

STATE OF ALASKA
STATE BOND COMMITTEE

TO BE HELD AT
Department of Revenue
Commissioner's Conference Room
333 Willoughby Avenue, 11th Floor
Juneau, Alaska 99811

November 13, 2018

1:00 PM ADT



STATE BOND COMMITTEE AGENDA FOR MEETING

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

November 13, 2018 at 1:00 P.M. ADT

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the December 4, 2017 State Bond Committee Meeting
- VI. Public Participation and Comment
- VII. New Business
 - A. Resolution 2018-01 – Clean Water/ Drinking Water Transaction
 - B. Resolution 2018-02 – 2018 Private Activity Cap Allocation
- VIII. Committee Member Comments
- IX. Schedule Next Meeting
- X. Adjournment

Notice of Meeting - Alaska State Bond Committee

Meeting Place: Alaska Department of Revenue, Commissioner's Conference Room, 11th floor, 333 Willoughby Avenue, State Office Building, Juneau, Alaska 99811.

Meeting Date and Time: November 13, 2018 at 1:00 p.m. ADT.

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

AGENDA FOR COMMITTEE MEETING:

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- II. Roll Call
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 - Resolution 2018-01 - Clean Water / Drinking Water
 - Resolution 2018-02 - 2018 Private Activity Cap Allocation
- VIII. Committee Member Comments
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Attachments, History, Details

Attachments

[SBC Agenda 11-13-18.pdf](#)

Revision History

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**MINUTES of the
STATE BOND COMMITTEE
December 4, 2017**

A meeting of the State Bond Committee (SBC) was held at 8:32 a.m. ASDT on December 4, 2017 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska (333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811), and telephonically.

SBC Members present were:

Pam Leary, Director of the Treasury Division, Department of Revenue
Leslie Ridle, Commissioner, Department of Administration

Also present were:

Deven Mitchell, Debt Manager, Department of Revenue
Ryan Williams, Op. Research Analyst, Department of Revenue

Present telephonically were:

Pete Nissen, Managing Director, Acacia Financial Group, Inc.
Doug Goe, Partner, Orrick, Herrington & Sutcliffe, LLP
Greg Blonde, Of Counsel, Orrick, Herrington & Sutcliffe, LLP
Les Krusen, Associate, Orrick, Herrington & Sutcliffe, LLP

I. Call to Order

Ms. Leary called the meeting to order at 8:32 a.m. ASDT on December 4, 2017.

II. Roll Call

Mr. Mitchell took roll call. Ms. Leary, and Ms. Ridle were present - there was a quorum. Fred Parady, Deputy Commissioner, Department of Commerce, Community, and Economic Development was absent from the meeting.

III. Public Meeting Notice

A copy of the Affidavit of Publication concerning the date, location, and purpose of the meeting was reviewed and made a part of the minutes of the meeting. Mr. Williams stated the meeting notice was advertised in the State's Online Public Notice site - The notice was officially published on November 20, 2017, for the December 4, 2017 meeting date.

IV. Approval of Agenda

The Agenda was reviewed by the committee. Ms. Ridle moved approval of the agenda as written and Ms. Leary seconded. The agenda was approved as written.

V. Public Comment

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

VI. Minutes of the June 16, 2017 SBC Meeting

Ms. Ridle moved and Ms. Leary seconded approval of the June 16, 2017 minutes as written. The minutes were approved.

VII. New Business

Resolution 2017-02 – The State’s Anchorage International Airports System (‘AIAS’) Letter of Credit Extension Relating to the Variable Rate Demand Revenue Refunding Bonds, Series 2009A

Mr. Mitchell noted that Resolution 2017-02 relates to the extension of the irrevocable letter of credit for the State’s AIAS variable rate demand revenue refunding bonds, series 2009A. State Street Bank and Trust Company (‘State Street’) has been the provider of the letter of credit upon issuance of the 2009A variable rate demand bonds (January 2009), extended in accordance with a first amendment dated November 15, 2011, and extended in accordance with a second amendment dated December 5, 2014. Mr. Mitchell mentioned that the current letter of credit will expire on January 8, 2018. Debt management, in consultation with Keith Day (AIAS Controller) and Pete Nissen (Acacia, the State’s Financial Advisor), looked at market comparable fees from different financial institutions regarding both letters of credit and floating rate notes (FRNs). Fees were compared based on duration and issuer vs. provider credit ratings. Mr. Mitchell noted the annual fee for the 4-year extension from State Street bank, in the form of a letter of credit, was competitive compared to other possible alternatives in the letter of credit space. There was no further discussion. Ms. Ridle moved Resolution 2017-02, and Ms. Leary seconded that motion. Mr. Williams called roll, and the motion was unanimously adopted by members with 2 yes votes.

Resolution 2017-03 – Alaska Clean Water Fund, 2017 Series A, and Alaska Drinking Water Fund, 2017 Series B, Revenue Bond Anticipation Notes

Mr. Mitchell noted that Resolution 2017-03 relates to the issuance and sale of two series of notes to be designated as the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2017 Series A, in the aggregate principal amount of up to \$1,585,940, and Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2017 Series B, in the aggregate principal amount of up to \$1,651,260. Mr. Williams noted that the Clean Water and Drinking Water funds are revolving loan funds administered by DEC, and both funds are authorized to issue debt through the State Bond Committee. Federal regulations allow interest earnings within the funds to be used for the retirement of debts of the funds. In an effort to reduce general fund exposure in obtaining federal match, the proposed borrowing is secured by interest earnings in those revolving loan funds, and the borrowing is repaid immediately as an overnight borrowing. Mr. Williams mentioned that the note transaction has been purchased by KeyBank for the past several years. Mr.

Williams mentioned that KeyBank has been contacted, and they have quoted a fee to conduct the transaction again this year. Resolution 2017-03 states the date of issuance and final maturity date shall occur no later than December 31, 2017. Mr. Williams mentioned that upon approval of the resolution, DOR staff shall work with a group comprised of DEC, DOA, Cash Management, and KeyBank to complete the transaction. The transaction is expected to be completed before the end of the calendar year. Ms. Ridle moved Resolution 2017-03, and Ms. Leary seconded that motion. Mr. Williams called roll, and the motion was unanimously adopted by members with 2 yes votes.

Resolution 2017-04 – State of Alaska Allocation of the remainder of the Private Activity Bond Volume Limit for Calendar Year 2017 to Alaska Housing Finance Corporation (AHFC)

Mr. Mitchell noted that Resolution 2017-04 relates to the State of Alaska's allocation of the remainder of the Private Activity Bond Volume Limit for calendar year 2017. Other issuers (besides AHFC) in the State have not come forward with requests at this time. Mr. Mitchell stated that under requirements related to issuance of tax-exempt private activity bonds, some private activity bonds need to obtain volume cap under Section 146 of the IRS Code. Mr. Mitchell noted that the code limits the amount of private activity bonds that may be issued, and every year Alaska, through the State Bond Committee, allocates the limit or volume cap among issuers in the State. AHFC has been the main issuer, and over the last several years there has been less competitiveness for this allocation. Of the State of Alaska's calendar year 2017 volume cap available of \$305,315,000, AHFC already received \$8.2 million specifically for a conduit revenue bond issue, comprised of paying for construction of a 45-unit low-income housing complex and pay miscellaneous costs required for the financing in Anchorage, Alaska. The SBC already approved Resolution 2017-01, which had identified this \$8.2 million allocation, and allocated a *total* of \$100 million to AHFC for multi-family housing financing. Resolution 2017-04 allocates the remaining \$205,315,000 of the 2017 private activity bond volume limit for the State of Alaska to AHFC. Mr. Mitchell mentioned that AHFC has been the primary user of volume cap in the State. AIDEA has seen sizeable allocations over the past few years, but has not requested cap for calendar year 2017. Mr. Mitchell also mentioned that volume cap is available for use through the end of the calendar year in which it arises and then may be carried forward for an additional period of three years if carryforward forms are filed with the IRS no later than February 15th of the following year. There was no further discussion. Ms. Ridle moved Resolution 2017-04, and Ms. Leary seconded that motion. Mr. Williams called roll, and the motion was unanimously adopted by members with 2 yes votes.

Resolution 2017-05 – State of Alaska Allocation of the Qualified Energy Conservation Bond Volume Limit

Mr. Mitchell noted that Resolution 2017-05 relates to the State of Alaska's allocation of the Qualified Energy Conservation Bond Volume Limit ('QECB') to the Alaska Energy Authority ('AEA'). Mr. Mitchell stated that this allocation needs to be directed from the State Bond Committee and is authorized under 54D(d)(1) and (3) of the Internal Revenue Code. Mr. Mitchell mentioned that in 2010 the total available amount of QECB cap for

allocation was \$7,120,000. On June 6, 2010, the Municipality of Anchorage was allocated \$2,990,000 by the SBC. On June 6, 2010, AHFC was allocated \$4,130,000 by the SBC. On April 2, 2012 AHFC waived their 2010 QECB allocation of \$4,130,000 after considering a variety of issuance scenarios. AHFC management determined that the Corporation could not utilize the previous allocation. Mr. Mitchell mentioned that a letter from AHFC waiving the cap was in the committee member's packets (dated April 2, 2012). Mr. Mitchell noted that Municipality of Anchorage was contacted to inquire about the previous use of their 2010 allocation, but was unresponsive. On November 17, 2017, AEA requested the maximum available amount of QECB cap for purposes of financing costs of the Battle Creek Diversion Project. AEA stated they have received an allocation of volume cap to allow for the authorization and issuance of \$40 million of New Clean Renewable Energy Bonds under the Internal Revenue Code Section 54C(a) to be used to finance costs of the Diversion Project. AEA intends to apply the QECB volume cap to the remaining costs of the Diversion Project, with an intent to issue bonds by December 31, 2017. Resolution 2017-05 allocates \$4,130,000 of the QECB volume limit to AEA. Ms. Ridle moved Resolution 2017-05, and Ms. Leary seconded that motion. Mr. Williams called roll, and the motion was unanimously adopted by members with 2 yes votes.

Debt Manager's Report

Mr. Mitchell reported on the following items that were not covered in the December 4, 2017 Agenda:

Rating Agency Update – Three rating actions have been taken in the last 5 months. On July 13th, Moody's lowered the State of Alaska rating to Aa3 with a negative outlook, on July 18th, S&P lowered the State of Alaska rating to AA with a negative outlook, and on November 8th, Fitch lowered the State of Alaska's rating to AA with a stable outlook. On October 11th, Sheldon Fisher, Jerry Burnett and myself presented information to rating analysts from all three agencies on the inherent financial strength of the State of Alaska. That presentation likely resulted in the removal of the negative outlook from Fitch, and led S&P to imply the outlook could become stable if this year's budget and revenues are similar to the last two fiscal years.

Budget process – Ryan and I have been working with OMB and DOA Division of Finance to identify the FY 2018 debt service needs of the State. Additionally, there are a number of accounts from past bond issues with a funded value of \$184 million as of October 2017. The majority of this balance funds the 2012 Transportation Act, but there are also residual balances from the 2003, 2008, and 2010 Acts. We are going to be working to get OMB's guidance in closing these older inactive accounts.

Mr. Mitchell mentioned that a copy of the rating agency reports are contained within the committee member packets.

Ms. Ridle, and Ms. Leary had no additional comments.

IX. Adjournment

The meeting was adjourned at 9:07 AM ASDT.

Leslie Ridle, Commissioner, Department
Of Administration

ATTEST:

Sheldon Fisher, Commissioner, Department of Revenue

STATE BOND COMMITTEE
OF THE STATE OF ALASKA

RESOLUTION NO. 2018-01

Providing for the Issuance of

Alaska Clean Water Fund Revenue Bond Anticipation Note, 2018 Series A
and of
Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2018 Series B

Approved on November 13, 2018

Prepared by:

ORRICK, HERRINGTON & SUTCLIFFE LLP

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* This Table of Contents is not a part of the following resolution.

STATE BOND COMMITTEE

RESOLUTION NO. 2018-01

A Resolution of the State Bond Committee of the State of Alaska relating to the issuance and sale of two series of notes to be designated as Alaska Clean Water Fund Revenue Bond Anticipation Note, 2018 Series A in the aggregate principal amount of up to \$1,926,842 and Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2018 Series B in the aggregate principal amount of up to \$2,227,623; fixing the place of payment and other covenants with respect to said notes; and authorizing the Debt Manager to solicit proposals from banks for the purchase of the notes, to approve the final interest costs and maturity dates for the notes and to execute a purchase contract, under the terms and conditions set forth herein.

WHEREAS, the Federal Water Quality Act of 1987 (the “Clean Water Act”) established a state revolving fund program in order to replace the United States Environmental Protection Agency (“EPA”) construction grants program with revolving loan programs operated by the individual states; and

WHEREAS, the Safe Drinking Water Act Amendments of 1996, amending the Safe Drinking Water Act (the “Drinking Water Act”) also established a state revolving fund program in order to permit states to establish revolving fund loan programs; and

WHEREAS, in order to capitalize state revolving funds, the EPA may make annual capitalization grants to the states, on the condition that each state provide a state match for such state’s revolving funds; and

WHEREAS, Chapter 141 of the Session Laws of Alaska of 1996, as amended in 2000 by the Alaska Legislature in House Bill 304(FIN) and as codified at AS 37.15.560-.605 and AS 46.03.032-.039 (the “Act”), authorized the issuance and sale of Alaska Clean Water Fund revenue bonds of the State of Alaska (the “State”) in the principal amount of up to \$15,000,000 per Fiscal Year or up to \$150,000,000 total to provide financial assistance to municipalities and other qualified entities through the Alaska Clean Water Fund Loan Program (the “Authorized Clean Water Bonds”); and

WHEREAS, the Act authorized the issuance and sale of Alaska Drinking Water Fund revenue bonds of the State in the principal amount of up to \$15,000,000 per Fiscal Year or up to \$150,000,000 total to provide financial assistance to municipalities and other qualified entities through the Alaska Drinking Water Fund Loan Program (the “Authorized Drinking Water Bonds”); and

WHEREAS, AS 37.15.300-.390 authorizes the State Bond Committee (the “Committee”), when the Committee considers it in the best interests of the State, to borrow money in anticipation of the sale of revenue bonds if money to be derived from the sale of the bonds has been appropriated and if the revenue bonds have been authorized by law; and

WHEREAS, the Committee wishes to delegate authority to the Debt Manager of the State to solicit proposals from banks for the purchase of the notes authorized herein, approve the interest costs and maturity dates for the Notes within the parameters described in this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA, as follows:

Section 1. Defined Terms. In this resolution, the following terms shall have the following meanings.

“Act” means Chapter 141 of the Session Laws of Alaska of 1996, as amended by House Bill No. 304 (FIN), codified at AS 37.15.560-.605 and AS 46.03.032-.039.

“Alaska Clean Water Fund” or **“Clean Water Fund”** means the fund established pursuant to AS 46.03.032(a).

“Alaska Drinking Water Fund” or **“Drinking Water Fund”** means the fund of that name established pursuant to AS 46.03.036.

“Bank” means the bank selected and identified by the Designated Representative in accordance with the authority granted to him pursuant to Section 5 hereof.

“Bond Fund – Clean Water” means the Alaska Clean Water Fund Revenue Bond Redemption Fund, established pursuant to AS 37.15.565.

“Bond Fund – Drinking Water” means the Alaska Drinking Water Fund Revenue Bond Redemption Fund, established pursuant to AS 37.15.565.

“Bonds” mean Clean Water Bonds or the Drinking Water Bonds.

“Clean Water Act” means the Federal Clean Water Act, as amended by the Federal Water Quality Act of 1987, 33 U.S.C. 1251-1387.

“Clean Water Bonds” means the bonds payable from Clean Water Revenues which include interest on loan repayments and investment interest and issued under authority of AS 37.15.560-.605 pursuant to authorization of the Committee.

“Clean Water Maturity Date” means the date of maturity of the Clean Water Note, which date of maturity shall be specified in the Purchase Contract and shall be no later than December 31, 2018.

“Clean Water Note” as further defined in Section 4(a), means the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2018 Series A in the aggregate principal amount of up to \$1,926,842.

“Clean Water Project” means any one of the following categories of projects:

- (a) planning, designing, building, constructing and rehabilitating a public

wastewater collection, treatment or discharge system;

(b) implementing a management program for controlling water pollution from nonpoint sources under 33 U.S.C. 1329, including planning, designing, building, constructing and rehabilitating a solid waste management system; and

(c) developing and implementing an estuary conservation and management program under 33 U.S.C. 1330.

“Clean Water Rate” means the per annum interest rate payable on the Clean Water Note, which interest rate shall be specified in the Purchase Contract.

“Clean Water Revenues” means the money on hand in the Clean Water Fund, including money appropriated by the State Legislature to meet federal matching requirements, federal capitalization grants, loan repayments, interest received from loan repayments and interest received from investment of money in the Clean Water Fund and the proceeds and accrued interest received from the sale of Clean Water Bonds issued under AS 37.15.560-.605 and secured by the Clean Water Fund.

“Committee” means the state bond committee, created pursuant to AS 37.15.110, whose members include the commissioner of commerce, community and economic development, the commissioner of administration and the commissioner of revenue.

“DEC” means the State of Alaska Department of Environmental Conservation, or a successor.

“DEC Representative” means the Commissioner of DEC or such other official of DEC as shall be designated by the Commissioner in writing to the Designated Representative.

“Designated Representative” means the Debt Manager of DOR or such other person as may be designated from time to time by resolution of the Committee.

“DOR” means the State of Alaska Department of Revenue, or a successor.

“Drinking Water Act” means the Federal Safe Drinking Water Act, as amended by the Safe Drinking Water Act Amendments of 1996, 42 U.S.C. 300j *et. seq.*

“Drinking Water Bonds” means the bonds payable from Drinking Water Revenues which include interest on loan repayments and investment interest and issued under authority of AS 37.15.560-.605 pursuant to authorization of the Committee.

“Drinking Water Fund” means the separate fund established by AS 46.03.036(a).

“Drinking Water Maturity Date” means the date of maturity of the Drinking Water Note, which date of maturity shall be specified in the Purchase Contract and shall be no later than December 31, 2018.

“Drinking Water Note” as further defined in Section 4(b), means the Alaska Drinking

Water Fund Revenue Bond Anticipation Note, 2018 Series B in the aggregate principal amount of up to \$2,227,623.

“Drinking Water Rate” means the per annum interest rate payable on the Drinking Water Note, which interest rate shall be specified in the Purchase Contract.

“Drinking Water Project” means drinking water system projects, including projects to plan, design, build, construct, or rehabilitate a public drinking water collection, storage, treatment or distribution system.

“Drinking Water Revenues” means the money on hand in the Drinking Water Fund, including money appropriated by the State Legislature to meet federal matching requirements, federal capitalization grants, loan repayments, interest received from loan repayments and interest received from investment of money in the Drinking Water Fund and the proceeds and accrued interest received from the sale of Drinking Water Bonds issued under AS 37.15.560-.605 and secured by the Drinking Water Fund.

“Fiscal Year” means the fiscal year of the State, which currently is July through June of each year.

“Note Account – Clean Water” means the Alaska Clean Water Fund Revenue Bond Anticipation Note Account, created within the Bond Fund – Clean Water for the payment of principal and interest on the Clean Water Note.

“Note Account – Drinking Water” means the Alaska Drinking Water Fund Revenue Bond Anticipation Note Account, created within the Bond Fund – Drinking Water for the payment of principal and interest on the Drinking Water Note.

“Note Register” means the books or records maintained by the State containing the name and mailing address of the owner of each Note or nominee of such owner and the principal amount and number of Notes held by each owner or nominee.

“Notes” means either or both of the Clean Water Note and the Drinking Water Note.

“Pledged Clean Water Revenue” means Clean Water Revenues consisting of interest received from investment of money in the Clean Water Fund and the interest portion of loan repayments.

“Pledged Drinking Water Revenue” means Drinking Water Revenues consisting of interest received from investment of money in the Drinking Water Fund and the interest portion of loan repayments.

“Purchase Contract” means a purchase contract or agreement executed by the Designated Representative and the Bank in connection with the sale and purchase of the Notes as authorized to be executed pursuant to Section 5 hereof.

“Regulations” means the regulations promulgated by DEC with respect to the Alaska Clean Water and Drinking Water Revolving Loan Funds, under 18 AAC 76, as the same may be

hereafter amended or modified and supplemented from time to time.

“*Series*” means all of the Bonds authenticated and delivered on original issuance and identified as being a part of a separate series.

“*State*” means the State of Alaska.

Section 2. Authorization of Series of Clean Water Bonds. The State shall issue Clean Water Bonds in Series from time to time to implement the Act. The proceeds of the Clean Water Bonds shall be used for the purposes described in AS 46.03.032(d). The Clean Water Bonds shall be authorized by resolution of the Committee which shall fix the principal amount, denomination, date, maturities, manner of sale, place or places of payment, rights of redemption, if any, terms, form, conditions and covenants of said Clean Water Bonds.

Section 3. Authorization of Series of Drinking Water Bonds. The State shall issue Drinking Water Bonds in Series from time to time to implement the Act. The proceeds of the Drinking Water Bonds shall be used for the purposes described in AS 46.03.036. The Drinking Water Bonds shall be authorized by resolution of the Committee which shall fix the principal amount, denomination, date, maturities, manner of sale, place or places of payment, rights of redemption, if any, terms, form, conditions and covenants of said Drinking Water Bonds.

Section 4. Authorization of Notes.

(a) *Clean Water Note.* In anticipation of the issuance of the Clean Water Bonds authorized by Section 2 hereof, the Committee hereby authorizes the issuance of a revenue bond anticipation note to finance certain Clean Water Projects (the “Clean Water Note”). The Clean Water Note shall be issued in the aggregate principal amount of up to \$1,926,842 and shall be designated as the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2018 Series A. The Clean Water Note shall be dated as of the date of its issuance and delivery; shall be fully registered as to both principal and interest, shall be in the denomination of up to \$1,926,842, shall be numbered N-1, and shall bear interest on unpaid principal from its date at a rate equal to the Clean Water Rate and shall mature on the Clean Water Maturity Date.

(b) *Drinking Water Note.* In anticipation of the issuance of the Drinking Water Bonds authorized by Section 3 hereof, the Committee hereby authorizes the issuance of a revenue bond anticipation note to finance certain Drinking Water Projects (the “Drinking Water Note”). The Drinking Water Note shall be issued in the aggregate principal amount of up to \$2,227,623 and shall be designated as the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2018 Series B. The Drinking Water Note shall be dated as of the date of its issuance and delivery; shall be fully registered as to both principal and interest, shall be in the denomination of up to \$2,227,623, shall be numbered N-1, and shall bear interest on unpaid principal from its date at a rate equal to the Drinking Water Rate, payable at maturity and shall mature on the Drinking Water Maturity Date.

(c) *Place and Medium of Payment.* The principal of and interest on the Notes shall be payable in lawful money of the United States of America. Interest on the Notes shall be calculated on the basis of a 365-day year and actual days elapsed. Upon presentation and surrender of the Clean Water Note, principal and interest shall be transferred from the Note Account – Clean Water to the Bank on the date when due. Upon presentation and surrender of the Drinking Water Note, principal and interest shall be transferred from the Note Account – Drinking Water to the Bank on the date when due. Interest and principal of the Notes shall, upon request of the Bank, be payable by wire transfer to the account of the Bank on the date due (upon confirmation that the Notes shall have been presented to the Designated Representative for payment).

Section 5. Designated Representative. The Committee hereby designates the Debt Manager of the Department of Revenue to act on its behalf as the “Designated Representative” and to exercise the authority granted to the Designated Representative hereunder.

The Committee has determined that it may be inconvenient to meet before the proposed time on which money may be required from the sale of the Notes. Accordingly, the Designated Representative is hereby authorized to prepare a solicitation for proposals to be circulated to local, Alaska banks for the purchase of the Notes and to review and negotiate terms for the purchase of the Notes consistent with the terms of this section. The Committee has determined that it would be in the best interest of the Committee to delegate to the Designated Representative for a limited time the authority to approve the final interest costs and maturity dates for the Notes and other terms and conditions of the Notes. The Designated Representative is hereby authorized to approve the final interest costs (to be expressed as an interest rate for each Note) and maturity dates of Notes and the total of all other costs to be incurred in connection with the financing in the manner provided hereafter.

If the Designated Representative elects to prepare a solicitation and in preparing the solicitation for proposals, evaluating the responses, negotiating a Purchase Contract and determining the final interest rates, maturity dates and total costs of issuance for the Notes, the Designated Representative, in consultation with the Deputy Commissioner of the Department of Revenue and the State’s financial advisor, shall take into account those factors that, in his judgment, will result in the lowest true interest cost on the Notes to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Notes. The date of issuance and final maturity date shall occur no later than December 31, 2018, and the total costs of the Notes, including total interest payable on the Notes, shall not exceed \$12,000. Subject to the terms and conditions set forth in this Section 5, the Designated Representative is authorized to reject any proposal received (including all proposals) and to re-advertise and accept the proposal deemed most responsive and cost effective. The Designated Representative is hereby authorized to execute the final form of the Purchase Contract. Following the execution of the Purchase Contract, the Debt Manager shall provide a report to the Committee, describing the final terms of the Notes approved pursuant to the authority delegated in this section. The authority granted to the Debt Manager by this Section 5 shall expire 75 days after the date of adoption and approval of this resolution. If the Purchase Contract for the Notes has not been executed within 75 days after the date of adoption and final approval of this resolution, the authorization for the issuance of the Notes shall be rescinded, and such Notes shall not be issued nor their sale approved unless such Notes shall have been re-authorized by resolution of the Committee. The resolution re-authorizing the issuance and sale

The Designated Representative and the State's financial advisor are hereby authorized to review and approve on behalf of the Committee a request for qualifications/proposal to be distributed to eligible banking institutions relative to the Notes with such additions and changes as may be deemed necessary or advisable to them. The proper State officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Notes to the Bank and for the proper application and use of the proceeds of sale thereof.

Section 6. Sale of Notes. The Notes shall be sold to the Bank in accordance with its proposal for the purchase of the Notes and the Purchase Contract, as authorized to be delivered under Section 5 of this resolution. The Designated Representative is hereby authorized and directed to do all things necessary for the prompt delivery of the Notes to the Bank.

4164-7227-0616.2

Water (the “Note Account – Clean Water”) created within the special fund of the State known as the “Alaska Clean Water Fund Revenue Bond Redemption Fund” (the “Bond Fund –Clean Water”) established pursuant to AS 37.15.565 and in accordance with the terms of Resolution No. 2018-01 (the “Resolution”) of the State Bond Committee (the “Committee”). The definitions contained in the Resolution shall apply to capitalized terms contained herein.

This note is issued pursuant to the Constitution and statutes of the State of Alaska and duly adopted resolutions of the Committee in anticipation of the issuance of clean water fund revenue bonds for the purpose of implementing the Alaska Clean Water Fund Loan Program for the State and its municipalities. This note is payable solely from the Note Account – Clean Water, into which shall be deposited Clean Water Revenues consisting of interest earnings on Clean Water Revenues in the Clean Water Fund and the interest portion of loan repayments (collectively, “Pledged Clean Water Revenue”) deposited in the Clean Water Fund and/or the proceeds of Clean Water Bonds or of refunding bond anticipation notes on or prior to the maturity of this note.

THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE A GENERAL OBLIGATION OF THE STATE OF ALASKA OR ANY OF ITS DEPARTMENTS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF ALASKA OR OF ANY SUCH DEPARTMENT, BUT SHALL BE PAYABLE SOLELY FROM THE NOTE ACCOUNT – CLEAN WATER WITHIN THE BOND FUND – CLEAN WATER AND FROM THE CLEAN WATER REVENUES. THE STATE OF ALASKA SHALL NOT BE OBLIGATED TO PAY THE SAME NOR INTEREST THEREON EXCEPT FROM SUCH PAYMENTS AND PROCEEDS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ALASKA OR OF ANY DEPARTMENT THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS NOTE.

The interest on this note is not exempt from federal income taxation. The interest on this note is includible in federal gross income.

This note shall not be validly issued until duly authenticated by the manual signature of the Registrar in the Certificate of Authentication below.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska, and resolutions of the State to be done precedent to and in the issuance of this note have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska has caused this note to be executed with the facsimile signature of the Governor of the State of Alaska and to be countersigned by the Lieutenant Governor, this ____ day of _____, 2018.

STATE OF ALASKA

By _____
Governor

Countersigned:

Lieutenant Governor

The Certificate of Authentication on the Clean Water Note shall be in substantially the following form:

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This note is the note described in the within-mentioned Resolution and is the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2018 Series A of the State of Alaska, dated _____, 2018.

STATE OF ALASKA

DEPARTMENT OF REVENUE

By _____
Debt Manager

(b) *Drinking Water Note.* The Drinking Water Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. 1 \$ _____

STATE OF ALASKA
ALASKA DRINKING WATER REVENUE BOND ANTICIPATION NOTE,
2018 SERIES B

INTEREST RATE: _____% MATURITY DATE: _____, 2018

DATED DATE: _____, 2018

REGISTERED OWNER: _____

TAX ID NUMBER: _____

PRINCIPAL AMOUNT: _____

The State of Alaska (the “State”) hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, but solely from the Note Account – Drinking Water (hereinafter defined) on the Maturity Date identified above, the Principal Amount indicated above together with interest thereon from the Dated Date payable on the Maturity Date. Such Principal Amount, together with accrued interest, shall be paid only upon presentation and surrender of this note at the office of the Debt Manager of the State of Alaska, as registrar and authenticating agent (the “Registrar”). Both principal of and interest on this note are payable in lawful money of the United States of America solely out of the Note Account – Drinking Water (the “Note Account – Drinking Water”) created within the special fund of the State known as the “Alaska Drinking Water Fund Revenue Bond Redemption Fund” (the “Bond Fund – Drinking Water”) established pursuant to AS 37.15.565” and in accordance with the terms of Resolution No. 2018-01 (the “Resolution”) of the State Bond Committee (the “Committee”). The definitions contained in the Resolution shall apply to capitalized terms contained herein.

This note is issued pursuant to the Constitution and statutes of the State of Alaska and duly adopted resolutions of the Committee in anticipation of the issuance of drinking water fund revenue bonds for the purpose of implementing the Alaska Drinking Water Fund Loan Program for the State and its municipalities. This note is payable solely from the Note Account – Drinking Water, into which shall be deposited Drinking Water Revenues constituting interest received from investment of money in the Drinking Water Fund and the interest portion of loan repayments (collectively, “Pledged Drinking Water Revenue”) and/or the proceeds of Drinking Water Bonds or of refunding bond anticipation notes on or prior to the maturity of this note.

THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE A GENERAL OBLIGATION OF THE STATE OF ALASKA OR ANY OF ITS DEPARTMENTS, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF ALASKA OR OF ANY SUCH DEPARTMENT, BUT SHALL BE PAYABLE SOLELY FROM THE NOTE ACCOUNT – DRINKING WATER WITHIN THE BOND FUND – DRINKING WATER AND FROM THE DRINKING WATER REVENUES. THE STATE OF ALASKA SHALL NOT BE OBLIGATED TO PAY THE SAME NOR INTEREST THEREON EXCEPT FROM SUCH PAYMENTS AND PROCEEDS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF ALASKA OR OF ANY DEPARTMENT THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS NOTE.

The interest on this note is not exempt from federal income taxation. The interest on this note is includible in federal gross income.

This note shall not be validly issued until duly authenticated by the manual signature of the Registrar in the Certificate of Authentication below.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska, and resolutions of the State to be done precedent to and in the issuance of this note have happened, been done and performed.

IN WITNESS WHEREOF, the State of Alaska has caused this note to be executed with the facsimile signature of the Governor of the State of Alaska and to be countersigned by the Lieutenant Governor, this ____ day of _____, 2018.

STATE OF ALASKA

By _____
Governor

Countersigned:

Lieutenant Governor

The Certificate of Authentication on the Drinking Water Note shall be in substantially the following form:

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This note is the note described in the within-mentioned Resolution and is the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2018 Series B of the State of Alaska, dated _____, 2018.

STATE OF ALASKA

DEPARTMENT OF REVENUE

By _____
Debt Manager

Section 8. Execution and Delivery of Notes. The Notes shall be executed with the facsimile signature of the Governor and countersigned by facsimile signature of the Lieutenant Governor. The Designated Representative is hereby authorized and directed to authenticate and thereafter to deliver the Notes to the Bank.

Section 9. Disbursement of Note Proceeds.

(a) Alaska Clean Water Fund. The Alaska Clean Water Fund has been established as a State fund by AS 46.03.032. The net proceeds of the Clean Water Note shall be deposited in the Clean Water Fund and shall be disbursed as directed by legislative appropriation to pay costs of Clean Water Projects and for such additional purposes as provided in AS 46.03.032, including but not limited to the provision of state matching funds. Costs of issuance for the Clean Water Note shall be paid from gross proceeds of the Clean Water Note and shall be paid on the date of issuance of the Clean Water Note.

(b) Alaska Drinking Water Fund. The Alaska Drinking Water Fund has been established as a State fund by AS 46.03.036. The net proceeds of the Drinking Water Note shall be deposited in the Drinking Water Fund and shall be disbursed as directed by legislative appropriation to pay costs of Drinking Water Projects and for such additional purposes as provided in AS 46.03.036, including but not limited to the provision of state matching funds. Costs of issuance for the Drinking Water Note shall be paid from gross proceeds of the Drinking Water Note and shall be paid on the date of issuance of the Drinking Water Note.

Section 10. Repayment of Notes.

(a) Note Account – Clean Water. The Bond Fund – Clean Water has been established as a State fund within the State by AS 37.15.565. There is authorized to be created within the Bond Fund – Clean Water an account to be named the “Note Account – Clean Water.” The Note Account – Clean Water shall be a trust fund used for paying and securing the payment of principal of and interest on the Clean Water Note.

On or prior to the date the Clean Water Note becomes due and payable, and in the event that money is not otherwise on hand in the Note Account – Clean Water, the State shall cause to be deposited in the Revenue Account – Clean Water, sufficient Pledged Clean Water Revenue to pay and redeem the Clean Water Note.

On or before the date on which the Clean Water Note matures, the Designated Representative shall cause to be deposited Pledged Clean Water Revenue in the Note Account – Clean Water or the Committee shall cause Clean Water Bonds to be issued or issue a refunding bond anticipation note to provide amounts sufficient to pay and redeem the Clean Water Note. The Designated Representative is hereby authorized to transfer Pledged Clean Water Revenue from the Revenue Account – Clean Water to the Note Account – Clean Water amounts sufficient to pay and redeem the Clean Water Note when due.

The Clean Water Note shall be an obligation only of the Note Account – Clean Water created and maintained within the Bond Fund – Clean Water and shall not constitute a general obligation of the State. When principal of and interest of the Clean Water Note has been paid in full, any remaining amount in the Note Account – Clean Water shall become part of the entire Bond Fund – Clean Water, and the Note Account – Clean Water shall be closed.

(b) Note Account – Drinking Water. The Bond Fund – Drinking Water has been established as a State fund within the State by AS 37.15.565. There is authorized to be created within the Bond Fund – Drinking Water an account to be named the “Note Account – Drinking Water.” The Note Account – Drinking Water shall be a trust fund used for paying and securing the payment of principal of and interest on the Drinking Water Note.

On or prior to the date the Drinking Water Note becomes due and payable, and in the event that money is not otherwise on hand in the Note Account – Drinking Water, the State shall cause to be deposited in the Revenue Account – Drinking Water, sufficient Pledged Drinking Water Revenue to pay and redeem the Drinking Water Note.

On or before the date on which the Drinking Water Note matures, the Designated Representative shall cause to be deposited Pledged Drinking Water Revenue in the Note Account – Drinking Water or the Committee shall cause Drinking Water Bonds to be issued or issue a refunding bond anticipation note to provide amounts sufficient to pay and redeem the Drinking Water Note. The Designated Representative is hereby authorized to transfer Pledged Drinking Water Revenue from the Revenue Account – Drinking Water to the Note Account – Drinking Water amounts sufficient to pay and redeem the Drinking Water Note when due.

The Drinking Water Note shall be an obligation only of the Note Account – Drinking Water created and maintained within the Bond Fund – Drinking Water and shall not constitute a general obligation of the State.

When principal of and interest of the Drinking Water Note has been paid in full, any remaining amount in the Note Account – Drinking Water shall become part of the entire Bond Fund – Drinking Water, and the Note Account – Drinking Water shall be closed.

Section 11. Further Documents and Certificates. The Chair, Secretary and Designated Representative, as may be appropriate, are authorized and directed to execute any and all

documents and do any and all things determined necessary to effect the accomplishment of the issuance, placement and delivery of the Notes and to deliver the necessary documents to the proper parties as requested to carry out the intended purposes of this resolution.

Section 12. Limitations on Liability. Nothing contained in this resolution nor in the Notes, nor any other instrument, shall be construed with respect to the State as incurring a charge upon the general credit of the State or against the taxing power of the State, nor shall the breach of any agreement contained in this resolution, the Notes or any other instrument or document executed in connection therewith impose any charge upon the general credit of the State or the taxing power of the State.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 13th day of November, 2018.

STATE OF ALASKA
STATE BOND COMMITTEE

MIKE NAVARRE
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

LESLIE RIDLE
Commissioner, Department of Administration
Member
Alaska State Bond Committee

SHELDON FISHER
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

Approved as to form:

Alaska Department of Law
State of Alaska

CERTIFICATE

I, the undersigned, Secretary of the State Bond Committee of the State of Alaska (herein called the "Committee") DO HEREBY CERTIFY:

1. That the attached Resolution No. 2018-01 (herein called the "Resolution") is a true and correct copy of a resolution of the Committee as adopted at a meeting held on November 13, 2018, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of November, 2018.

Secretary

DRAFT MEMORANDUM OF UNDERSTANDING

Between: Department of Environmental Conservation **Date:** October 31, 2018
Department of Revenue

From: Deven Mitchell **Telephone:** 465-3750
Debt Manager
Treasury Division

Subject: Clean Water Fund and Drinking Water Fund Bonding

OVERVIEW –

The Clean Water and Drinking Water Funds are revolving loan funds administered by the Department of Environmental Conservation (DEC) with federal oversight provided by the Environmental Protection Agency (EPA). Both Funds are authorized to issue debt through the State Bond Committee (SBC). Both Funds hold interest earning from loans that have been made out of the Funds and interest earning within the Funds. Federal regulation allows interest earnings within the Funds to be used for the retirement of debts of the Funds.

In an effort to reduce general fund match exposure in obtaining federal match funding DEC (at the suggestion of the EPA) proposed borrowing the state match requirement secured by interest earnings of the Funds and repaying the borrowing immediately. The state has used this exercise to eliminate the need for general fund money to secure federal dollars in each of the last thirteen years.

TRANSACTION

CLOSING –

On November 27, 2018, \$4,150,467 in Revenue Bond Anticipation Notes will be issued. \$1,924,553.40 will be issued as the Alaska Clean Water Revenue Bond Anticipation Note, 2018, Series A. \$2,225,913.60 will be issued as the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2018, Series B. The bonds will be purchased by KeyBank, National Association, A KeyCorp Company (“KeyBank”). Proceeds of the sale will be distributed by KeyBank as follows:

1. On November 27, 2018, \$1,920,843 will be wired to the State of Alaska for deposit to the Alaska Clean Water Fund held in AY01. DEC will ensure interest is credited to the Fund. Wire Instructions are:

State Street Bank and Trust Company
State Street Financial Center
1776 Heritage Dr.
North Quincy, MA 02171

ABA #011000028
State of Alaska – AY01
General Investment Fund
Account #00657189

2. On November 27, 2018, \$2,221,624 will be wired to the State of Alaska for deposit to the Alaska Drinking Water Fund held in AY01. DEC will ensure interest is credited to the Fund. Wire Instructions are:

State Street Bank and Trust Company
State Street Financial Center
1776 Heritage Dr.
North Quincy, MA 02171

ABA #011000028
State of Alaska – AY01
General Investment Fund
Account #00657189

3. On November 27, 2018, KeyBank will retain \$3,500.00, \$2,500.00 for payment of the origination fee, and \$1,000.00 for overnight interest expense. A total of \$1,623.30 is allocable to the 2018A (\$1,159.50 for origination fee, and \$463.80 for interest expense) and a total of \$1,876.70 is allocable to the 2018B (\$1,340.50 for origination fee, and \$536.20 for interest expense).
4. On November 27, 2018, KeyBank will wire \$4,500.00 to Orrick Herrington & Sutcliffe LLP for payment of services related to the issuance of the BANs. (\$2,087.10 is allocated to the 2018A and \$2,412.90 to the 2018B). Wire Instructions are:

Send to: ABA No. 121000248
SWIFT Code: WFBIUS6S
Wells Fargo
420 Montgomery Street
San Francisco, CA 94104
Account of: Orrick, Herrington & Sutcliffe LLP
Account No. 4123701088

Reference Required: client No. 40003-6

REDEMPTION –

On November 28, 2018, \$1,924,553.40 will be transferred from the interest earnings in the Clean Water Fund to the Bond Redemption Fund. The funds will then immediately be wired to KeyBank (see wire instructions below) for redemption of the Alaska Clean Water Revenue Bond Anticipation Note, 2018, Series A.

WIRE INSTUCTIONS SERIES A

BANK:	KeyBank National Association
ABA ROUTING #:	041001039
ATTN:	Key Agency Services
ACCOUNT #:	1140228209035
Ref:	State of Alaska

On November 28, 2018, \$2,225,913.60 will be transferred from the interest earnings in the Drinking Water Fund to the Bond Redemption Fund. The funds will then immediately be wired to KeyBank (see wire instructions below) for redemption of the Alaska Drinking Water Revenue Bond Anticipation Note, 2018, Series B.

WIRE INSTUCTIONS SERIES B

BANK:	KeyBank National Association
ABA ROUTING #:	041001039
ATTN:	Key Agency Services
ACCOUNT #:	1140228209035
Ref:	State of Alaska

STATE BOND COMMITTEE

RESOLUTION NO. 2018-02

**A Resolution of the State Bond Committee
of the State of Alaska Allocating the
Private Activity Bond Volume Limit of the State of Alaska for
Calendar Year 2018**

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

WHEREAS, the volume cap for calendar year 2018 is \$311,375,000; and

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

WHEREAS, private activity bond calendar year volume cap is available for use through the end of the calendar year in which it arises and then may be carried forward for an additional period of three years if carryforward forms are filed with the Internal Revenue Service no later than February 15 of the following year; and

WHEREAS, there have been no requests by municipalities and no other requests for volume cap for calendar year 2018.

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

Section 1. The Committee hereby allocates \$311,375,000 of the 2018 private activity bond volume limit for the State of Alaska to AHFC.

Section 2. This Resolution is effective immediately.

DATED AND ADOPTED this 13th day of November, 2018.

Mike Navarre, Commissioner
of the Department of Commerce, Community
and Economic Development, Chair

State Bond Committee
Resolution 2018-02

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Sheldon Fisher, Commissioner of the
Department of Revenue, Secretary

Leslie Ridle, Commissioner of the
Department of Administration, Member

APPROVED AS TO FORM:

Attorney General of the
State of Alaska