

**OFFICIAL MINUTES
STATE BOND COMMITTEE
January 6, 2014**

A meeting of the State Bond Committee was held at 10:00 a.m. on January 6, 2014 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska.

State Bond Committee Members present in Juneau were:

JoEllen Hanrahan, Deputy Commissioner, Department of Commerce Community & Economic Development
Jerry Burnett, Director of Administrative Services, Department of Revenue
Michael Barnhill, Deputy Commissioner, Department of Administration

Also present in Juneau were:

Deven Mitchell, Debt Manager, Department of Revenue
Ryan Williams, Department of Revenue

Also present telephonically were:

Kerry Salas, K & L Gates
Cynthia Weed, K & L Gates
Pete Nissen, Acacia Financial
Phoebe Seldon, Acacia Financial
Brian Olin, Goldman Sachs

I. Call to Order

Mr. Burnett called the meeting to order at 10:05 a.m. AST.

II. Roll Call

Mr. Mitchell took roll call. Mr. Burnett, Mr. Barnhill and Ms. Hanrahan were present.

III. Public Meeting Notice

A copy of the 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

Mr. Barnhill moved and Ms. Hanrahan seconded approval of the Agenda. The motion was adopted without objection.

V. Minutes of September 16, 2013

Mr. Barnhill pointed out a partial paragraph in the minutes. Approval of the minutes was deferred to the next meeting of the Committee.

VI. Public Comment

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

VII. New Business

Resolution 2014-01

Mr. Mitchell stated that the resolution allocates the annual private activity bond volume limit and the qualified public education facilities bond limit for calendar year 2013. There have been no requests for either one of the allocations for the year and accordingly it is the recommendation of staff to allocate to the most likely users of the caps. For the private activity bond volume limit, the Alaska Housing Finance Authority has been the most prolific user of the cap and therefore the entire amount is allocated to AHFC. As the cap can be carried forward for three years it is hoped that there will be an opportunity for use of the cap in the future. For the qualified public education facilities bonds all past allocations have been granted to the Alaska Industrial Export and Development Authority. This cap can also be carried forward for three years and by allocating to AIDEA it maximizes the likelihood of a future use on a consolidated project. Mr. Barnhill moved Resolution 2014-01 and Ms. Hanrahan seconded the motion. The Committee then approved Resolution 2014-01 with three yes votes.

Resolution 2014-02

Mr. Mitchell stated that the resolution provides for advance funding of the legislatively authorized \$35 million residential housing facility by the Alaska Native Tribal Health Consortium to be reimbursable from the certificates of participation of the State of Alaska that are anticipated to be issued in April. The passage of the resolution allows for maximum funding flexibility. Included in your packet material is a letter from the Chairman and President of ANTHC explaining their agreement to forward fund the construction. Ms. Hanrahan moved Resolution 2014-02 and Mr. Barnhill seconded the motion. The Committee then approved Resolution 2014-02 with three yes votes.

Resolution 2014-03

Mr. Mitchell explained that the resolution delegates authority to approve the terms and conditions of the initial sale of the 2013 transportation general obligation bond issuance authority for a not to exceed amount of \$225 million for the purpose of refinancing the 2013 C Bond Anticipation Notes and fund additional project cost. The final sizing will be determined

by the updated cash flow expected later this month. Ms. Weed emphasized the legal delegations and authority that the Resolution conveyed. She continued that this Bond Anticipation Note will be the second issuance related to the \$453 million of 2012 transportation projects. The Bond Anticipation Notes will be issued with a fixed rate of interest based on a maturity 12 months after issuance. The Resolution limits the rate of interest to 1%. Mr. Mitchell indicated that in the current market we expect the rate to be in the .15-.20 percent interest rate. Mr. Barnhill asked if we can continue to issue Bond Anticipation Notes indefinitely. Ms. Weed indicated that a permanent financing plan is required at some point. Mr. Barnhill moved and Ms. Hanrahan seconded the motion to approve Resolution 2014-03. The motion was carried with three yes votes.

Debt Manager's Report

Mr. Mitchell reported on the following items:

On October 22, 2013 the Revenue Bond Anticipation Notes were issued for the Clean Water and Drinking Water Funds. The \$2,975,979.52 of Notes were repaid on October 23 as planned. The transaction provided for additional Federal match being deposited into the Funds as planned. The transaction Memorandum of Understanding is attached.

The FY 2015 State debt service requirement has been incorporated into the Governor's FY 2015 budget that was released in December. There were no issues with this process.

Ongoing Disclosure – the State of Alaska's FY 2013 CAFR and the Fall 2013 Revenue Forecast have been posted on EMMA in compliance with the State's ongoing disclosure responsibility.

On December 31, 2013 I directed US Bank to provide notice and optionally redeem \$1,490,000 of the 2006 State of Alaska Sport Fishing Revenue Bonds. This optional redemption was the result of excess surcharge collection over the course of the last year. Following this optional redemption approximately \$900,000 of the final maturity of the bonds will remain outstanding. A copy of the direction letter is in your packet.

The 2013 Series C general obligation bond anticipation notes authorized at the February meeting were successfully sold on March 14, 2013 and closed on March 27. The blended all in net interest cost of the bonds is .09571%. This sale is funding the initial cash flow associated with the 2012 transportation authorization. Given updates to the cash flow the \$152.1 million generated from the sale will easily get us to the note's maturity on March 25, 2014. It is likely that the recommended approach for the refinancing of the 2013 C notes will be to issue another bond anticipation note. A post sale summary prepared by our financial advisor, Acacia is in your packet.

VIII. Committee Member Comments

There were none.

IX. Schedule Next Meeting

Mr. Mitchell indicated that the next meeting date will need to be in February , but will be at the call of the Chair.

X. Adjournment

The meeting was adjourned at 10:37 a.m..

Susan Bell, Commissioner
Department of Commerce and Economic Development
Chairman

ATTEST:

Angela Rodell, Commissioner
Department of Revenue
Secretary