THE STATE of ALASKA
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March 25, 2022

TO: Members and Staff of the Senate Transportation Committee

FROM: Brian Fechter, Deputy Commissioner, & Deven Mitchell, Debt Manager, Alaska Department of Revenue

RE: PUBLIC CORP. BONDING, SENATE TRANSPORTATION COMMITTEE FOLLOW-UP

Dear Senate Transportation Committee,

Please find enclosed a set of electronic documents in response to questions posed during the public corporation bonding discussion surrounding SB170 in the Senate Transportation Committee on Tuesday, March 22, 2022. Below is a brief description of each item. The Debt Management section and DOR is available for additional discussion.

1) Provide a detailed summary of all Alaska Public Corporations, to include a history of utilization of available bonding authority; *(pages 2-20)*

2) Has the marine highway issued debt in the past (cover if included in any previous GARVEE financings)? *(page 21)*

3) Detail the authority provided to AHFC for issuance, what limitations does AHFC have to issue in a fiscal year, and in total; *(pages 22-24)*

4) Detail the authority for issuance by the Alaska Student Loan Corporation (ASLC), and what limitations does ASLC have to issue in a fiscal year, and in total. *(pages 25-26)*

5) What credit rating assumption is there for an AMHS public corporation? How does the rating become defined under a new public corporation structure? *(page 27)*

For a direct link to the State's 2021-2022 Debt Book, please use the following website link where both new and historical reports are available: https://treasury.dor.alaska.gov/home/debt-management/state-publications

Summary of Alaska Public Corporations

Expanded Information, from the Alaska Public Debt Book

The following are additional excerpts from the Alaska Public Debt Book 2021-2022, released January 2022, with debt outstanding as of 6/30/2021.

State Agency Debt

State Agency Debt is secured by revenues generated from the use of bond proceeds or the assets of the agency issuing the bonds. The debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges. The State has, however, in the past appropriated funds to subsidize the interest rate to the underlying borrowers in the case of certain AHFC debt listed as State Agency Debt in Table 1.1.

Nevertheless, if default was threatened on any such State Agency Debt, there is some possibility the State would provide relief. The ties between these agencies and the State -- such as their statutory origin and authority, subjection to the executive budget act and State contracting procedures, cabinet membership on boards, legislative approval of bond issuance, and, most fundamentally, achievement of their missions as a political goal of the State -- may mean that the State would consider providing support for such debt even though it has no legal requirement to do so. A default on any State Agency Debt may affect interest costs on unrelated State and State Agency and certain municipal debt.

The exception to any expectation of State response in the event of a default is the Tobacco Settlement Asset Backed Bonds issued by the Northern Tobacco Securitization Corporation (NTSC). These bonds were deliberately structured without any implication of State support to divest the State of a portion of its position with the settlement. Investors in these bonds have received a commensurately higher yield than for other types of State Agency Debt.

At June 30, 2021, State Agency Debt was $1,658.4 million.

-Alaska Housing Finance Corporation - $130.7 million in Commercial Paper, $10.4 million in State Capital Project Bonds, $1,160.9 million in State Capital Project Bonds II, $9.6 million in AMBBA Coastal Energy Loan Bonds, $49.5 million in Alaska Railroad Bonds, $297.3 million in NTSC 2006 Tobacco Settlement Asset-Backed Bonds.

Alaska Railroad Corporation (ARRC):

Legislation signed into law during 1984 established the Alaska Railroad Corporation as a public corporation of the State to manage the Alaska Railroad upon its acquisition from the Federal Government until its possible transfer to private ownership. The corporation is administratively placed within the Department of Commerce and Economic Development. The corporation has the power to issue bonds if such issuance is approved by law. Bonds issued by the corporation would not bear the full faith and credit of the State. The Railroad is not authorized to issue State moral obligation bonds.

By Chapter 77, SLA 1994, the Railroad is authorized to issue revenue bonds in the principal amount of $55.0 million for the construction and acquisition of the Alaska Discovery Center for the Ship Creek Project in Anchorage. To date, no bonds have been issued.

Chapter 71, SLA 2003 authorized the ARRC to issue up to $17 billion in revenue bonds to finance the construction of a natural gas pipeline and related facilities, subject to an agreement with a third party to pay the debt service and other costs of the bonds. This authorization was repealed in 2018 and no bonds were issued.

Chapter 46, SLA 2004 authorized the ARRC to issue up to $500 million in revenue bonds, subject to an agreement with a third party to pay the debt service, and other related bond costs, to finance the cost of extending its rail line to Fort Greely, Alaska. To date, no bonds have been issued.

Chapter 28, SLA 2006 authorized the Alaska Railroad to issue up to $165 million in revenue bonds to finance rail transportation projects that qualify for federal financial participation and associated costs. On August 22, 2006, the Alaska Railroad issued $76.4 million in revenue bonds. On August 29, 2017, the Alaska Railroad issued the remaining $88.6 million in revenue bonds. On July 15, 2015, the Alaska Railroad executed an advance refunding of $66.1 million callable maturities by issuing $63.2 million in refunding bonds.

Chapter 65, SLA 2007 authorized the Alaska Railroad to issue up to $2.9 billion in revenue bonds to finance all or a portion of the Kenai gasification project and Port MacKenzie rail spur project, subject to an agreement with a third party to pay the debt service and other costs of the bonds. To date, no bonds have been issued.

Chapter 8, SLA 2015 authorized the Alaska Railroad to issue up to $37 million in revenue bonds to finance a positive train control rail transportation safety project, subject to an agreement with a third party to pay the debt service and other costs of the bonds. One July 15, 2015, the Alaska Railroad issued $37 million in revenue bonds.

At June 30, 2021, the ARRC had $49.5 million of revenue bonds outstanding.

Alaska Housing Finance Corporation (AHFC):

The Corporation is authorized by the State Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as the Corporation deems necessary to provide sufficient funds for carrying out its purpose.

Pursuant to State law, the maximum amount of bonds that the Corporation may issue during any fiscal year (the Corporation's fiscal years end on June 30) is $1.5 billion. Bonds issued to refund outstanding bonds and to refinance outstanding obligations of the Corporation are not counted against the maximum annual limit.

The Alaska Housing Finance Corporation (AHFC) is a public corporation administratively located within the Department of Revenue but with a separate and independent legal existence. AHFC was chartered in 1971 to provide financing for low and moderate-income housing and housing located in remote, underdeveloped, or blighted areas of the State. Effective July 1, 1992, the Alaska State Housing Authority (ASHA) was abolished, and the duties assigned to it were transferred to the AHFC.

Since 1980, when AHFC's powers were expanded by removing borrower income restrictions, the Corporation has emerged as a major supplier of mortgage funds in the State, in addition to being the largest issuer of debt (taxable and tax-exempt).

The bonds issued by AHFC are secured by the general obligation pledge of the Corporation and mortgages purchased with bond proceeds or, in the case of collateralized debt, by mortgage-backed securities as more fully explained below. AHFC subsidiary issued debt is not secured by the general obligation of the corporation but rather by pledged receipts paid to the state under the Master Settlement Agreement.

Additional security features on various AHFC debt obligations may include federal or private mortgage insurance on individual mortgage loans, mortgage pool insurance, bank loan facility or letter of credit arrangements in the event mortgage prepayments are less than anticipated by the bond redemption schedule, bond insurance, and the full faith and credit guarantee of the State on veterans' mortgage bonds.

a. Federal Tax-Exemption and Ceilings

The Federal Tax Reform Act of 1984 established a ceiling of $302.5 million, in the case of Alaska, for annual issuance of qualified veterans’ mortgage bonds on a tax-exempt basis. The Act also makes more restrictive the definition of those who qualify as veterans.

Since 1980, when the Mortgage Subsidy Bond Tax Act was enacted, Alaska also had been subject to a $200 million annual ceiling on tax-exemption for qualified mortgage revenue bonds (AHFC’s various mortgage revenue bonds, also known as its first-time home-buyer bonds, along with multifamily and conduit bonds). AHFC’s allocation and usage of PAB is presented in Table 5.4.

b. Bond Authorization

AS 18.56.110(g) which took effect in FY 1982 placed a statutory ceiling on AHFC annual bond issuance for the first time. The annual issuance amount currently authorized is $1,500 million.

c. Security for Debt

Included in the above amounts are State Guaranteed veterans' bonds which were authorized by law and the voters in the following amounts (in millions):

Authorization Calendar Year	Authorized	Issued as of June 30, 2021
1982	400.0	400.0
1983	500.0	500.0
1984	700.0	700.0
1986	600.0	600.0
2002	500.0	500.0
2010	600.0	15.4
Total:	3,300.0	2,715.4

As of June 30, 2021, approximately $584.6 million of state guaranteed bonds remain unissued.

d. Debt Issued and Outstanding

Table 3.3 summarizes AHFC debt issued and outstanding by type of debt.

TABLE 3.3
ALASKA HOUSING FINANCE CORPORATION
Debt Issued and Outstanding by Type of Debt
$ (Thousands)

	Credit Rating (1)	Debt Issued In FY 2021	Total Debt Issued	Debt Outstanding at 6/30/21
Home Mortgage Revenue Bonds	Aa2/AA+/AA+ (2)	-	1,262,675	$ 478,020
Collateralized Bonds (Veterans' Mortgage Program)	Aaa/AAA (3)	-	2,010,385	59,510
General Mortgage Revenue Bonds II	Aa1/AA+ (3)	204,635	835,200	497,420
Governmental Purpose Bonds	Aaa/AA+/AAA	-	973,170	77,625
State Capital Project Bonds I & II	Aa2/AA+/AA+ (4)	90,420	2,419,805	1,160,915
Northern Tobacco Securitization Corporation, AHFC subsidiary				
Tobacco Settlement Asset-Backed Bonds, Series 2006 A-C (5)		-	411,988	297,333
Total		$ 295,055	$ 7,913,223	$ 2,570,823

NOTES:
1 Ratings from Moody's, Standard & Poor's, & Fitch Ratings
2 Fitch does not rate the Home Mortgage Revenue Bonds, 2002 Series A; all other ratings as shown
3 Not rated by Fitch
4 Fitch does not rate State Capital Project Bonds II issued after 2017; all other ratings as shown
5 Moody's ratings on the 2006A Senior Current Interest Bonds are A1 for the June 1, 2023, term bonds; B3 for the June 1, 2032 and 2046, term bonds and Not Rated for the 2006B and 2006C Capital Appreciation Bonds. The 2006A, B and C Bonds are not rated by Standard & Poor's or Fitch

Short-term debt outstanding	Credit rating as of 6/30/2021	Debt Issued In FY 2021	Total debt issued	Outstanding at 6/30/21
Commercial Paper	P-1/A-1+/F-1+	N/A	N/A	130,712
Total				$ 130,712

e. Collateralized and Insured Bonds

Collateralized bonds, which incorporate the guarantees of the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Government National Mortgage Association (GNMA), should relieve concern about potential contingent liability to the State for that portion of AHFC indebtedness represented by such bonds. This is particularly reassuring in the case of State Guaranteed bonds (veterans' mortgage program) for which the full faith and credit of the State has been pledged.

The underlying conventional mortgages of AHFC's collateralized bonds issued during part or prior to July 1993 were exchanged for mortgage-backed certificates through FHLMC, FNMA or GNMA. The certificates, and the mortgage payments thereon, are pledged to the bond trustee as security for the bonds. FHLMC, FNMA, and GNMA guarantee that the certificate holder, in this case the bond trustee and thus the bondholders, will receive the principal and interest when due. As of September 1, 2004, all FNMA mortgage-backed certificates were redeemed and replaced by the underlying pooled mortgage loans.

Collateralized bonds lower the cost of funds to AHFC. Collateralized bonds issued after July 1993 are structured to achieve "Triple A" ratings on the basis of the pledged whole loan collateral. Table 3.2 lists collateralized obligations.

During 1985, FNMA decided that it would enter into additional agreements for purchase of AHFC mortgages only if FNMA would have recourse against AHFC for foreclosed properties. With recourse, AHFC's obligation is to buy back the mortgage loans on the foreclosed properties.

Even with recourse to AHFC, the FNMA guarantee still provides an extra layer of insulation for the State from any obligation on AHFC collateralized debt. In the case of collateralized veterans' bonds, the State's guarantee would not be called upon in the event of default on the bonds prior to a default by FNMA on its guarantee. With respect to any other type of collateralized bond, the State has no obligation to step in should AHFC's assets be insufficient to satisfy any recourse. As of September 1, 2004, all FNMA mortgage-backed certificates were redeemed and replaced by the underlying pooled mortgage loans.

AHFC has always been responsible for foreclosure losses on any mortgages supporting GNMA certificates. However, such losses are minimized by the fact that GNMA only guarantees certificates representing pools of mortgages which are FHA insured or VA guaranteed. With the exception of certain mortgage loans, FHLMC does not have recourse against AHFC for losses on foreclosure.

Some bonds of AHFC are subject to bond guaranty insurance. The bond guarantor assures the holder of the debt that interest and principal will be repaid. The effect of the bond guarantee is to provide security in addition to specifically pledged collateral and the pledge of AHFC unrestricted resources.

TABLE 3.4
Alaska Housing Finance Corporation
Collateralized Debt Obligations
$ (Thousands)

Issue	Tax Status	Debt Issued	Date of Bonds	Guarantor	6/30/2021 Debt Outstanding
Collateralized Bonds (Veterans' Mortgage Program)					
2016 First and Second Series	Exempt	50,000	7/27/2016	State of Alaska	34,030
2019 First and Second Series	Exempt	60,000	3/21/2019	State of Alaska	25,480
Total		110,000			59,510
Home Mortgage Revenue Bonds					
2002 Series A	Exempt	170,000	5/16/2002		30,690
2007 Series A	Exempt	75,000	5/31/2007		67,350
2007 Series B	Exempt	75,000	5/31/2007		67,350
2007 Series D	Exempt	89,370	5/31/2007		80,240
2009 Series A	Exempt	80,880	5/28/2009		77,465
2009 Series B	Exempt	80,880	5/28/2009		77,465
2009 Series D	Exempt	80,870	8/26/2009		77,460
Total		652,000			478,020
General Mortgage Revenue Bonds II					
Series 2016 A	Exempt	100,000	8/24/2016		59,710
Series 2018 A	Exempt	109,260	8/28/2018		70,480
Series 2018 B	Exempt	58,520	8/28/2018		28,465
Series 2019 A	Exempt	136,700	10/22/2019		109,745
Series 2019 B	Exempt	24,985	10/22/2019		24,385
Series 2020 A	Exempt	135,170	9/15/2020		129,960
Series 2020 B	Exempt	74,675	9/15/2020		74,675
Total		639,310			497,420
Governmental Purpose Bonds					
2001 Series A and B	Exempt	170,170	8/2/2001		77,625
Total		170,170			77,625
Total AHFC Collateralized Debt		$ 1,571,480			$ 1,112,575

TABLE 3.5
State Obligations on
Alaska Housing Finance Corporation Debt
$ (thousands)

	outstanding at 6/30/21
State General Obligation Guarantee	
Collateralized Bonds (Veterans' Mortgage Program) Aaa/AAA (1)	$ 59,510
Total State Obligations on AHFC Debt	59,510

(1) Not rated by Fitch

f. Mortgage Reorigination

Mortgage reorigination included in a bond indenture permits AHFC to use payments and prepayments on mortgage loans securing the bond issue to purchase new mortgage loans only to the extent the payments and prepayments are in excess of debt service requirements. The recycling of mortgage loans is also limited by the 10-year rule. Ordinarily, these excess revenues would be used to retire bonds. Reorigination gives AHFC the option of making new loans or retiring bonds.

In conjunction with this provision, the maturity of the bond issue is extended beyond the maturity of the mortgage loans. This allows additional mortgages to be added to the bond issue, which then extends the average mortgage maturities to more closely coincide with bond maturities.

The benefit of mortgage reorigination is that it provides continued access to a pool of funds at a known tax-exempt interest rate. It serves as a hedge against a rise in interest rates or a loss of federal tax-exemption on future bond issues.

In the case of Veterans' Mortgage Program Bonds, which are guaranteed by the State of Alaska, the bond indentures require AHFC to suspend reorigination for a calendar year if it receives written notification from the State Bond Committee prior to January 1 that reorigination would impair the ability of the Committee to sell State general obligation bonds on advantageous terms or risk a rating reduction on such bonds.

The Public Housing Division (formerly Alaska State Housing Authority (ASHA))

In 1992, under Ch. 4, FSSLA 1992, effective July 1, 1992, the Alaska State Housing Authority was abolished and the duties assigned were transferred to the Alaska Housing Finance Corporation. The Alaska State Housing Authority (ASHA), a public corporation of the State, was created in 1949 and authorized to: construct, operate, and manage low and moderate income housing projects; finance rental housing projects; engage in urban renewal programs; and construct and acquire public buildings for lease to the State.

a. Security for Bonds

ASHA had issued bonds which were secured by revenues from the projects financed, by ASHA's general assets, or by pledges of federal grants typically from the U.S. Department of Housing and Urban Development (HUD) for rent supplements on housing projects. The bonds are not general obligations of the State. ASHA was not authorized to issue bonds backed by a capital reserve fund which had the State's moral obligation attached.

b. Bond Authorization

ASHA financing of public building projects for lease to the State required approval by law pursuant to AS 18.55.100(d) which became effective September 4, 1986. Approval by law was not required for other types of ASHA projects or for bond issuance per se.

c. Housing Debt

ASHA had issued debt to finance low and moderate income rental housing. This debt was not considered to be State Supported Debt because the revenue pledged to retire the bonds did not rely on State appropriations.

ASHA's primary responsibility was to provide low income housing to eligible residents throughout the state. ASHA owned and operated subsidized housing programs sponsored by HUD such as Conventional Low Rent, Section 8 New Construction, Turnkey III Remote Housing, Mutual Help, Section 8 Additional Assistance, Section 8 Vouchers, and Section 8 Existing Housing.

d. Collateralized Bond

ASHA had issued FHA Insured Mortgage Revenue Bonds to provide loans to private developers for construction of multi-family rental housing. These were tax-exempt Qualified Private Activity Bonds by virtue of the projects reserving certain percentages of their units for low income tenants.

The FHA Insured Mortgage Revenue Bonds were not general obligations of ASHA but were backed solely by the mortgage payments from the borrower and FHA insurance in the event of the borrower's default. FHA absorbed losses on foreclosure.

The developers of the projects, financed by all but the 1982 and 1983 Series A Bonds, defaulted on their obligations under the mortgage loans by failing to fully pay principal and interest on the due date. The bond trustee applied for and received FHA insurance benefits. The insurance proceeds and bond reserves have been used to defease the bonds secured by the defaulted loans.

The following Table 3.6 summarizes all AHFC outstanding debt.

TABLE 3.6
Alaska Housing Finance Corporation
Debt Outstanding
$ (Thousands)

Bond Program	Date Delivered	Amount Issued	Outstanding at 6/30/21	TIC (%)	Final Maturity
Home Mortgage Revenue Bonds:					
2002 Series A	5/16/2002	170,000	30,690	4.553	2036
2007 Series A	5/31/2007	75,000	67,350	4.048	2041
2007 Series B	5/31/2007	75,000	67,350	4.210	2041
2007 Series D	5/31/2007	89,370	80,240	4.090	2041
2009 Series A	5/28/2009	80,880	77,465	4.375	2040
2009 Series B	5/28/2009	80,880	77,465	4.375	2040
2009 Series D	8/26/2009	80,870	77,460	4.893	2040
Total		652,000	478,020		
Collateralized Bonds (Veterans' Mortgage Program) [1]					
2016 First and Second Series	7/27/2016	50,000	34,030	2.578	2046
2019 First and Second Series	3/21/2019	60,000	25,480	3.217	2049
Total		110,000	59,510		
General Mortgage Revenue Bonds II					
2016 Series A	8/24/2016	100,000	59,710	2.532	2046
2018 Series A	8/28/2018	109,260	70,480	3.324	2048
2018 Series B	8/28/2018	58,520	28,465	3.324	2035
2019 Series A	10/22/2019	136,700	109,745	2.550	2049
2019 Series B	10/22/2019	24,985	24,385	2.550	2034
2020 Series B	9/15/2020	135,170	129,960	1.822	2044
2021 Series B	9/15/2020	74,675	74,675	1.822	2035
Total		639,310	497,420		
Governmental Purpose Bonds					
2001 Series A	8/2/2001	76,580	34,935	N/A	2030
2001 Series B	8/2/2001	93,590	42,690	N/A	2030
Total		170,170	77,625		

Alaska Aerospace Development Corporation (AADC):

The Alaska Aerospace Development Corporation was created in 1991 as a public corporation of the State. It is located for administrative purposes within the Department of Commerce and Economic Development and affiliated with the University of Alaska but with a separate and independent legal existence. The purpose of the Corporation is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, to provide a unified direction for space-related economic growth, education, tourism, research development, and improve the entrepreneurial atmosphere in the State.

The Corporation may issue moral obligation bonds and otherwise incur indebtedness in order to pay the cost of a project or projects to construct or improve launch facilities or other space and aerospace projects or in order to provide money for the Corporation's purposes. Original bond issues in excess of $1,000,000 each calendar year must have legislative approval. In addition, legislative approval is required if the annual debt service on all outstanding bonds issued and bonds proposed to be issued exceeds $1,000,000 in a fiscal year. The Corporation has not issued any bonds.

Alaska Industrial Development and Export Authority (AIDEA):

The Alaska Industrial Development and Export Authority (AIDEA or Authority) is a public corporation administratively located in the Department of Commerce, Community and Economic Development but with separate and independent legal existence. Created in 1967, AIDEA promotes economic development within the State by:

- purchasing loan participations for industrial and commercial projects;
- providing financing, either as a lender or by owning shares of a corporation, or as a member of an LLC and operating certain types of infrastructure facilities; and
- guaranteeing business loans and loans for export transactions.

Until 1990, AIDEA was able to and did issue bonds secured by a capital reserve fund with a State moral obligation. AIDEA currently has the ability to issue bonds with a State moral obligation on a capital reserve fund only if the bonds are issued to finance a power transmission intertie and are legislatively approved. AIDEA may issue bonds with reserve funds, but they will not have the moral obligation of the State of Alaska. AIDEA has no general obligation bonds with a capital reserve fund requirement outstanding. The Authority has covenanted that it will not incur any General Obligation indebtedness that will cause future estimated net income (as defined in the Amended and Restated Revolving Fund Bond Resolution) to be less than 150 percent of the General Obligation Annual Debt Service requirements in each year and to take no action to cause its Unrestricted Surplus to be less than the lesser of $200 million or the amount of General Obligation Indebtedness outstanding and in no event less than $100 million. The full faith and credit of the Authority's Revolving Fund secures the bonds currently outstanding under the resolution.

During 1988, reductions in the cash flow from AIDEA's loan portfolio reduced projected debt service coverage below 150 percent. The reduced cash flow stemmed from loan delinquencies, modifications, and foreclosures associated with Alaska's economic recession. In response to the declining debt service coverage, AIDEA defeased $78,295,000 of its Economic Development Bonds and Consolidated Bonds by deposit of $91,269,000 of U.S. Treasury securities purchased with AIDEA's general assets into an irrevocable trust. None of the defeased bonds remain outstanding.

During 1994, AIDEA defeased $23,840,000 of its tax-exempt Umbrella Bonds and its Taxable Umbrella Bonds, in order to improve its projected debt service coverage. None of the bonds chosen for the defeasance would have been eligible for refunding. None of the defeased bonds remain outstanding. AIDEA's underlying ratings on its bonds were A2 by Moody's (Moody's upgraded AIDEA's rating in December 2006 from A2, affirmed the Aa3 rating in June 2013 and downgraded the rating to A2 in July 2019. The rating was withdrawn when the bonds were defeased in October 2019) and AA+ by Standard & Poor's (S&P upgraded AIDEA's rating in August 2012 from AA-). All Revolving Fund Bonds are secured by the general assets and future revenues of the Authority.

AIDEA currently provides the following programs:

Tax-Exempt Loan Participation Program

The Tax-Exempt Loan Participation Program can provide up to $250 million for financing economic development projects. This program in the past was previously referred to as the "tax-exempt umbrella bond program" because many small projects financed under this program were grouped together when AIDEA issued bonds under an "umbrella". The bonds are tax-exempt by virtue of provisions in the federal tax code.

Proceeds of the bonds or Authority funds are generally used to purchase up to 90 percent of an eligible loan from financial institutions. The Tax-Exempt Loan Participation Program combines the previous Economic Development and Consolidated Bond Programs that were separate and which financed participations under and over $1,000,000, respectively. In December 2010, $14,470,000 of Tax-Exempt Bonds were issued to fund a loan participation purchase. At June 30, 2020 no amounts were outstanding. On October 1, 2019 the Authority defeased $10,245,000 Revolving Fund Bonds, Series 2010B by deposit of $10,751,081 of U.S. Treasury securities purchased with AIDEA's general assets into an irrevocable trust. The bonds were redeemed on the call date, April 1, 2020.

Taxable Loan Participation Program

In response to escalating federal restrictions on tax-exempt bonds, AIDEA implemented a taxable loan participation program. The program uses bonds or AIDEA funds to purchase loan participations. The provisions of the program are the same as for the Tax-Exempt Loan Participation Program except for the deletion of restrictions related to federal tax-exemption. This program was previously called the Taxable Umbrella Bond Program. The only bonds that have been issued under this program were issued in 1987 in the amount of $14,540,000; the remaining amounts outstanding were defeased in 1994. None of the defeased bonds remain outstanding.

Conduit Revenue Bond Program

Under the Conduit Revenue Bond program, AIDEA acts as a conduit in the sale and issuance of bonds; the bonds may be tax-exempt or taxable. The bonds are generally secured by the project, the private borrower and/or the project's revenue stream.

AIDEA does not participate financially in the Conduit Revenue Bond projects nor are the Authority's assets or credit pledged as security for the bonds. Bonds issued under this program are not general obligations of the Authority or the State. They are obligations of the private borrower or project only. Furthermore, the State's moral obligation does not stand behind these bonds.

Historically, the program was utilized primarily by financial institutions in conjunction with loans to private borrowers; those bonds generally are sold by private placement to the financial institution originating the loan rather than by public sale. The original demand for the program arose partially from lenders wanting the tax exemption on interest income; the Tax Reform Act of 1986 eliminated the deductibility of bank interest expense allocable to holding of tax-exempt obligations and greatly reduced demand for the program from financial institutions. Recently, the program is being used to provide funds for IRC 501(c)(3) financings.

Most bonds under this program were tax-exempt by virtue of the small issue exemption and, more recently, are for qualified 501(c)(3) projects. A few have been exempt facility bonds. The exempt facility bonds and 501(c)(3) bonds are generally sold via public sale.

From inception to June 30, 2021, AIDEA has issued Revenue Bonds for 321 projects totaling $1.68 billion (not including bonds issued to refund other bonds). The Authority has legislative authorization to issue revenue bonds to finance power transmission interties to be owned by electric utilities in a collective amount not to exceed $185.0 million and to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project in an amount not to exceed $120.0 million. Bonding authorization for the Sweetheart Lake hydroelectric project sunset on June 30, 2020.

Development Finance Program

Alaska statutes authorize AIDEA to finance development projects, regardless of the intent to own and operate them. The types of facilities the Authority may finance include those for use in manufacturing, natural resource extraction, transportation of products or materials, and infrastructure for tourism destination facilities.

Bonds for projects may be secured by the project, project revenues, specific assets of AIDEA's economic development account, or AIDEA's general assets. They can be general obligations or revenue bonds of the Authority.

Legislation enacted in 1985 authorized this program and authorized a bond sale of up to $175.0 million to provide financing for the DeLong Mountain Transportation Project. The Project consists of a road and port owned and operated by AIDEA to facilitate the development of the Red Dog and other mines in Northwest Alaska. In 1987, $103.3 million of such bonds were issued, the remaining amount outstanding was redeemed in 1997.

The Legislature has enacted legislation authorizing the Authority to finance, design and construct or reconstruct additional Economic Development projects:

(a) The Legislature authorized the issuance of up to $25.0 million of bonds for the reconstruction of a public use ore terminal in Skagway, Alaska. A $25.0 million bond issue was delivered in December 1990. All remaining outstanding bonds were called in April 2002.

(b) The Legislature authorized the issuance of up to $10.0 million of bonds for improvements to the City of Unalaska Marine Center. The project was completed in late 1991. Bonds totaling $7.0 million were issued in December 1991 to finance the project. In May 2000, the City of Unalaska paid all remaining financial obligations related to the project, including providing for the retirement of all outstanding bonds and, in accordance with the terms of the agreement, the project was transferred to the City.

(c) The Legislature authorized the issuance of up to $85.0 million of bonds to finance the acquisition, design and construction of aircraft maintenance and air cargo/air transport support facilities located at the Anchorage International Airport. Construction of an aircraft maintenance facility began in August of 1992 and was completed in 1995. Bonds were issued in September 1992 in the amount of $28.0 million.

    In June 2002, the Authority issued $20,475,000 of refunding bonds for the purposes of refunding and defeasing the remaining outstanding bonds. The refunded bonds were called in July 2002. All remaining outstanding bonds were called in April 2012. The remaining bonding authorization was repealed by the legislature in 2015.

(d) The 1990 Legislature authorized AIDEA to issue up to $85.0 million of bonds to assist in the financing of a coal fired power plant near Healy, Alaska. On July 18, 1996, $85.0 million of Variable Rate Revolving Fund Bonds were issued to finance a portion of the Healy Clean Coal Project. In May 1998, $85.0 million of bonds were issued to refund the variable rate revolving fund bonds. The bonds were defeased in March 2008 and retired in April 2008.

(e) The 1993 Legislature enacted legislation authorizing the Authority to issue bonds not to exceed $50.0 million for a facility to be constructed in Anchorage for the offloading, processing, storage and transloading of seafood. The Authority purchased the Alaska Seafood International Project in September 1999 and sold the facility in 2005. No bond issuance is anticipated and the legislature repealed the bonding authorization in 2015.

(f) The 1993 Legislature also enacted legislation authorizing the Authority to issue bonds not to exceed $50.0 million for a bulk commodity loading and shipping terminal to be located at Point MacKenzie and owned by AIDEA. The 1996 Legislature modified this legislation to require that the facility be located within Cook Inlet. The Authority does not anticipate participating in the financing of this project and the legislature repealed the bonding authorization in 2015.

(g) The 1995 Legislature authorized the Authority to issue up to $20.0 million of bonds to finance the acquisition, design and construction of the Kodiak rocket launch complex and tracking station and the Fairbanks satellite ground station space park. The Kodiak rocket launch complex was constructed with other financing and the Authority does not anticipate participating in financing the projects and the legislature repealed the bonding authorization in 2015.

(h) The 1996 Legislature authorized the Authority to issue up to $85.0 million of bonds to finance the expansion, improvement and modification of the existing DeLong Mountain Transportation Project port facilities owned by the Authority. In 1997 the Authority issued $150.0 million of Revolving Fund Bonds which included $70.0 million for that purpose and $80.0 million for the purpose of redeeming the 1987 DeLong Mountain Transportation Project Revenue Bonds. In February 2007, the Authority issued $113,095,000 of refunding bonds for the purpose of refunding and defeasing, along with Authority funds, the remaining outstanding bonds. The defeased bonds were called in April 2007. In May 2008, the Authority issued $107,385,000 of variable rate Revolving Fund Refunding Bonds for the purpose of refunding $107,385,000 of Series 2007 A&B Revolving Fund Refunding Bonds and pay costs of issuance. The refunded bonds were redeemed in May 2008. In February 2010, the Authority issued $87,105,000 of fixed rate Revolving Fund Refunding Bonds for the purpose of refunding $94,945,000 of Series 2008 A&B Revolving Fund Refunding Bonds. The refunded bonds were redeemed February 24, 2010. At June 30, 2019 $29.5 million were outstanding with no moral obligation attached. On October 1, 2019, the Authority defeased $29,475,000 Revolving Fund Refunding Bonds by depositing $29,938,717 of U.S. Treasury securities purchased with AIDEA's general assets into an irrevocable trust. The bonds were be redeemed on the call date, April 1, 2021.

(i) The 1996 Legislature authorized the issuance of up to $100.0 million of bonds for the acquisition of the Snettisham hydroelectric project from the Alaska Power Administration. On August 19, 1998 AIDEA issued $100.0 million of tax-exempt revenue bonds to finance the acquisition of the project. There is no State moral obligation attached. In December 1999, the Authority defeased $6.9 million of the bonds using funds on hand. All remaining defeased bonds were retired during the year ended June 30, 2011. In August 2015 approximately $65.7 million of 2015 Series Power Revenue Refunding bonds were issued to refund all of the outstanding First Series Power Revenue bonds. The refunded bonds were redeemed September 25, 2015. As of June 30, 2021, $51.8 million were outstanding.

(j) The 1998 Legislature authorized the issuance of bonds (or other financing) up to: a) $80.0 million to finance the expansion, improvement, and modification of the existing Red Dog Project port facilities and to finance the construction of new related facilities to be owned by AIDEA; b) $30.0 million to finance the improvement and expansion of the Nome port facilities to be owned by AIDEA; and c) $15.0 million to finance phase one construction and improvement of the proposed Hatcher Pass Ski Resort located in the Matanuska-Susitna Borough; in 2006 this authorization was modified and increased to $25.0 million to finance the development of Hatcher Pass. The Authority does not anticipate participating in financing the Nome facilities or Hatcher Pass development and the legislature repealed the bonding authorization in 2015.

(k) The 2004 Legislature authorized the issuance of up to $20.0 million of bonds to finance the acquisition, development, improvement and construction of port and related facilities on Lynn Canal in Southeast Alaska, to be owned by the Authority. The Authority does not anticipate participating in financing the project and the legislature repealed the bonding authorization in 2015.

(l) The 2011 Legislature authorized the issuance of up to $65.0 million to finance the expansion, modification, improvement, and upgrading of the Skagway Ore Terminal.

(m) The 2013 Legislature authorized the issuance of up to $150.0 million through the Sustainable Energy Transmission and Supply Development (SETS) Fund for the development, construction, and installation of, and the start-up costs of operation and maintenance for, a liquefied natural gas production plant and system and affiliated infrastructure on the North Slope and a natural gas distribution system and affiliated infrastructure in Interior Alaska. The bonds are subject to a capital reserve fund. This bonding authorization expires June 30, 2023, if the Authority does not issue bonds before that date.

(n) The 2014 Legislature authorized the issuance of up to $145.0 million to finance the infrastructure and construction costs of the Bokan-Dotson Ridge rare earth element project. The Bokan-Dotson Ridge rare earth element project's surface complex shall be owned and operated by AIDEA or financed under AS44.88.172. This authorization was effective September 2014.

(o) The 2014 Legislature authorized the issuance of up to $125.0 million to finance the infrastructure and construction costs of the Niblack project. The Niblack project includes a mineral processing mill, associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island to be owned by AIDEA or financed under AS44.88.172.

Business and Export Assistance Program

The Business and Export Assistance Program (Guarantee Program) was authorized by the 1998 Legislature by merging the Business Assistance Program and the Export Assistance Program, authorized in 1988 and 1987, respectively. AIDEA's goal under the Guarantee Program is to encourage projects that help diversify Alaska's economy and provide or retain jobs for Alaskans. The Guarantee Program provides a guarantee up to 80% of the principal balance, not to exceed $1 million, to the financial institution who made the loan. The guarantee also covers accrued interest on loans. Guarantees totaling $4.5 million were outstanding as of June 30, 2021. During FY 21 in response to the COVID-19 global pandemic, AIDEA modified this program to include an emergency guaranty program for Alaska's financial institutions entitled Sustaining Alaska's Future Economy Guaranty Program (AK SAFE). Under this program, up to $50 million was authorized to support guarantees. As of the end of December 2021, AIDEA issued 10 guarantees supporting $7.2 million in additional funding to businesses.

Rural Development Initiative Fund Loan Program (RDIF)

The RDIF is a loan program designed to create job opportunities in rural Alaska by providing small businesses with capital that may not be available through conventional markets. This program provides loans for working capital, equipment, construction, or other commercial purposes. To be eligible for a loan under this program, the business must be Alaskan-owned and located in a community with a population of 5,000 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks. The Department of Commerce, Community and Economic Development, Division of Economic Development administers the program for AIDEA.

Small Business Economic Development Revolving Loan Fund Program

AIDEA's Small Business Economic Development Revolving Loan Fund Program provides financing to eligible applicants under the United States Economic Development Administration

Long-Term Economic Deterioration program and the Sudden and Severe Economic Dislocation program. The Small Business Economic Development Revolving Loan Fund was created to receive loan fund grants from the United States Economic Development Administration. The Department of Commerce, Community and Economic Development, Division of Economic Development administers the program for AIDEA.

Sustainable Energy Transmission and Supply Development Program (SETS)

The SETS program was established under the Alaska Sustainable Strategy for Energy Transmission and Supply (ASSETS) Act. ASSETS, enacted by the 27th Legislature and signed into law in June 2012, creates new programs and powers within AIDEA by offering a number of energy development financing options, including direct lending, loan participation and loan and bond guarantees, for "qualified energy development" projects. The SETS Fund is a legally separate fund within AIDEA.

Arctic Infrastructure Development Program

The Arctic Infrastructure Development Program was created within the Arctic Infrastructure Development Fund to promote and provide financing for arctic infrastructure development. The program provides a variety of financing options for qualified developments including, but not limited to, insuring project obligations, guaranteeing loans or bonds and establishing reserves, acquiring real or personal property, entering into lease agreements or similar financing agreements and borrowing money or issuing bonds. The creation of this program and fund was effective October 2014. The Arctic Infrastructure Development Fund was capitalized with $35 million during FY20.

COVID-19 Emergency Business Relief Programs

In additional to the permanent statutory programs that AIDEA administers, AIDEA has been at the center of providing a statewide response to the COVID-19 global pandemic. In addition to the previously mentioned AK SAFE program, AIDEA provided support to Alaskan businesses through loan modifications and partnered with the Department of Commerce, Community and Economic Development (DCCED) to implement the AK CARES Grant Program. Under funding directed by Governor Mike Dunleavy and with the approval of the Legislature, the program provided $282 million to over 5,700 of Alaska's small businesses in need throughout the state. AIDEA coordinated grant applications, processing and funding with DCCED as well as Credit Union 1 and the Juneau Economic Development Council as Program Operators.

a. Bond Authorization

AS 44.88.095 places a statutory ceiling of $400 million per twelve-month period on AIDEA bond issuances, excluding refunding bonds The Authority has general statutory power to issue bonds, but must obtain prior legislative approval to issue bonds in excess of $25 million for a development finance project, excluding refunding bonds. Prior to the 2015 legislative session this limit was $10 million.

b. Debt Issued and Outstanding

AIDEA has issued approximately $1.34 billion of bonds with $51.8 million outstanding as of June 30, 2021, shown in Tables 3.7 and 3.8.

TABLE 3.7
Alaska Industrial Development and Export Authority
Type of Debt Issued
$ (thousands)

calendar year	economic development bonds	consolidated bonds	umbrella bonds	taxable umbrella bonds	development project bonds	revolving fund bonds
1981-2000	$ 141,425	60,475	83,000	14,540	203,250	434,545
2001	-	-	-	-	-	-
2002	-	-	-	-	-	20,475
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	113,095
2008	-	-	-	-	-	107,385
2009	-	-	-	-	-	-
2010	-	-	-	-	-	87,105
2011	-	-	-	-	-	14,470
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	65,720	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
Total	$ 141,425	$ 60,475	$ 83,000	$ 14,540	$ 268,970	$ 777,075

TABLE 3.8
Alaska Industrial Development and Export Authority
Debt Issued and Outstanding
$ (thousands)

	Date	Amount Issued	Outstanding at 6/30/21
Power Revenue Bonds			
Power Revenue Refunding Bonds			
(Snettisham Hydroelectric Project)	8/25/2015	65,720	51,800
Total Bonds		$ 65,720	$ 51,800

Source: AIDEA

University of Alaska (UofA):

In addition to the State issuing general obligation bonds to finance University related projects, the University issues notes and bonds for specific University purposes, some of which are secured by project revenues or University general revenues. Facilities that have been financed include Anchorage, Juneau and Fairbanks student centers, student housing units, research facilities, student recreation centers, and utility system. Net investment in capital assets amounted to $1.29 billion as of June 30, 2021.

The University issued Housing System Bonds for housing and food service facility needs during the 1960's and early 1970's. Between 1960 and 1991, University of Alaska Heating Corporation issued bonds secured by lease payments made by the University from general fund appropriations. All of these bonds have been either repaid over time or defeased through issuance of University of Alaska General Revenue Bonds.

General Revenue Bonds Series P, Q, R, S, T, U and V are secured by a pledge of unrestricted current fund revenues generated from tuition, fees, recovery of indirect costs, sales and services of educational departments, miscellaneous receipts and auxiliaries. University general revenue bond debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges.

In December 2012, the University entered into a long-term lease agreement with Community Properties of Alaska, Inc. (CPA) to lease a new student dining facility on the University of Alaska Fairbanks Campus. CPA built the student dining facility using proceeds from its Lease Revenue Bonds 2012. Security for the Lease Revenue Bonds 2012 is the University's lease payments to CPA. The lease is recorded as a capital lease and the obligation is recorded at the present value of future minimum lease payments.

In July 2015, the University issued General Revenue Bonds 2015 Series T with a par amount of $65,350,000 and a 25-year term. Average annual debt service is $4.9 million. In September 2015, the University entered into a loan agreement with the Alaska Municipal Bond Bank to borrow $86,085,000 with a 30-year term. Average annual debt service is $5.6 million. Both the bond and the loan provide funding for construction of the University of Alaska Fairbanks Combined Heat and Power Plant.

In October 2016, the University issued General Revenue Bonds 2016 Series V-1, with a par amount of $32,845,000, original issue premium of $5,699,409, and a 28-year term. Average annual debt service is $2.1 million. The bonds provide funding for the construction of the University of Alaska Fairbanks Engineering Facility.

In October 2016, the University issued General Revenue Refunding Bonds 2016 Series V-2 with a par amount of $14,645,000, original issue premium of $1,906,984, and a 17 year term. Average annual debt service is $1.1 million. The bonds refund General Revenue Bonds 2005 Series N and 2008 Series O, except for the October 1, 2017 maturity.

In July 2020, the University issued General Revenue Refunding Bonds 2020 Series W with a par amount of $55,080,000, and a 12 year term. Average annual debt service is $5.3 million. The bonds refunded General Revenue Bonds 2009 Series P, 2011 Series Q and 2012 Series R. The economic gain from the refunding was $416,557 in present value.

Moody's Investors Service has assigned ratings of "Baa1", and a "negative outlook" to the rating of the University, a downgrade from "A1", in July 2019 and reaffirmed that rating in June 2020. Standard and Poor's assigned "A+" and a "negative outlook" in June 2020.

TABLE 4.3
University of Alaska
Debt Issued and Outstanding
$ (thousands)

	Date	Amount	Principal Outstanding at 6/30/21	Interest to maturity	Total debt service to maturity	Final maturity
Revenue Bonds						
2013 Series S	3/13/2013	31,020	17,640	3,153	20,793	10/1/2035
2015 Series T	7/15/2015	65,350	60,070	32,973	93,043	10/1/2039
2015 Series U	9/16/2015	86,085	81,175	52,941	134,116	10/1/2044
2016 Series V-1	10/12/2016	32,845	30,280	20,594	50,874	10/1/2044
2016 Series V-2	10/12/2016	14,645	10,650	2,496	13,146	10/1/2033
2020 Series W	7/15/2020	55,080	51,645	8,660	60,305	10/1/2032
Total		285,025	251,460	120,817	372,277	
Installment Contracts	varies	4,573	-	-	-	7/15/2020
Capital Lease Liability (1)	12/19/2012	24,507	22,709	10,300	33,009	10/1/2044
Notes Payable						
Alaska Housing Corp	6/1/2015	49,398	14,198	3,802	18,000	2/1/2032
Total University Debt		$ 363,503	$ 288,367	$ 134,919	$ 423,286	

Source: University of Alaska

(1) "Principal Outstanding" represents the present value of future payments on the University's long-term lease with Community Properties Alaska, Inc.

Alaska Student Loan Corporation (ASLC):

Chapter 92, SLA 1987 created the Alaska Student Loan Corporation (ASLC or Corporation), a public corporation administratively lodged in the Department of Education and Early Development but with a separate and independent legal existence. The Corporation's purpose is to lower costs for Alaskans pursuing education and training at a postsecondary level and for other qualified individuals attending postsecondary institutions in the State, through the financing of education loans. The security for the Corporation's debt consists of education loans and other pledged assets of the Corporation. The bonds issued by the ASLC carry the State's moral obligation as security. The debt issued by the Corporation is not a general obligation of the State or the Corporation.

Tax-exempt bonds issued by the ASLC are generally subject to the Private Activity Bond (PAB) ceiling established by the Tax Reform Act of 1986.

2) Has the marine highway issued debt in the past (cover if included in any previous GARVEE financings)?

The Alaska Marine Highway System has had zero authority to issue bonds historically. GARVEEs were sold in Alaska, and were for state general obligation bonds, which did not include any proceeds for AMHS.

The state did fund certain AMHS projects with GO bonds back in the 1960's.

3) Detail the authority provided to AHFC for issuance, what limitations does AHFC have to issue in a fiscal year, and in total;

The following includes detail on certain parameters related to AHFCs transfer plan as detailed in their State Capital Project Bonds II official statements, dated 3/17/2021. Payment of principal and interest on AHFC's capital project bonds is categorized as a transfer pursuant to the Transfer Plan and is included in the Corporation's capital budget. We have included details on the current transfer plan below which outlines several previous issuance authorities under each Act specified.

AHFC Financial Operations

The following is a summary of revenues, expenses and changes in net position of the Corporation for five fiscal years ending 2020, which have been derived from Note 23 to the Corporation's audited annual financial statements dated June 30, 2020.

Summary of Revenues, Expenses and Changes in Net Position
(000's)

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
Total Assets and Deferred Outflows	$4,609,943	$4,322,532	$4,101,560	$3,939,741	$3,930,554
Total Liabilities and Deferred Inflows	3,002,979	2,751,109	2,562,864	2,426,113	2,431,021
Total Net Position	1,606,964	1,571,423	1,538,696	1,513,628	1,499,533
Total Operating Revenues	251,076	256,033	246,280	249,479	274,180
Total Operating Expenses	215,535	221,200	212,697	235,134	259,979
Operating Income (Loss)	35,541	34,833	33,583	14,345	14,201
Contribution to State or State agency	0	(2,106)	(125)	(250)	(149)
Special Item	0	0	0	0	0
Change in Net Position	$35,541	$32,727	$33,458	$14,095	$14,052

Legislative Activity / Transfers to the State

Prior Transfers to the State

The Board adopted the Dividend Plan in 1991 to transfer one-half of the lesser of its unrestricted net income or total net income to the State. Under the Dividend Plan, in 1991 the Corporation transferred a total of $114,324,000 to the State. Additionally, in 1995, the Board voted to make a one-time payment to the State in the amount of $200,000,000. On April 27, 1995, the Corporation agreed to make a one-time transfer of $50,000,000 to the State and close the

Dividend Plan. In 1997, the Corporation transferred to the State's general fund $20,000,000 made available as a consequence of certain bond retirements.

The Current Transfer Plan

In the fiscal year 1996 capital appropriation bill (the April 27, 1995, agreement referred to in the immediately preceding paragraph and the 1996 capital appropriation bill, as amended, collectively, the "Transfer Plan") the Legislature expressed its intent that the Corporation transfer to the State (or expend on its behalf) amounts not to exceed $127,000,000 in fiscal year 1996 and $103,000,000 in each fiscal year from 1997 to 2000, but that, "[T]o ensure the prudent management of [the Corporation and] to protect its excellent debt rating ... " in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year.

The 1998 Legislature adopted legislation (the "1998 Act") authorizing the Corporation to finance state capital projects through the issuance of up to $224,000,000 in bonds. The 1998 Act also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed $103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year.

The 2000 Legislature adopted legislation (the "2000 Act") authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008.

The 2002 Legislature adopted legislation (the "2002 Act") authorizing the issuance of $60,250,000 in capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities.

The 2004 Legislature adopted legislation (the "2004 Act") authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued $196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, $74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, $60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and $45,000,000 principal amount of State Capital Project Bonds pursuant to the 2004 Act, and has completed its issuance authority under the Acts. Payment of principal and interest on these bonds is categorized as a transfer pursuant to the Transfer Plan and is included in the Corporation's capital budget.

The 2003 Legislature enacted Chapter 76 SLA 2003, subsequently amended by Chapter 120 SLA 2004, Chapter 7 SLA 2006 and Chapter 35 SLA 2010 (as so amended, the "2003 Act"), which modified and incorporated provisions of the Transfer Plan. The Corporation views the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. The 2003 Act provides that the amount transferred by the Corporation to the State in fiscal years 2004, 2005, and 2006 shall not exceed $103,000,000 (in each case, less debt service on certain State Capital Project Bonds and any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget).

The 2003 Act further provides that the amount transferred by the Corporation to the State in each fiscal year beginning with fiscal year 2007 shall not exceed:

(i) the lesser of (A) $103,000,000 and (B) the respective percentage of adjusted change in net assets for the fiscal year two years prior thereto (the "base fiscal year") for such fiscal year set forth in the table below, less

(ii) debt service on certain State Capital Project Bonds, less

(iii) any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget.

Fiscal Year	Percentage of Adjusted Change in Net Assets
2007	95%
2008	85%
2009 and thereafter	75%

Under the 2003 Act, "adjusted change in net assets" means the change in net assets for a base fiscal year as reflected in the Corporation's financial statements, adjusted for capital expenditures incurred during such year and, effective June 20, 2010, temporary market value adjustments to assets and liabilities made during such year.

Dividend to the State of Alaska

Following are the details of the Corporation's dividend to the State as of December 31, 2020 (in thousands)*.

	Dividend Due to State	Expenditures	Remaining Commitments
State General Fund Transfers	$ 817,875	$ (788,948)	$ 28,927
State Capital Projects Debt Service	494,877	(476,877)	18,000
State of Alaska Capital Projects	281,204	(251,839)	29,365
Corporation Capital Projects	550,292	(498,955)	51,337
Total	$2,144,248	$(2,016,619)	$127,629

*Includes FY2022 dividend preliminary estimates as of December 30, 2020.

4) Detail the authority for issuance by the Alaska Student Loan Corporation (ASLC), and what limitations does ASLC have to issue in a fiscal year, and in total.

From most recent 2021 Audit, and ASLC Statutes:

The Corporation last issued bonds, for the purpose of financing new education loans, in June 2007. From July 2007 through 2011, the Corporation used non-pledged loan payments and proceeds from a State loan to finance education loans. Since 2011, loan originations have been funded with nonpledged loan receipts.

As an additional means of returning capital, the Corporation issued bonds to finance State capital projects. No bonds have been issued since 2005 for this purpose. The Corporation reimburses the State for expenditures related to projects funded with Corporation capital project bond proceeds. At June 30, 2020 all capital project bond proceeds had been used to reimburse the State for funded capital project costs.

The Alaska Student Loan Corporation (ASLC) funded most of the Alaska Commission on Postsecondary Education's loan programs through the issuance of tax-exempt bonds. The bonds were issued pursuant to a master trust indenture (the 2002 Master Indenture).

In March 2004, and again in March 2005, the ASLC issued bonds to fund various State capital projects. These bonds were issued pursuant to master indentures dated February 1, 2004 and March 1, 2005, respectively.

The 2005 Bonds were issued and secured pursuant to the Alaska Statutes 14.42.100 through 14.42.990, as amended (the "Act") and a resolution of the Corporation adopted February 24, 2005.

The 2013 Refunding Note was redeemed during fiscal year 2021 and the Corporation does not have any outstanding long-term debt.

The Master Indenture represented a limited obligation trust which secured payment for the 2013 Refunding Note. Note holder interest earnings were taxable. Principal and interest were paid monthly from assets pledged as collateral to the respective indenture which included cash, investments and loans (restricted assets). The debt did not constitute a general obligation of the Corporation or the State. The indentures contained covenants relative to restrictions on additional indebtedness and provisions that, in the event of default, provided the Trustee with the authority to declare the entire principal amount of the debt, including accrued interest, due and payable. The Trustee would also have had the authority to sell or otherwise dispose of pledged assets to protect the rights of debt owners. The debt was private activity revenue debt.

Sec. 14.42.200(g) The corporation may not issue bonds to finance projects under (a)(3) of this section in an aggregate amount that exceeds $280,000,000.

"(a) The corporation may borrow money and may issue bonds, on which the principal and interest are payable from its income and receipts or other assets or a designated part or parts of them. The corporation may use the proceeds of its bonds for any purposes that the corporation considers appropriate, including providing money to

(1) make or purchase education loans;
(2) finance programs identified in AS 14.42.210;
(3) finance projects of the state as those projects may be identified by law;”

5) What credit rating assumption is there for an AMHS public corporation? How does the rating become defined under a new public corporation structure?

With information available on recent financial activity of the AMHS, they would not be able to receive an investment grade credit rating. Historical operations have been subsidized by the State of Alaska due to deficiency of net revenues. Any prospective disclosure would include expenditures related to recent years' vessel operations and address the overall operations of the system.