

MINUTES
STATE BOND COMMITTEE
December 7, 2010

A meeting of the State Bond Committee was held at 10:00 a.m. on December 7, 2010 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska and at the offices of Citigroup located at 390 Greenwich, 2nd Floor, New York, New York.

State Bond Committee Members present in Juneau were:

Kim Garner, Director Division of Finance, Department of Administration

State Bond Committee Members present in New York were:

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

Present telephonically were:

Cynthia M. Weed, K & L Gates
Ken Vassar, Birch Horton Bittner & Cherot
Mike Strand, Alaska Housing Finance Corporation
Ted Leonard, Alaska Industrial Development & Export Authority
Valorie Walker, Alaska Industrial Development & Export Authority

Also present in New York were:

Deven Mitchell, Debt Manager, Department of Revenue
Brian LePenske, Scott Ballice Strategies
Debbie Schnebel, Scott Ballice Strategies
Tim Rattigan, Citigroup

I. Call to Order

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

II. Roll Call

Mr. Mitchell took roll call. Ms. Garnero, 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.

V. Public Comment

VI. Public Comment

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

VII. New Business

Resolution 2010-08

Mr. Mitchell introduced the first item of business was Resolution 2010-08, a resolution of the State Bond Committee of the State of Alaska allocating calendar year 2010 private activity bond volume limit. Mr. Mitchell explained that the resolution provided for remittance of unused allocation back to the Committee and allocation of the full 2010 cap. The resolution notices that there were no municipal requests in 2010. The resolution then affirms former allocations of \$1,263,363 to the Alaska Industrial Development and Export Authority (AIDEA) and \$5,000,000 to the Alaska Housing Finance Corporation (AHFC) and allocates an additional \$19,999,999 to AIDEA and \$247,511,638 to AHFC. Mr. Burnett moved that State Bond Committee Resolution 2010-08 be approved. Ms. Garnero seconded the motion. Mr. Mitchell took the roll and the motion passed by three yes votes.

2010 Series A, B, & C General Obligation Bond Pricing

Mr. Mitchell provided a summary of the pricing process for the 2010 bonds. He described the process to reach a consensus scale for obtaining indications on Monday. The various desks described the proposed scale of interest rates as aggressive but reasonable. For the Build America Bonds (BABs) and the Qualified School Construction Bonds (QSCBS) following the indications period

there were significant over subscriptions for all the bonds with up to 8.5 times orders to bonds on a single maturity. This was followed by a guidance period on Tuesday morning which lowered the yields by as much as 20 basis points. Following Guidance the bonds were launched and rates locked based on the spread to Treasuries. The tax exempt Series C bonds were priced by sealed bid for the 2011 maturity and conventional pricing for the 2012 maturity. Both maturities ended up with yields that were 5 basis points through the AAA MMD scale. The bonds have a all in true interest cost of 2.78%. There were no questions and no Committee action was required.

Debt Manager's Report

Mr. Mitchell reported that the Committee's packet contained copies of the three rating agency reports related to the general obligation bond sale. He again highlighted the process that led to the Aaa rating from Moody's.

VIII. Committee Member Comments

There were none.

IX. Schedule Next Meeting

Mr. Mitchell indicated that the next meeting date is uncertain at this time.

X. 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