

STATE OF ALASKA
STATE BOND COMMITTEE

TO BE HELD AT:
TELEPHONIC MEETING
For Participation: 1-907-202-7104
Code: 116974195#
Juneau, Alaska 99811
October 26, 2021
10:00 AM AKT



STATE BOND COMMITTEE AGENDA FOR MEETING

Meeting Place:
TELEPHONIC MEETING
Call-in: (907) 202-7104,
Conference ID: 116 974 195#

October 26, 2021, at 10:00 A.M. AKT

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the July 1, 2021, State Bond Committee Meeting
- VI. Public Participation and Comment
- VII. New Business
 - A. Resolution 2021-03 – Providing for Clean Water BANs 2021 Series A, and Drinking Water BANs 2021 Series B
 - B. Resolution 2021-04 – Providing for the December 31, 2021, allocation of Private Activity Bond Volume Limit (PABVL) for Calendar Year 2021
- VIII. Debt Manager's Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

NOTICE OF PUBLIC MEETING: STATE OF ALASKA - STATE BOND COMMITTEE

NOTICE OF PUBLIC MEETING: STATE OF ALASKA - STATE BOND COMMITTEE ('SBC')

Notice is hereby given that the State of Alaska - SBC will hold a meeting on October 26, 2021 at 10:00 a.m. AKT. This will be a telephonic meeting, with participation at (907) 202-7104, with code 116 974 195#.

The public is invited to attend and will be given the opportunity for public comment and participation. The SBC complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973. Individuals who may need special modifications to participate should call (907) 465-2893 prior to the meeting.

AGENDA FOR SBC MEETING:

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the July 1, 2021, SBC Meeting
- VI. Public Participation and Comment
- VII. New Business:
 - A. Resolution 2021-03 – Providing for Clean Water BANs 2021 Series A, and Drinking Water BANs 2021 Series B
 - B. Resolution 2021-04 – Providing for the December 31, 2021, allocation of Private Activity Bond Volume Limit (PABVL) for Calendar Year 2021
- VIII. Debt Manager's Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

Dated October 15, 2021
(907) 465-2893

Attachments, History, Details

Attachments

[SBC Agenda 10-26-2021 .pdf](#)

Revision History

Created 10/15/2021 9:19:03 AM by rswilliams

Details

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

Publish Date:	10/15/2021
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Events/Deadlines:

**MINUTES of the
STATE BOND COMMITTEE
July 1, 2021**

A meeting of the State Bond Committee (SBC) was held at 10:00 a.m. Alaska Time on July 1, 2021. The meeting was held telephonically at 1-800-315-6338, with code 907100#.

SBC Members present were:

Mike Barnhill, Deputy Commissioner, Department of Revenue
Dave Donley, Deputy Commissioner, Department of Administration

Also present were:

Deven Mitchell, Debt Manager, Department of Revenue
Ryan Williams, Operations Research Analyst, Department of Revenue
Les Krusen, Orrick, Herrington & Sutcliffe, LLP
Greg Blonde, Orrick, Herrington & Sutcliffe, LLP
Pete Nissen, Acacia Financial Group, Inc.
Keith Day, Controller, State of Alaska Alaska International Airports System

I. Call to Order

Julie Anderson, Commissioner of DCCED, was absent for this State Bond Committee meeting (planned absence). All committee members agreed that Mr. Barnhill would act as Chair pro tempore for this SBC meeting, and there was a quorum (Mr. Barnhill and Mr. Donley). Mr. Barnhill called the meeting to order at 10:00 a.m. Alaska Time on July 1, 2021.

II. Roll Call

Mr. Williams took roll call. Mr. Donley, and Mr. Barnhill were present. There was a quorum.

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 was properly noticed, advertised on the State's Online Public Notice site. The notice was officially published on June 23, 2021, for the July 1, 2021, meeting date.

IV. Approval of Agenda

The Agenda was reviewed by the committee. Mr. Donley moved to approve the agenda as written, and Mr. Barnhill seconded. The agenda was approved and adopted by the committee as written with no modifications and no objections.

V. Minutes of the January 15, 2021, SBC Meeting

The Minutes of the January 15, 2021, SBC Meeting were reviewed by the committee. The Minutes needed no modifications. Mr. Donley moved to adopt the January 15, 2021, minutes as written, and approval was seconded by Mr. Barnhill. The January 15, 2021, SBC meeting minutes were approved and adopted by the committee as written with no modifications and no objections.

VI. Public Comment

Mr. Barnhill asked for public participation and comment. There was none. The Public Comment period was closed.

VII. New Business

Resolution No. 2021-02 – Providing for the issuance of State of Alaska International Airports System Revenue Refunding Bonds

Mr. Mitchell noted that Resolution 2021-02 would provide for the issuance and sale of one or more series of revenue bonds of the State of Alaska International Airports System ('AIAS') for the purpose of refunding certain outstanding revenue bonds of the AIAS. The bond issues being considered for refunding include the 2009A (variable rate), 2010A, 2010C, and 2010D with outstanding principal amount of those series as of 6/15/2021 of approximately \$152,390,000. Mr. Mitchell explained that Resolution 2021-02 would delegate authority to the designated representative to authorize a sale of refunding bonds as long as the aggregate principal amount of the Series 2021 Bond(s) does not exceed \$150 million for a period of 120 days following the approval of the resolution. Mr. Mitchell stated that as part of the transaction, the AIAS is planning on making a cash contribution so as to provide a stable rate environment into the future as well as provide a short-term benefit to the system. Mr. Krusen explained that the Resolution before the committee, Resolution 2021-02, is the eight supplemental resolution in the series of resolutions related to issuances by State of Alaska AIAS. Mr. Krusen stated that there's a potential for multiple series of bonds, on a tax-exempt basis, some subject to the alternative minimum tax (AMT), and some not subject to the AMT. Mr. Krusen noted that the resolution authorized the bonds to be sold via negotiated sale through a bond purchase contract with the underwriter. Mr. Barnhill asked for an estimate of present value savings that the issuance could achieve. Mr. Nissen, Acacia, walked through the economics of the proposed transaction through a preliminary number run contained in the SBC packet. The transaction would produce significant gross and present value savings as well as allow AIAS to accelerate some savings into near-term years to provide some relief on rates and charges for signatory and other airlines. Mr. Nissen noted that according to preliminary estimates, approximately \$25 million in present value savings could be achieved, which is approximately 16 percent of the targeted refunded par amounts. In addition, the cash contribution anticipated by AIAS would help lower the overall debt service profile. It's estimated that AIAS could contribute up to \$40 million in cash. The transaction is expected to be executed in the month of August 2021. Mr. Nissen noted that the gross savings is estimated at approximately \$33 million. Mr. Day, Controller AIAS, noted that he's available for questions as well. Mr. Mitchell stated that

the plan of finance has been developed in cooperation with AIAS. Mr. Barnhill asked for a general update on the market and airport. Mr. Nissen noted that there has been a general rebound on passenger traffic after the heart of the pandemic, and the AIAS has seen an ancillary benefit of strength in cargo movement. Interest rates are still low from a historical perspective, and investor demand had been generally robust given cash available for tax-exempt investments. Mr. Day pointed to graphs within the committee packet detailing the AIAS impact from the pandemic for both passenger movements, and trans-pacific cargo movements. There has been general strength in cargo traffic starting in April 2020, and has not abated at this point, but the market continues to be monitored as time carries on after the initial onset of the pandemic. Mr. Donley moved to adopt Resolution 2021-02, and Mr. Barnhill seconded the motion. Mr. Williams took a roll call vote, and the State Bond Committee then approved Resolution 2021-02 with two yes votes, a unanimous vote by present board members.

VIII. Debt Manager's Report

Mr. Mitchell gave a report on the following items not already covered by the SBC agenda:

Mr. Mitchell stated that both the State Debt Book and the Debt Affordability Analysis have been completed in the required timeframe since the last SBC meeting and have been posted to both the Department of Revenue website and for ongoing disclosure as needed.

Mr. Mitchell noted that the Supreme Court ruled on the Forrer case related to the Alaska Tax Credit Certificate Bond Corporation in March, finding that the proposed structure was unconstitutional. The decision affirmed the ability of the state to lease-purchase real property, but included a level of detail that, depending upon how interpreted, would prevent a current issuance or refinancing of the structures used for the currently outstanding Goose Creek Correction Facility and Alaska Native Tribal Health Consortium residential housing facility lease purchases. We have been able to work around this hamstringing with the State's master lease line of credit (funded a \$5.2 million street light LED retrofit) and the Alaska Municipal Bond Bank Authority (funded a \$230 million refinancing to generate \$30 million in savings), but the limitations may be more problematic for a real property lease purchase.

The credit rating agencies Moody's Investors Service, Standard and Poor's, and Fitch Ratings updated their credit ratings on the State of Alaska in April. Moody's and S&P removed the negative outlook on the State's credit rating which they maintained in the low AA level (Aa3 Moody's and AA- S&P). Fitch maintained a negative outlook on their rating, which is, they maintained in the high single A level (A+). The rating reports were attached to the SBC packet.

Mr. Mitchell noted that the Legislature did not authorize any new State of Alaska borrowing this session.

IX. Committee Member Comments

There were no additional comments.

X. Schedule Next Meeting

The next meeting shall occur at the call of the Chair. Mr. Williams mentioned that we will need to schedule a meeting, through the Chair, potentially in the October timeframe related to Clean/Drinking Water funds.

XI. Adjournment

Adjournment of the meeting was moved by Mr. Donley and seconded by Mr. Barnhill. The meeting was adjourned at 10:36 a.m. Alaska Time.

Paula Vrana, Commissioner, Department of Administration

ATTEST:

Lucinda Mahoney, Commissioner, Department of Revenue

Explanation of Resolution 2021-03

Per Alaska Statutes Title 37 Chapter 15 Article 5 the State Bond Committee (SBC is empowered to issue up to \$15 million in revenue bonds for both the Clean Water Fund and the Drinking Water Fund annually). The Funds themselves are managed by the Department of Environmental Conservation (DEC) with oversight from the Federal Government through the Environmental Protection Agency (EPA). The Funds were established through Federal grants with local match requirement to make below market loans for specific purposes related to clean water and drinking water projects. Once money has been deposited into the fund it may not be removed for any purpose other than for limited administrative cost and making loans to qualified borrowers.

Due to budgetary constraints and perceived excess capacity in the two funds state match requirements from the State's General Fund became more and more challenging in the late 90's. In response DEC and SBC staff explored alternatives to relying upon the General Fund. This research determined that while all money in the Funds was restricted by Federal law the interest income on principal held in the Funds and the interest income on loans made by the Funds could be used to repay debt service of the Funds. It was further determined, and confirmed by the EPA, that money borrowed by the Funds could be used as State match to obtain additional Federal grants. This determination resulted in an annual Bond Anticipation Note issuance of both the Clean Water Fund and Drinking Water Fund that was privately placed one day and repaid the next day. For FY2022 this overnight transaction will be for approximately \$4.11 million, will cost approximately \$9,000 to accomplish, and will result in additional State match through Federal grant funding.

Attached is the Resolution and DOR/DEC MOU regarding the transaction, and we will also work with DOA and DOR cash management to complete by November 10, 2021.

STATE BOND COMMITTEE
OF THE STATE OF ALASKA

RESOLUTION NO. 2021-3

Providing for the Issuance of

Alaska Clean Water Fund Revenue Bond Anticipation Note, 2021 Series A
and of
Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2021 Series B

Approved on October 26, 2021

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. 2021-3

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, 2021 Series A in the aggregate principal amount of up to \$2,054,500 and Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2021 Series B in the aggregate principal amount of up to \$2,256,700; 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, 2021.

“Clean Water Note” as further defined in Section 4(a), means the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2021 Series A in the aggregate principal amount of up to \$2,054,500.

“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, 2021.

“Drinking Water Note” as further defined in Section 4(b), means the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2021 Series B in the aggregate principal amount of up to \$2,256,700.

“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 \$2,054,500 and shall be designated as the Alaska Clean Water Fund Revenue Bond Anticipation Note, 2021 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 \$2,054,500, 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 \$2,256,700 and shall be designated as the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2021 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 \$2,256,700, 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, 2021, and the total costs of the Notes, including total interest payable on the Notes, shall not exceed \$15,000. 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 of such Notes may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Notes not issued) or may be in the form of an amendatory resolution

approving a purchase contract or establishing terms and conditions for the authority delegated under this Section 5.

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.

The Designated Representative is hereby designated as the registrar and authenticating agent for the Notes. The Designated Representative is hereby further authorized to contract with and arrange for the printing and delivery of the Notes.

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.

Section 7. Form of Notes.

(a) *Clean Water Note.* The Clean Water Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. 1 \$ _____

STATE OF ALASKA
ALASKA CLEAN WATER REVENUE BOND ANTICIPATION NOTE,
2021 Series A

INTEREST RATE: _____% MATURITY DATE: _____, 2021

DATED DATE: _____, 2021

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 – Clean 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 – Clean 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. 2021-3 (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 _____, 2021.

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, 2021 Series A of the State of Alaska, dated _____, 2021.

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,
2021 Series B

INTEREST RATE: _____% MATURITY DATE: _____, 2021

DATED DATE: _____, 2021

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. 2021-3 (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 _____, 2021.

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, 2021 Series B of the State of Alaska, dated _____, 2021.

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 26th day of October 2021.

STATE OF ALASKA
STATE BOND COMMITTEE

JULIE ANDERSON
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

PAULA VRANA
Commissioner, Department of Administration
Member
Alaska State Bond Committee

LUCINDA MAHONEY
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. 2021-3 (herein called the "Resolution") is a true and correct copy of a resolution of the Committee as adopted at a meeting held on October 26, 2021, 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 26th day of October 2021.

Secretary

MEMORANDUM OF UNDERSTANDING

Between: Department of Environmental Conservation **Date:** October 15, 2021
Department of Revenue

From: Ryan Williams **Telephone:** 465-2893
Operations Research Analyst
Treasury Division

Subject: Clean Water Fund and Drinking Water Fund 2021 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 earnings from loans that have been made out of the Funds and interest earnings 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 fourteen years.

TRANSACTION

CLOSING –

On November 9, 2021, \$4,110,380 in Revenue Bond Anticipation Notes will be issued. \$1,905,363 will be issued as the Alaska Clean Water Revenue Bond Anticipation Note, 2021, Series A. \$2,205,017 will be issued as the Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2021, 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 9, 2021, \$1,901,200.97 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
Attn: Cash Management, 907-465-2360

2. On November 9, 2021, \$2,200,200.42 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
Attn: Cash Management, 907-465-2360

3. On November 9, 2021, KeyBank will retain \$4,478.61, \$4,000.00 for payment of the origination fee, and \$478.61 for overnight interest expense. A total of \$2,076.06 is allocable to the 2021A (\$1,854.20 for origination fee, and \$221.86 for interest expense) and a total of \$2,402.55 is allocable to the 2021B (\$2,145.80 for origination fee, and \$256.75 for interest expense).
4. On November 9, 2021, KeyBank will wire \$4,500.00 to Orrick Herrington & Sutcliffe LLP for payment of services related to the issuance of the BANs. (\$2,085.97 is allocated to the 2021A and \$2,414.03 to the 2021B). 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 10, 2021, \$1,905,363 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, 2021, 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 10, 2021, \$2,205,017 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, 2021, 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. 2021-04

**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 2021**

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 2021 is \$324,995,000; and

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

WHEREAS, AHFC intends to issue bonds in calendar year 2022; and

WHEREAS, AHFC routinely issues bonds to finance residential and multi-family housing projects; 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 allocation for calendar year 2021.

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

Section 1. The Committee hereby allocates \$324,995,000 of the 2021 private activity bond volume limit for the State of Alaska to AHFC.

Section 2. This Resolution becomes effective on December 31, 2021 if no requests for volume cap have been received at that time.

State Bond Committee
Resolution 2021-04

Page 2 of 2

DATED AND ADOPTED this 26th day of October, 2021.

Julie Anderson, Commissioner of the
Department of Commerce, Community and
Economic Development, Chair

Lucinda Mahoney, Commissioner of the
Department of Revenue, Secretary

Paula Vrana, Commissioner of the Department
of Administration, Member

APPROVED AS TO FORM:

Attorney General of the
State of Alaska