

# **STATE OF ALASKA**

## **STATE BOND COMMITTEE**

**DEPARTMENT OF REVENUE  
COMMISSIONER'S CONFERENCE ROOM**

**Juneau, Alaska**

**May 5, 2015**

**10:00 A.M.**



# **STATE BOND COMMITTEE AGENDA FOR BOARD OF DIRECTOR'S MEETING**

**Alaska Department of Revenue  
Commissioner's Conference Room  
333 Willoughby Avenue  
State Office Building, 11<sup>th</sup> Floor  
Juneau, Alaska 99811**

**May 5, 2015 10:00 A.M.**

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Minutes of February 25, 2015 State Bond Committee Meeting**
- VI. Public Participation and Comment**
- VII. New Business**
  - A. Resolution 2015-04 – Allocation of a Portion of the 2015 Private Activity Bond Volume Cap.**
  - B. Post Sale Summaries of the 2015A Bond Anticipation Notes, 2015B refunding bonds, and 2015 refinance of the 2009 Goose Creek Correctional Facility financing.**
  - C. Debt Manager's Report**
- VIII. Committee Member Comments**
- IX. Schedule Next Meeting**
- X. Adjournment**

Notice is hereby given that the State of Alaska State Bond Committee will hold a meeting at the Alaska Department of Revenue Commissioner's Office, 333 Willoughby Avenue, 11<sup>th</sup> Floor, Juneau, Alaska 99811, on May 5, 2015 at 10:00 a.m.

Resolution 2015-04      Allocation of a portion of the 2015 Private Activity Bond Volume  
Cap Limit

Post Sale Summary – 2015 A Bond Anticipation Note, 2015 B refinance of 2009 A, and  
participation in 2015 refinance of 2009 Goose Creek Correctional  
Center Financing

Debt Manager's Report

The public is invited to attend and will be given the opportunity for public comment and participation. The State Bond Committee complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973.

Dated April 15, 2015  
Deven Mitchell

## State of Alaska State Bond Committee Meeting

Notice is hereby given that the State of Alaska State Bond Committee will hold a meeting at the Alaska Department of Revenue Commissioner's Office, 333 Willoughby Avenue, 11<sup>th</sup> Floor, Juneau, Alaska 99811, on May 5, 2015 at 10:00 a.m.

Resolution 2015-04      Allocation of a portion of the 2015 Private Activity Bond Volume Cap Limit

Post Sale Summary – 2015 A Bond Anticipation Note, 2015 B refinance of 2009 A, and participation in 2015 refinance of 2009 Goose Creek Correctional Center Financing

Debt Manager's Report

The public is invited to attend and will be given the opportunity for public comment and participation. The State Bond Committee complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973.

Dated April 15, 2015

Deven Mitchell

### [Attachments, History, Details](#)

#### **Attachments**

None

#### **Revision History**

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#### **Details**

Department: Revenue  
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Sub-Category:  
Location(s): Statewide  
Project/Regulation #:

Publish Date: 4/15/2015  
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Events/Deadlines:

**OFFICIAL MINUTES  
STATE BOND COMMITTEE  
February 25, 2015**

A meeting of the State Bond Committee was held at 10:02 a.m. ASDT on February 25, 2015 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska (333 Willoughby Avenue, State Office Building, 11<sup>th</sup> Floor, Juneau, Alaska 99811).

State Bond Committee Members present were:

Sheldon Fisher, Commissioner, Department of Administration  
Jerry Burnett, Deputy Commissioner, Department of Revenue  
Kevin Anselm, Director of Banking & Securities, Department of Commerce,  
Community & Economic Development

Also present were:

Deven Mitchell, Debt Manager, Department of Revenue  
Ryan Williams, Op. Research Analyst, Dept. of Revenue  
Bill Milks, Assistant Attorney General, Dept. of Law

Also present telephonically were:

Kerry Salas, K & L Gates  
Cynthia Weed, K & L Gates  
Pete Nissen, Acacia Financial  
Phoebe Seldon, Acacia Financial  
Marc Greenough, Foster Pepper  
Tom Yang, RBC Capital Markets  
Laura Janke, RBC Capital Markets

**I. Call to Order**

Ms. Anselm called the meeting to order at 10:02 a.m. ASDT.

**II. Roll Call**

Mr. Mitchell took roll call. Ms. Anselm, Mr. Fisher & Mr. Burnett 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 - The notice was officially published on 2/12/2015.

**IV. Approval of Agenda**

Mr. Fisher moved and Mr. Burnett seconded approval of the Agenda. The motion was adopted unanimously with three yes votes.

**V. Minutes of November 21, 2014**

Ms. Anselm recommended setting a separate meeting with Mr. Mitchell in an effort to progress the original MCDC policies and procedures document. Mr. Mitchell concurred. Mr. Fisher moved and Mr. Burnett seconded approval of the November 21, 2014 minutes. The motion was adopted unanimously with three yes votes.

**VI. Public Comment**

Ms. Anselm asked for public participation and comment. There was none.

**VII. New Business**

***Resolution 2015-01***

Mr. Mitchell stated that Resolution 2015-01 would authorize the issuance and sale of general obligation bond anticipation notes of the State of Alaska, Series 2015A. Ms. Anselm further introduced by reading the resolution summary to meeting participants, "...providing for the issuance and sale of general obligation bond anticipation notes of the State in the aggregate principal amount of not to exceed \$162,700,000; approving the sale of such notes; and authorizing the Designated Representative to approve the interest rate, maturity date and final principal amount for the note..." Mr. Mitchell stated that the resolution would authorize the refinancing of the \$170,000,000 2014 BANS, plus paying \$155,078 in interest. Additionally, Mr. Mitchell mentioned that a portion of the \$10 million allocated FY2015 appropriation, related to these BANS, originally authorized under the 2012 Transportation Bond Act, would be used to pay down a portion of principal amount now outstanding. Mr. Mitchell went through the resolution mentioning the maturity date would not be greater than 12 months following the date of issuance, net interest cost shall not exceed 1.00%, and a tentative pricing would need to be scheduled for approximately March 19, 2015 should the resolution be approved. It was noted that the previous net interest cost on last years' BAN issuance was under 0.10%. Mr. Mitchell also noted that a copy of the Notice of Sale (NOS) and Preliminary Official Statement (POS) was provided in the packet. Ms. Anselm noticed that there was a minor typo on Interest Rate and Bid Price paragraph on the NOS, where the word "much" should be changed to "must." This was noted by bond counsel. Ms. Anselm mentioned that the Litigation section of the POS should be given another look, to see if there were any additional changes to the Oil and Gas Tax litigation section related to Governor Walker's litigation statement that was filed prior to him becoming Governor, and declared dropped within the last 24 hours. Bill Milks, Assistant Attorney General, mentioned that this would not be necessary due to potential monetary damages being non-existent, or immaterial. Mr. Fisher moved Resolution 2015-01 and Ms. Anselm seconded the motion. The State Bond

Committee then approved Resolution 2015-01 with three aye (yes) all in favor votes. The Resolution was approved unanimously.

***Resolution 2015-02***

Mr. Mitchell stated that Resolution 2015-02 would authorize the issuance and sale of general obligation refunding bonds, Series 2015B, whereas this advance refunding would redeem a portion of the 2009A GO Bonds previously issued to fund transportation projects based on the 2008 Transportation Bond Act. The previously issued bonds are callable on August 1, 2019. Mr. Mitchell mentioned that these bonds are being targeted in pursuit of present value savings, of which are currently in the mid 7.5% range with market conditions as of February 20, 2015. Mr. Mitchell mentioned that in the board's packet, behind the resolution, there are numbers provided by Citigroup Global Markets detailing a preliminary sample of the transaction. Resolution 2015-02 would authorize an aggregate principal amount of GO refunding bonds of not exceed \$120,000,000, and authorize the Designated Representative to approve the interest rate, maturity date and final principal amount for the bonds. Cynthia Weed of K&L Gates discussed the net present value aggregate savings target mentioned in the resolution on page 22 of 5% of the refunded bonds. Mr. Mitchell concurred, and noted that this mirrors sentiment that refunded bonds often target greater than five percent present value savings, especially in the current low rate environment. Also, Mr. Mitchell mentioned that under this savings scenario, \$2 million would be targeted for savings in FY16, which provides for additional cash flow relief for the State of Alaska. At this point, the tentative pricing would occur on approximately March 26, 2015, and close on or about April 9, 2015. Mr. Mitchell also noted that the Preliminary Official Statement (POS) for the BAN issuance in the previously discussed section of the packet, has similar disclosures to what would be contained in the Series 2015B POS. Ms. Anselm moved Resolution 2015-02 and Mr. Fisher seconded the motion. The State Bond Committee then approved Resolution 2015-02 with three aye (yes) all in favor votes. The Resolution was approved unanimously.

***Resolution 2015-03***

Mr. Mitchell stated that Resolution 2015-03 would authorize the Debt Manager and other appropriate officials to approve and execute necessary documentation in connection with the sale and issuance of revenue refunding bonds in relation to the Matanuska-Susitna Borough, State of Alaska Lease Revenue Refunding Bonds, Series 2015, for the Goose Creek Correctional Center Project originally issued in December of 2008. The previously issued bonds are callable on September 1, 2019. Mr. Mitchell mentioned that these bonds are being targeted in pursuit of present value savings, of which are currently in the high 8% range with market conditions as of February 19, 2015. Mr. Mitchell mentioned that in the board's packet, behind the resolution, there are numbers provided by the RBC Capital Markets team detailing a preliminary analysis of the transaction. Resolution 2015-03 would authorize an aggregate principal amount of Mat-Su Borough, State of Alaska Lease Revenue Refunding Bonds of not exceed \$195,000,000. Mr. Mitchell again stated that the resolution would provide authorization so long as the net present value of savings are at or above 5% of the principal amount of the refunded bonds. The schedule at this time has the tentative pricing occurring on approximately April 1<sup>st</sup> or 2<sup>nd</sup>, 2015, and a close on or

about mid-week of April 13<sup>th</sup>, 2015. Laura Janke of RBC Capital Markets was given an opportunity to summarize the number run provided in the board packet with market rates as of February 19, 2015. Mr. Burnett moved Resolution 2015-03 and Mr. Fisher seconded the motion. The State Bond Committee then approved Resolution 2015-03 with three aye (yes) all in favor votes. The Resolution was approved unanimously.

### ***VCAP Filing Summary***

Mr. Mitchell stated the final Voluntary Closing Agreement Program Request (VCAP for Tax Exempt Bonds) has been filed with the IRS. The filing was for certain Alaska International Airport System (AIAS) Revenue Bonds, and the bond counsel representing the State of Alaska is Robert Starin with K&L Gates, LLP. The VCAP filing is related to certain AIAS Revenue Bond funds used for specific debt service payments. Certain individual debt service payments were inadvertently transferred from non-compliant sources of bond funds. Mr. Mitchell stated that the State Bond Committee packet contains a description of these occurrences, as well as backup tables that accompanied the request to the IRS. The IRS has responded with initial questions, and it's anticipated that the process will be closed in a reasonable amount of time due to the speed of the initial response. Mr. Mitchell mentioned that the worst case scenario would be a penalty, due to the US Treasury, in the amount of approximately \$3 million. Mr. Mitchell mentioned that he would update the Committee as soon as there was additional correspondence and direction from the IRS on this VCAP request.

### ***Debt Manager's Report***

Mr. Mitchell summarized updates related to recent interaction with the three main Ratings Agencies. Mr. Mitchell noted that following the release of the Department of Revenue's Revenue Sources Book in December 2014, all three rating agencies publically released commentaries on the State of Alaska. The tone of all three agencies was negative based on the diminished revenue expectation of the State in the current oil price environment. Moody's was the most bearish putting the State on negative outlook, which has a 30% chance of negative rating action in the next 18 months. In response to the views the Governor, Commissioner of Revenue, Deputy Commissioner of Revenue, the State Geologist and the Debt Manager met with the rating analysts in early February. A copy of the presentation has been provided in the Board packet for review.

Additionally, Mr. Mitchell made it known for the record that seven firms responded to the State's request for proposals for Bond Counsel. The evaluation team has selected K&L Gates as the successful proposer, but there may be issues with entering a contract that the Department of Law is currently reviewing.



**VIII. Committee Member Comments**

There were none.

**IX. Schedule Next Meeting**

**X. Adjournment**

The meeting was adjourned at 11:05 AM ASDT.

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Fred Parady, Acting Commissioner  
Department of Commerce, Community and Economic  
Development- Chair

ATTEST:

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Randy Hoffbeck, Commissioner  
Department of Revenue-  
Secretary

**STATE BOND COMMITTEE**

**RESOLUTION NO. 2015-04**

**A Resolution of the State Bond Committee  
of the State of Alaska Allocating a Portion of the  
Private Activity Bond Volume Limit of the State of Alaska For  
Calendar Year 2015**

WHEREAS, Alaska Statute 37.15.800 directs the State Bond Committee (the "Committee") to allocate the private activity bond volume limit for Alaska (the "volume cap") as authorized under 26 U.S.C. 146(e); and

WHEREAS, the volume cap for calendar year 2015 is \$301,515,000; and

WHEREAS, the Alaska Housing Finance Corporation (AHFC) has requested an allocation of \$8,500,000 of volume cap for a multi-unit facility to enhance access to affordable rental housing for Alaska's low-income and elderly population; and

WHEREAS, the Alaska Industrial Development and Export Authority (AIDEA) has requested an allocation of \$5,000,000 of volume cap to refund bonds related to the financing of the Snettisham Hydroelectric Project and pay for costs of issuance and reserves; and

WHEREAS, the Alaska Industrial Development and Export Authority (AIDEA) has requested an additional allocation of \$100,000,000 of volume cap to provide for anticipated future projects that are estimated to accumulate to \$200 million; and

WHEREAS, over the last three years there have been very limited requests for volume cap with annual year end allocations to AHFC of the majority of each year's cap for potential use in future years; and

WHEREAS, private activity bond volume cap allocations are available for use until February of the year following allocation and then may be designated and carried forward for an additional period of three years; and

WHEREAS, the allocations will lower the cost of the financings of AHFC and AIDEA and provide AIDEA with a working balance of volume cap;

WHEREAS, there have been no municipal and there are no additional requests for volume cap at this time for 2015 volume cap.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE:

State Bond Committee  
Resolution 2015-04

Page 2 of 2

Section 1. The Committee hereby allocates \$8,500,000 of the 2015 private activity bond volume limit for Alaska to AHFC.

Section 2. The Committee hereby allocates \$105,000,000 of the 2015 private activity bond volume limit for Alaska to AIDEA.

Section 3. This Resolution is effective immediately.

DATED AND ADOPTED this 5<sup>th</sup> day of May, 2015.

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Chris Hladick, Commissioner  
of the Department of Commerce, Community and  
Economic Development, Chair

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Randy Hoffbeck, Commissioner of the  
Department of Revenue, Secretary

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Sheldon Fisher, Commissioner of the  
Department of Administration, Member

APPROVED AS TO FORM:

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Attorney General of the  
State of Alaska

## **Memorandum**

**Date:** March 17, 2015  
**To:** Alaska State Bond Committee  
**From:** Gerard Deta, Senior Finance Officer  
**Re:** Request for 2015 Private Activity Volume Cap Allocation

The Alaska Housing Finance Corporation has been approached with respect to the financing of a multi-unit facility that will enhance access to affordable rental housing for Alaska's low-income and elderly populations. The project in question is Creekview Plaza, a 49-unit affordable senior housing complex located in Anchorage, Alaska.

Section 42 of the Internal Revenue Code of 1986, as amended, allows the allocation of federal Low Income Housing Tax Credits ("LIHTC") to projects that are at least 50% financed by the proceeds of tax-exempt bonds subject to volume cap. The Creekview Plaza project contemplates the use of such tax credits for a significant portion of its capital structure. In furtherance of this, AHFC respectfully requests the allocation of \$8,500,000 of 2015 private activity volume cap.

The direct benefit to the State is additional affordable housing inventory for elderly and low-income Alaskans using capital funds derived from the sale of tax credits rather than from State general funds. Furthermore, bonds issued pursuant to the above volume cap request will be revenue bonds that do not require the general obligation pledge of the State.

The Committee's consideration is sincerely appreciated.



## MEMORANDUM

**TO:** Deven Mitchell, Debt Manager  
Alaska State Bond Committee

**FROM:** Michael Lamb, Chief Financial Officer *ML*  
Alaska Industrial Development and Export Authority

**DATE:** March 16, 2015

**SUBJECT:** 2015 Private Activity Volume Cap Allocation for Power Revenue Refunding Bonds, Second Series (Snettisham Hydroelectric Project) Financing

The Alaska Industrial Development and Export Authority ("AIDEA") has been approached by AEL&P to issue refunding revenue bonds with respect to the Snettisham hydroelectric project in Juneau, Alaska (the "Bonds"). AIDEA intends to use the proceeds of the Bonds to (a) refund AIDEA's Power Revenue Bonds, First Series (Snettisham Hydroelectric Project); and (b) pay costs and provide reserves as required in connection with the financing of the foregoing (collectively, the "Financing"). The portion of the proceeds of the Bonds used for (a) in the preceding sentence will not require volume cap, but the portion of the Bonds used for (b) in the preceding sentence will require volume cap. AIDEA does not expect the portion that will require volume cap to exceed \$5,000,000.

AIDEA currently anticipates that the Financing will close in June of 2015.

In furtherance of this AIDEA requests the allocation of \$5,000,000 of 2015 private activity volume cap.

The Committee's consideration is sincerely appreciated.





## MEMORANDUM

**TO:** Deven Mitchell, Debt Manager  
Alaska State Bond Committee

**FROM:** Michael Lamb, Chief Financial Officer *ML*  
Alaska Industrial Development and Export Authority

**DATE:** April 16, 2015

**SUBJECT:** 2015 Private Activity Volume Cap Allocation (Volume Cap) for AIDEA Projects and Loans Under Review and Anticipated

The Alaska Industrial Development and Export Authority ("AIDEA") has been approached by multiple organizations for consideration of funding their projects directly with AIDEA as an AIDEA equity investment, and/or, provide either direct loans or participation loans that currently approaches \$200 million cumulatively. AIDEA is asking for an allocation of \$100 million of Volume Cap, which it believes at this time would give it the flexibility it needs to consider the many funding opportunities organizations have brought to it.

Some of these investment requests presented to AIDEA (which range from individual \$20 million to \$50 million asks) would need Volume Cap to go to the markets, both because AIDEA simply does not have the cash to fund out of its own reserves all of these known projects, and some of these projects would require an allocation given their nature.

AIDEA is making this request because it understands that there has been no competition for cap in recent years, with large balances being allocated to AHFC for lack of any other user. AIDEA also understands that it will have the ability to use the cap until February of 2016 and then will file the requisite IRS forms to carry forward the cap for an additional three years. By building up a balance of carry forward at AIDEA, in addition to just AHFC, the State will be able to finance larger projects that might come through AIDEA without having to use all of a future year's cap.

In furtherance of meeting AIDEA's mission, AIDEA requests the allocation of \$100 million of 2015 Private Activity Volume Cap.

The Committee's consideration is sincerely appreciated.

## **STATE BOND COMMITTEE**

### **RESOLUTION NO. 99-06**

#### **A Resolution of the State Bond Committee of the State of Alaska Establishing an Allocation Method for the Private Activity Bond Volume Limit**

WHEREAS, Alaska Statute 37.15.800 directs the State Bond Committee to allocate the private activity bond volume limit for Alaska (the "Volume Cap") as authorized under 26 U.S.C. 146(e); and

WHEREAS, requests from Alaskan municipalities will be granted for at least 25% of the allocation; and

WHEREAS, the State Bond Committee may reallocate the municipal portion of the Volume Cap upon determining the allocation will not be used by a municipality during a calendar year;

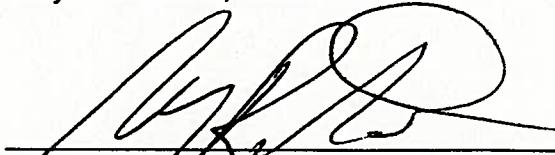
NOW, THEREFORE, THE STATE BOND COMMITTEE RESOLVES, that:

Section 1. At such time a request of the Volume Cap is to be considered all recipients of Volume Cap from the prior two calendar years will be requested to submit written estimates of need for future allocations. The Committee will consider this information in determining whether to grant the requested Volume Cap allocation.

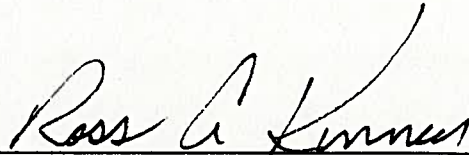
Section 2. The Committee will not reallocate the 25% of the Volume Cap allocated to municipalities before October 1 that year.

Section 3. The Committee will consider an informal poll of communities that have issued tax-exempt bonds in the last five years before any reallocation of the 25% municipal allocation.

DATED at Juneau, Alaska, this 1st day of October, 1999.



Martin Richard, Director Division of Investments  
Delegate of the Commissioner  
Department of Community and Economic  
Development, Chairman

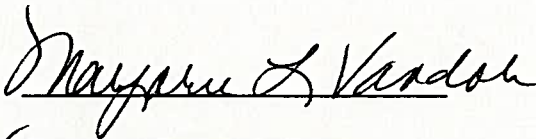


Ross Kinney, Deputy Commissioner  
Delegate of the Commissioner  
Department of Revenue,  
Secretary



Robert Poe  
Commissioner of Department of  
Administration, Member

Approved as to form:



for Attorney General of the  
State of Alaska



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or

# IRS PUBLISHES HOUSING CREDIT AND BOND CAPS FOR 2015

NOVEMBER 03, 2014



Department of the Treasury  
Internal Revenue Service

On October 30, IRS published [Revenue Procedure 2014-61](http://www.irs.gov/system/files/resources/Revenue+procedure+14-61.pdf) (<http://www.irs.gov/system/files/resources/Revenue+procedure+14-61.pdf>), establishing inflation-adjustments for various tax provisions and setting the Housing Credit and Private Activity Bonds volume caps for 2015.

For calendar year 2015, the state Housing Credit ceiling will be the greater of \$2.30 multiplied by the state's population or \$2,680,000. While the multiplier remained at the same level as in 2014, the small state minimum is increased slightly from its 2014 level of \$2,635,000.

The state private activity bond cap for 2015 will be set at the greater of \$100 multiplied by the state population (the same as 2014) or \$301,515,000. In 2014, the small state minimum was \$296,825,000.



TABLE OF CONTENTS

State of Alaska  
General Obligation Bond Anticipation Notes, Series 2015  
FINAL NUMBERS

Report	Page
Sources and Uses of Funds . . . . .	1
Bond Debt Service . . . . .	2
Bond Pricing . . . . .	3
Bond Summary Statistics . . . . .	4
Form 8038 Statistics . . . . .	5
Proof of Arbitrage Yield . . . . .	6

SOURCES AND USES OF FUNDS

State of Alaska  
General Obligation Bond Anticipation Notes, Series 2015  
FINAL NUMBERS

Dated Date	03/19/2015
Delivery Date	03/19/2015

Sources:	
<hr/>	
Bond Proceeds:	
Par Amount	155,215,000.00
Premium	7,495,332.35
	<hr/>
	162,710,332.35
	<hr/>

Uses:	
<hr/>	
Project Fund Deposits:	
Project Fund	162,700,000.00
Bid Premium	4,123.75
	<hr/>
	162,704,123.75

Delivery Date Expenses:	
Underwriter's Discount	6,208.60
	<hr/>
	162,710,332.35
	<hr/>

## BOND DEBT SERVICE

State of Alaska  
General Obligation Bond Anticipation Notes, Series 2015  
FINAL NUMBERS

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/18/2016	155,215,000	5.000%	7,739,192.36	162,954,192.36	162,954,192.36
	155,215,000		7,739,192.36	162,954,192.36	162,954,192.36

## BOND PRICING

State of Alaska  
General Obligation Bond Anticipation Notes, Series 2015  
FINAL NUMBERS

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:	03/18/2016	155,215,000	5.000%	0.150%	104.829	7,495,332.35
		155,215,000				7,495,332.35

Dated Date	03/19/2015	
Delivery Date	03/19/2015	
Par Amount	155,215,000.00	
Premium	7,495,332.35	
Production	162,710,332.35	104.829000%
Underwriter's Discount	-6,208.60	-0.004000%
Purchase Price	162,704,123.75	104.825000%
Accrued Interest		
Net Proceeds	162,704,123.75	

## BOND SUMMARY STATISTICS

State of Alaska  
General Obligation Bond Anticipation Notes, Series 2015  
FINAL NUMBERS

Dated Date	03/19/2015
Delivery Date	03/19/2015
Last Maturity	03/18/2016
Arbitrage Yield	0.150235%
True Interest Cost (TIC)	0.154064%
Net Interest Cost (NIC)	0.161560%
All-In TIC	0.154064%
Average Coupon	5.000000%
Average Life (years)	0.997
Duration of Issue (years)	0.997
Par Amount	155,215,000.00
Bond Proceeds	162,710,332.35
Total Interest	7,739,192.36
Net Interest	250,068.61
Total Debt Service	162,954,192.36
Maximum Annual Debt Service	162,954,192.36
Average Annual Debt Service	163,408,103.76
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	0.040000
Total Underwriter's Discount	0.040000
Bid Price	104.825000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	155,215,000.00	104.829	5.000%	0.997
	155,215,000.00			0.997

	TIC	All-In TIC	Arbitrage Yield
Par Value	155,215,000.00	155,215,000.00	155,215,000.00
+ Accrued Interest			
+ Premium (Discount)	7,495,332.35	7,495,332.35	7,495,332.35
- Underwriter's Discount	-6,208.60	-6,208.60	
- Cost of Issuance Expense			
- Other Amounts			
Target Value	162,704,123.75	162,704,123.75	162,710,332.35
Target Date	03/19/2015	03/19/2015	03/19/2015
Yield	0.154064%	0.154064%	0.150235%

## FORM 8038 STATISTICS

State of Alaska  
General Obligation Bond Anticipation Notes, Series 2015  
FINAL NUMBERS

Dated Date                    03/19/2015  
Delivery Date                03/19/2015

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:	03/18/2016	155,215,000.00	5.000%	104.829	162,710,332.35	155,215,000.00
		155,215,000.00			162,710,332.35	155,215,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	03/18/2016	5.000%	162,710,332.35	155,215,000.00		
Entire Issue			162,710,332.35	155,215,000.00	0.9972	0.1502%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	6,208.60
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

## PROOF OF ARBITRAGE YIELD

State of Alaska  
General Obligation Bond Anticipation Notes, Series 2015  
FINAL NUMBERS

Date	Debt Service	Present Value to 03/19/2015 @ 0.1502350723%
03/18/2016	162,954,192.36	162,710,332.35
	162,954,192.36	162,710,332.35

Proceeds Summary

Delivery date	03/19/2015
Par Value	155,215,000.00
Premium (Discount)	7,495,332.35
Target for yield calculation	162,710,332.35



April 8, 2015

# State of Alaska

## Orders and Allotments – G.O. Refunding Bonds Series 2015B

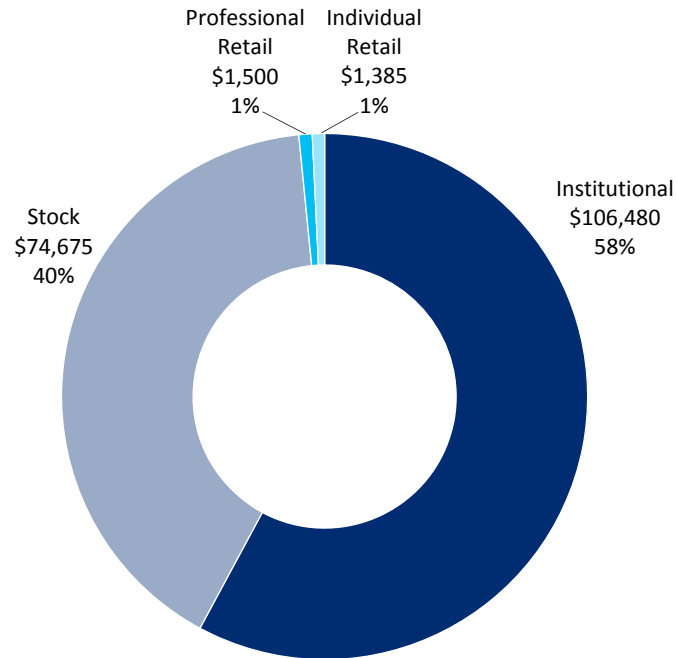


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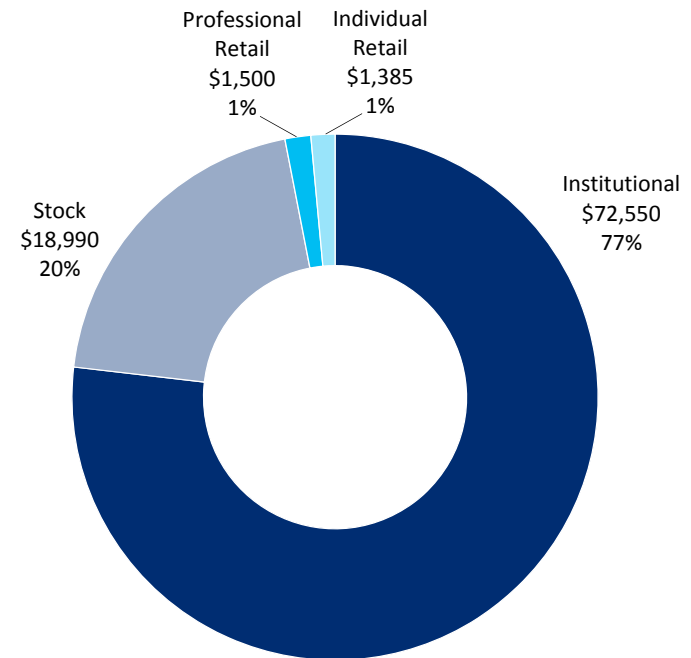
# Orders and Allotments by Type

The 2015B Bonds received a total of \$109 million of priority orders and \$75 million stock orders

**Orders by Type**  
(\$000)



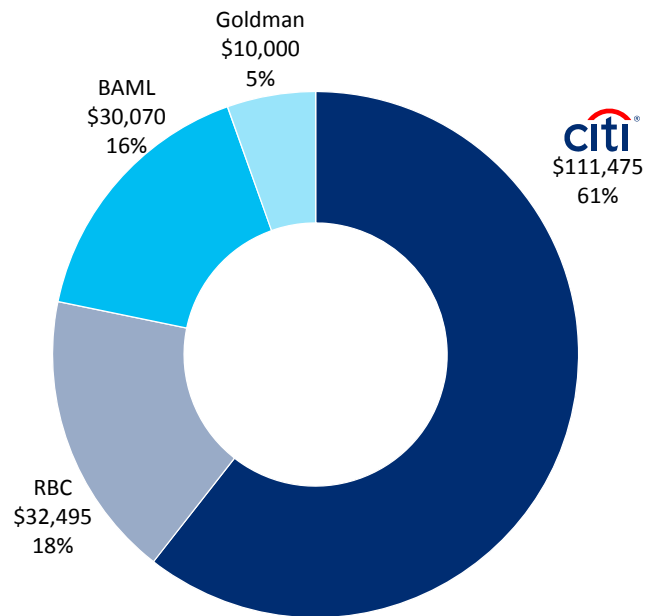
**Allotments by Type**  
(\$000)



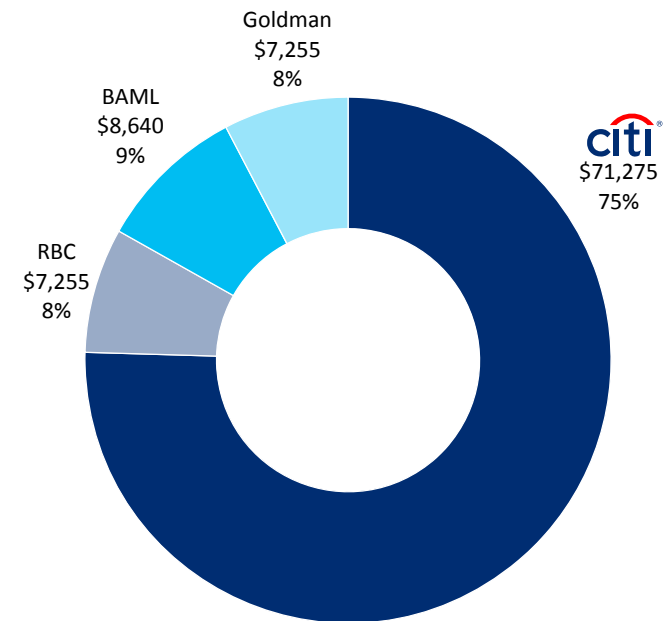
# Orders and Allotments by Firm

The 2015B Bond benefited from participation by each syndicate member

**Orders by Firm**  
(\$000)



**Allotments by Firm**  
(\$000)



\$18.990 million of Citi's allocation represents the unsold bonds underwritten by Citi to preserve the pricing levels. Designations of priority orders assume calculation in accordance with the final designation policies and liabilities.

# Orders and Allotments by Firm and Type

The 2015B Bond benefited from participation by each syndicate member

## Orders and Allotments

### By Firm and Type of Order

Firm	Individual Retail		Professional Retail		Institutional		Stock		Total	
	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments
<b>Management Group</b>										
Citigroup	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ 90,985	\$ 50,785	\$ 18,990	\$ 18,990	\$ 111,475	\$ 71,275
BofA ML	1,385	1,385	-	-	-	7,255	28,685	-	30,070	8,640
Goldman Sachs	-	-	-	-	-	7,255	10,000	-	10,000	7,255
RBC Capital	-	-	-	-	15,495	7,255	17,000	-	32,495	7,255
<b>Subtotal</b>	<b>\$ 1,385</b>	<b>\$ 1,385</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 106,480</b>	<b>\$ 72,550</b>	<b>\$ 74,675</b>	<b>\$ 18,990</b>	<b>\$ 184,040</b>	<b>\$ 94,425</b>
<b>Selling Group</b>										
Edward Jones	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fidelity	-	-	-	-	-	-	-	-	-	-
Robert W. Baird	-	-	-	-	-	-	-	-	-	-
Wells Fargo	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total</b>	<b>\$ 1,385</b>	<b>\$ 1,385</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ 106,480</b>	<b>\$ 72,550</b>	<b>\$ 74,675</b>	<b>\$ 18,990</b>	<b>\$ 184,040</b>	<b>\$ 94,425</b>

Note: Designations of priority orders assume calculation in accordance with the final designation policies and liabilities.

# Investors

The 2015B received orders from 11 institutions

## Orders and Allotments

By Investor

Investor	Orders	Allotments
Performance Trust	\$ 43,080,000	\$ 35,470,000
Paychex	16,230,000	7,440,000
First National Bank of Alaska	15,495,000	9,255,000
RBC	11,570,000	6,815,000
Schroder Investment Management	6,925,000	2,500,000
BlackRock	6,680,000	5,320,000
TIAA	5,000,000	5,000,000
DIAM Asset Management	3,000,000	3,000,000
Northern Trust	1,500,000	1,500,000
Southwest Bank of Texas	750,000	750,000
Worthington Partners	750,000	-



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Citi believes that sustainability is good business practice. We work closely with our clients, peer financial institutions, NGOs and other partners to finance solutions to climate change, develop industry standards, reduce our own environmental footprint, and engage with stakeholders to advance shared learning and solutions. Highlights of Citi's unique role in promoting sustainability include: (a) releasing in 2007 a Climate Change Position Statement, the first US financial institution to do so; (b) targeting \$50 billion over 10 years to address global climate change: includes significant increases in investment and financing of renewable energy, clean technology, and other carbon-emission reduction activities; (c) committing to an absolute reduction in GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (d) purchasing more than 234,000 MWh of carbon neutral power for our operations over the last three years; (e) establishing in 2008 the Carbon Principles; a framework for banks and their U.S. power clients to evaluate and address carbon risks in the financing of electric power projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy and mitigation



## TABLE OF CONTENTS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Report	Page
Sources and Uses of Funds . . . . .	1
Summary of Refunding Results . . . . .	2
Savings . . . . .	3
Bond Summary Statistics . . . . .	4
Bond Pricing . . . . .	5
Bond Debt Service . . . . .	6
Summary of Bonds Refunded . . . . .	7
Escrow Requirements . . . . .	8
Escrow Descriptions . . . . .	9
Escrow Cost . . . . .	10
Escrow Cash Flow . . . . .	11
Escrow Sufficiency . . . . .	12
Escrow Statistics . . . . .	13
Form 8038 Statistics . . . . .	14
Proof of Arbitrage Yield . . . . .	16

## SOURCES AND USES OF FUNDS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Dated Date	04/09/2015
Delivery Date	04/09/2015

## Sources:

Bond Proceeds:	
Par Amount	94,425,000.00
Premium	22,185,749.00
	<hr/>
	116,610,749.00
	<hr/>

## Uses:

Refunding Escrow Deposits:	
Cash Deposit	17.41
Open Market Purchases	<hr/>
	116,295,753.57
	<hr/>
	116,295,770.98

Delivery Date Expenses:	
Cost of Issuance	200,000.00
Underwriter's Discount	<hr/>
	112,109.53
	<hr/>
	312,109.53

Other Uses of Funds:	
Additional Proceeds	2,868.49
	<hr/>
	116,610,749.00
	<hr/>



## SUMMARY OF REFUNDING RESULTS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Dated Date	04/09/2015
Delivery Date	04/09/2015
Arbitrage yield	2.118432%
Escrow yield	1.305683%
Value of Negative Arbitrage	3,557,959.19
Bond Par Amount	94,425,000.00
True Interest Cost	2.383336%
Net Interest Cost	2.708401%
Average Coupon	5.000000%
Average Life	10.201
Par amount of refunded bonds	100,615,000.00
Average coupon of refunded bonds	4.905286%
Average life of refunded bonds	10.092
PV of prior debt to 04/09/2015 @ 2.118432%	126,621,146.50
Net PV Savings	7,540,174.61
Percentage savings of refunded bonds	7.494086%
Percentage savings of refunding bonds	7.985358%

## SAVINGS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 04/09/2015 @ 2.1184317%
08/01/2015	3,477,800.00	1,468,833.33	2,008,966.67		1,995,838.93
02/01/2016	2,406,800.00	2,360,625.00	46,175.00		45,392.46
06/30/2016				2,055,141.67	
08/01/2016	2,406,800.00	2,360,625.00	46,175.00		44,916.70
02/01/2017	2,406,800.00	2,360,625.00	46,175.00		44,445.92
06/30/2017				92,350.00	
08/01/2017	2,406,800.00	2,360,625.00	46,175.00		43,980.08
02/01/2018	2,406,800.00	2,360,625.00	46,175.00		43,519.11
06/30/2018				92,350.00	
08/01/2018	2,406,800.00	2,360,625.00	46,175.00		43,062.98
02/01/2019	2,406,800.00	2,360,625.00	46,175.00		42,611.63
06/30/2019				92,350.00	
08/01/2019	2,406,800.00	2,360,625.00	46,175.00		42,165.02
02/01/2020	2,406,800.00	2,360,625.00	46,175.00		41,723.08
06/30/2020				92,350.00	
08/01/2020	10,476,800.00	9,915,625.00	561,175.00		501,755.14
02/01/2021	2,245,400.00	2,171,750.00	73,650.00		65,161.39
06/30/2021				634,825.00	
08/01/2021	10,640,400.00	10,111,750.00	528,650.00		462,817.64
02/01/2022	2,077,500.00	1,973,250.00	104,250.00		90,311.24
06/30/2022				632,900.00	
08/01/2022	10,852,500.00	10,313,250.00	539,250.00		462,253.25
02/01/2023	1,858,125.00	1,764,750.00	93,375.00		79,203.53
06/30/2023				632,625.00	
08/01/2023	11,023,125.00	10,474,750.00	548,375.00		460,273.13
02/01/2024	1,629,000.00	1,547,000.00	82,000.00		68,104.51
06/30/2024				630,375.00	
08/01/2024	11,209,000.00	10,647,000.00	562,000.00		461,872.86
02/01/2025	1,389,500.00	1,319,500.00	70,000.00		56,925.68
06/30/2025				632,000.00	
08/01/2025	11,449,500.00	10,874,500.00	575,000.00		462,702.79
02/01/2026	1,138,000.00	1,080,625.00	57,375.00		45,685.78
06/30/2026				632,375.00	
08/01/2026	11,698,000.00	11,110,625.00	587,375.00		462,804.83
02/01/2027	874,000.00	829,875.00	44,125.00		34,402.60
06/30/2027				631,500.00	
08/01/2027	11,964,000.00	11,359,875.00	604,125.00		466,076.70
02/01/2028	596,750.00	566,625.00	30,125.00		22,997.56
06/30/2028				634,250.00	
08/01/2028	12,241,750.00	11,626,625.00	615,125.00		464,667.30
02/01/2029	305,625.00	290,125.00	15,500.00		11,586.03
06/30/2029				630,625.00	
08/01/2029	12,530,625.00	11,895,125.00	635,500.00		470,048.25
06/30/2030				635,500.00	
	151,338,600.00	142,587,083.33	8,751,516.67	8,751,516.67	7,537,306.12

Savings Summary

PV of savings from cash flow	7,537,306.12
Plus: Refunding funds on hand	2,868.49
Net PV Savings	7,540,174.61

## BOND SUMMARY STATISTICS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Dated Date	04/09/2015
Delivery Date	04/09/2015
Last Maturity	08/01/2029
Arbitrage Yield	2.118432%
True Interest Cost (TIC)	2.383336%
Net Interest Cost (NIC)	2.708401%
All-In TIC	2.404140%
Average Coupon	5.000000%
Average Life (years)	10.201
Duration of Issue (years)	8.360
Par Amount	94,425,000.00
Bond Proceeds	116,610,749.00
Total Interest	48,162,083.33
Net Interest	26,088,443.86
Total Debt Service	142,587,083.33
Maximum Annual Debt Service	12,087,375.00
Average Annual Debt Service	9,963,383.15
Underwriter's Fees (per \$1000)	
Average Takedown	0.810008
Other Fee	0.377279
Total Underwriter's Discount	1.187287
Bid Price	123.376902

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	94,425,000.00	123.496	5.000%	10.201
	94,425,000.00			10.201

	TIC	All-In TIC	Arbitrage Yield
Par Value	94,425,000.00	94,425,000.00	94,425,000.00
+ Accrued Interest			
+ Premium (Discount)	22,185,749.00	22,185,749.00	22,185,749.00
- Underwriter's Discount	-112,109.53	-112,109.53	
- Cost of Issuance Expense		-200,000.00	
- Other Amounts			
Target Value	116,498,639.47	116,298,639.47	116,610,749.00
Target Date	04/09/2015	04/09/2015	04/09/2015
Yield	2.383336%	2.404140%	2.118432%

## BOND PRICING

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Bond Component:										
	08/01/2020	7,555,000	5.000%	1.340%	118.700				1,412,785.00	0.750
	08/01/2021	7,940,000	5.000%	1.500%	120.998				1,667,241.20	0.750
	08/01/2022	8,340,000	5.000%	1.720%	122.440				1,871,496.00	0.750
	08/01/2023	8,710,000	5.000%	1.870%	123.986				2,089,180.60	0.750
	08/01/2024	9,100,000	5.000%	1.990%	125.465				2,317,315.00	0.750
	08/01/2025	9,555,000	5.000%	2.080%	126.970				2,576,983.50	0.750
	08/01/2026	10,030,000	5.000%	2.210%	125.596 C	2.402%	08/01/2025	100.000	2,567,278.80	0.750
	08/01/2027	10,530,000	5.000%	2.340%	124.240 C	2.676%	08/01/2025	100.000	2,552,472.00	0.750
	08/01/2028	11,060,000	5.000%	2.460%	123.004 C	2.904%	08/01/2025	100.000	2,544,242.40	1.000
	08/01/2029	11,605,000	5.000%	2.530%	122.290 C	3.064%	08/01/2025	100.000	2,586,754.50	1.000
		94,425,000							22,185,749.00	

Dated Date	04/09/2015	
Delivery Date	04/09/2015	
First Coupon	08/01/2015	
Par Amount	94,425,000.00	
Premium	22,185,749.00	
Production	116,610,749.00	123.495630%
Underwriter's Discount	-112,109.53	-0.118729%
Purchase Price	116,498,639.47	123.376902%
Accrued Interest		
Net Proceeds	116,498,639.47	

## BOND DEBT SERVICE

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2015			1,468,833.33	1,468,833.33	
02/01/2016			2,360,625.00	2,360,625.00	
06/30/2016					3,829,458.33
08/01/2016			2,360,625.00	2,360,625.00	
02/01/2017			2,360,625.00	2,360,625.00	
06/30/2017					4,721,250.00
08/01/2017			2,360,625.00	2,360,625.00	
02/01/2018			2,360,625.00	2,360,625.00	
06/30/2018					4,721,250.00
08/01/2018			2,360,625.00	2,360,625.00	
02/01/2019			2,360,625.00	2,360,625.00	
06/30/2019					4,721,250.00
08/01/2019			2,360,625.00	2,360,625.00	
02/01/2020			2,360,625.00	2,360,625.00	
06/30/2020					4,721,250.00
08/01/2020	7,555,000	5.000%	2,360,625.00	9,915,625.00	
02/01/2021			2,171,750.00	2,171,750.00	
06/30/2021					12,087,375.00
08/01/2021	7,940,000	5.000%	2,171,750.00	10,111,750.00	
02/01/2022			1,973,250.00	1,973,250.00	
06/30/2022					12,085,000.00
08/01/2022	8,340,000	5.000%	1,973,250.00	10,313,250.00	
02/01/2023			1,764,750.00	1,764,750.00	
06/30/2023					12,078,000.00
08/01/2023	8,710,000	5.000%	1,764,750.00	10,474,750.00	
02/01/2024			1,547,000.00	1,547,000.00	
06/30/2024					12,021,750.00
08/01/2024	9,100,000	5.000%	1,547,000.00	10,647,000.00	
02/01/2025			1,319,500.00	1,319,500.00	
06/30/2025					11,966,500.00
08/01/2025	9,555,000	5.000%	1,319,500.00	10,874,500.00	
02/01/2026			1,080,625.00	1,080,625.00	
06/30/2026					11,955,125.00
08/01/2026	10,030,000	5.000%	1,080,625.00	11,110,625.00	
02/01/2027			829,875.00	829,875.00	
06/30/2027					11,940,500.00
08/01/2027	10,530,000	5.000%	829,875.00	11,359,875.00	
02/01/2028			566,625.00	566,625.00	
06/30/2028					11,926,500.00
08/01/2028	11,060,000	5.000%	566,625.00	11,626,625.00	
02/01/2029			290,125.00	290,125.00	
06/30/2029					11,916,750.00
08/01/2029	11,605,000	5.000%	290,125.00	11,895,125.00	
06/30/2030					11,895,125.00
	94,425,000		48,162,083.33	142,587,083.33	142,587,083.33

## SUMMARY OF BONDS REFUNDED

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2009A, S_09:					
BOND	08/01/2015	4.000%	1,050,000.00		
	08/01/2020	4.000%	8,070,000.00	08/01/2019	100.000
	08/01/2021	4.000%	8,395,000.00	08/01/2019	100.000
	08/01/2022	5.000%	8,775,000.00	08/01/2019	100.000
	08/01/2023	5.000%	9,165,000.00	08/01/2019	100.000
	08/01/2024	5.000%	9,580,000.00	08/01/2019	100.000
	08/01/2025	5.000%	10,060,000.00	08/01/2019	100.000
	08/01/2026	5.000%	10,560,000.00	08/01/2019	100.000
	08/01/2027	5.000%	11,090,000.00	08/01/2019	100.000
	08/01/2028	5.000%	11,645,000.00	08/01/2019	100.000
	08/01/2029	5.000%	12,225,000.00	08/01/2019	100.000
			100,615,000.00		

## ESCROW REQUIREMENTS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Period Ending	Principal	Interest	Principal Redeemed	Total
08/01/2015	1,050,000.00	2,427,800.00		3,477,800.00
02/01/2016		2,406,800.00		2,406,800.00
08/01/2016		2,406,800.00		2,406,800.00
02/01/2017		2,406,800.00		2,406,800.00
08/01/2017		2,406,800.00		2,406,800.00
02/01/2018		2,406,800.00		2,406,800.00
08/01/2018		2,406,800.00		2,406,800.00
02/01/2019		2,406,800.00		2,406,800.00
08/01/2019		2,406,800.00	99,565,000.00	101,971,800.00
	1,050,000.00	21,682,200.00	99,565,000.00	122,297,200.00

## ESCROW DESCRIPTIONS

State of Alaska  
 General Obligation Refunding Bonds, Series 2015  
 Refunding of the State's General Obligation Bonds, Series 2009A  
 FINAL NUMBERS

Type of Security	CUSIP or ID	Maturity Date	Par Amount	Rate	Yield	Price	Interest Class	Interest Frequency	Interest Day Basis
Apr 9, 2015:									
TNote	912828NP1	07/31/2015	2,496,000	1.750%	0.044%	100.532370	Periodic	Semiannual	ACT/ACT
TNote	912828PS3	01/31/2016	1,446,000	2.000%	0.272%	101.400800	Periodic	Semiannual	ACT/ACT
TNote	912828QX1	07/31/2016	1,461,000	1.500%	0.419%	101.413350	Periodic	Semiannual	ACT/ACT
TNote	912828SC5	01/31/2017	1,472,000	0.875%	0.551%	100.584090	Periodic	Semiannual	ACT/ACT
TNote	912828TG5	07/31/2017	1,478,000	0.500%	0.714%	99.510900	Periodic	Semiannual	ACT/ACT
TNote	912828PT1	01/31/2018	1,481,000	2.625%	0.883%	104.828110	Periodic	Semiannual	ACT/ACT
TNote	912828QY9	07/31/2018	1,500,000	2.250%	1.044%	103.914850	Periodic	Semiannual	ACT/ACT
TNote	912828SD3	01/31/2019	1,517,000	1.250%	1.180%	100.259290	Periodic	Semiannual	ACT/ACT
Agency	418097AD3	06/23/2019	21,095,000	1.945%	1.339%	102.469060	Periodic	Semiannual	30/360
Agency	066716AG6	07/16/2019	79,997,000	1.686%	1.332%	101.464612	Periodic	Semiannual	30/360
			113,943,000						



## ESCROW COST

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost
TNote	07/31/2015	2,496,000	1.750%	0.044151%	100.53237000	2,509,287.96	8,205.08	2,517,493.04
TNote	01/31/2016	1,446,000	2.000%	0.271931%	101.40080000	1,466,255.57	5,432.49	1,471,688.06
TNote	07/31/2016	1,461,000	1.500%	0.418650%	101.41335000	1,481,649.04	4,116.63	1,485,765.67
TNote	01/31/2017	1,472,000	0.875%	0.550550%	100.58409000	1,480,597.80	2,419.45	1,483,017.25
TNote	07/31/2017	1,478,000	0.500%	0.713616%	99.51090000	1,470,771.10	1,388.18	1,472,159.28
TNote	01/31/2018	1,481,000	2.625%	0.882701%	104.82811000	1,552,504.31	7,302.72	1,559,807.03
TNote	07/31/2018	1,500,000	2.250%	1.044184%	103.91485000	1,558,722.75	6,339.78	1,565,062.53
TNote	01/31/2019	1,517,000	1.250%	1.180125%	100.25929000	1,520,933.43	3,562.02	1,524,495.45
Agency	06/23/2019	21,095,000	1.945%	1.339063%	102.46906000	21,615,848.21	120,809.89	21,736,658.10
Agency	07/16/2019	79,997,000	1.686%	1.331801%	101.46461179	81,168,645.49	310,961.67	81,479,607.16
		113,943,000				115,825,215.66	470,537.91	116,295,753.57

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
04/09/2015	116,295,753.57	17.41	116,295,770.98	1.305683%
	116,295,753.57	17.41	116,295,770.98	

## ESCROW CASH FLOW

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Date	Principal	Interest	Net Escrow Receipts	Present Value to 04/09/2015 @ 1.3056833%
06/23/2015		205,148.88	205,148.88	204,600.80
07/16/2015		674,374.71	674,374.71	672,014.05
07/31/2015	2,496,000.00	103,186.88	2,599,186.88	2,588,684.25
12/23/2015		205,148.88	205,148.88	203,273.75
01/16/2016		674,374.71	674,374.71	667,655.32
01/31/2016	1,446,000.00	81,346.88	1,527,346.88	1,511,308.82
06/23/2016		205,148.88	205,148.88	201,955.30
07/16/2016		674,374.71	674,374.71	663,324.86
07/31/2016	1,461,000.00	66,886.88	1,527,886.88	1,502,037.22
12/23/2016		205,148.88	205,148.88	200,645.40
01/16/2017		674,374.71	674,374.71	659,022.48
01/31/2017	1,472,000.00	55,929.38	1,527,929.38	1,492,336.41
06/23/2017		205,148.88	205,148.88	199,344.00
07/16/2017		674,374.71	674,374.71	654,748.02
07/31/2017	1,478,000.00	49,489.38	1,527,489.38	1,482,230.04
12/23/2017		205,148.88	205,148.88	198,051.04
01/16/2018		674,374.71	674,374.71	650,501.27
01/31/2018	1,481,000.00	45,794.38	1,526,794.38	1,471,946.16
06/23/2018		205,148.88	205,148.88	196,766.47
07/16/2018		674,374.71	674,374.71	646,282.07
07/31/2018	1,500,000.00	26,356.25	1,526,356.25	1,461,979.36
12/23/2018		205,148.88	205,148.88	195,490.23
01/16/2019		674,374.71	674,374.71	642,090.24
01/31/2019	1,517,000.00	9,481.25	1,526,481.25	1,452,615.81
06/23/2019	21,095,000.00	205,148.88	21,300,148.88	20,165,662.68
07/16/2019	79,997,000.00	674,374.71	80,671,374.71	76,311,187.51
113,943,000.00		8,354,183.59	122,297,183.59	116,295,753.57

Escrow Cost Summary

Purchase date	04/09/2015
Purchase cost of securities	116,295,753.57
Target for yield calculation	116,295,753.57

## ESCROW SUFFICIENCY

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
04/09/2015		17.41	17.41	17.41
06/23/2015		205,148.88	205,148.88	205,166.29
07/16/2015		674,374.71	674,374.71	879,541.00
07/31/2015		2,599,186.88	2,599,186.88	3,478,727.88
08/01/2015	3,477,800.00		-3,477,800.00	927.88
12/23/2015		205,148.88	205,148.88	206,076.76
01/16/2016		674,374.71	674,374.71	880,451.47
01/31/2016		1,527,346.88	1,527,346.88	2,407,798.35
02/01/2016	2,406,800.00		-2,406,800.00	998.35
06/23/2016		205,148.88	205,148.88	206,147.23
07/16/2016		674,374.71	674,374.71	880,521.94
07/31/2016		1,527,886.88	1,527,886.88	2,408,408.82
08/01/2016	2,406,800.00		-2,406,800.00	1,608.82
12/23/2016		205,148.88	205,148.88	206,757.70
01/16/2017		674,374.71	674,374.71	881,132.41
01/31/2017		1,527,929.38	1,527,929.38	2,409,061.79
02/01/2017	2,406,800.00		-2,406,800.00	2,261.79
06/23/2017		205,148.88	205,148.88	207,410.67
07/16/2017		674,374.71	674,374.71	881,785.38
07/31/2017		1,527,489.38	1,527,489.38	2,409,274.76
08/01/2017	2,406,800.00		-2,406,800.00	2,474.76
12/23/2017		205,148.88	205,148.88	207,623.64
01/16/2018		674,374.71	674,374.71	881,998.35
01/31/2018		1,526,794.38	1,526,794.38	2,408,792.73
02/01/2018	2,406,800.00		-2,406,800.00	1,992.73
06/23/2018		205,148.88	205,148.88	207,141.61
07/16/2018		674,374.71	674,374.71	881,516.32
07/31/2018		1,526,356.25	1,526,356.25	2,407,872.57
08/01/2018	2,406,800.00		-2,406,800.00	1,072.57
12/23/2018		205,148.88	205,148.88	206,221.45
01/16/2019		674,374.71	674,374.71	880,596.16
01/31/2019		1,526,481.25	1,526,481.25	2,407,077.41
02/01/2019	2,406,800.00		-2,406,800.00	277.41
06/23/2019		21,300,148.88	21,300,148.88	21,300,426.29
07/16/2019		80,671,374.71	80,671,374.71	101,971,801.00
08/01/2019	101,971,800.00		-101,971,800.00	1.00
	122,297,200.00	122,297,201.00	1.00	

ESCROW STATISTICS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Refunding:						
116,295,770.98	3.835	1.305683%	1.289255%	112,621,633.17	3,557,959.19	116,178.62
116,295,770.98				112,621,633.17	3,557,959.19	116,178.62

Delivery date 04/09/2015  
Arbitrage yield 2.118432%

## FORM 8038 STATISTICS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Dated Date                04/09/2015  
Delivery Date            04/09/2015

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	08/01/2020	7,555,000.00	5.000%	118.700	8,967,785.00	7,555,000.00
	08/01/2021	7,940,000.00	5.000%	120.998	9,607,241.20	7,940,000.00
	08/01/2022	8,340,000.00	5.000%	122.440	10,211,496.00	8,340,000.00
	08/01/2023	8,710,000.00	5.000%	123.986	10,799,180.60	8,710,000.00
	08/01/2024	9,100,000.00	5.000%	125.465	11,417,315.00	9,100,000.00
	08/01/2025	9,555,000.00	5.000%	126.970	12,131,983.50	9,555,000.00
	08/01/2026	10,030,000.00	5.000%	125.596	12,597,278.80	10,030,000.00
	08/01/2027	10,530,000.00	5.000%	124.240	13,082,472.00	10,530,000.00
	08/01/2028	11,060,000.00	5.000%	123.004	13,604,242.40	11,060,000.00
	08/01/2029	11,605,000.00	5.000%	122.290	14,191,754.50	11,605,000.00
		94,425,000.00			116,610,749.00	94,425,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2029	5.000%	14,191,754.50	11,605,000.00		
Entire Issue			116,610,749.00	94,425,000.00	10.2204	2.1184%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	312,109.53
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	0.00
Proceeds used to advance refund prior issues	116,295,770.98
Remaining weighted average maturity of the bonds to be currently refunded	0.0000
Remaining weighted average maturity of the bonds to be advance refunded	10.0916

## FORM 8038 STATISTICS

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
General Obligation Bonds, Series 2009A:					
BOND	08/01/2015	1,050,000.00	4.000%	100.000	1,050,000.00
BOND	08/01/2020	8,070,000.00	4.000%	100.000	8,070,000.00
BOND	08/01/2021	8,395,000.00	4.000%	100.000	8,395,000.00
BOND	08/01/2022	8,775,000.00	5.000%	100.000	8,775,000.00
BOND	08/01/2023	9,165,000.00	5.000%	100.000	9,165,000.00
BOND	08/01/2024	9,580,000.00	5.000%	100.000	9,580,000.00
BOND	08/01/2025	10,060,000.00	5.000%	100.000	10,060,000.00
BOND	08/01/2026	10,560,000.00	5.000%	100.000	10,560,000.00
BOND	08/01/2027	11,090,000.00	5.000%	100.000	11,090,000.00
BOND	08/01/2028	11,645,000.00	5.000%	100.000	11,645,000.00
BOND	08/01/2029	12,225,000.00	5.000%	100.000	12,225,000.00
		100,615,000.00			100,615,000.00
			Last Call Date	Issue Date	Remaining Weighted Average Maturity
General Obligation Bonds, Series 2009A			08/01/2019	04/02/2009	10.0916
All Refunded Issues			08/01/2019		10.0916

## PROOF OF ARBITRAGE YIELD

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Date	Debt Service	Present Value to 04/09/2015 @ 2.1184316886%
08/01/2015	1,468,833.33	1,459,235.13
02/01/2016	2,360,625.00	2,320,618.96
08/01/2016	2,360,625.00	2,296,296.23
02/01/2017	2,360,625.00	2,272,228.42
08/01/2017	2,360,625.00	2,248,412.88
02/01/2018	2,360,625.00	2,224,846.95
08/01/2018	2,360,625.00	2,201,528.01
02/01/2019	2,360,625.00	2,178,453.49
08/01/2019	2,360,625.00	2,155,620.81
02/01/2020	2,360,625.00	2,133,027.45
08/01/2020	9,915,625.00	8,865,711.84
02/01/2021	2,171,750.00	1,921,442.64
08/01/2021	10,111,750.00	8,852,541.95
02/01/2022	1,973,250.00	1,709,416.36
08/01/2022	10,313,250.00	8,840,673.81
02/01/2023	1,764,750.00	1,496,914.82
08/01/2023	10,474,750.00	8,791,877.73
02/01/2024	1,547,000.00	1,284,849.81
08/01/2024	10,647,000.00	8,750,107.31
02/01/2025	1,319,500.00	1,073,049.10
08/01/2025	54,099,500.00	43,533,895.29
	137,052,583.33	116,610,749.00

Proceeds Summary

Delivery date	04/09/2015
Par Value	94,425,000.00
Premium (Discount)	22,185,749.00
Target for yield calculation	116,610,749.00

## PROOF OF ARBITRAGE YIELD

State of Alaska  
General Obligation Refunding Bonds, Series 2015  
Refunding of the State's General Obligation Bonds, Series 2009A  
FINAL NUMBERS

Assumed Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 04/09/2015 @ 2.1184316886%
BOND	08/01/2026	5.000%	2.210%	08/01/2025	100.000	97,534.55
BOND	08/01/2027	5.000%	2.340%	08/01/2025	100.000	245,183.49
BOND	08/01/2028	5.000%	2.460%	08/01/2025	100.000	394,225.76
BOND	08/01/2029	5.000%	2.530%	08/01/2025	100.000	496,511.60

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 04/09/2015 @ 2.1184316886%	Increase to NPV
BOND	08/01/2026	5.000%	2.210%			326,466.43	228,931.88
BOND	08/01/2027	5.000%	2.340%			720,860.20	475,676.71
BOND	08/01/2028	5.000%	2.460%			1,135,867.48	741,641.72
BOND	08/01/2029	5.000%	2.530%			1,523,352.66	1,026,841.06



# Matanuska-Susitna Borough

## State of Alaska Lease Revenue Refunding Bonds, Series 2015

### *Post-Pricing Information*

APRIL 14, 2015

**Strictly Private and Confidential**



**RBC Capital Markets**

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# Table of Contents

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A. Financing Summary	3
Executive Summary	3
B. Market Conditions	4
Tax-Exempt Yield Movements	4
Alaska Issuance Trends	6
Supply & Demand	7
New Issue Calendar	8
Economic Release Calendar (March and April 2015)	9
C. Marketing Information	10
Final Official Statement	10
Top Holders of Refunded 2008 Bonds	11
Other State of Alaska Lease / COP Bondholders	11
Pricing Schedule	12
Pricing Results	13
Summary of Orders and Allotments	14
Buyer Distribution	14
Syndicate Orders and Allotments	15
D. Final Pricing	16
E. Rating Reports	17
F. Market Commentary	18

## A. Financing Summary

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### Executive Summary

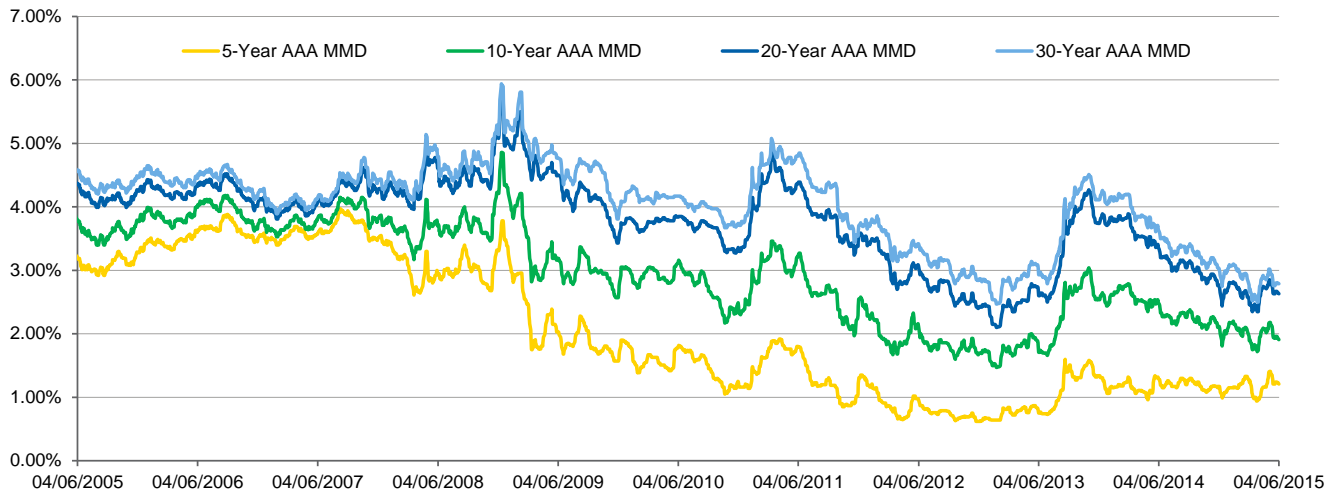
Matanuska-Susitna Borough	
State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project)	
Issue Size:	\$105,720,000
Pricing Date:	April 2, 2015
Dated Date:	April 15, 2015
Purpose:	The Series 2015 Bonds are being issued to (i) advance refund \$101,850,000 aggregate principal amount of the Borough's State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) and (ii) pay certain costs of issuance of the Series 2015 Bonds and the refunding of the Series 2008 Bonds, which were issued for the purpose of financing the Goose Creek Correctional Center Project.
Security:	The Bonds are limited obligations of the Borough payable solely from Lease Payments to be received from the State under the Lease Purchase Agreement. Lease payments are to be made from appropriated and legally available funds of the DOA. The principal of and interest on the Bonds will be paid from funds appropriated by the State and paid to the Trustee (pursuant to an assignment from the Borough) as Lease Payments under the Lease Purchase Agreement.
Bond Structure:	Serial bonds maturing 2015 and 2026 through 2032
Bond Rating:	S&P: AA+ Moody's: Aa1 Fitch: AA+
Optional Redemption:	September 1, 2025
First Coupon:	September 1, 2015
Interest Payment Date:	March 1 and September 1

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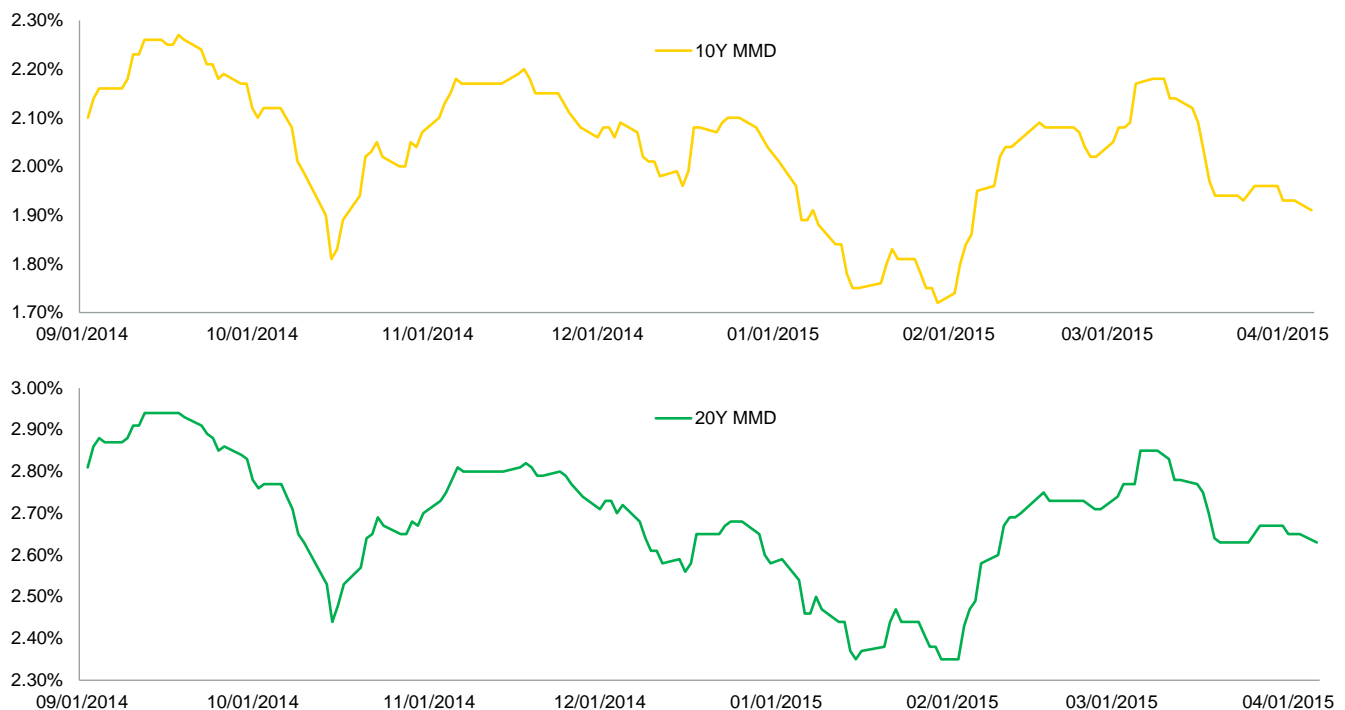
## B. Market Conditions

### Tax-Exempt Yield Movements

#### Historical MMD Movement



#### Recent MMD Movement

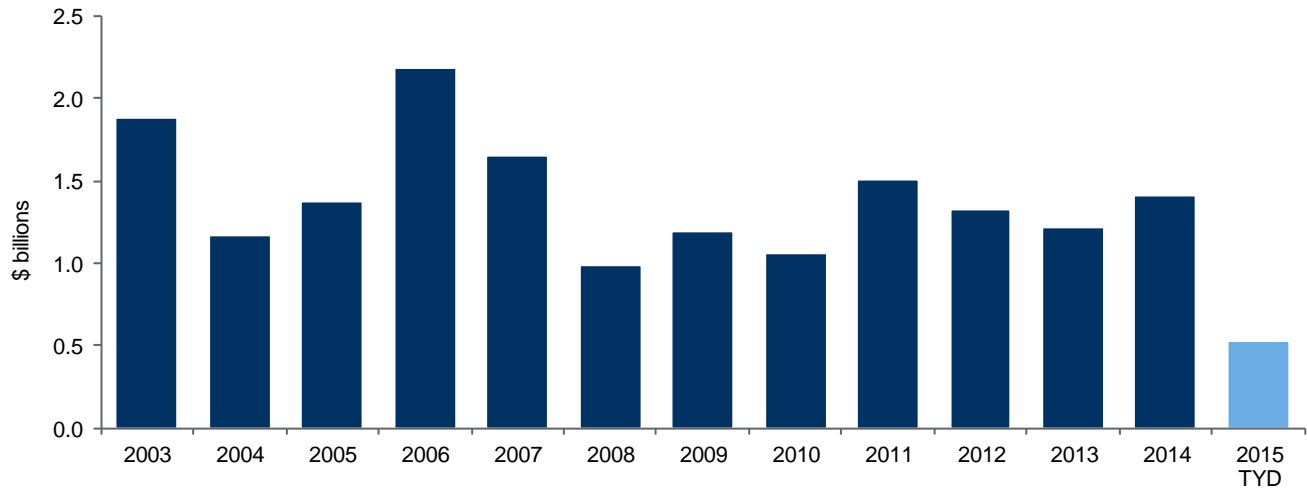


## Change in MMD Yields Over the Week of Pricing

Pricing										
Year	Monday		Tuesday		Wednesday		Thursday		Friday	
	03/30/2015	Change	03/31/2015	Change	04/01/2015	Change	04/02/2015	Change	04/03/2015	Change
2016	0.19	0	0.19	0	0.19	0	0.19	0	0.19	0
2017	0.49	0	0.49	0	0.51	2	0.51	0	0.51	0
2018	0.82	0	0.82	0	0.82	0	0.82	0	0.82	0
2019	1.07	0	1.07	0	1.06	-1	1.06	0	1.06	0
2020	1.24	-1	1.24	0	1.23	-1	1.23	0	1.23	0
2021	1.40	-1	1.40	0	1.39	-1	1.39	0	1.39	0
2022	1.60	-2	1.60	0	1.58	-2	1.58	0	1.58	0
2023	1.73	-2	1.73	0	1.71	-2	1.71	0	1.71	0
2024	1.86	-2	1.86	0	1.84	-2	1.84	0	1.84	0
2025	1.96	-2	1.96	0	1.93	-3	1.93	0	1.93	0
2026	2.06	-2	2.06	0	2.04	-2	2.04	0	2.04	0
2027	2.18	-2	2.18	0	2.16	-2	2.16	0	2.16	0
2028	2.30	-1	2.30	0	2.28	-2	2.28	0	2.28	0
2029	2.38	-1	2.38	0	2.36	-2	2.36	0	2.36	0
2030	2.45	-1	2.45	0	2.43	-2	2.43	0	2.43	0
2031	2.51	-1	2.51	0	2.49	-2	2.49	0	2.49	0
2032	2.56	-1	2.56	0	2.54	-2	2.54	0	2.54	0
2033	2.60	-1	2.60	0	2.58	-2	2.58	0	2.58	0
2034	2.64	-1	2.64	0	2.62	-2	2.62	0	2.62	0
2035	2.67	-1	2.67	0	2.65	-2	2.65	0	2.65	0
2036	2.69	-1	2.69	0	2.68	-1	2.68	0	2.68	0
2037	2.71	-1	2.71	0	2.70	-1	2.70	0	2.70	0
2038	2.73	-1	2.73	0	2.72	-1	2.72	0	2.72	0
2039	2.74	-1	2.74	0	2.73	-1	2.74	1	2.74	0
2040	2.75	-1	2.75	0	2.74	-1	2.75	1	2.75	0
2041	2.76	-1	2.76	0	2.75	-1	2.76	1	2.76	0
2042	2.77	-1	2.77	0	2.76	-1	2.77	1	2.77	0
2043	2.78	-1	2.78	0	2.77	-1	2.78	1	2.78	0
2044	2.79	-1	2.79	0	2.78	-1	2.79	1	2.79	0
2045	2.80	-1	2.80	0	2.79	-1	2.80	1	2.80	0

## Alaska Issuance Trends

### Alaska Municipal Volume Since 2003

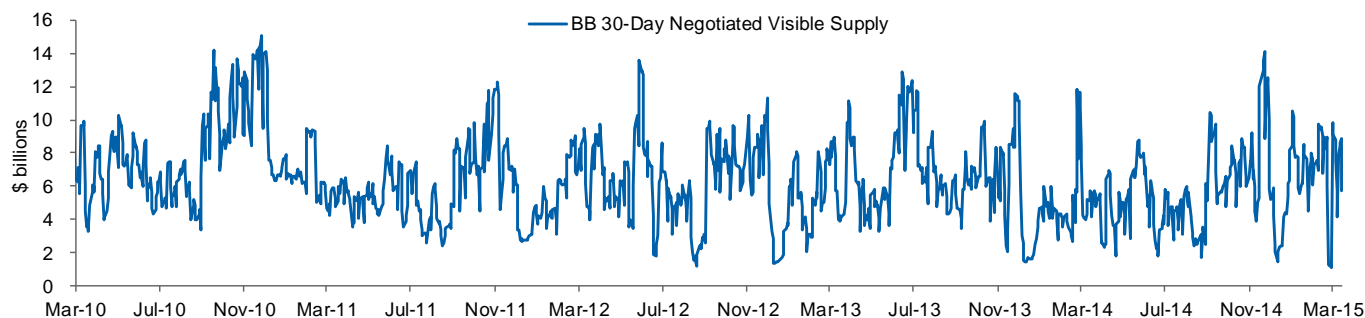


### Alaska Municipal Issues Since January 1, 2014

Sale Date	Issuer	Issue Description	Series	Par (\$ MM)
01/07/14	Matanuska-Susitna Boro-Alaska	GO Transportation System Bonds	Series 2014 A	17.840
02/06/14	Alaska Municipal Bond Bank	General Obligation Bonds	2014 B Series One	14.000
02/06/14	Alaska Municipal Bond Bank	General Obligation Bonds	2014 A Series One	47.205
03/12/14	Alaska	General Obligation BANS	Series 2014	170.000
03/13/14	North Slope Boro-Alaska	Wtr & Wasterwater Facs Rev Bonds	Series 2014	62.200
03/19/14	Anchorage City-Alaska	General Obligation TANS	Series 2014	95.000
03/20/14	Matanuska-Susitna Boro-Alaska	General Obligation School Bonds	2014 Series B	29.400
03/26/14	Alaska Indus Dev & Export Auth	Revenue Bonds	Series 2014	51.275
04/23/14	Alaska Housing Finance Corp	State Capital Project Bonds II	2014 Series B	29.285
06/10/14	Alaska Municipal Bond Bank	General Obligation Bonds	2014 Series Two	45.275
08/22/14	Alaska Housing Finance Corp	State Capital Project Bonds II	2014 Series C	140.000
08/26/14	Alaska	Certificates of Participation	Series 2014	30.895
09/04/14	Alaska Housing Finance Corp	State Capital Project Bonds II	2014 Series D	78.105
09/24/14	Alaska Municipal Bond Bank	GO & Refunding Bonds	2014 Series Three	55.370
10/21/14	North Slope Boro-Alaska	General Obligation Bonds	Series 2014 A & B	127.395
10/23/14	Anchorage City-Alaska	GO & Refunding Bonds	2014 Series A-D	215.090
10/29/14	Anchorage City-Alaska	Sr Lien Electric Rev Ref Bonds	2014 Series A	180.575
12/11/14	North Slope Boro-Alaska	General Obligation Bonds	Series 2014 C	20.550
01/29/15	Alaska Housing Finance Corp	State Capital Project Bonds II	2015 Series A	111.535
02/11/15	Matanuska-Susitna Boro-Alaska	GO School Refunding Bonds	2015 Series A	37.350
02/19/15	Alaska Municipal Bond Bank	GO Refunding Bonds	2015 Series One	60.635
03/04/15	Valdez City-Alaska	General Obligation Bonds	Series 2015	17.920
03/10/15	Alaska	General Obligation BANS	Series 2015 A	155.215
03/18/15	Matanuska-Susitna Boro-Alaska	GO School & Transportation Bonds	2015 Series B & C	56.755
03/23/15	Alaska	GO Refunding Bonds	Series 2015B	94.960
<b>Total:</b>				<b>1943.830</b>

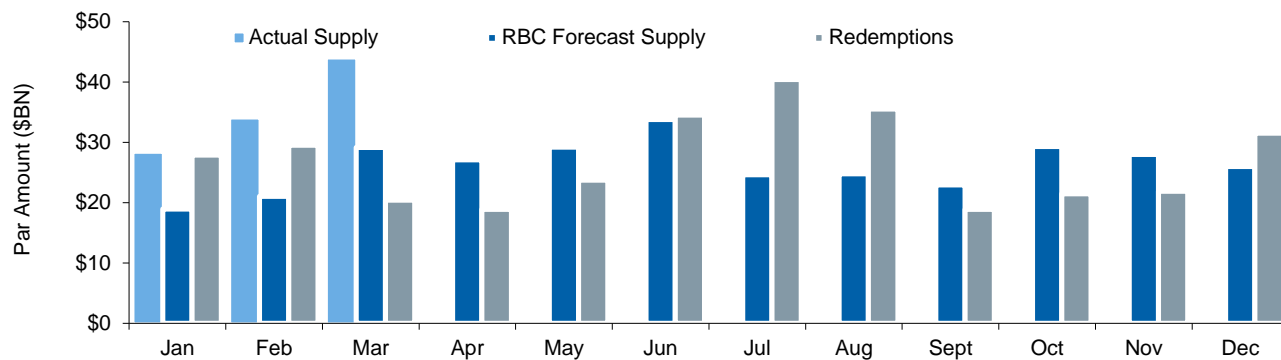
## Supply & Demand

### Visible Supply



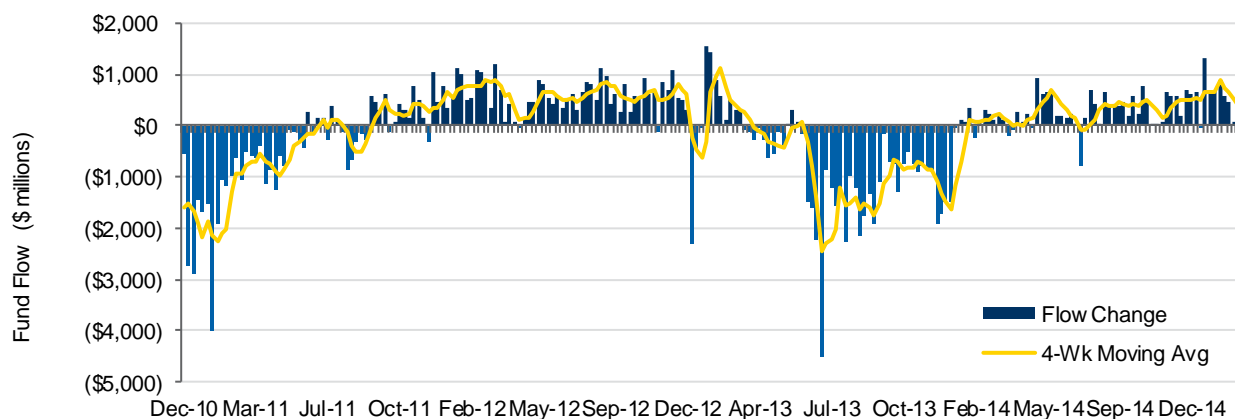
Source: BondBuyer

### 2015 Forecasted Supply Versus Redemptions



Source: Bloomberg

### Weekly Municipal Fund Flows



Source: Lipper



## New Issue Calendar

### Anticipated Negotiated Transactions (Par Amount > \$50MM)

WEEK OF	ISSUE	ST	AMT (MM)	TAX	SENIOR MANAGER	STATUS
03/30/15	CA DEPT WTR RESOURCES - O	CA	765.000	N	JP MORGAN SECURITIES LLC	
03/30/15	ILLINOIS MUNI ELEC AGY -A	IL	582.495	N	CITIGROUP GLOBAL MKTS INC	
03/30/15	NY MUNI WTR FIN AUTH -GG	NY	475.000	N	RAYMOND JAMES & ASSOCS	
03/30/15	PHILADELPHIA WTR & WSTWTR	PA	269.745	N	JP MORGAN SECURITIES LLC	TUE
03/30/15	KS UNIV HOSP AUTH -REF	KS	253.450	N	PIPER JAFFRAY & CO	
03/30/15	UNIV OF CONNECTICUT -A	CT	250.000	N	JP MORGAN SECURITIES LLC	
03/30/15	OHIO ST TREASURER	OH	230.760	N	JP MORGAN SECURITIES LLC	
03/30/15	KANSAS DEV FIN AUTH -G	KS	200.715	N	MORGAN STANLEY & CO INC	
03/30/15	CHICAGO BOE -C	IL	175.675	N	PNC CAPITAL MARKETS LLC	TUE
03/30/15	MATANUSKA-SUSITNA - REF	AK	163.975	N	RBC CAPITAL MARKETS	
03/30/15	MASS DEV FIN AUTH -D	MA	163.250	N	MORGAN STANLEY & CO INC	TUE
03/30/15	LA CNTY SAN DT - A - REF	CA	150.160	N	BANK OF AMERICA MERRILL	
03/30/15	VA RESOURCES AUTH -REF	VA	116.665	N	MORGAN STANLEY & CO INC	
03/30/15	S.M. EDU BLDG CORP -REF-A	MS	112.985	N	RAYMOND JAMES & ASSOCS	
03/30/15	BIRMINGHAM WTR WRKS-A-REF	AL	104.770	N	RAYMOND JAMES & ASSOCS	
03/30/15	CHICAGO BOE -D	IL	100.000	N	PNC CAPITAL MARKETS LLC	TUE
03/30/15	PHILADELPHIA WTR & WSTWTR	PA	97.655	N	BANK OF AMERICA MERRILL	
03/30/15	AZ BRD RGTS -REF -A	AZ	91.860	N	BANK OF AMERICA MERRILL	
03/30/15	AZ BRD RGTS -REF -COPS -A	AZ	90.710	N	CITIGROUP GLOBAL MKTS INC	WED
03/30/15	MANATEE CO PUB UTL REV	FL	87.075	N	WELLS FARGO BANK N.A.	
03/30/15	CHICAGO BOE -REF -F	IL	76.545	N	PNC CAPITAL MARKETS LLC	TUE
03/30/15	MANSFIELD ISD-REF	TX	74.680	N	RAYMOND JAMES & ASSOCS	
03/30/15	BIRMINGHAM WTR WRKS - B	AL	73.590	N	RAYMOND JAMES & ASSOCS	
03/30/15	PHILADELPHIA REDEV AUTH- A	PA	73.495	N	GOLDMAN SACHS & COMPANY	
03/30/15	SECURING ASSETS FOR EDU-A	SC	70.995	N	BANK OF AMERICA MERRILL	
03/30/15	HUNTSVILLE - WTS - A	AL	60.645	N	RAYMOND JAMES & ASSOCS	
03/30/15	NC MED CARE COMM -A	NC	50.000	N	BANK OF AMERICA MERRILL	THUR
03/30/15	UNIV OF CONNECTICUT-REF-A	CT	50.000	N	JP MORGAN SECURITIES LLC	

Source: Bloomberg

### Anticipated Competitive Transactions

WEEK OF	ISSUE	ST	AMT (MM)	TAX
03/30/2015	FLORIDA ST BOE-D -REF	FL	280.000	N
03/30/2015	JOHNSTON CO -REF	NC	51.555	N
03/30/2015	ORLANDO UTILITIES COMM -A	FL	94.905	N
03/30/2015	UTAH ST -REF	UT	223.585	N
03/30/2015	BELLEVUE -REF	WA	96.200	N

Source: Bloomberg



## Economic Release Calendar (March and April 2015)

March 2015

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>02</b> 08:30 Income & Spending (Jan) 10:00 Construction Spending (Jan) ISM Mfg (Feb)	<b>03</b> 17:00 Auto Sales* (Feb)	<b>04</b> 07:00 Mortgage Apps (Feb 27) 08:15 ADP Employment (Feb) 10:00 ISM Non-Mfg (Feb) 14:00 Fed Beige Book	<b>05</b> 07:30 RBC COI (Mar) 08:30 Jobless Claims (Feb 28) Productivity (4Q14-R) 10:00 Factory Orders (Jan)	<b>06</b> 08:30 Employment Report (Feb) Trade (Jan) 15:00 Consumer Credit (Jan)
<b>09</b> ~10:00 Fed LMCI (Feb)	<b>10</b> 07:30 Small Business Optimism (Feb) JOLTS (Jan) 10:00 Wholesale Inventories (Jan)	<b>11</b> 07:00 Mortgage Apps (Mar 6) 14:00 Budget Statement (Feb)	<b>12</b> 08:30 Import & Export Prices (Feb) Jobless Claims (Mar 7) Retail Sales (Feb) 10:00 Business Inventories (Jan)	<b>13</b> 08:30 PPI (Feb) 10:00 U. Mich Confidence (Mar F)
<b>16</b> 08:30 Empire Mfg (Mar) 09:15 Industrial Production (Feb) 10:00 NAHB Housing Market Index (Mar) 16:00 TIC (Jan)	<b>17</b> 08:30 Housing Starts (Feb)	<b>18</b> 07:00 Mortgage Apps (Mar 13) 14:00 FOMC Statement 14:30 Fed Chair Press Conference	<b>19</b> 08:30 Current Account (4Q14) Jobless Claims (Mar 14) 10:00 Philly Fed (Mar) LEI (Feb)	<b>20</b>
<b>23</b> 08:30 CFNAI (Feb) 10:00 Existing Home Sales (Feb)	<b>24</b> 08:30 CPI (Feb) 10:00 New Home Sales (Feb)	<b>25</b> 07:00 Mortgage Apps (Mar 20) 08:30 Durable Goods (Feb)	<b>26</b> 08:30 Jobless Claims (Mar 21)	<b>27</b> 08:30 GDP (4Q14-T) 10:00 U. Mich Confidence (Mar F)
<b>30</b> 08:30 Income & Spending (Feb) 10:00 Pending Home Sales (Feb)	<b>31</b> 09:00 Case Shiller (Jan) 09:45 Chicago PMI (Mar) 10:00 Consumer Confidence (Mar)			

April 2015

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>06</b> 10:00 ISM Non-Mfg (Mar) ~10:00 Fed LMCI (Mar)	<b>07</b> 10:00 JOLTS (Feb) 15:00 Consumer Credit (Feb)	<b>08</b> 07:00 Mortgage Apps (Apr 3) 14:00 FOMC Minutes	<b>09</b> 08:30 Jobless Claims (Apr 4) 10:00 Wholesale Inventories (Feb)	<b>10</b> 08:30 Import & Export Prices (Mar) 14:00 Budget Statement (Mar)
<b>13</b>	<b>14</b> 07:30 Small Business Optimism (Mar) 08:30 PPI (Mar) Retail Sales (Mar) 10:00 Business Inventories (Feb)	<b>15</b> 07:00 Mortgage Apps (Apr 10) 08:30 Empire Mfg (Apr) 09:15 Industrial Production (Mar) 10:00 NAHB Housing Market Index (Apr) 14:00 Fed Beige Book 16:00 TIC (Feb)	<b>16</b> 08:30 Housing Starts (Mar) Jobless Claims (Apr 11) 10:00 Philly Fed (Apr)	<b>17</b> 08:30 CPI (Mar) 10:00 U. Mich Confidence (Apr P) LEI (Mar)
<b>20</b> 08:30 CFNAI (Mar)	<b>21</b>	<b>22</b> 07:00 Mortgage Apps (Apr 17) 10:00 Existing Home Sales (Mar)	<b>23</b> 08:30 Jobless Claims (Apr 18) 10:00 New Home Sales (Mar)	<b>24</b> 08:30 Durable Goods (Mar)
<b>27</b>	<b>28</b> 09:00 Case Shiller (Feb) 10:00 Consumer Confidence (Apr)	<b>29</b> 07:00 Mortgage Apps (Apr 24) 08:30 GDP (1Q15-A) 10:00 Pending Home Sales (Mar) 14:00 FOMC Statement	<b>30</b> 08:30 Employment Cost Index (1Q15) Income & Spending (Mar) Jobless Claims (Apr 25) 09:45 Chicago PMI (Apr)	

## C. Marketing Information

### Final Official Statement

NEW ISSUE  
BOOK-ENTRY ONLY

FITCH: AA+  
MOODY'S: Aa1  
S&P: AA+  
(See "RATINGS" herein)

In the opinion of Foster Pepper PLLC, Bond Counsel, under existing federal law and assuming compliance with certain covenants and with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Series 2015 Bonds, interest on the Series 2015 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. However, while interest on the Series 2015 Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Series 2015 Bonds received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Series 2015 Bonds received by certain S corporations may be subject to tax, and interest on the Series 2015 Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of interest on the Series 2015 Bonds may have other federal tax consequences for certain taxpayers. Interest on the Series 2015 Bonds is free from taxation by the State of Alaska, except for transfer, estate and inheritance taxes. See "TAX EXEMPTION" and "CERTAIN OTHER FEDERAL TAX CONSEQUENCES."



**\$105,720,000**  
**MATANUSKA-SUSITNA BOROUGH**  
**State of Alaska Lease Revenue Refunding Bonds, Series 2015**  
**(Goose Creek Correctional Center Project)**

**Dated: Date of Delivery**

**Due: September 1, shown on the inside cover**

The State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project) (the "Series 2015 Bonds") will be issued by the Matanuska-Susitna Borough, Alaska (the "Borough") as fully registered bonds under a book-entry system, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Series 2015 Bonds. Individual purchases of interests in the Series 2015 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interest in the Series 2015 Bonds. Principal and interest are payable directly to DTC by The Bank of New York Mellon Trust Company, N.A., San Francisco, California, as trustee, paying agent and registrar for the Series 2015 Bonds (the "Trustee"). Principal is payable on the dates set forth in the inside cover. Interest is payable on September 1, 2015 and on each March 1 and September 1 thereafter. Upon receipt of payments of principal and interest, DTC is obligated to remit such principal and interest to DTC Participants (as such term is defined herein) for subsequent disbursement to the purchasers of beneficial interests in the Series 2015 Bonds, as described herein.

The Series 2015 Bonds are being issued to (i) advance refund \$101,850,000 aggregate principal amount of the Borough's State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) (the "Prior Bonds") and (ii) pay certain costs of issuance of the Series 2015 Bonds and the refunding of the Prior Bonds. The Prior Bonds were issued for the purpose of financing the Goose Creek Correctional Center Project (the "Facility").

The Series 2015 Bonds are subject to optional redemption prior to scheduled maturity as more fully described herein.

The Series 2015 Bonds, the Series 2008 Bonds that are not Prior Bonds, and any Additional Bonds (collectively, the "Bonds") are limited obligations of the Borough issued pursuant to the Trust Indenture dated December 1, 2008 (the "Original Indenture") as supplemented by the First Supplement to Trust Indenture dated as of April 1, 2015 (the "First Supplement to Indenture" and together with the Original Indenture, the "Indenture"), each between the Borough and the Trustee, and secured by a pledge of the Trust Estate held under the Indenture including the Lease Payments to be derived by the Borough pursuant to the terms of the Lease Purchase Agreement dated as of December 1, 2008 (the "Original Lease Purchase Agreement") as previously amended by the First Amendment to Lease Purchase Agreement dated October 26, 2010 (the "First Amendment to Lease Purchase Agreement") each among the Borough, as lessor, the State of Alaska Department of Administration (the "DOA"), as lessee and the State of Alaska Department of Corrections (the "DOC"), as tenant agency, and as further amended by the Second Amendment to Lease Purchase Agreement dated as of April 1, 2015 (the "Second Amendment to Lease Purchase Agreement" and collectively with the Original Lease Purchase Agreement and the First Amendment to Lease Purchase Agreement, the "Lease Purchase Agreement"), among the Borough, the DOA, the DOC and the Trustee. The Lease Purchase Agreement requires the DOA to make payments sufficient to pay the principal of and interest on the Bonds in exchange for the right to use the Facility. The DOA has pledged in the Lease Purchase Agreement to take such action as may be necessary to include all Lease Payments in its annual budget and to seek the necessary annual appropriations by the Alaska State Legislature for all such Lease Payments. THE OBLIGATION OF THE DOA TO MAKE LEASE PAYMENTS IS SUBJECT TO ANNUAL APPROPRIATION BY THE ALASKA STATE LEGISLATURE.

THE SERIES 2015 BONDS DO NOT REPRESENT A GENERAL OBLIGATION OF THE BOROUGH OR THE STATE OF ALASKA OR ANY DEPARTMENT, AGENCY OR INSTRUMENTALITY THEREOF. THE SERIES 2015 BONDS ARE PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED UNDER THE INDENTURE, INCLUDING LEASE PAYMENTS TO BE MADE BY THE DOA. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE BOROUGH, THE STATE OF ALASKA OR ANY DEPARTMENT, AGENCY OR INSTRUMENTALITY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2015 BONDS.

The Lease Purchase Agreement provides that the DOA's obligation to make Lease Payments is absolute and unconditional, subject to an Event of Nonappropriation (as defined herein), and that Lease Payments are payable without any right to set-off or counterclaim regardless of any contingencies and whether or not the DOA possesses or uses the Facility.

**See the Inside Cover for Maturity Schedule.**

The Series 2015 Bonds are offered when, as and if issued and received by the Underwriters and subject to the approving legal opinion of Foster Pepper PLLC, of Seattle, Washington, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the State of Alaska by the Attorney General of Alaska and for the Underwriters by their counsel, Katten Muchin Rosenman LLP of Chicago, Illinois. It is expected that the Series 2015 Bonds will be available for delivery through the facilities of DTC on or about April 15, 2015.

**RBC Capital Markets**

Dated: April 2, 2015

**Citigroup**



## Top Holders of the Series 2008 Lease Revenue Bonds

<b>Firm</b>	<b>Holdings (\$000)</b>
Seix Investment Advisors, LLC	42,750
Franklin Advisers, Inc.	33,650
BlackRock Advisors, LLC	22,325
J.P. Morgan Investment Management, Inc.	15,025
Invesco Advisers, Inc.	7,000
PIMCO - Pacific Investment Management Company	4,280
First Investors Management Company, Inc.	3,000
Principal Global Investors, LLC	1,500
Conning Asset Management	250
Neuberger Berman Management, LLC	225
Capital One Financial Advisors, LLC	75

Source: Ipreo portfolios as of 2014 Q4

## Other State of Alaska Lease / COP Bondholders

<b>Firm</b>	<b>Holdings (\$000)</b>
Southern Farm Bureau Casualty Insurance Company	2,760
American Money Management Corporation	2,130
Texas Farm Bureau (Asset Management)	2,100
Capital Research & Management Company (U.S.)	2,035
Central Insurance Companies	2,000
Asset Allocation & Management Company, LLC	2,000
Arbella Mutual Insurance Company, Inc.	1,695
United Fire Group (Asset Management)	1,635
United Farm Family Life Insurance Company	1,000
Wells Capital Management, Inc.	1,000
BlackRock Advisors, LLC	500
Breckinridge Capital Advisors, Inc.	15

Source: Ipreo portfolios as of 2014 Q3

## Pricing Schedule

March 2015							April 2015						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7				1	2	3	4
8	9	10	11	12	13	14	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25
29	30	31					26	27	28	29	30		

Date	Activity
April 2 (Wed)	Institutional Pricing and Execute BPA
April 10 (Tues)	Finalize and post Official Statement
April 14 (Tues)	Pre-closing
April 15 (Wed)	Closing and delivery

### **Syndicate**

#### Senior Manager:

RBC Capital Markets

#### Co-Manager:

Citigroup

#### Selling Group:

D.A. Davidson & Co.  
Edward Jones  
Fidelity Capital Markets  
Wedbush Securities  
Wells Fargo Securities  
Robert W. Baird & Co., Inc.

## Pricing Results

### Lease Revenue Refunding Bonds, Series 2015: Final Pricing

Maturity Date	Par	04/01 Sep MMD	Coupon	Spread	Yield
09/01/2015	\$1,330,000	0.16%	2.00%	24	0.40%
09/01/2026	12,745,000	2.08%	5.25%	58	2.66%
09/01/2027	13,430,000	2.19%	5.25%	60	2.79%
09/01/2028	14,155,000	2.30%	5.25%	60	2.90%
09/01/2029	14,915,000	2.36%	5.25%	60	2.96%
09/01/2030	15,620,000	2.43%	4.00%	95	3.38%
09/01/2031	16,345,000	2.49%	5.00%	63	3.12%
09/01/2032	17,180,000	2.54%	5.00%	63	3.17%
<b>Total</b>	<b>\$105,720,000</b>				



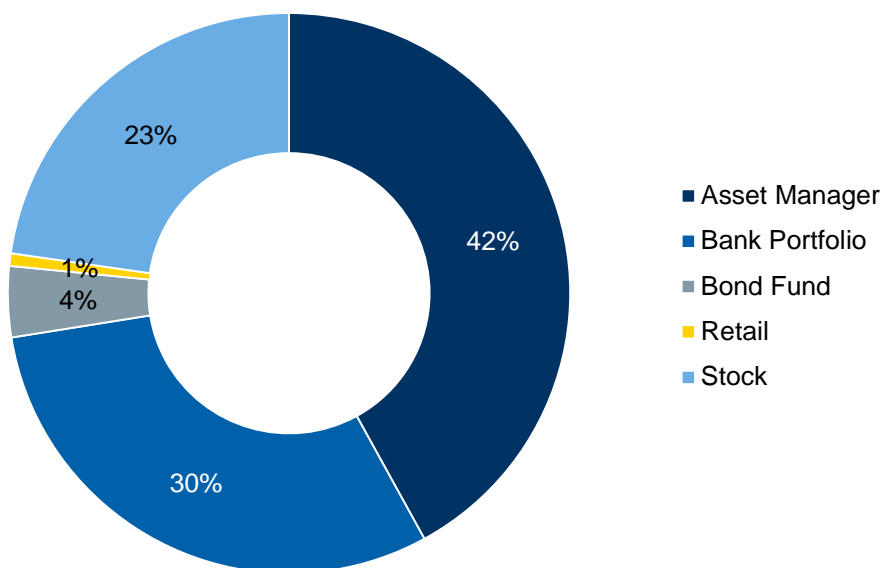
## Summary of Orders and Allotments

### Summary of Orders and Oversubscription by Maturity

Maturity	Orders (\$000s)	Allotments (\$000s)	Subscription
09/01/2015	1,330	1,330	1.00x
09/01/2026	12,750	12,745	1.00x
09/01/2027	13,440	13,430	1.00x
09/01/2028	16,480	14,155	1.16x
09/01/2029	16,340	14,915	1.10x
09/01/2030	16,165	15,620	1.03x
09/01/2031	16,345	16,345	1.00x
09/01/2032	17,180	17,180	1.00x
<b>Total</b>	<b>\$110,030</b>	<b>\$105,720</b>	<b>1.04x</b>

Note: Orders include stock orders placed to allot unsold bonds.

### Buyer Distribution



## Syndicate Orders and Allotments

Underwriter	Group Business		Designated Business		Retail Business		Member Business		Total Business	
	Orders (\$000)	Allotments (\$000)	Orders (\$000)	Allotments (\$000)	Orders (\$000)	Allotments (\$000)	Orders (\$000)	Allotments (\$000)	Orders (\$000)	Allotments (\$000)
<b>Manager</b>										
RBC Capital Markets	84,240	79,945	0	0	0	0	24,995	24,980	109,235	104,925
Citigroup Global Markets	0	0	0	0	0	0	0	0	0	0
<b>Selling Group</b>										
D.A. Davidson & Co.	0	0	0	0	0	0	0	0	0	0
Edward Jones	0	0	0	0	45	45	0	0	45	45
Fidelity Capital Markets	0	0	0	0	0	0	0	0	0	0
Wedbush Securities Inc.	0	0	0	0	0	0	0	0	0	0
Wells Fargo Securities	0	0	0	0	0	0	0	0	0	0
Robert W. Baird & Co., Inc.	0	0	0	0	750	750	0	0	750	750
<b>Total</b>	<b>84,240</b>	<b>79,945</b>	<b>0</b>	<b>0</b>	<b>795</b>	<b>795</b>	<b>24,995</b>	<b>24,980</b>	<b>110,030</b>	<b>105,720</b>





## D. Final Pricing

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**SOURCES AND USES OF FUNDS**

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

**Sources:**

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Bond Proceeds:	
Par Amount	105,720,000.00
Premium	18,244,519.05
	<hr/>
	123,964,519.05

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**Uses:**

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Refunding Escrow Deposits:	
Cash Deposit	621.71
Open Market Purchases	<hr/>
	123,256,302.69
	123,256,924.40

Delivery Date Expenses:	
Cost of Issuance	310,000.00
Underwriter's Discount	<hr/>
	396,450.00
	706,450.00

Other Uses of Funds:	
Additional Proceeds	1,144.65
	<hr/>
	123,964,519.05

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## SUMMARY OF REFUNDING RESULTS

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Dated Date	04/15/2015
Delivery Date	04/15/2015
Arbitrage yield	3.009244%
Escrow yield	1.226852%
Value of Negative Arbitrage	8,251,484.06
Bond Par Amount	105,720,000.00
True Interest Cost	3.455607%
Net Interest Cost	3.785970%
Average Coupon	4.958643%
Average Life	14.397
Par amount of refunded bonds	101,850,000.00
Average coupon of refunded bonds	6.000000%
Average life of refunded bonds	14.617
PV of prior debt to 04/15/2015 @ 3.009244%	138,286,131.30
Net PV Savings	8,715,374.43
Percentage savings of refunded bonds	8.557069%
Percentage savings of refunding bonds	8.243827%



## SUMMARY OF BONDS REFUNDED

Matanuska-Susitna Borough  
 State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
 (Goose Creek Correctional Center Project)  
 Final Verified Numbers

Bond	Maturity Date	CUSIP	Interest Rate	Par Amount	Call Date	Call Price
Goose Creek Correctional Center Lease Rev Bonds Series 2008, 2008:						
TERM28	09/01/2026	576553AV3	6.000%	12,065,000.00	09/01/2019	100.000
	09/01/2027	576553AV3	6.000%	12,810,000.00	09/01/2019	100.000
	09/01/2028	576553AV3	6.000%	13,605,000.00	09/01/2019	100.000
TERM32	09/01/2029	576553BA8	6.000%	14,445,000.00	09/01/2019	100.000
	09/01/2030	576553BA8	6.000%	15,340,000.00	09/01/2019	100.000
	09/01/2031	576553BA8	6.000%	16,290,000.00	09/01/2019	100.000
	09/01/2032	576553BA8	6.000%	17,295,000.00	09/01/2019	100.000
				101,850,000.00		



## SAVINGS BY MATURITY

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Bond	Maturity Date	Interest Rate	Par Amount	Adjusted Savings	Adjusted Savings Percent
Goose Creek Correctional Center Lease Rev Bonds Se, 2008:					
TERM28	09/01/2026	6.000%	12,065,000.00	1,193,625.47	9.893%
	09/01/2027	6.000%	12,810,000.00	1,162,849.61	9.078%
	09/01/2028	6.000%	13,605,000.00	1,149,372.40	8.448%
TERM32	09/01/2029	6.000%	14,445,000.00	1,200,453.94	8.311%
	09/01/2030	6.000%	15,340,000.00	1,323,961.77	8.631%
	09/01/2031	6.000%	16,290,000.00	1,384,639.91	8.500%
	09/01/2032	6.000%	17,295,000.00	1,300,471.33	7.519%
			101,850,000.00	8,715,374.43	

Note: Calculated Using Remaining Maturities



## SAVINGS

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 04/15/2015 @ 3.0092444%
06/30/2016	6,111,000.00	5,905,733.19	205,266.81	196,297.83
06/30/2017	6,111,000.00	5,201,412.50	909,587.50	866,446.29
06/30/2018	6,111,000.00	5,201,412.50	909,587.50	840,949.68
06/30/2019	6,111,000.00	5,201,412.50	909,587.50	816,203.34
06/30/2020	6,111,000.00	5,201,412.50	909,587.50	792,185.21
06/30/2021	6,111,000.00	5,201,412.50	909,587.50	768,873.85
06/30/2022	6,111,000.00	5,201,412.50	909,587.50	746,248.47
06/30/2023	6,111,000.00	5,201,412.50	909,587.50	724,288.88
06/30/2024	6,111,000.00	5,201,412.50	909,587.50	702,975.48
06/30/2025	6,111,000.00	5,201,412.50	909,587.50	682,289.27
06/30/2026	6,111,000.00	5,201,412.50	909,587.50	662,211.78
06/30/2027	17,814,050.00	17,611,856.25	202,193.75	139,429.16
06/30/2028	17,812,800.00	17,609,762.50	203,037.50	136,234.51
06/30/2029	17,815,350.00	17,610,656.25	204,693.75	133,699.92
06/30/2030	17,813,850.00	17,607,568.75	206,281.25	131,202.43
06/30/2031	17,815,300.00	17,608,650.00	206,650.00	128,958.54
06/30/2032	17,816,400.00	17,612,625.00	203,775.00	124,128.74
06/30/2033	17,813,850.00	17,609,500.00	204,350.00	121,606.39
	191,922,600.00	181,190,476.94	10,732,123.06	8,714,229.78

Savings Summary

PV of savings from cash flow	8,714,229.78
Plus: Refunding funds on hand	1,144.65
Net PV Savings	8,715,374.43



## UNREFUNDED BOND DEBT SERVICE

Matanuska-Susitna Borough  
 State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
 (Goose Creek Correctional Center Project)  
 Final Verified Numbers

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2016	6,595,000	** %	5,107,150.00	11,702,150.00
06/30/2017	6,940,000	** %	4,765,350.00	11,705,350.00
06/30/2018	7,315,000	** %	4,390,762.50	11,705,762.50
06/30/2019	7,715,000	** %	3,987,437.50	11,702,437.50
06/30/2020	8,125,000	5.000%	3,577,150.00	11,702,150.00
06/30/2021	8,565,000	5.500%	3,138,487.50	11,703,487.50
06/30/2022	9,050,000	5.500%	2,654,075.00	11,704,075.00
06/30/2023	9,560,000	5.500%	2,142,300.00	11,702,300.00
06/30/2024	10,100,000	5.500%	1,601,650.00	11,701,650.00
06/30/2025	10,700,000	6.000%	1,002,900.00	11,702,900.00
06/30/2026	11,365,000	6.000%	340,950.00	11,705,950.00
	96,030,000		32,708,212.50	128,738,212.50

## BOND SUMMARY STATISTICS

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Dated Date	04/15/2015
Delivery Date	04/15/2015
Last Maturity	09/01/2032
Arbitrage Yield	3.009244%
True Interest Cost (TIC)	3.455607%
Net Interest Cost (NIC)	3.785970%
All-In TIC	3.479398%
Average Coupon	4.958643%
Average Life (years)	14.397
Duration of Issue (years)	10.744
Par Amount	105,720,000.00
Bond Proceeds	123,964,519.05
Total Interest	75,470,476.94
Net Interest	57,622,407.89
Total Debt Service	181,190,476.94
Maximum Annual Debt Service	17,612,625.00
Average Annual Debt Service	10,426,561.97
Underwriter's Fees (per \$1000)	
Average Takedown	2.721694
Other Fee	1.028306
Total Underwriter's Discount	3.750000
Bid Price	116.882396

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	105,720,000.00	117.257	4.959%	14.397	101,482.50
	105,720,000.00			14.397	101,482.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	105,720,000.00	105,720,000.00	105,720,000.00
+ Accrued Interest			
+ Premium (Discount)	18,244,519.05	18,244,519.05	18,244,519.05
- Underwriter's Discount	-396,450.00	-396,450.00	
- Cost of Issuance Expense		-310,000.00	
- Other Amounts			
Target Value	123,568,069.05	123,258,069.05	123,964,519.05
Target Date	04/15/2015	04/15/2015	04/15/2015
Yield	3.455607%	3.479398%	3.009244%





**BOND PRICING**

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price
Serial Bond:								
	09/01/2015	1,330,000	2.000%	0.400%	100.603			
	09/01/2026	12,745,000	5.250%	2.660%	123.349 C	2.834%	09/01/2025	100.000
	09/01/2027	13,430,000	5.250%	2.790%	122.030 C	3.094%	09/01/2025	100.000
	09/01/2028	14,155,000	5.250%	2.900%	120.926 C	3.302%	09/01/2025	100.000
	09/01/2029	14,915,000	5.250%	2.960%	120.329 C	3.445%	09/01/2025	100.000
	09/01/2030	15,620,000	4.000%	3.380%	105.385 C	3.543%	09/01/2025	100.000
	09/01/2031	16,345,000	5.000%	3.120%	116.553 C	3.648%	09/01/2025	100.000
	09/01/2032	17,180,000	5.000%	3.170%	116.072 C	3.734%	09/01/2025	100.000
		105,720,000						

Dated Date	04/15/2015	
Delivery Date	04/15/2015	
First Coupon	09/01/2015	
Par Amount	105,720,000.00	
Premium	18,244,519.05	
Production	123,964,519.05	117.257396%
Underwriter's Discount	-396,450.00	-0.375000%
Purchase Price	123,568,069.05	116.882396%
Accrued Interest		
Net Proceeds	123,568,069.05	



## BOND DEBT SERVICE

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2015	1,330,000	2.000%	1,975,026.94	3,305,026.94	
03/01/2016			2,600,706.25	2,600,706.25	
06/30/2016					5,905,733.19
09/01/2016			2,600,706.25	2,600,706.25	
03/01/2017			2,600,706.25	2,600,706.25	
06/30/2017					5,201,412.50
09/01/2017			2,600,706.25	2,600,706.25	
03/01/2018			2,600,706.25	2,600,706.25	
06/30/2018					5,201,412.50
09/01/2018			2,600,706.25	2,600,706.25	
03/01/2019			2,600,706.25	2,600,706.25	
06/30/2019					5,201,412.50
09/01/2019			2,600,706.25	2,600,706.25	
03/01/2020			2,600,706.25	2,600,706.25	
06/30/2020					5,201,412.50
09/01/2020			2,600,706.25	2,600,706.25	
03/01/2021			2,600,706.25	2,600,706.25	
06/30/2021					5,201,412.50
09/01/2021			2,600,706.25	2,600,706.25	
03/01/2022			2,600,706.25	2,600,706.25	
06/30/2022					5,201,412.50
09/01/2022			2,600,706.25	2,600,706.25	
03/01/2023			2,600,706.25	2,600,706.25	
06/30/2023					5,201,412.50
09/01/2023			2,600,706.25	2,600,706.25	
03/01/2024			2,600,706.25	2,600,706.25	
06/30/2024					5,201,412.50
09/01/2024			2,600,706.25	2,600,706.25	
03/01/2025			2,600,706.25	2,600,706.25	
06/30/2025					5,201,412.50
09/01/2025			2,600,706.25	2,600,706.25	
03/01/2026			2,600,706.25	2,600,706.25	
06/30/2026					5,201,412.50
09/01/2026		5.250%	2,600,706.25	15,345,706.25	
03/01/2027			2,266,150.00	2,266,150.00	
06/30/2027					17,611,856.25
09/01/2027			2,266,150.00	15,696,150.00	
03/01/2028			1,913,612.50	1,913,612.50	
06/30/2028					17,609,762.50
09/01/2028			1,913,612.50	16,068,612.50	
03/01/2029			1,542,043.75	1,542,043.75	
06/30/2029					17,610,656.25
09/01/2029		5.250%	1,542,043.75	16,457,043.75	
03/01/2030			1,150,525.00	1,150,525.00	
06/30/2030					17,607,568.75
09/01/2030			1,150,525.00	16,770,525.00	
03/01/2031			838,125.00	838,125.00	
06/30/2031					17,608,650.00
09/01/2031		5.000%	838,125.00	17,183,125.00	
03/01/2032			429,500.00	429,500.00	
06/30/2032					17,612,625.00
09/01/2032			429,500.00	17,609,500.00	
06/30/2033					17,609,500.00
	105,720,000		75,470,476.94	181,190,476.94	181,190,476.94



## ESCROW REQUIREMENTS

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Period Ending	Interest	Principal Redeemed	Total
09/01/2015	3,055,500.00		3,055,500.00
03/01/2016	3,055,500.00		3,055,500.00
09/01/2016	3,055,500.00		3,055,500.00
03/01/2017	3,055,500.00		3,055,500.00
09/01/2017	3,055,500.00		3,055,500.00
03/01/2018	3,055,500.00		3,055,500.00
09/01/2018	3,055,500.00		3,055,500.00
03/01/2019	3,055,500.00		3,055,500.00
09/01/2019	3,055,500.00	101,850,000.00	104,905,500.00
	27,499,500.00	101,850,000.00	129,349,500.00



## ESCROW DESCRIPTIONS

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Type of Security	CUSIP or ID	Maturity Date	First Int Pmt Date	Par Amount	Rate	Yield	Price	Interest Class	Interest Frequency	Interest Day Basis
Apr 15, 2015:										
TSTRIP-I	912833JT8	08/15/2015		2,400,000		0.085%	99.971421	Zero Coupon	Semiannual	ACT/ACT
TNote	912828KS8	02/29/2016	08/31/2009	2,400,000	2.625%	0.247%	102.077176	Periodic	Semiannual	ACT/ACT
TNote	912828RF9	08/31/2016	02/29/2012	2,432,000	1.000%	0.399%	100.822670	Periodic	Semiannual	ACT/ACT
TNote	912828SJ0	02/28/2017	08/31/2012	2,444,000	0.875%	0.535%	100.633201	Periodic	Semiannual	ACT/ACT
TNote	912828TM2	08/31/2017	02/28/2013	2,454,000	0.625%	0.701%	99.821541	Periodic	Semiannual	ACT/ACT
TNote	912828PY0	02/28/2018	08/31/2011	2,462,000	2.750%	0.858%	105.362020	Periodic	Semiannual	ACT/ACT
TNote	912828RE2	08/31/2018	02/29/2012	2,496,000	1.500%	1.025%	101.570916	Periodic	Semiannual	ACT/ACT
TNote	912828C24	02/28/2019	08/31/2014	2,515,000	1.500%	1.159%	101.288565	Periodic	Semiannual	ACT/ACT
TNote	912828TN0	08/31/2019	02/28/2013	104,383,000	1.000%	1.266%	98.872000	Periodic	Semiannual	ACT/ACT
				123,986,000						



# ESCROW COST

## Matanuska-Susitna Borough State of Alaska Lease Revenue Bonds, Series 2008 Refunding (Goose Creek Correctional Center Project) Final Verified Numbers

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost
TSTRIP-I	08/15/2015	2,400,000		0.084824%	99.971421	2,399,314.10		2,399,314.10
TNote	02/29/2016	2,400,000	2.625%	0.246881%	102.077176	2,449,852.22	7,875.00	2,457,727.22
TNote	08/31/2016	2,432,000	1.000%	0.399385%	100.822670	2,452,007.33	3,040.00	2,455,047.33
TNote	02/28/2017	2,444,000	0.875%	0.535085%	100.633201	2,459,475.43	2,673.13	2,462,148.56
TNote	08/31/2017	2,454,000	0.625%	0.700856%	99.821541	2,449,620.62	1,917.19	2,451,537.81
TNote	02/28/2018	2,462,000	2.750%	0.857670%	105.362020	2,594,012.93	8,463.13	2,602,476.06
TNote	08/31/2018	2,496,000	1.500%	1.025145%	101.570916	2,535,210.06	4,680.00	2,539,890.06
TNote	02/28/2019	2,515,000	1.500%	1.158875%	101.288565	2,547,407.41	4,715.63	2,552,123.04
TNote	08/31/2019	104,383,000	1.000%	1.265779%	98.872000	103,205,559.76	130,478.75	103,336,038.51
		123,986,000				123,092,459.86	163,842.83	123,256,302.69

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
04/15/2015	123,256,302.69	621.71	123,256,924.40	1.226852%
	123,256,302.69	621.71	123,256,924.40	



### ESCROW CASH FLOW

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Date	Principal	Interest	Net Escrow Receipts	Present Value to 04/15/2015 @ 1.2268518%
08/15/2015	2,400,000.00		2,400,000.00	2,390,235.09
08/31/2015		655,371.25	655,371.25	652,350.02
02/29/2016	2,400,000.00	655,371.25	3,055,371.25	3,022,949.23
08/31/2016	2,432,000.00	623,871.25	3,055,871.25	3,004,806.23
02/28/2017	2,444,000.00	611,711.25	3,055,711.25	2,986,634.38
08/31/2017	2,454,000.00	601,018.75	3,055,018.75	2,967,450.10
02/28/2018	2,462,000.00	593,350.00	3,055,350.00	2,949,978.43
08/31/2018	2,496,000.00	559,497.50	3,055,497.50	2,931,835.53
02/28/2019	2,515,000.00	540,777.50	3,055,777.50	2,914,524.62
08/31/2019	104,383,000.00	521,915.00	104,904,915.00	99,435,539.08
	123,986,000.00	5,362,883.75	129,348,883.75	123,256,302.69

#### Escrow Cost Summary

Purchase date	04/15/2015
Purchase cost of securities	123,256,302.69
Target for yield calculation	123,256,302.69



## ESCROW SUFFICIENCY

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
04/15/2015		621.71	621.71	621.71
08/15/2015		2,400,000.00	2,400,000.00	2,400,621.71
08/31/2015		655,371.25	655,371.25	3,055,992.96
09/01/2015	3,055,500.00		-3,055,500.00	492.96
02/29/2016		3,055,371.25	3,055,371.25	3,055,864.21
03/01/2016	3,055,500.00		-3,055,500.00	364.21
08/31/2016		3,055,871.25	3,055,871.25	3,056,235.46
09/01/2016	3,055,500.00		-3,055,500.00	735.46
02/28/2017		3,055,711.25	3,055,711.25	3,056,446.71
03/01/2017	3,055,500.00		-3,055,500.00	946.71
08/31/2017		3,055,018.75	3,055,018.75	3,055,965.46
09/01/2017	3,055,500.00		-3,055,500.00	465.46
02/28/2018		3,055,350.00	3,055,350.00	3,055,815.46
03/01/2018	3,055,500.00		-3,055,500.00	315.46
08/31/2018		3,055,497.50	3,055,497.50	3,055,812.96
09/01/2018	3,055,500.00		-3,055,500.00	312.96
02/28/2019		3,055,777.50	3,055,777.50	3,056,090.46
03/01/2019	3,055,500.00		-3,055,500.00	590.46
08/31/2019		104,904,915.00	104,904,915.00	104,905,505.46
09/01/2019	104,905,500.00		-104,905,500.00	5.46
	129,349,500.00	129,349,505.46	5.46	

# ESCROW STATISTICS

Matanuska-Susitna Borough  
 State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
 (Goose Creek Correctional Center Project)  
 Final Verified Numbers

Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
123,256,924.40	3.914	48,233.89	1.226852%	1.226348%	114,999,633.62	8,251,484.06	5,806.72
123,256,924.40		48,233.89			114,999,633.62	8,251,484.06	5,806.72

Delivery date 04/15/2015  
 Arbitrage yield 3.009244%





## FORM 8038 STATISTICS

Matanuska-Susitna Borough  
State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
(Goose Creek Correctional Center Project)  
Final Verified Numbers

Dated Date 04/15/2015  
Delivery Date 04/15/2015

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	09/01/2015	1,330,000.00	2.000%	100.603	1,338,019.90	1,330,000.00
	09/01/2026	12,745,000.00	5.250%	123.349	15,720,830.05	12,745,000.00
	09/01/2027	13,430,000.00	5.250%	122.030	16,388,629.00	13,430,000.00
	09/01/2028	14,155,000.00	5.250%	120.926	17,117,075.30	14,155,000.00
	09/01/2029	14,915,000.00	5.250%	120.329	17,947,070.35	14,915,000.00
	09/01/2030	15,620,000.00	4.000%	105.385	16,461,137.00	15,620,000.00
	09/01/2031	16,345,000.00	5.000%	116.553	19,050,587.85	16,345,000.00
	09/01/2032	17,180,000.00	5.000%	116.072	19,941,169.60	17,180,000.00
		105,720,000.00			123,964,519.05	105,720,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	09/01/2032	5.000%	19,941,169.60	17,180,000.00		
Entire Issue			123,964,519.05	105,720,000.00	14.3665	3.0092%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	706,450.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	0.00
Proceeds used to advance refund prior issues	123,256,924.40
Remaining weighted average maturity of the bonds to be currently refunded	0.0000
Remaining weighted average maturity of the bonds to be advance refunded	14.6004



## FORM 8038 STATISTICS

Matanuska-Susitna Borough  
 State of Alaska Lease Revenue Bonds, Series 2008 Refunding  
 (Goose Creek Correctional Center Project)  
 Final Verified Numbers

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Goose Creek Correctional Center Lease Rev Bonds Series 2008:					
TERM28	09/01/2026	12,065,000.00	6.000%	98.293	11,859,050.45
TERM28	09/01/2027	12,810,000.00	6.000%	98.293	12,591,333.30
TERM28	09/01/2028	13,605,000.00	6.000%	98.293	13,372,762.65
TERM32	09/01/2029	14,445,000.00	6.000%	96.326	13,914,290.70
TERM32	09/01/2030	15,340,000.00	6.000%	96.326	14,776,408.40
TERM32	09/01/2031	16,290,000.00	6.000%	96.326	15,691,505.40
TERM32	09/01/2032	17,295,000.00	6.000%	96.326	16,659,581.70
101,850,000.00					98,864,932.60

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Goose Creek Correctional Center Lease Rev Bonds Series 2008	09/01/2019	01/07/2009	14.6004
All Refunded Issues	09/01/2019		14.6004



## E. Rating Reports

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**New Issue: Moody's assigns Aa1 to \$161M Alaska Lease Revenue Refunding Bonds; outlook negative**

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Global Credit Research - 20 Mar 2015

**Approximately \$804M of GO, \$290M of lease bonds and \$870M of state moral obligation bonds outstanding**

ALASKA (STATE OF)  
State Governments (including Puerto Rico and US Territories)  
AK

**Moody's Rating**

ISSUE	RATING
State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project)	Aa1
<b>Sale Amount</b>	\$161,190,000
<b>Expected Sale Date</b>	04/01/15
<b>Rating Description</b>	Lease Rental: Appropriation

**Moody's Outlook** NEG

NEW YORK, March 20, 2015 --Moody's Investors Service has assigned a Aa1 rating to the state of Alaska's \$161.2 million Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project). The bonds are expected to price April 1.

**SUMMARY RATING RATIONALE**

The rating factors in the need for annual appropriation of state lease payments to cover principal and interest, and is based on the state's credit rating (Aaa negative). Accumulation of large financial reserves during a period of elevated oil prices left Alaska positioned to manage the potential fiscal challenges associated with its reliance on a volatile revenue source: petroleum. At the end of fiscal 2013, the state's two main reserve funds held more than \$16.3 billion, or 2.7 times fiscal 2014 unrestricted general fund operating appropriations. The large size of the state's financial resources in relation to its annual expenditures has offset the fact that Alaska is far more vulnerable than any other US state to the global political, economic and other factors affecting oil supply and demand, as well as to local conditions influencing production. But just as the state has benefitted from high oil prices in recent years, prices well below previous expectations could lead the state to substantially reduce its financial reserves, eroding a key support to its Aaa rating.

**OUTLOOK**

The negative outlook signals that last year's rapid oil price decline, and expected prices below prior forecasts in coming months, will lead Alaska to substantially reduce financial reserves by the end of fiscal 2016. A rapid reserve-depletion scenario -- especially in the absence of realistic plans to rebuild reserve funds, to diversify tax revenue streams or to impose strict cuts on expenditures -- would be consistent with a lower credit rating.

**WHAT COULD MAKE THE RATING GO DOWN**

- Sustained low oil prices relative to prior assumptions
- Accelerating decline in petroleum production volume
- Prospect that financial reserves will be fully depleted in the near term

-- Use of non-recurring measures beyond financial reserve expenditures to achieve budget balance

## STRENGTHS

-- Very large cushion against revenue volatility in Constitutional Budget Reserve Fund (CBRF) and other funds

-- Conservative fiscal practices, highlighted by use of 2008 oil revenue windfall to rebuild CBRF

-- Potential to transition over time to natural gas from oil production as primary revenue source

## CHALLENGES

-- Narrow economic base

-- Political challenges to imposition of other significant revenue streams

-- Relatively weak pension funding, although funding will be improved by reserve transfers

## RECENT DEVELOPMENTS

On March 12, 2015 Alaska's House of Representatives approved an operating budget that included \$136.9 million in additional budget reductions from the Governor's proposed budget for a total of \$376.9 million less in unrestricted general fund spending than the 2015 budget. The budget must now be considered by the Alaska Senate.

## DETAILED RATING RATIONALE

### ECONOMY

Alaska's economy is concentrated in the energy and government sectors. Employment growth has turned negative, with the year-over-year change in payrolls negative in seven months during 2014, reflecting the contraction in these sectors. However, federal government employment in Alaska has been declining since 2011. The state's labor market had outperformed the US in the recession and during the initial recovery, but job growth began to underperform the US in 2012. Personal income per capita remains strong, at 112% of the US, reflecting oil industry wealth.

### FINANCES AND LIQUIDITY

To fund state government operations, Alaska relies on petroleum production taxes and royalties to a greater extent than any other oil-producing state. It derives about 90% of operating revenue from the oil industry, compared with 19% in New Mexico and 11% in Texas. Alaska began its 2015 fiscal year on July 1, projecting that the price of oil produced on its North Slope would hover above \$100 per barrel, averaging \$105.06. Instead, global supply and demand factors drove oil prices sharply lower this fall. By December 12, the price per barrel of Alaska North Slope crude was \$59.50 per barrel, 47% below the \$111.56 per-barrel price where it began the fiscal year. As of March 18, Alaska North Slope Crude has dropped further to \$49.37 per barrel.

Oil prices are inherently volatile; their exposure to global supply and demand factors and to geo-political conditions means that unexpected upswings and downturns are always possible. While Alaska has established a record of generally conservative price forecasts, we believe the state's current long-term expectation of a return to prices exceeding \$100 per barrel may prove aggressive. The most recent Moody's Investors Service forecast shows West Texas Intermediate crude at \$62 per barrel in 2016 and gradually increasing to \$74 per barrel in 2019. Even at \$60 per barrel, about 20% higher than the current price, depletion of the CBRF could occur within three to four years, according to the state's forecast.

On February 5, the governor released his amended budget for fiscal 2016 with an additional cut of \$132 million to agencies' unrestricted general fund operating rating budgets. Total agency unrestricted general fund spending is now \$240 million lower than the prior fiscal year and eliminates more than 300 positions. The legislature is currently reviewing and amending the Governor's proposed budget and will approve the fiscal 2016 budget by mid-April. On March 12, 2015 Alaska's House of Representatives approved an operating budget that included \$136.9 million in additional budget reductions from the Governor's proposed budget for a total of \$376.9 million less in unrestricted general fund spending than the 2015 budget. The budget must now be considered by the Alaska Senate.

The budget enacted for the current fiscal year assumed that the state would draw \$1.38 billion from the Statutory

Budget Reserve Fund (SBRF), one of its main financial reserves. The fiscal 2015 budget was based on unrestricted general fund revenues of \$4.52 billion, but collections are now forecast to come in 49% (or \$1.9 billion) below that level. As a consequence of this and other factors, the state forecasts an unrestricted general fund deficit of \$3.53 billion that will lead it to deplete the SBRF, which began the fiscal year with \$2.79 billion. In addition, the state expects to use \$740 million from the CBRF, which had \$12.8 billion when the fiscal year began. Before the plunge in oil prices, the state passed legislation appropriating \$3 billion from the CBRF to improve funding of the State of Public Employees' Retirement System and the Teachers' Retirement System (TRS). The total decrease in the CBRF this fiscal year is therefore estimated at \$3.74 billion, or 29%. Alaska officials now anticipate using CBRF funds to help balance a potential \$3.64 billion deficit in the following year.

The state has already made significant reductions in its unrestricted general fund capital budget, which declined to \$595 million in fiscal 2015 from \$1.9 billion in fiscal 2013; this underscores the potential difficulty of achieving balance through spending cuts if oil prices remain below prior forecasts. Alaska's response to lower oil prices could include discussion of new recurring revenue sources. However, the state has not had a tax on individual income since 1980, and this well-established practice will pose a barrier to any moves in that direction. How the government ultimately decides to respond to the downturn in oil revenues will have implications for the state's credit ratings.

#### Liquidity

Alaska has strong liquidity with approximately \$14.7 billion available to the general fund.

#### DEBT AND PENSIONS

##### Debt Structure

Alaska's debt is relatively low compared to other Aaa-rated states, with \$1.2 billion net tax-supported debt, based on 2014 state medians. However, on a per-capita basis Alaska's net tax-supported debt is \$1,573 and ranks 16th in the US, higher than the national median of \$1,054. As a percentage of personal income, the state's net tax-supported debt ranks 19th among the states, at 3.2%, which is again higher than the 50-state median, 2.6%. The state's general obligation debt burden rose in fiscal 2013 to \$840 million, but has declined in fiscal 2014 to \$804 million.

##### Debt-Related Derivatives

No variable rate debt or swaps.

##### Pensions and OPEB

Alaska has an above-average employee pension burden among the states, based on unfunded liabilities for its share of multi-employer cost sharing plans. For the state's two biggest pension plans, based on our calculations, the state is responsible for 78.9% of PERS funding and 80.5% of TRS funding. Alaska's overall as-reported liabilities total \$8.2 billion.

The state's adjusted net pension liability (ANPL), under our methodology for adjusting reported pension data, is \$15.7 billion, or 99.3% of all governmental fund revenues, based on fiscal 2013 data, the 15th highest ANPL-to-revenue ratio. The ANPL also reflects 26.4% of the state's 2013 GDP. The state's three-year average ANPL ratio is 76.5%, 18th highest among the states. Moody's adjusted net pension liability applies a bond index rate to determine the present value of plan liabilities, incorporates the market (rather than actuarial) value of plan assets, and makes certain other changes to improve comparability of reported pension liabilities. The adjustments are not intended to replace Alaska's reported liability information, but to improve comparability with other states. Alaska's share of liability for both pension plans was determined in proportion to its contributions to the plans.

The other postemployment benefits (OPEB) ARC is \$460,000 as of June 30, 2014.

#### GOVERNANCE

Alaska utilizes multi-year financial planning and there is also financial flexibility with no constitutional caps on revenue raising or spending increases, as well as no super-majority requirements for budget passage and/or tax increases.

#### KEY STATISTICS

Per capita income relative to U.S. average: 112.3%

Industrial diversity (1=most diverse): 0.19

Employment volatility (U.S.=100): 41

Available balances as % of operating revenue (5-yr. avg.): 224.2%

NTSD/total governmental revenue: 7.3%

3-year avg. adjusted net pension liability/total governmental revenue: 76.5%

## OBLIGOR PROFILE

Alaska's population ranks 48th among the states, at 736,000. Its GDP ranks 43rd.

## LEGAL SECURITY

The current issue will be secured by a lease purchase agreement between the State Department of Administration (DOA) and Matanuska-Susitna Borough, which will issue the bonds. Matanuska-Susitna, the state's third most populous municipality, has a general obligation bond rating of Aa2. The borough will not receive the DOA's lease rental payments for the prison, instead assigning them directly to the trustee under the terms of the bond documents. The DOA's obligation to make these payments is absolute and unconditional, provided only that appropriations have been passed by the legislature. The payment obligation also is not subject to use of the facility, a 1,536 bed, medium-security prison located about 25 miles from Wasilla, by the state. Payment dates of March 1 and September 1 allow sufficient time after the start of the state's fiscal year, on July 1, to provide a buffer against late budget adoption, in Moody's view.

## USE OF PROCEEDS

The current offering will refund a portion of the outstanding bonds issued in 2008 (the non-callable bonds are not being refunded).

## PRINCIPAL METHODOLOGY

The principal methodology used in this rating was The Fundamentals of Credit Analysis for Lease-Backed Municipal Obligations published in December 2011. Please see the Credit Policy page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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## Summary:

# Matanuska-Susitna Borough, Alaska Alaska; Appropriations; Moral Obligation

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## Table Of Contents

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Rationale

Outlook

Related Criteria And Research

## Summary:

# Matanuska-Susitna Borough, Alaska Alaska; Appropriations; Moral Obligation

### Credit Profile

US\$163.975 mil lse rev rfdg bnds (Alaska) (Goose Creek Correctional Ctr Proj) ser 2015 due 09/01/2032

AA+/Stable

New

#### Alaska Mun Bnd Bank, Alaska

Alaska

#### Alaska Mun Bnd Bank GO

*Unenhanced Rating*

AA+(SPUR)/Stable

Affirmed

## Rationale

Standard & Poor's Ratings Services assigned a 'AA+' long-term rating, and stable outlook, to Matanuska-Susitna Borough, Alaska's \$163.98 million of lease revenue refunding bonds, series 2015 (Goose Creek Correctional Facilities) issued for the state of Alaska. The bonds are secured by lease payments from the state of Alaska.

The rating reflects Standard & Poor's opinion of:

- The long-term creditworthiness of the state of Alaska ('AAA' general obligation debt -- GO -- rating) and
- Pledged lease payments subject to annual appropriation and renewal by the state.

The lease agreement provides for the state department of administration to lease the facilities from the borough. Under an assignment agreement with the borough, state lease payments -- which serve as the pledged source of repayment on the bonds -- are sent directly to the bond trustee. There is no pledge of any funds from the borough.

Bond proceeds will be used to refund previously issued bonds, the proceeds of which were used to finance the construction of a state prison and associated buildings, which will serve as the leased assets.

The leased assets consists of a 1,536-bed medium security prison for male offenders, and associated buildings, situated on 150 acres approximately 25 miles from the city of Wasilla and within the borough. The new prison approximately doubled the available beds in the state department of corrections system. State officials indicated that, at the time the facility was constructed, the state suffered from prison overcrowding. Prior to its construction, Alaska housed about 850 state prisoners in Arizona due to a lack of in-state facilities.

The fiscal 2016 lease payment has been included in the governor's budget request, and we anticipate that it will be appropriated by the state legislature. Pledged lease payments are an absolute "triple net" obligation of the state and not subject to abatement for damage to the facility or to right of set-off as long as the lease is annually renewed. The state covenants to maintain casualty property insurance in such amounts that the state may determine from time to time. In practice, the state has a \$200 million blanket commercial property casualty insurance policy covering more than \$5

billion of state facilities, including the prison. The current state commercial casualty insurance policy has a \$1 million deductible per occurrence. Lease payments are due to the trustee five days in advance of debt service due dates. There is no debt service reserve, but the March principal and September interest payment dates allow sufficient time, in our opinion, to cover late state budget risk. The original financing sized bond debt service to exactly meet the maximum statutory permitted annual lease payments of \$17.8 million per year, and the current transaction is anticipated to reduce this annual payment on a level basis throughout the existing remaining maturities.

### **General creditworthiness of Alaska**

Our 'AAA' ratings on Alaska's GO bonds reflect our view of the state's:

- Extraordinarily large budget reserves generated from prudent management of prior windfall receipts of oil production-related revenue, including prefunding a significant share of the following years' expenditures with current-year revenue, and
- Moderate debt burden, significant pay-as-you-go financing of capital needs, and a closed defined-benefit retirement system despite a relatively large lingering unfunded actuarial accrued liability.

Alaska's economy and finances are highly resource dependent, with 79% of fiscal 2015 projected unrestricted general fund revenue related to petroleum extraction. To a significant extent, the state's financial management has helped offset the near-term fiscal effects of revenue volatility, which is inherent to its oil-reliant economy. The state has done this by constructing multiple layers of reserves and extensive operating flexibility. Among the most prominent of these practices are:

- An accumulation of multiple budget reserves equal to well over 200% of the general fund budget;
- A high level of pay-as-you-go financing of capital needs, which could be reduced to fund operations if the state deems doing so necessary;
- Extensive forward-funding of significant areas of the state's operating budget, a practice that could be halted in an underperforming revenue environment;
- Twice the constitutionally required contributions to the state permanent fund of revenue from oil and gas rentals, royalties, and leases; and
- Untapped potential sources of tax revenue, such as statewide sales or personal income taxes, neither of which the state levies at present.

For more information about the long-term credit quality of the state of Alaska, please refer to our full GO analysis on RatingsDirect, published Feb. 27, 2015.

## **Outlook**

The stable outlook on the bonds matches that of our 'AAA' rating on the state's GO debt and has long encompassed the potential for oil price declines. The stable outlook reflects that Alaska has prudently and effectively used prior revenue windfalls to accumulate extraordinarily large budget reserves. In our view, the budget reserves enable the state to weather a period of structural -- and large -- budget imbalances. As we see it, the state has a sufficient level of reserves to withstand the shortfall in its unrestricted general fund for at least two years -- which is the time horizon of our outlook. The time horizon could shorten, however, if oil prices or production levels fall and remain materially below what the state forecasts.

## Related Criteria And Research

### Related Criteria

- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions, Nov. 19, 2013

### Related Research

U.S. State And Local Government Credit Conditions Forecast, Dec. 10, 2014

Ratings Detail (As Of March 19, 2015)		
Alaska certs of part (Alaska Native Tribal Health Consortium Hsg Fac Proj) ser 2014 due 06/01/2029		
Long Term Rating	AA+/Stable	Affirmed
<b>Alaska COPs (State Virology Lab Facs)</b>		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
<b>Alaska Mun Bnd Bank, Alaska</b>		
Alaska		
Alaska Mun Bnd Bank (Alaska) GO		
Long Term Rating	AA+/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO and rfdg bnds (Alaska) ser 2014-3 due 10/01/2049		
Long Term Rating	AA+/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO and rfdg bnds (Alaska) ser 2015 ONE due 10/01/2039		
Long Term Rating	AA+/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO bnds (Alaska) ser 2014A due 03/01/2039		
Long Term Rating	AA+/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO bnds (Alaska) ser 2014B due 03/01/2030		
Long Term Rating	AA+/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO bnds (Alaska) ser 2014-2 due 06/01/2044		
Long Term Rating	AA+/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO moral oblig (MBIA) (National)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO (AMBAC)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Alaska Mun Bnd Bank (Alaska) GO (Moral Ob)		
Long Term Rating	AA+/Stable	Affirmed
<b>Alaska Mun Bnd Bank GO</b>		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
<b>Alaska Mun Bnd Bank (Alaska) GO</b>		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
<b>Anchorage Municipality, Alaska</b>		
Alaska		
<b>Anchorage Municipality (Alaska) lse rev rfdg bnds (Correctional Facility) ser 2005</b>		

Ratings Detail (As Of March 19, 2015) (cont.)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
<b>Matanuska-Susitna Boro, Alaska</b>		
Alaska		
Matanuska-Susitna Boro (Alaska) lse rev (Goose Creek Correctional Facs) (ASSURED GTY)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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## **FITCH RATES ALASKA'S \$163MM LEASE REVS 'AA+'; OUTLOOK STABLE**

Fitch Ratings-New York-17 March 2015: Fitch Ratings assigns an 'AA+' rating to \$163.345 million Matanuska-Susitna Borough, Alaska's State of Alaska lease revenue refunding bonds, series 2015 (Goose Creek Correctional Center Project).

The bonds are expected to sell via negotiation on or about April 2, 2015.

The Rating Outlook is Stable.

### **SECURITY**

The bonds are special obligations of the state of Alaska secured by annual lease payments from the state department of administration (DOA) on behalf of the state department of corrections (DOC) to the Matanuska-Susitna Borough (the borough). Source of lease payments is annual appropriations from the state's unrestricted general fund (UGF).

### **KEY RATING DRIVERS**

**STATE APPROPRIATION:** The rating on the bonds, secured by annual legislative appropriations from the state's UGF pursuant to a lease purchase agreement, is one notch below the state's 'AAA' general obligation bond (GO) rating. The rating reflects the state's general credit standing, sound lease structure, and statutory authorization for these types of bonds.

**VERY LARGE RESERVES:** Alaska has set aside very large reserves for UGF operating needs, principally in the Constitutional Budget Reserve Fund (CBR) and Statutory Budget Reserve Fund (SBR), two of the state's most accessible reserves. The realized earnings reserve of the Alaska Permanent Fund also maintains a substantial, accessible balance that is available to fund operating expenses. The state's reserves provide multiple-times coverage of its debt obligations.

**VOLATILITY IN OIL REVENUE:** The sharp falloff in crude oil prices, beginning in late 2014, lowered the state's expected UGF revenues, exacerbating an already expected revenue shortfall in fiscal 2015. The state plans to apply funds previously deposited to the SBR and CBR to close the identified gap.

**CONSERVATIVE FINANCIAL PLANNING:** Conservative financial planning is an essential factor given the state's dependency on energy-related revenues and volatility of energy prices and production. Fitch expects Alaska to manage its reserve funds prudently and promptly adjust its expenditures as needed, consistent with the state's historical practice.

**ECONOMY AND FINANCES DEPENDENT ON NATURAL RESOURCES:** While both natural resources and the federal government have provided sources of employment and income to Alaska's small population, the volatility inherent in the natural resource industry is the state's area of vulnerability. Petroleum-related revenue accounted for approximately 88% of unrestricted general fund revenue in fiscal 2014.

**MANAGEABLE LIABILITY POSITION:** Alaska's debt burden is moderate. The state has prudently used available cash to fund its capital needs and cash-defeased outstanding obligations when cost-effective. To bolster the funding of its major statewide pension systems, the state deposited \$3 billion

from its CBR in fiscal 2015 to improve the funded ratios. In addition, about half of the state's other post-employment benefit obligations are pre-funded.

## RATING SENSITIVITIES

The rating on the bonds is sensitive to shifts in the state's GO bond rating to which it is linked.

The state's GO bond rating would be pressured by a prolonged downturn in the natural resources industry, either price or production based, resulting in a sustained reduction in natural resources revenue that is not addressed by state actions to adjust its budget.

## CREDIT PROFILE

The bonds are lease obligations of the state of Alaska, subject to annual legislative appropriation. The rating reflects the strong lease structure and the state's general credit features, including moderate debt, conservative financial planning, and substantial reserves. Proceeds of the bonds will partially refund the borough's series 2008 lease purchase bonds originally issued to fund construction of a state correctional facility on land owned by the borough. Lease payments by the state are made directly to the trustee, and the state assumes ownership upon full amortization. Bonds are specifically authorized by the state legislature, and the DOA pledges to include lease payments in the budget.

Alaska's 'AAA' GO rating reflects the state's maintenance of very substantial reserve balances and conservative financial management practices to offset significant revenue volatility linked to oil production from the North Slope and global petroleum price trends. For many years, the state has witnessed a gradual decline in production at its oil fields; however, tax revenues to the state have largely continued to increase as a factor of increased prices for Alaska North Slope crude oil. The state prudently dedicated a substantial share of its oil tax revenue to reserves and has continued to employ long-range forecasting of its revenue, expenses, and natural resources industry. While the Fall 2014 revenue forecast projects modest increases in production in fiscal years 2016 and 2017, the state continues to forecast production declines over the long term.

As part of the state's long-range planning, reserve balances grew exponentially over the past several fiscal years. The sharp drop in crude oil prices in late 2014 increased an earlier anticipated revenue shortfall in fiscal 2015 to \$3.5 billion (58% of unrestricted general fund expenditures) that Fitch expects to be covered by a draw from the state's vast financial reserves. An additional reserve draw of \$3.35 billion is projected by the state based on the governor's proposed budget in fiscal 2016. Despite the planned applications, Fitch believes the state is committed to keeping reserve levels high.

Debt practices are conservative, with limited issuance and average amortization. Employment remains generally stable. Although the state has potential exposure to federal employment, its revenue system limits its budget exposure.

Additional information on the state of Alaska is available in the Feb. 27, 2015 press release 'Fitch Rates Alaska's \$258MM Bonds and BANs; Affirms Outstanding GOs at 'AAA' available at 'www.fitchratings.com.'

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In addition to the sources of information identified in the Tax-Supported Rating Criteria, this action was additionally informed by information from IHS Global Insight.

Applicable Criteria and Related Research:

--'Tax-Supported Rating Criteria', dated Aug. 14, 2012;

--'U.S. State Government Tax-Supported Rating Criteria', dated Aug. 14, 2012.

Applicable Criteria and Related Research:

Tax-Supported Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=686015](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686015)

U.S. State Government Tax-Supported Rating Criteria

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=686033](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=686033)

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## F. Market Commentary

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April 6, 2015

### MARKET NEWS

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#### Economic Report

March payroll employment rose 126K in the month which was down from the downwardly revised increases of 264K (295K previously) in February and 201K (239K previously) in January. The March increase was also significantly below the 245K expected going into the report. The pace of job growth in February would have been difficult to sustain even with the revision announced in the report. The average monthly increase through the first quarter of 197K represents a solid pace of job creation. The separate household survey indicated that the unemployment rate remained low and unchanged from the 5.5% rate recorded in February that had dropped from 5.7% in January. The current rate is down from 6.6% a year ago indicating a steadily improving labor market.

The moderation in March hiring did coincide with jobless claims data trending up through the payroll employment survey week for that month. However, with claims subsequently trending lower, it is indicative that hiring should recover in April back closer to the first quarter monthly average gain in employment.

Government hiring dropped a slight 3K after remaining unchanged in February. Private employment rose 129K which was down from a 262K gain (288K previously) in February and a 202K increase (237K previously) in January.

The increase in private employment in March reflected service-producing jobs rising 142K though this was down from the 244K increase recorded in February and the 151K gain in January. Most of the services categories showed small increases in the month. These gains were in contrast to goods-producing jobs dropping 13K after increases of 20K and 51K in February and January, respectively.

The private sector workweek disappointingly fell to 34.5 hours in March from 34.6 hours in February. The manufacturing workweek fell as well to 40.9 hours from 41.0 hours in February. The index of aggregate weekly hours, which reflects the combined impact of both overall hours and employment, dropped 0.2% in the month though this only partially retraced the 0.3% gain in February.

The index of average hourly earnings, the principal wage measure in the report, rose a greater-than-expected 0.3% in the month and 2.1% over the past year. Expectations were for smaller gains of 0.2% and 2.0%, respectively. The steady tightening in labor markets is possibly starting to put some modest upward pressure on wages. These gains should help support consumer spending with the inflationary risks limited by downward pressure coming from lower energy prices and a strengthening U.S. dollar.

Activity in the U.S. manufacturing sector continued to expand in March though the pace of growth moderated further as measured by the Institute for Supply Management (ISM) manufacturing index which fell to 51.5 from 52.9 in February. This marked a fifth consecutive monthly decline with a cumulative 6.4 point drop since October 2014 leaving the headline index at a 22-month low. March's reading fell short of the 52.5 expected by markets. Any reading above the 50 level indicates expanding activity in the manufacturing sector.

The drop in the headline ISM index in March reflected widespread moderation with four of the five major sub-indices falling in the month. The "supplier deliveries" component posted the largest decline (-3.8 pts) but remained above the 50 mark at 50.5 in the month. The "employment" component fell for a third consecutive month with a 1.4 pt decline leaving the sub-index at the 50.0 'no change' mark. The "inventories" sub-index fell 1.0 pt to 51.5 and the "new orders" component was down 0.7 pts to 51.8 in March. The "production" sub-index managed the only increase in the month, though the 0.1 pt gain retraced little of February's 2.8 pt decline to leave the component at 53.8. All five of the headline index's main components remained at or above 50 for a third consecutive month. The "new export orders" index, which is not a component of the headline, fell for a fourth consecutive month with a 47.5 reading in March pointing to further contraction in manufacturing export activity. The new export orders index is at its lowest level since November 2012, likely reflecting the negative impact of recent strengthening in the U.S. dollar.

March's decline in the ISM manufacturing index is disappointing though anecdotal comments continue to point to temporary factors weighing on activity in the sector. While a labor dispute at West Coast ports was resolved in February, comments from multiple respondents continued to point to this as a factor restraining activity in March (likely due to a backlog at congested ports). Adverse weather conditions may also have played a role in recent slowing with some respondents noting a

harsh winter has weighed on Q1 activity. These temporary factors may be partially responsible for Q1's average reading (at 52.6) declining relative to Q4's 56.9 average. Less support from manufacturing activity will be compounded by the impact of adverse weather conditions on other sectors of the economy, which has left our monitoring for Q1 GDP growth at around 2.0%.

Economic Calendar							
Date	Time CST	Release	Period	Survey	Actual	Prior	Revision of Prior
Monday							
2015/04/06	8:45	Markit US Composite PMI	Mar F	--	--	58.50	--
2015/04/06	8:45	Markit US Services PMI	Mar F	58.60	--	58.60	--
2015/04/06	9:00	Labor Market Conditions Index Change	Mar	--	--	4.00	--
2015/04/06	9:00	ISM Non-Manf. Composite	Mar	56.80	--	56.90	--
Tuesday							
2015/04/07	9:00	IBD/TIPP Economic Optimism	Apr	49.00	--	49.10	--
2015/04/07	9:00	JOLTS Job Openings	Feb	--	--	4998.00	--
2015/04/07	14:00	Consumer Credit	Feb	\$13.500B	--	\$11.562B	--
Wednesday							
2015/04/08	6:00	MBA Mortgage Applications	3-Apr	--	--	4.60%	--
2015/04/08	13:00	U.S. Fed Releases Minutes from March 17-18 FOMC Meeting					
Thursday							
2015/04/09	7:30	Initial Jobless Claims	4-Apr	--	--	268K	--
2015/04/09	7:30	Continuing Claims	28-Mar	--	--	2325K	--
2015/04/09	8:45	Bloomberg Consumer Comfort	5-Apr	--	--	--	--
2015/04/09	8:45	Bloomberg April United States Economic Survey					
2015/04/09	9:00	Wholesale Inventories MoM	Feb	0.10%	--	0.30%	0.20%
2015/04/09	9:00	Wholesale Trade Sales MoM	Feb	--	--	-3.10%	--
Friday							
2015/04/10	7:30	Import Price Index MoM	Mar	-0.50%	--	0.40%	--
2015/04/10	7:30	Import Price Index YoY	Mar	-10.60%	--	-9.40%	--
2015/04/10	13:00	Monthly Budget Statement	Mar	-\$43.0B	--	--	--

Source: Bloomberg

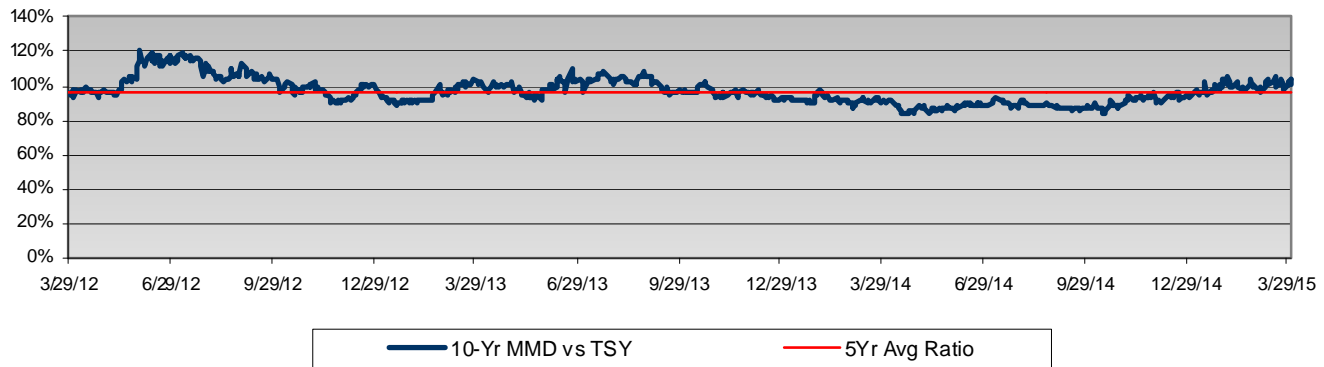
## LONG-TERM MARKET

Equity markets in the U.S. were closed for the Good Friday holiday and thus did not have a chance to react to the weaker than expected jobs report on Friday (see above). In the holiday-shortened week of trading thru Thursday, equity indices moved slightly higher (both the Dow Jones Industrial Average and the S&P 500 Index were less than 1% higher). Economic reports before the jobs number were mixed at best, and some continue to show a slowing of economic activity. The Treasury market was open for a shortened day of trading on Friday, and yields tumbled following the release of the jobs report. The yield on the 10-yr bond was down 7bps on Friday and the 30-yr bond declined by 5bps. For the week as a whole, yields declined by 12bps on the 10-yr bond and 6bps on the 30-yr. The reaction of equity markets this upcoming week could be interesting to see whether bad news (the jobs report) is good for equities (may keep the Federal Reserve on hold for longer) or is bad for equities (slowing economy means a slow down in corporate earnings growth).

The municipal bond market was also closed on Friday, so it had no chance to react to the jobs report. In trading through Thursday, muni yields followed Treasuries lower last week, with munis underperforming Treasuries by decreasing in yield less. Muni yields on the Municipal Market Data (MMD) AAA GO curve decreased by between 0bps and 3bps for maturities of 10-yrs and longer. With the rally in Treasuries on Friday, munis may have some ground to make up this week. Last week was interesting for the fact that new issuance was fairly robust for a holiday-shortened week – oftentimes there is only a small amount of issuance in holiday weeks. The Puerto Rico Electric Power Authority (PREPA) reached an agreement with bondholders to extend to April 15 a forbearance agreement that was scheduled to expire on March 31. News reports indicated that the bondholders had offered as much as \$2bn to PREPA for new capital improvements, although details on that offer were slim. New issuance of munis was \$41bn in March, up 43% over the same month in 2014. For the first quarter issuance was \$102bn, up from \$65bn last year. Refundings (\$52bn) continued to be the main driver of the increase, more

than doubling the amount of refundings in 2014's first quarter. With the market closed on Friday we did not see a report on Lipper municipal bond mutual fund flows for the week. We will report on fund flows again next week.

**Ratio of 10-Year AAA MMD to 10-Year Treasury**



Source: Bloomberg, Thomson Financial Municipal Market Monitor (TM3)

## SHORT-TERM MARKET

Yields on short-term tax-exempt variable rate demand notes (VRDN) moved slightly lower following quarter end last week. With most of the indices near all-time highs (lows in yield), and with nominal yield levels so close to 0%, there is not much room for yields to decline.

The SIFMA Index was reset at 0.02%, unchanged on the week.

**Ratio of SIFMA Index to 1-Month ICE LIBOR**



Source: Bloomberg, Thomson Financial Municipal Market Monitor (TM3)

## RATE WATCH

Short-Term Market				Treasury			Long-Term Market			
	Current*	Previous	12 Month Rolling Avg		Current	Previous		Current	Previous	12 Month Rolling Avg
SIFMA Index (BMA)	0.02%	0.02%	0.05%	3 Month T-Bill	0.02%	0.04%	AAA MMD (5Y)	1.23%	1.24%	1.18%
1 Month ICE LIBOR	0.18%	0.18%	0.16%	6 Month T-Bill	0.10%	0.12%	AAA MMD (10Y)	1.93%	1.96%	2.13%
3 Month ICE LIBOR	0.22%	0.22%	0.20%	30 Year Treasury	2.53%	2.54%	AAA MMD (20Y)	2.65%	2.67%	2.85%
SIFMA/ 1M ICE LIBOR	11.12%	11.24%	29.43%	Fed Funds Target	0.25%	0.25%	AAA MMD (30Y)	2.80%	2.80%	3.09%
							BAA MMD (20Y)	3.61%	3.63%	3.92%
							AAA MMD (30Y) / UST (30Y)	110.56%	110.19%	101.60%

\* Current is 04/02/15 EOD and Previous is 03/27/15 EOD

Source: Bloomberg, Thomson Financial Municipal Market Monitor (TM3)

## RBC NEW ISSUE CALENDARS

RBC Capital Markets - Long Term - Forward Calendar - Senior Managed Deals*										
Pricing Date	Par Amt (000s)	Description	State	Maturity	RBC Role	Type	Moody's	S&P	Fitch	Insurer/ Enhancement
2015/04/06	9,640	Bethlehem City Genl Ob Bds, Lehigh And Northampton Cntys-Series A & B 2015	PA	2015-28	SOM	Non-BQ				
2015/04/06	7,525	Harris Co Mud No. 368-Series 2015A	TX	2016-36	SR-MGR	MUD		BBB+		BAM
2015/04/07	2,000	Scotts Bluff Cnty Highway Allocation Fund Pledge Bds-Series 2015	NE	2015-34	SOM	BQ	NR	NR	NR	
2015/04/07	9,995	William Penn Schl Dist Genl Ob Bds, Delaware Cnty - Series 2015 Pa	PA	2016-38	SOM	BQ		A		PAST AID
2015/04/08	46,040	College Station Isd Ult Rfdg Bds-Series 2015	TX	2015-27	SR-MGR	GO		AA-		PSF
2015/04/08	67,030	Hillsborough Cnty Comm Svcs Tax Rev -Series 2015	FL	2018-35, 40	SR-MGR	REV	Aa1	AA		
2015/04/08	19,630	Souderton Area Schl Dist Genl Ob Bds, Montgomery & Bucks Cntys-Series A 2015	PA	2016-21	SOM	GO		AA		PAST AID
2015/04/09	149,997	Chaffey Jt Uhsd Elec Of 2012 Genl Ob Bds	CA	2016-17, 19	SOM	GO	Aa2	AA-		
2015/04/09	11,540	Cherry Hill Twp Gen Ob Rfdg-Series 2015	NJ	2021-23	SOM	GO	Aa2			

\*Preliminary, subject to change.

Source: RBC CM

RBC Capital Markets - Short Term - Forward Calendar - Senior Managed Deals*										
Pricing Date	Par Amt (000s)	Description	State	Maturity	RBC Role	Type	Moody's	S&P	Fitch	Insurer/ Enhancement
-	-									

\*Preliminary, subject to change.

Institute for Supply Management; Bureau of Labor Statistics; U.S. Census Bureau. Preliminary, subject to change. This announcement is not an offer, solicitation, commitment or recommendation to buy or sell the bonds and does not purport to be a complete statement of all material facts relating to the bonds. The offering is made only by means of the Official Statement, copies of which may be obtained from RBC Capital Markets. This communication is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. Products and services are offered through RBC Capital Markets or RBC Wealth Management, as applicable. RBC Capital Markets may buy from or sell to customers on a principal basis in the securities or related derivatives that are the subject of this communication. RBC Capital Markets has or may have proprietary positions in the securities or in related derivatives that are the subject of this communication. RBC Capital Markets may have been manager or co-manager of a public offering of securities of the issuer within the past twelve months. Additional information is available upon request. All information contained in this communication constitutes RBC Capital Markets' judgment as of the date of this communication, and is subject to change without notice and is provided in good faith but without legal responsibility. The information contained in this communication has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. The material contained herein is not a product of any research department of RBC Capital Markets or any of its affiliates. Nothing herein constitutes a recommendation of any security or regarding any issuer; nor is it intended to provide information sufficient to make an investment decision. RBC Capital Markets is not acting as a fiduciary or as a municipal, financial, commodity or investment adviser to the Obligated Person or any other person or entity. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. Nothing in this communication constitutes legal, accounting or tax advice or individually tailored investment advice. This material has been prepared without regard to the individual financial circumstances and objectives of persons who receive it and such investments or services may not be suitable for all investors. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Potential investors are advised to consult with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent appropriate. This document may not be reproduced, disclosed, distributed or summarized, whole or in part, to any third party without the prior consent of RBC Capital Markets. To the fullest extent permitted by law neither RBC Capital Markets, nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this communication or the information contained herein. RBC Capital Markets is a registered trademark of Royal Bank of Canada. RBC Capital Markets is the global brand name for the capital markets business of Royal Bank of Canada and its affiliates, including RBC Capital Markets, LLC (member FINRA, NYSE and SIPC). ® Registered trademark of Royal Bank of Canada. Used under license. © Copyright 2015. All rights reserved.





March 30, 2015

### MARKET NEWS

#### Economic Report

The third estimate of Q4 annualized GDP growth was left unrevised at 2.2%. This was slightly weaker than market expectations of an upward revision to 2.4%. Every quarter the Bureau of Economic Analysis (BEA), which compiles the GDP numbers, provides three estimates of GDP growth. The first estimate is a very preliminary add-up that is compiled with partial data available for the quarter. As more information is released, the data is then incorporated into the GDP estimate.

Despite an unchanged GDP growth rate, the revised numbers indicated a slightly more favorable composition of output in the quarter. The main upward revision was consumer spending where annualized growth was raised to 4.4% from the previously-estimated 4.2%. Export growth was also raised to 4.5% from the 3.2% contained in the previous estimate.

U.S. new orders for factory durable goods fell 1.4% in February to partially retrace a downwardly revised 2.0% increase in January (previously reported as +2.8%). January's gain had followed relatively large declines of 2.2% and 3.7% in November and December, respectively. February's decline disappointed market expectations for a modest 0.2% increase in new orders. The headline decline partially reflected a 3.5% drop in the volatile transportation component, which itself was due to a 14% decline in orders for aircraft and parts (following a 68% increase in January and a 48% decline in December). Excluding transportation, new orders were down a lesser 0.4% though this also fell short of market expectations for a 0.2% gain and marked a fifth consecutive monthly decline (with January's reading revised down to -0.7% from flat). The decline in ex-transport orders largely reflected moderation in the fabricated metal products (-2.0%) and machinery (-1.8%) components.

The key orders of nondefense capital goods excluding aircraft component fell 1.4% in February, disappointing market expectations for a 0.3% increase and following a downwardly revised 0.1% decline in January (previously reported as a 0.5% gain). This marked the sixth consecutive monthly decline in the orders component. The corresponding shipments measure, which enters directly into the BEA's quarterly estimate of business investment, rose 0.2% following a downwardly revised 0.4% decline in January (was +0.1%) and a 0.4% gain in December.

Inventories were up 0.3% in February following a similar gain in January (previously reported as +0.4%), while unfilled orders fell for a third consecutive month with a 0.5% decline following a 0.3% drop in January (was -0.2%).

A 7.8% jump in sales of new single-family homes in the US in February saw the measure reach a seven-year high of 539K units, on a seasonally adjusted and annualized basis. The increase defied market expectations for a decline to 465K units in the month and built upon a 4.4% increase to 500K recorded in January (initially reported as a 0.2% decline) that saw the measure breach the 500K mark for the first time since May 2008. Sales were also revised in December and November, albeit more modestly, to 479K and 448K units, respectively, from a previously reported 482K and 446K. The jump in February reflected an oversized surge (+152.9%) in new home sales in the Northeast, more than retracing a sharp 45.2% decline marking the third consecutive month of gains. The levels of sales in both regions are now at the highest since February 2008. In contrast, declines in the Midwest (-12.9%) and West (-6.0%) tempered the overall headline increase.

The inventory of unsold new homes declined by 1.4% to 210K in February and followed a downwardly revised reading of 213K in January (was 218K). The jump in overall sales combined with the decline in inventories resulted in the months' supply of new homes available for sale falling to 4.7 from 5.1 months in January (seasonally adjusted basis). This represents the lowest supply of unsold homes since June 2013 and compares to the longer-run average of 6.1 months' supply.

February consumer prices rose an expected 0.2% following three consecutive monthly declines including the 0.7% drop in January. The monthly increase pushed the year-over-year rate up slightly to 0.0% from January's -0.1%.

Expectations of a return to positive price gains in February were largely premised on indications that gasoline prices moved higher in the month in the face of rising crude oil prices. Such was confirmed in the CPI report with gasoline prices rising 2.4% which followed seven consecutive monthly declines including the 18.7% plunge in January. Fuel oil prices also fell 1.9% in the month (on an unadjusted basis) though piped gas prices continued to decline dropping 2.0% in the month.

## Economic Calendar

Date	Time CST	Release	Period	Survey	Actual	Prior	Revision of Prior
Monday							
2015/03/30	7:30	Personal Income	Feb	0.30%	--	0.30%	--
2015/03/30	7:30	Personal Spending	Feb	0.20%	--	-0.20%	--
2015/03/30	7:30	Inflation Adjusted Personal Spending	Feb	--	--	0.30%	--
2015/03/30	7:30	PCE Deflator MoM	Feb	0.20%	--	-0.50%	--
2015/03/30	7:30	PCE Deflator YoY	Feb	0.30%	--	0.20%	--
2015/03/30	7:30	PCE Core MoM	Feb	0.10%	--	0.10%	--
2015/03/30	7:30	PCE Core YoY	Feb	1.30%	--	1.30%	--
2015/03/30	9:00	Pending Home Sales MoM	Feb	0.00	--	0.02	--
2015/03/30	9:00	Pending Home Sales NSA YoY	Feb	9.70%	--	6.50%	--
2015/03/30	9:30	Dallas Fed Manf. Activity	Mar	-9.00	--	-11.20	--
Tuesday							
2015/03/31	8:00	ISM Milwaukee	Mar	51.50	--	50.32	--
2015/03/31	8:00	S&P/CS 20 City MoM SA	Jan	0.70%	--	0.87%	--
2015/03/31	8:00	S&P/CS Composite-20 YoY	Jan	4.60%	--	4.46%	--
2015/03/31	8:00	S&P/CaseShiller 20-City Index NSA	Jan	--	--	173.02	--
2015/03/31	8:00	S&P/Case-Shiller US HPI MoM	Jan	--	--	0.73%	--
2015/03/31	8:00	S&P/Case-Shiller US HPI YoY	Jan	--	--	4.62%	--
2015/03/31	8:00	S&P/Case-Shiller US HPI NSA	Jan	--	--	166.82	--
2015/03/31	8:45	Chicago Purchasing Manager	Mar	52.00	--	45.80	--
2015/03/31	9:00	Consumer Confidence Index	Mar	96.50	--	96.40	--
2015/03/31	9:01	Revisions: Wholesale Inventory and Sales Report					
Wednesday							
2015/04/01	6:00	MBA Mortgage Applications	27-Mar	--	--	9.50%	--
2015/04/01	7:15	ADP Employment Change	Mar	225K	--	212K	--
2015/04/01	8:45	Markit US Manufacturing PMI	Mar F	55.20	--	55.30	--
2015/04/01	9:00	Construction Spending MoM	Feb	-0.20%	--	-1.10%	--
2015/04/01	9:00	ISM Manufacturing	Mar	52.50	--	52.90	--
2015/04/01	9:00	ISM Prices Paid	Mar	38.00	--	35.00	--
2015/04/01	9:01	Wards Total Vehicle Sales	Mar	16.85M	--	16.16M	--
2015/04/01	9:02	Wards Domestic Vehicle Sales	Mar	13.50M	--	12.87M	--
Thursday							
2015/04/02	6:30	Challenger Job Cuts YoY	Mar	--	--	20.9%	--
2015/04/02	7:30	Revisions: Initial Jobless Claims					
2015/04/02	7:30	Initial Jobless Claims	28-Mar	285K	--	282K	--
2015/04/02	7:30	Continuing Claims	21-Mar	--	--	2416K	--
2015/04/02	7:30	Trade Balance	Feb	-\$41.0B	--	-\$41.8B	--
2015/04/02	8:45	Bloomberg Consumer Comfort	29-Mar	--	--	45.50	--
2015/04/02	8:45	ISM New York	Mar	--	--	63.10	--
2015/04/02	9:00	Factory Orders	Feb	0.00	--	0.00	--
2015/04/02	9:00	U.S. Jan. Revised Factory Orders -0.6% From -0.2%					

Friday								
2015/04/03	7:30	Change in Nonfarm Payrolls	Mar	250K	--	295K	--	--
2015/04/03	7:30	Two-Month Payroll Net Revision	Mar	--	--	--	--	--
2015/04/03	7:30	Change in Private Payrolls	Mar	240K	--	288K	--	--
2015/04/03	7:30	Change in Manufact. Payrolls	Mar	10K	--	8K	--	--
2015/04/03	7:30	Unemployment Rate	Mar	5.50%	--	5.50%	--	--
2015/04/03	7:30	Average Hourly Earnings MoM	Mar	0.20%	--	0.10%	--	--
2015/04/03	7:30	Average Hourly Earnings YoY	Mar	0.02	--	0.02	--	--
2015/04/03	7:30	Average Weekly Hours All Employees	Mar	34.60	--	34.60	--	--
2015/04/03	7:30	Underemployment Rate	Mar	--	--	0.11	--	--
2015/04/03	7:30	Change in Household Employment	Mar	250.00	--	96.00	--	--
2015/04/03	7:30	Labor Force Participation Rate	Mar	--	--	62.80%	--	--

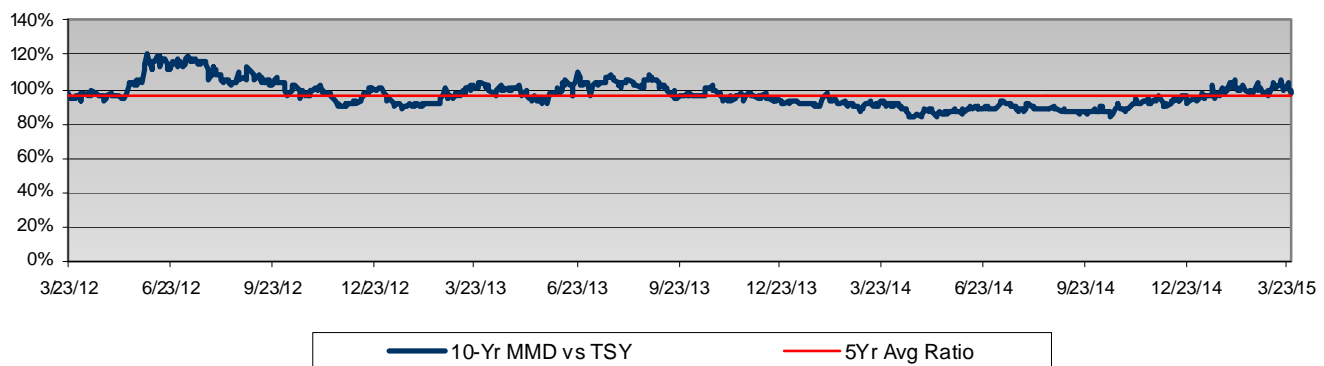
Source: Bloomberg

## LONG-TERM MARKET

Stocks in the U.S. had a very tough time last week, giving up the majority of the gains they posted in the previous week following the Fed announcement that even though they were removing the “patient” language they would not be “impatient” in the timing of potential rate hikes. The culprit last week appeared to be economic news being weaker than expected, particularly on durable goods orders (see above). High flying stocks on the NASDAQ, especially in the biotech area, were hit very hard. A fair number of economic reports lately have been surprising to the downside, which poses a bit of a conundrum for financial markets. If there are definite signs of a slowing economy it may induce the Fed to delay their rate hikes, which would seemingly be good news for risk assets. On the other hand, a slowing economy could dampen corporate profits, which is normally not a positive for equities. Only time will tell how this will play out. Treasury bonds were able to hold on to the majority of their post-Fed meeting gains, trading lower in yield early in the week before selling off later in the week. For the week as a whole, Treasury yields increased by 3bps or 4bps for 10-yr and 30-yr bonds.

Muni yields followed Treasuries higher last week, with munis essentially performing in-line with Treasuries by increasing in yield approximately the same amount. Muni yields on the Municipal Market Data (MMD) AAA GO curve increased by between 2bps and 4bps for maturities of 10-yr and longer. Munis, like Treasuries, held on to the majority of their strong gains in the previous week. This was perhaps even more impressive for munis, as March has often been a tough month for muni performance, and new issuance of munis has been fairly robust for some time. Puerto Rico could play a role in the muni market again this week, as a forbearance agreement between the Puerto Rico Electric Power Authority (PREPA) and some of their creditors is set to expire on Tuesday, March 31<sup>st</sup>. A failure to extend the agreement could result in creditors appointing a receiver for PREPA and/or taking over management of the utility. It seems that news surrounding Puerto Rico has had less impact on the broader muni market over the last year or so, as many of their bonds have migrated out of retail hands. Whether this continues to be the case could become known this week. Municipal bond mutual funds saw the rate of inflows spike higher last week. According to data from Lipper, muni funds saw \$582mm in inflows during the week, sharply higher than the \$134mm in the previous week.

Ratio of 10-Year AAA MMD to 10-Year Treasury



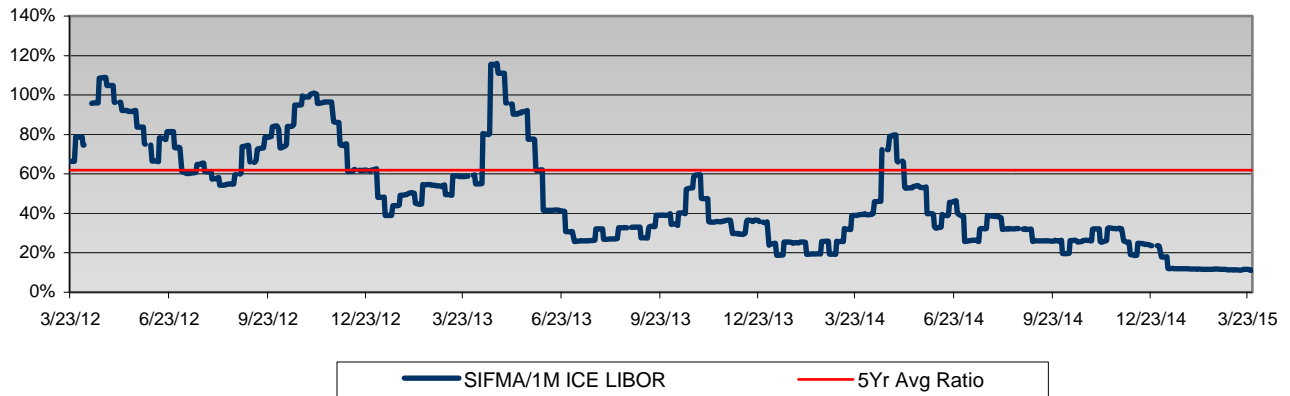
Source: Bloomberg, Thomson Financial Municipal Market Monitor (TM3)

## SHORT-TERM MARKET

Yields on short-term tax-exempt variable rate demand notes (VRDN) moved slightly higher early last week. That could have been due to some selling in front of the quarter end that occurs this week. However, with street inventories in a manageable position the move higher in yield was slight.

The SIFMA Index was reset at 0.02%, unchanged on the week.

**Ratio of SIFMA Index to 1-Month ICE LIBOR**



Source: Bloomberg, Thomson Financial Municipal Market Monitor (TM3)

## RATE WATCH

Short-Term Market				Treasury			Long-Term Market			
	Current*	Previous	12 Month Rolling Avg		Current	Previous		Current	Previous	12 Month Rolling Avg
SIFMA Index (BMA)	0.02%	0.02%	0.05%	3 Month T-Bill	0.04%	0.00%	AAA MMD (5Y)	1.24%	1.21%	1.18%
1 Month ICE LIBOR	0.18%	0.17%	0.16%	6 Month T-Bill	0.12%	0.09%	AAA MMD (10Y)	1.96%	1.94%	2.14%
3 Month ICE LIBOR	0.22%	0.22%	0.20%	30 Year Treasury	2.54%	2.51%	AAA MMD (20Y)	2.67%	2.63%	2.86%
SIFMA/ 1M ICE LIBOR	11.24%	11.49%	29.89%	Fed Funds Target	0.25%	0.25%	AAA MMD (30Y)	2.80%	2.76%	3.10%
							BAA MMD (20Y)	3.63%	3.59%	3.94%
							AAA MMD (30Y) / UST (30Y)	110.19%	110.11%	101.46%

\* Current is 03/27/15 EOD and Previous is 03/20/15 EOD

Source: Bloomberg, Thomson Financial Municipal Market Monitor (TM3)

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## RBC NEW ISSUE CALENDARS

RBC Capital Markets - Long Term - Forward Calendar - Senior Managed Deals*										
Pricing Date	Par Amt (000s)	Description	State	Maturity	RBC Role	Type	Moody's	S&P	Fitch	Insurer/ Enhancement
2015/03/31	6,500	Lebanon Cnty Gen Ob-Series A 2015	PA	2015-23	SOM	BQ		BBB+		BAM
2015/03/31	60,120	Clark Cnty Airt Sys Rev Bds (Mccarran Intl Airt)-Senior Series 2015A	NV	2036-37, 40	SR-MGR	REV	Aa3	AA-	NR	
2015/03/31	5,350	Harris Co Mud No. 393 Ult Rfdg Bds-Series 2015	TX	2016-35	SR-MGR	BQ		BBB		MAC
2015/03/31	16,680	Little Egg Harbor Twp Boe, Rfdg Schl Bds-Series 2015	NJ	2016-33	SOM	GO		A+		
2015/03/31	17,985	North Penn Wtr Auth Wtr Rev Bds-Series 2015	PA	2016-35	SOM	WTR	Aa3			
2015/04/01	47,940	Brazoria-Fort Bend Co Mud No. 1-Series 2015	TX	2016-34	SR-MGR	GO		BBB+		MAC
2015/04/01	163,975	Matanuska-Susitna Borough, Lse Rev Rfdg (Goose Creek Correctional Proj)-Series 2015	AK	2015-32	SR-MGR	REV	Aa1	AA+	AA+	
2015/04/01	10,000	Mid Valley Schl Dist Gen Ob, Lackawanna Cnty-Series Of 2015	PA	2022-30	SOM	BQ		BBB+		BAM
2015/04/01	11,005	Penn Hgr Ed Fac Auth - Ursinus Clg Rev-Series 2015	PA	2016-27, 28	SOM	H/E		A-		
2015/04/01	12,585	Warwick Valley Central Schl Dist Rfdg bds -Series 2015	NY	2015-23	SOM	GO	Aa2			

\*Preliminary, subject to change.

Source: RBC CM

RBC Capital Markets - Short Term - Forward Calendar - Senior Managed Deals*										
Pricing Date	Par Amt (000s)	Description	State	Maturity	RBC Role	Type	Moody's	S&P	Fitch	Insurer/ Enhancement
	-									

\*Preliminary, subject to change.

Bureau of Economic Analysis; Bureau of Labor Statistics; U.S. Census Bureau. Preliminary, subject to change. This announcement is not an offer, solicitation, commitment or recommendation to buy or sell the bonds and does not purport to be a complete statement of all material facts relating to the bonds. The offering is made only by means of the Official Statement, copies of which may be obtained from RBC Capital Markets. This communication is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. Products and services are offered through RBC Capital Markets or RBC Wealth Management, as applicable. RBC Capital Markets may buy from or sell to customers on a principal basis in the securities or related derivatives that are the subject of this communication. RBC Capital Markets has or may have proprietary positions in the securities or in related derivatives that are the subject of this communication. RBC Capital Markets may have been manager or co-manager of a public offering of securities of the issuer within the past twelve months. Additional information is available upon request. All information contained in this communication constitutes RBC Capital Markets' judgment as of the date of this communication, and is subject to change without notice and is provided in good faith but without legal responsibility. The information contained in this communication has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. The material contained herein is not a product of any research department of RBC Capital Markets or any of its affiliates. Nothing herein constitutes a recommendation of any security or regarding any issuer; nor is it intended to provide information sufficient to make an investment decision. RBC Capital Markets is not acting as a fiduciary or as a municipal, financial, commodity or investment adviser to the Obligated Person or any other person or entity. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. Nothing in this communication constitutes legal, accounting or tax advice or individually tailored investment advice. This material has been prepared without regard to the individual financial circumstances and objectives of persons who receive it and such investments or services may not be suitable for all investors. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Potential investors are advised to consult with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent appropriate. This document may not be reproduced, disclosed, distributed or summarized, whole or in part, to any third party without the prior consent of RBC Capital Markets. To the fullest extent permitted by law neither RBC Capital Markets, nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this communication or the information contained herein. RBC Capital Markets is a registered trademark of Royal Bank of Canada. RBC Capital Markets is the global brand name for the capital markets business of Royal Bank of Canada and its affiliates, including RBC Capital Markets, LLC (member FINRA, NYSE and SIPC). © Registered trademark of Royal Bank of Canada. Used under license. © Copyright 2015. All rights reserved.

# MEMORANDUM

**STATE OF ALASKA**  
Department of Revenue

**TO:** State Bond Committee

**DATE:** April 21, 2015

**FROM:** Deven Mitchell  
Debt Manager  
Treasury Division

**TELEPHONE:** 465-3750

**SUBJECT:** Report

Rating Agency update – Following the release of the Department of Revenue's Revenue Sources Book on April 3 I contacted all three rating agencies to provide an update on the Legislative session, budget development and the updated revenue picture for the State. The discussions were in line with expectations and while S&P is expecting to release a commentary on the states' budgets, Alaska's section will be consistent with earlier reports.

Bond Counsel – After initial evaluation of the Seven firms that responded to the State's request for proposals for Bond Counsel, K&L Gates was selected as the successful proposer. However, the Department of Law could not reach agreement with K&L on conflict of waiver language and they had to opt out after several months of negotiation. The Department of Law is in the process of implementing a contract with the second place finisher Orrick Herrington. The lead attorney will be Susan Berry.

I am working with Treasury Division and the Department of Administration along with the Municipality of Anchorage to take advantage of call options on outstanding lease securitizations. Both the Anchorage Jail lease revenue bonds and the Virology Lab certificates of participation became currently callable this year. For the Anchorage Jail the final principal payment of \$1,775,000 can be called as soon as the fy 2016 operating budget becomes effective. By taking advantage of this call option we will avoid 7 months of interest expense at the 5% coupon rate. This equates to a \$51,770.83 savings. For the Virology lab both the February 2016 and February 2017 principal maturities of \$1,695,000 and \$25,000 respectively can be called on July 1. This allows the State to avoid 4% interest for 7 or 19 months respectively which generates \$41,132.99 of savings.



## UNREFUNDED BOND DEBT SERVICE

Municipality of Anchorage  
\$25,000,000 Cash Defeasance of Lease Revenue Refunding Bonds  
Correctional Facility, Series 2005  
Preliminary Cash Flows  
SLGs Rates as of 9.23.2011

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
02/01/2012	3,300,000	397,450	3,697,450	
06/30/2012				3,697,450
08/01/2012		314,950	314,950	
02/01/2013	3,470,000	314,950	3,784,950	
06/30/2013				4,099,900
08/01/2013		228,200	228,200	
02/01/2014	3,655,000	228,200	3,883,200	
06/30/2014				4,111,400
08/01/2014		136,825	136,825	
02/01/2015	3,840,000	136,825	3,976,825	
06/30/2015				4,113,650
08/01/2015		44,375	44,375	
02/01/2016	1,775,000	44,375	1,819,375	
06/30/2016				1,863,750
	16,040,000	1,846,150	17,886,150	17,886,150

## UNREFUNDED BOND DEBT SERVICE

State of Alaska  
Defeasance 2011

\*\*FINAL SUBJECT TO VERIFICATION\*\*

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/15/2012	935,000	4.000%	68,182.50	1,003,182.50	
02/01/2012	1,445,000	5.000%	187,900.00	1,632,900.00	
06/30/2012					2,636,082.50
07/15/2012	1,310,000	4.550%	49,482.50	1,359,482.50	
08/01/2012			151,775.00	151,775.00	
01/15/2013	960,000	4.100%	19,680.00	979,680.00	
02/01/2013	1,505,000	5.000%	151,775.00	1,656,775.00	
06/30/2013					4,147,712.50
08/01/2013			114,150.00	114,150.00	
02/01/2014	1,565,000	5.000%	114,150.00	1,679,150.00	
06/30/2014					1,793,300.00
08/01/2014			75,025.00	75,025.00	
02/01/2015	1,625,000	5.000%	75,025.00	1,700,025.00	
06/30/2015					1,775,050.00
08/01/2015			34,400.00	34,400.00	
02/01/2016	1,695,000	4.000%	34,400.00	1,729,400.00	
06/30/2016					1,763,800.00
08/01/2016			500.00	500.00	
02/01/2017	25,000	4.000%	500.00	25,500.00	
06/30/2017					26,000.00
	11,065,000		1,076,945.00	12,141,945.00	12,141,945.00





THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

TREASURY DIVISION  
333 Willoughby Avenue, 11<sup>th</sup> Floor  
Juneau, AK 99811-0400  
Main: 907.465-2300  
Fax: 907.465-2902

April 17, 2015

Gordon Fung  
Client Service Manager  
BNY Mellon Trust Company, N.A.  
100 Pine Street, Suite 3150  
San Francisco, CA 94111

Dear Gordon,

The State of Alaska hereby directs BNY Mellon Trust Company, N.A. to provide notice of the optional redemption of the \$1,695,000 February 1, 2016 maturity and the \$25,000 February 1, 2017 maturity of the State of Alaska COP Virology Lab, 2005B. The State will wire \$1,748,666.67 to BNY Mellon Trust Company, N.A. on June 22, 2015. Provide notice by June 1, 2015 that the 2005B COPs will be optionally redeemed on July 1, 2015.

Let me know if you need additional direction to accomplish this action.

Sincerely,

A handwritten signature in black ink, appearing to read "Devan Mitchell".

Devan Mitchell

Debt Manager

cc: Tim Shockley  
Agnes Elizarde

## Mitchell, Deven J (DOR)

---

**From:** THOMAS.ZRUST@usbank.com  
**Sent:** Monday, April 20, 2015 6:05 AM  
**To:** Risvold, Ross H.  
**Cc:** Lowenstein, Cheryl A (DOA); Mitchell, Deven J (DOR); 'dyan.huhta@usbank.com'; Whitehead, Richard G.  
**Subject:** Re: MOA Lease Revenue Refunding Bonds, Correctional Facility, Series 2005

Hi Ross,

Please see my response to your questions below.

- the remaining debt service schedule for the Bonds, [The principal amounts currently outstanding is \$1,720,000.]
- the redemption date can be any date after 02-01-2015, [The redemption date can be any date on or after 2-1-15.]
- the price for par is 100% and [The call price is 100%.]
- the payoff amount as of July 1, 2015. [The payoff amount is \$1,755,833.34, principal \$1,720,000 and interest of \$35,833.34.]

Please let me know if you have any questions.

Tom

Thomas Zrust  
Vice President  
U.S. Bank National Association  
Global Corporate Trust Services  
1420 Fifth Avenue, 7th Floor  
Seattle, WA 98101  
206-344-4687  
206-344-4630 fax

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From: "Risvold, Ross H." <RisvoldRH@ci.anchorage.ak.us>  
To: "THOMAS.ZRUST@usbank.com" <THOMAS.ZRUST@usbank.com>, "dyan.huhta@usbank.com" <dyan.huhta@usbank.com>,  
Cc: "Lowenstein, Cheryl A (DOA)" <cheryl.lowenstein@alaska.gov>, "Whitehead, Richard G." <WhiteheadRG@ci.anchorage.ak.us>, "Risvold, Ross H." <RisvoldRH@ci.anchorage.ak.us>, "Mitchell, Deven J (DOR)" <deven.mitchell@alaska.gov> <deven.mitchell@alaska.gov>  
Date: 04/17/2015 11:52 AM  
Subject: MOA Lease Revenue Refunding Bonds, Correctional Facility, Series 2005

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Hi Tom –

Please verify:

- the remaining debt service schedule for the Bonds,
- the redemption date can be any date after 02-01-2015,
- the price for par is 100% and
- the payoff amount as of July 1, 2015.

Also, please prepare a notice of redemption for 07-01-2015 as Deven has requested.  
Thanks Tom.

Ross

Ross Risvold  
Public Finance & Investments Manager  
Municipality of Anchorage  
[risvoldrh@muni.org](mailto:risvoldrh@muni.org)  
Office: 907 343 6606  
Cell: 907 529 1899  
**From:** Mitchell, Deven J (DOR) [<mailto:deven.mitchell@alaska.gov>]  
**Sent:** Thursday, April 16, 2015 11:00 AM  
**To:** Risvold, Ross H.  
**Cc:** Lowenstein, Cheryl A (DOA); [thomas.zrust@usbank.com](mailto:thomas.zrust@usbank.com)  
**Subject:** Anchorage Jail

Ross,

As we discussed yesterday, the State would like to coordinate with the Municipality of Anchorage to provide for the optional redemption of the final principal payment on the Anchorage jail of \$1,720,000 that is scheduled for February 1, 2016. The bonds are currently callable as of February 1, 2015 and by exercising the option on July 1, 2015 we will avoid seven months of 5% interest expense on the outstanding principal, representing approximately \$50,000 of interest expense. In these times every little bit matters to us.

Please let me know if you are amenable to authorizing Tom to first provide a payoff amount for July 1 and then provide notice of our intent to exercise the call option.

Deven

Deven Mitchell  
Debt Manager, State of Alaska  
Executive Director, Alaska Municipal Bond Bank  
Phone: (907) 465-3750  
Fax: (907) 465-2902

U.S. BANCORP made the following annotations

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