given both the state's historical reluctance to issue debt and the closure of its defined benefit pensions plans almost 20 years ago. OPEB liabilities are fully funded. Additionally, operating performance is supported by sizable reserve balances, notably the constitutional budget reserve (CBR). The CBR is funded from separate energy related receipts, investment earnings and periodic deposits of operating surpluses.

SECURITY

State GO bonds are general obligations of the state of Alaska, to which the full faith, credit and resources of the state are pledged.

Lease-purchase obligations are backed by annual appropriations from the state's unrestricted general fund (UGF).

Alaska Municipal Bond Bank Authority bonds are GOs of the bank issued under 2005 and 2016 resolutions, for which the state maintains an annual standing appropriation of general fund resources to replenish the bonds' debt service reserve fund in the event of borrower default. The standing appropriation is the basis for the rating at a level one notch below Alaska's IDR.

KEY RATING DRIVERS

Revenue Framework - 'aa'

Alaska's revenue framework is unique among the states in reliance on realized earnings from the massive APF investment portfolio (distributed to the state through the ERA) and volatile energy-related revenues. Underlying APF investment return performance is solid over time, although sustainable management of state draws on realized earnings in the ERA is critical to the rating. Looking through energy-related volatility, Fitch views growth prospects for energy revenues to be relatively limited over time, despite the forecast growth in oil production on the North Slope. The state has complete control over its revenue, with an unlimited independent legal ability to raise operating revenues as needed; at present, no broad-based statewide taxes are levied.

Expenditure Framework - 'a'

The state has the broad expense-cutting ability common to most U.S. states. The spending profile covers wide-ranging operating services, plus direct capital outlays and the annual dividend funded from the ERA. Beyond budgeted program spending, the ability to modify the annual dividend or reduce capex support flexibility. Carrying costs for long-term liabilities are low, given the state's historical reluctance to issue debt and the longstanding closure of its major pensions. Alaska's overall expenditure flexibility has been periodically constrained by lengthy periods of oil price weakness, necessitating steep cuts.

Long-Term Liability Burden - 'aa'

Direct debt and Fitch-adjusted net pension liabilities are elevated but still in the moderate range relative to personal income and state GDP. Direct debt issuance is infrequent, and the balance has fallen in recent years. The state covers its own workers' pensions, plus shares of teacher and local employee pensions, but the closure of its defined benefit plans in 2006, a commitment to actuarial contributions and full prefunding of other post-employment benefits (OPEB) diminish risks posed by retirement benefits. Both pensions and OPEB are constitutionally protected.

Operating Performance - 'aa'

Strong, centralized financial operations, the large APF balance, implementation of the POMV from the ERA and a propensity to accumulate large budgetary reserves during periods of high energy prices support steady operating performance through the cycle. While financial operations remain subject to energy-related volatility, the POMV mechanism and the dedication of specific revenues to both the APF and the CBR support financial resilience. Spending deferrals and non-recurring support of operations may weigh on budget management. The potential for depletion of the ERA remains a risk to operating performance absent additional state actions.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Policy changes that erode long-term financial resilience such as continued draws on the state's accessible reserves, including the ERA, at levels beyond current expectations, or deep market dislocations that materially reduce the ERA's value, accelerating the risk of depletion and jeopardizing the state's financial resilience.

-- A return to a prolonged lower energy price environment, potentially driven by more rapid acceleration of the transition from carbon-based fuels than currently anticipated, that challenges the state's ability to maintain structural balance and maintain reserves.

-- A rise in the long-term liability metric toward 20% of GDP, driven by significant new borrowing or structural changes to state pensions, although Fitch views these as unlikely.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- Agreement on changes to Alaska's system of generating operating revenue or its level of recurring spending, supporting its ability to sustainably cover budgetary needs and the annual dividend payment over the long term could raise Fitch's operating performance assessment.

-- An extended period of higher energy prices, combined with fiscal discipline that prioritizes the further building of budgetary reserves and supports ongoing structural balance, could improve financial resilience.

-- Further declines in the state's long-term liability burden to levels consistently below 10% of GDP.

PROFILE

Alaska's economic resource base historically has been built on strengths in natural resource development, tourism and government. State GDP was flat to declining for much of the past decade due to the 2014 plunge in crude oil prices that reduced energy-related activity, pushed the unemployment rate well above the nation's, and triggered labor force and population declines in the second half of the decade. GDP sustained another severe shock in 2020 as the pandemic affected energy prices and other economic drivers, particularly tourism. In the decade through 2024, real GDP rose an average of 0.3% annually in Alaska, compared with a 2.5% gain nationally, and nonfarm employment in the state declined 0.1% annually, compared with 1.3% growth nationally.

Economic and population trends have stabilized since the pandemic and employment has returned to pre-pandemic levels, but remains below the peak attained in 2014. Expanding drilling activity on the Alaska North Slope (ANS), notably in the new Willow and Pikka fields, is expected to bolster production over the next decade, offsetting gradual decline of older fields. As of the Department of Revenue's June outlook update, the price per barrel of oil is expected to fall in the near term, from $73.76 in fiscal 2025 to $64.23 in fiscal 2026, given global macroeconomic trends. The spring 2025 revenue forecast otherwise assumes prices range from $66 to $72 between fiscal 2027 and fiscal 2035.

More recently, stronger energy prices and a rebound in tourism have supported employment. Nonfarm payrolls in Alaska are 2.5% higher as of February 2025 compared to February 2020, before the pandemic; the comparable national figure is 4.5%. Unemployment, at 4.5% in July 2025, is below the 4.6% level for the nation in that month and is well under the 5.5% level in February 2020, just before the pandemic.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

Alaska has an ESG Relevance Score of '4' for Biodiversity and Natural Resource Management due to exposure to energy sector volatility, which has a negative impact on the credit profile and is relevant to the ratings in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

U.S. Public Finance State Governments and Territories Rating Criteria (pub. 04 Feb 2025) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v3.1.1 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Alaska Pension Obligation Bond Corporation (AK)	EU Endorsed, UK Endorsed

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