

MINUTES
STATE BOND COMMITTEE
November 17, 2010

A meeting of the State Bond Committee was held at 2:00 p.m. on November 17, 2010 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska.

State Bond Committee Members present were:

Don Habeger, Director of Division of Corporations, Business and
Professional Licensing, Department of Commerce, Community &
Economic Development
Kevin Brooks, Deputy Commissioner, Department of Administration
Jerry Burnett, Deputy Commissioner, Department of Revenue

Present telephonically were:

Cynthia M. Weed, K & L Gates
Brian LePenske, Scott Ballice Strategies
Tim Rattigan, Citigroup
Ben Selberg, Citigroup

Also present in Juneau was:

Deven Mitchell, Debt Manager, Department of Revenue

I. Call to Order

Mr. Habeger called the meeting to order at 2:04 p.m. AST.

II. Roll Call

Mr. Mitchell took roll call. Mr. Brooks, Mr. Burnett and Mr. Habeger were present.

III. Public Meeting Notice

A copy of the Advertising Order and Affidavit of Publication concerning the date, location, and purpose of the meeting were reviewed and made a part of the minutes of the meeting. Mr. Mitchell stated the meeting notice was advertised in the State's Online Public Notice.

IV. Approval of Agenda

The agenda was adopted without objection.

VI. Public Comment

Mr. Habeger asked for public participation and comment. There was none.

VII. New Business

Resolution 2010-07

Mr. Mitchell introduced the first item of business was Resolution 2010-07, a resolution of the State Bond Committee of the State of Alaska providing for the issuance of three series of General Obligation bonds of the State of Alaska. The bonds are authorized by the November 2, 2010 ballot proposition that was approved. The series of bonds will be tax exempt in year one and two, then a longer dated Qualified School Construction Bond (QSCB) and Build America Bond (BAB). Both of the longer dated bonds are taxable direct issuer subsidy bonds with the BABs being eligible for 35% of the interest expense subsidized by the federal government and the QSCBs receiving the tax credit rate established by the US Treasury. The latest number run of Citigroup was provided to the Committee and reflected that the all in true interest cost would be 2.88% if the bonds were sold on November 16. Mr. Mitchell also highlighted Scott Balice Strategies analysis of the structure and potential for a par call. The analysis indicates that the State is not likely to recoup the higher cost of a par call versus a make whole call structure. A final determination on the call language and other structuring issues will be made prior to pricing. Cynthia Weed described legal aspects of the resolution and the authorizations it provides for. She cautioned the Committee on expectations of the Internal Revenue Service in establishing a Post Issuance Compliance Policy. Mr. Brooks moved that State Bond Committee Resolution 2010-07 be approved. Mr. Burnett seconded the motion. Mr. Mitchell took the roll and the motion passed by three yes votes.

Debt Manager's Report

Mr. Mitchell reported that Jerry Burnett, Pat Galvin and himself had travelled to New York City to meet with rating analysts on November 10. The meetings were interactive and ended with a request for the State to be considered for upgrade to the AAA level.

Committee Member Comments

There were none.

Schedule Next Meeting

Mr. Mitchell indicated that the next meeting would need to be in early December.

Adjournment

The meeting was adjourned at 2:58 p.m.

Susan Bell, Commissioner
Department of Commerce and Economic Development
Chairman

ATTEST:

Bryan Butcher, Commissioner
Department of Revenue
Secretary