



**ALASKA HOUSING CAPITAL CORPORATION
ANNUAL MEETING OF THE MEMBERSHIP**

**JANUARY 31, 2018 – 9:30 A.M.
ANCHORAGE/JUNEAU/FAIRBANKS**

AGENDA

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. MINUTES: JANUARY 25, 2017
- IV. PUBLIC COMMENTS
- V. NEW BUSINESS
 - A. ELECTION OF DIRECTORS, IF ANY
 - B. DELIVERY OF FISCAL YEAR 2017 ANNUAL REPORT
 - C. OTHER MATTERS TO PROPERLY COME BEFORE THE MEMBERSHIP
- VI. ADJOURNMENT

The Chair may announce changes in the order of business during the meeting.

**ANNUAL MEETING OF THE MEMBERSHIP OF
ALASKA HOUSING CAPITAL CORPORATION
January 25, 2017**

The 2017 annual meeting of the membership of Alaska Housing Capital Corporation ("AHCC") was held at the Board Room of Alaska Housing Finance Corporation ("AHFC"), First Floor, 4300 Boniface Parkway, in Anchorage, Alaska on January 25, 2017 commencing at approximately 9:30 a.m.

The membership of AHCC consists of AHFC as the sole member. The board of directors of AHFC, acting on behalf of AHFC as the sole member of AHCC, participated in the AHCC membership annual meeting. Those members of the AHFC board present at the meeting (or attending via teleconference) were as follows:

BRENT LEVALLEY Anchorage	CHAIR Member of the Board
ALAN WILSON Anchorage	Member of the Board
HAVEN HARRIS Anchorage	Member of the Board
CAROL GORE Anchorage	Member of the Board
JERRY BURNETT Via teleconference	Designee for Commissioner Department of Revenue
FRED PARADY Via teleconference	Designee for Commissioner Department of Commerce, Community And Economic Development

I. **ROLL CALL.** A quorum was declared present and the meeting was duly and properly convened for the transaction of business. Also present were various personnel of Alaska Housing Finance Corporation (AHFC) including but not limited to: Bryan Butcher, Mark Romick, and Gerard Deta.

II. **APPROVAL OF AGENDA.** CHAIR LEVALLEY proposed the agenda as presented. Seeing and hearing no objections, the agenda was approved as presented.

III. **MINUTES** of February 24, 2016. CHAIRMAN LEVALLEY asked for revisions or acceptance of the minutes. Seeing and hearing no objection, the minutes were approved as presented.

IV. **PUBLIC COMMENTS.** There were no public comments in Anchorage, Juneau or Fairbanks.

V. **NEW BUSINESS.**

A. **ELECTION OF AHCC OFFICERS.** CHAIR LEVALLEY introduced the item into record. AHCC By-Laws provide for the AHCC Board to be comprised of the same individuals as the AHFC Board. HAVEN HARRIS made a motion to approve the current AHFC Board Members as the AHCC Membership. ALAN WILSON seconded the motion. All seats were unanimously appointed by roll call vote. (6-0)

B. **DELIVERY OF FISCAL YEAR 2016 ANNUAL REPORT.** BRYAN BUTCHER read the item into the record. This item was tabled to be given in the AHCC Annual Board of Directors meeting to follow the adjournment of the AHCC Membership Meeting.

C. **OTHER MATTERS.** CHAIR LEVALLEY asked if there were any other matters to come before the Membership. There were no other matters brought to the Board. There were no other matters to discuss.

VII. **ADJOURNMENT.** Hearing no further matters, CHAIR LEVALLEY adjourned the meeting at 9:35 a.m.

ATTESTED:

Brent LeValley
Chair

Bryan Butcher
CEO/Executive Director



MEMORANDUM

DATE: January 31, 2018
TO: AHCC Membership
FROM: Staff
RE: Election of Directors

Issue:

The By-Laws provide for an election of directors at each Annual Meeting of the AHCC Membership. The Articles of Incorporation and the By-Laws further provide that the AHCC Board of Directors shall be comprised of those individuals currently serving on the Board of Directors of the Alaska Housing Finance Corporation (as Sole Member of AHCC). Elected directors shall serve on the AHCC Board of Directors for a term concurrent with their service on the AHFC Board.

Current directors: Mr. Brent LeValley
Mr. Alan Wilson
Ms. Carol Gore
Mr. Haven Harris
Mr. Randall Burns
Mr. Mike Barnhill
Mr. Fred Parady

Recommendation and requested action:

The Membership is requested to formally elect the above-listed directors, each of whom is currently serving on the AHFC Board of Directors.



MEMORANDUM

DATE: January 31, 2018
TO: AHCC Membership
FROM: Staff
RE: Delivery of Annual Report

Issue:

Section 10 of the By-Laws requires that the Corporation deliver its Annual Report and accompanying Auditor's Report at each annual meeting of the Membership. Such reports shall be entered into the minutes of, and filed with the records of, each such annual meeting.

Recommendation and requested action:

The Membership is hereby notified of the delivery of the above-listed report(s). No further action is required of the Membership at this time.

Alaska Housing Capital Corporation

a component unit of the State of Alaska

Financial Statements

With Independent Auditor's Report

June 30, 2017

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Independent Auditor's Report

The Board of Directors
Alaska Housing Capital Corporation
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Alaska Housing Capital Corporation, a component unit of the State of Alaska, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Alaska Housing Capital Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Alaska Housing Capital Corporation, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BDO USA, LLP

Anchorage, Alaska
November 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is an overview and analysis of the financial activities of Alaska Housing Capital Corporation (the "Corporation") for the fiscal year ended June 30, 2017. This information should be read in conjunction with the Independent Auditor's Report, financial statements and accompanying notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The Corporation is a component unit of the State of Alaska (the "State") and is presented as a blended component of the general fund in the State's financial statements.

FINANCIAL HIGHLIGHTS

- During the fiscal year ended June 30, 2017, there was \$12.7 million disbursed from the corporation, of which \$7.0 million was for expenses incurred in fiscal year 2017 and \$5.7 million was for expenses incurred during fiscal year 2016. The additional \$9.0 million of expenses disbursed in fiscal year 2017 were pre-funded to various state agencies during fiscal year 2015. At the end of fiscal year 2017, \$6.0 million of the funds disbursed in fiscal year 2015 remained unspent.
- As of June 30, 2017, the Corporation's net position decreased due to expense of \$16.0 million.

CONDENSED FINANCIAL INFORMATION

	2017	2016	Increase (Decrease)
Total assets	\$ 38,093	\$ 59,724	\$ (21,631)
Total liabilities	9	5,776	(5,767)
Total net position	<u>38,084</u>	<u>53,948</u>	<u>(15,864)</u>
Total revenues	187	358	(171)
Total expenses	<u>16,051</u>	<u>42,642</u>	<u>(26,591)</u>
Change in net position	(15,864)	(42,284)	26,420
Beginning net position	<u>53,948</u>	<u>96,232</u>	<u>(42,284)</u>
Ending net position	<u>\$ 38,084</u>	<u>\$ 53,948</u>	<u>\$ (15,864)</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation's annual financial statements consist of two parts: Management's Discussion and Analysis and the basic financial statements. The financial statements are intended to facilitate and enhance the understanding of the Corporation's financial position and results of operations for the current year. The basic financial statements include government-wide presentation, governmental fund presentation and Notes to Financial Statements.

The government-wide financial statements of the Corporation, which include the *Statement of Net Position* (Exhibit A) and the *Statement of Activities* (Exhibit B), display information about the Corporation as a whole, using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The governmental fund financial statements of the Corporation, which include the *Governmental Fund Balance Sheet* (Exhibit A), and the *Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances* (Exhibit B) are presented using the current financial resources measurement focus and the modified

MANAGEMENT'S DISCUSSION AND ANALYSIS

accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period and expenditures are recorded when a liability is incurred.

There are no reconciling differences between the government-wide and governmental fund financial statements.

The *Statement of Net Position / Governmental Fund Balance Sheet* (Exhibit A) answers the question, "How is the Corporation's financial health at the end of the year?" This statement includes all assets and liabilities. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Activities / Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance* (Exhibit B) accounts for all of the revenues and expenses. This statement measures the success of the Corporation's operations over the past year and can be used to determine whether the Corporation has successfully recovered all of its costs through its revenue sources. This statement helps answer the question "Is the Corporation as a whole better off or worse off as a result of the year's activities?"

The *Notes to Financial Statements* provide additional information that is essential to obtain a full understanding of the data provided in the government-wide financial statements.

GENERAL FUND

The general fund is the operating fund of the Corporation and represents all of the Corporation's activities.

CONTACTING AHCC'S FINANCIAL MANAGEMENT

For inquiries about this report or to request additional financial information please call (907) 330-8322 or email finance@ahfc.us.

ALASKA HOUSING CAPITAL CORPORATION**EXHIBIT A**

(A Component Unit of the State of Alaska)

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

June 30, 2017

(in thousands of dollars)

	General Fund	Statement of Net Position Total
ASSETS		
Investments	\$ 31,383	\$ 31,383
Interest Receivable	16	16
Due from State of Alaska	-	-
Prepaid Expenses	6,694	6,694
Total Assets	<u>38,093</u>	<u>38,093</u>
LIABILITIES		
Due to State of Alaska	<u>9</u>	<u>9</u>
Total Liabilities	<u>9</u>	<u>9</u>
FUND BALANCES		
Fund balances:		
Nonspendable - Prepaids	6,694	
Committed to State Library and Archives	9,718	
Unassigned	<u>21,672</u>	
Total Fund Balances	<u>38,084</u>	
Total Liabilities and Fund Balances	<u>\$ 38,093</u>	
NET POSITION		
Restricted		16,412
Unrestricted		<u>21,672</u>
Total Net Position		<u>\$ 38,084</u>

See accompanying notes to the financial statements.

ALASKA HOUSING CAPITAL CORPORATION**EXHIBIT B**

(A Component Unit of the State of Alaska)

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

(in thousands of dollars)

	<u>General Fund</u>	<u>Statement of Activities</u>
GENERAL REVENUES		
Investment Interest	\$ 187	\$ 187
Total revenues	<u>187</u>	<u>187</u>
EXPENDITURES/EXPENSES		
UAA Engineering Building project	4,825	4,825
Susitna-Watana Dam project	3,559	3,559
Positive Train Control project	652	652
State Library and Archives	7,015	7,015
Total expenditures/expenses	<u>16,051</u>	<u>16,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,864)</u>	<u>(15,864)</u>
Net change in fund balances	(15,864)	-
Change in net position	-	(15,864)
FUND BALANCES and NET POSITION		
Beginning of year	53,948	53,948
End of year	<u>\$ 38,084</u>	<u>\$ 38,084</u>

See accompanying notes to the financial statements.

FOOTNOTE INDEX

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B	Summary of Significant Accounting Policies	8
C	Assets and Fund Equity	8
D	Investments	9
E	Subsequent Events	9

FOR THE YEAR ENDED JUNE 30, 2017

NOTE A: ALASKA HOUSING CAPITAL CORPORATION

The Alaska Housing Capital Corporation (the "Corporation") is a non-profit corporation. It was incorporated on May 23, 2006, under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Statutes creating the Alaska Housing Finance Corporation (AS18.56), as amended. The Corporation was formed as a subsidiary of Alaska Housing Finance Corporation ("AHFC") in accordance with the Legislature's intent. The Corporation is legally independent and separate from AHFC, and there is no financial accountability between the Corporation and AHFC.

The Board of Directors of the Corporation is comprised of the Commissioners of the Alaska Departments of Revenue; Health & Social Services; and Commerce, Community & Economic Development, or their designees, and four independent members of the public appointed by the Governor. The Corporation is a government instrumentality of the State but has legal existence independent of and separate from the State. The Corporation is a component unit of the State of Alaska (the "State") and is presented as a component of the State's financial statements.

The Corporation was formed for the purpose set forth in AS 18.56.086 identified as financing various capital projects of the State of Alaska and financing expenses via enacted legislative action.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's annual financial statements include a Management's Discussion and Analysis (MD&A) section and basic financial statements. The basic financial statements include a Governmental Fund Balance Sheet / Statement of Net Position, a Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances / Statement of Activities, and Notes to Financial Statements.

The Statement of Net Position and the Statement of Activities report information on all of the activities of the Corporation. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are provided for governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Corporation considers revenues to be available if collected within 60 days of fiscal year end. Expenditures generally are recorded when a liability is incurred.

There are no reconciling differences between the government-wide and governmental-fund financial statements.

NOTE C: ASSETS AND FUND EQUITY

Investments

All investments are stated at fair value and are invested in the State of Alaska's internally managed investment pools.

Fund Balances and Net Position

The Corporation’s financial resources are used for the specific purpose established when it was incorporated, that of financing various Alaska capital projects. Once resources designated by the legislature are received, amounts are further appropriated by the legislature for specific projects, with the remainder unassigned for future needs. To identify the constraints on the funding, the General Fund has fund balance categories of Nonspendable (items not convertible to cash, i.e., prepaid expenses of appropriations already distributed to recipients), Committed (appropriations yet to be distributed to recipients), and the remainder is Unassigned until a project is decided with further legislation. Consequently, net position is separated into restricted and unrestricted.

NOTE D: INVESTMENTS

The Department of Revenue, Treasury Division (the “Treasury”) has created a pooled environment by which it manages the investments under the fiduciary oversight of the Commissioner. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Corporation invests in the State’s internally managed General Fund and Other Non-Segregated Investments Pool (“GeFONSI”). The GeFONSI consists of investments in the State’s internally managed Short-term Fixed Income Pool, the Short-term Liquidity Fixed Income Pool and the Intermediate-term Fixed Income Pool. The complete financial activity of the fund is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service.

The accrual basis of accounting is used for investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to pool participants daily on a pro rata basis.

At June 30, 2017, the Corporation’s share of pool investments was as follows (in thousands):

Investment Pool	Fund 1213
Cash and Cash Equivalents	
Short-Term Fixed Income Pool	\$ 31,383
Total	<u>\$ 31,383</u>

Concentration of Credit Risk

Treasury’s policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool’s holdings in corporate bonds of any one company or affiliated group.

At June 30, 2017, the fund did not have more than five percent of its investments in any one company or affiliated group.

NOTE E: SUBSEQUENT EVENTS

The Corporation finances State of Alaska capital projects and expenditures as legislatively appropriated.

In July and August 2017, \$9,000 was disbursed from Corporation funds for the State Library, Archives and Museum Facility Construction, pursuant to Alaska Senate Bill 18 of the 2014 legislative session. A total of \$22.5 million has been appropriated for that project. The expenditures for the disbursements were incurred in FY 2017. Accordingly, the expense is included in fiscal year 2017 activity.



**ALASKA HOUSING CAPITAL CORPORATION
ANNUAL MEETING OF THE BOARD OF DIRECTORS**

**JANUARY 31, 2018 – 9:30 A.M.
ANCHORAGE/JUNEAU/FAIRBANKS**

AGENDA

- I. ROLL CALL**
- II. APPROVAL OF AGENDA**
- III. MINUTES: JANUARY 25, 2017**
- IV. PUBLIC COMMENTS**
- V. ORGANIZATION OF BOARD**
 - A. BOARD MEMBERS' OATHS OF OFFICE**
 - B. ELECTION OF OFFICERS**
- VI. NEW BUSINESS**
 - A. OVERVIEW OF AHCC APPROPRIATIONS AND FUND BALANCE**
 - B. RESOLUTION NO. 2018-01: APPROVAL OF FISCAL YEAR 2017 ANNUAL REPORT**
 - D. OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD**
- VII. ADJOURNMENT**

The Chair may announce changes in the order of business during the meeting.

MINUTES
ALASKA HOUSING CAPITAL CORPORATION
BOARD OF DIRECTORS
ANNUAL MEETING

January 25, 2017

9:30 a.m.

Anchorage/Fairbanks/Juneau

The Board of Directors of Alaska Housing Capital Corporation met January 25, 2017 in the AHFC board room, 4300 Boniface Parkway in Anchorage, AK at 9:30 a.m. Board members present were:

BRENT LEVALLEY
Anchorage

CHAIR
Member of the Board

HAVEN HARRIS
Anchorage

Member of the Board

ALAN WILSON
Anchorage

Member of the Board

CAROL GORE
Anchorage

Member of the Board

JERRY BURNETT
Via teleconference

Designee for Commissioner
Department Health and Social
Services

FRED PARADY
Via teleconference

Designee for Commissioner
Department of Commerce, Community
And Economic Development

I. ROLL CALL. A quorum was declared present and the meeting was duly and properly convened for the transaction of business. Also present were various personnel of Alaska Housing Finance Corporation (AHFC) including but not limited to: Bryan Butcher, Mark Romick, and Gerard Deta.

II. APPROVAL OF AGENDA. CHAIR, BRENT LEVALLEY proposed the agenda as presented. Seeing and hearing no objections, the agenda was approved.

III. MINUTES OF FEBRUARY 24, 2016. CHAIR LEVALLEY asked for revisions or acceptance of the minutes. HAVEN HARRIS made a motion for approval. CAROL GORE seconded the motion. Seeing and hearing no objection, the minutes were approved as presented.

AHCC Annual Board Meeting Minutes

January 25, 2017

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IV. PUBLIC COMMENTS. There were no public comments in Anchorage, Juneau or Fairbanks.

V. OLD BUSINESS. CHAIR LEVALLEY asked if there was any old business to discuss and it was declared there wasn't any at this time.

VI. ORGANIZATION OF THE BOARD.

A. BOARD MEMEBRS OATH OF OFFICE. The Board Secretary read the Oath of Office into the record and existing directors of AHFC executed the State of Alaska Oath of Office. Each director confirmed the Oath of Office and Commissioners and Deputy Commissioners are required to execute an Oath of Office upon their appointment to their department with the State of Alaska. All board members verbally confirmed their oath with a roll call. No further action was required.

B. ELECTION OF OFFICERS. CHAIR LEVALLEY opened the floor for nominations for Board Chair, President, Vice President, Secretary and Treasurer. ALAN WILSON moved to elect BRENT LEVALLEY as Chairman, BRYAN BUTCHER as President, MIKE STRAND as Vice President and HAVEN HARRIS as Secretary/Treasurer. CAROL GORE seconded the motion. All seats were unanimously elected by roll call vote. (6-0)

VI. NEW BUSINESS.

A. OVERVIEW OF AHCC APPROPRIATIONS AND FUND BALANCE. GERARD DETA gave an over-view of the appropriations and fund balances. Mr. Deta gave a worksheet detailing appropriations made against AHCC funds to date, the recipient and status of each, and the remaining funds available for future appropriations. Discussion followed. No action was requested nor required of the board.

B. RESOLUTION NO. 2017-01: APPROVAL OF FISCAL YEAR 2016 ANNUAL REPORT AND ACCOMPANYING SAS 114 STANDARD COMMUNICATIONS REPORT. GERARD DETA gave an overview of the 2016 Annual report and ALEX BECKMAN with BDO gave an overview of the SAS 114 Standard Communications Report. Mr. Deta stated that Article VII, Section (I) of the Articles of Incorporation requires that the Corporation be audited annually and any financial reports required of the Corporation be prepared in accordance with generally accepted accounting principles. Article III, Section 10, of the By-Laws requires that such annual reports be entered into the minutes of, and filed with the records of, the Corporation at its annual meeting. Mr. Beckman gave an overview of the SAS 114 Standard Communications Report. Discussion Followed. HAVEN HARRIS made a motion to approve resolution 2017-01. CAROL GORE seconded the motion. The resolution was unanimously approved. (6-0)

RESOLUTION NO. 2017-01

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE ALASKA HOUSING CAPITAL
CORPORATION APPROVING THE ANNUAL
REPORT FOR THE FISCAL YEAR ENDED
JUNE 30, 2016.**

C. RESOLUTION NO. 2017-02: APPROVAL OF CHANGE OF REGISTERED AGENT. GERARD DETA stated that The Corporation wishes to designate a new Registered Agent with the State of Alaska. Such action requires authorization by the Corporation's Board of Directors. The Board of Directors is requested to authorize the attached "Statement of Change" form designating the Corporation's new Registered Agent with the State of Alaska. Discussion Followed. ALAN WILSON made a motion to approve resolution 2017-02. CAROL GORE seconded the motion. The resolution was unanimously approved. (6-0)

RESOLUTION NO. 2017-02

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE ALASKA HOUSING CAPITAL
CORPORATION APPROVING A CHANGE OF
REGISTERED AGENT WITH THE STATE OF
ALASKA..**

VII. OTHER MATTERS. CHAIR LEVALLEY asked if there were any other matters to come before the Board. There were no other matters brought to the Board.

VII. ADJOURNMENT. Hearing no further matters, CHAIR LEVALLEY adjourned the meeting at 10:03 a.m.

ATTESTED:

Brent LeValley
Chair

Bryan Butcher
President



MEMORANDUM

DATE: January 31, 2018

TO: Board of Directors

FROM: Staff

RE: Oath of Office

Issue:

The Alaska Constitution requires all public officers to take and subscribe to the Alaska Oath of Office.

Recommendation and requested action:

The Alaska Oath of Office shall be read into record as follows and each director shall affirm at the present meeting that he/she takes and subscribes thereto:

“I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of Alaska, and that I will faithfully discharge my duties as a member of the Board of Directors of the Alaska Housing Capital Corporation to the best of my ability.”



MEMORANDUM

DATE: January 31, 2018
TO: Board of Directors
FROM: Staff
RE: Election of Officers

Issue:

The By-Laws provide for an election of officers for the Board of Directors at the Annual Meeting. The officers to be elected are as follows:

Chair
President
Vice President
Secretary
Treasurer

Current officers: Brent LeValley, Chair
Bryan Butcher, President
Michael Strand, Vice President
Haven Harris, Secretary/Treasurer

Recommendation and requested action:

The Board is requested to elect officers for the above-listed positions.



MEMORANDUM

DATE: January 31, 2018
TO: Board of Directors
FROM: Staff
RE: Overview of Appropriations and Fund Balance

Issue:

Attached is a worksheet detailing appropriations made against AHCC funds to date, the recipient and status of each, and the remaining funds available for future appropriations.

Recommendation and requested action:

This item is for informational purposes only. No Board action is required.

Alaska Housing Capital Corporation Appropriations

APPROPRIATION RECIPIENT	PROJECT	APPROPRIATION	ADJUSTMENTS	EXPENDED	REMAINING
Alaska Gasline Development Corporation	In-State Gas Pipeline Project	200,000,000.00	(200,000,000.00)	-	-
Education & Early Development	Alaska Education Grants and/or Performance Scholarships	400,000,000.00	-	(400,000,000.00)	-
Education & Early Development	Alaska Performance Scholarship Awards	3,100,000.00	-	(3,100,000.00)	-
Alaska Gasline Development Corporation	In-State Gas Pipeline Project	21,000,000.00	-	(21,000,000.00)	-
Alaska Energy Authority (via DCCED)	Susitna-Watana Hydroelectric Project	95,200,000.00	-	(95,200,000.00)	-
Alaska Gasline Development Corporation	In-State Gas Pipeline Project	330,000,000.00	-	(330,000,000.00)	-
Alaska Gasline Development Corporation	In-State Gas Pipeline Project	25,000,000.00	-	(25,000,000.00)	-
Alaska Railroad Corporation (via DCCED)	Positive Train Control Project	19,100,000.00	-	(19,100,000.00)	-
Education & Early Development	State Library, Archives, and Museum Facility Construction	22,500,000.00	(2,920,000.00)	(13,916,855.10)	5,663,144.90
University of Alaska	UAA Engineering Building	40,600,000.00	-	(40,600,000.00)	-
Alaska Capital Income Fund	Fund Transfer	37,467,500.00	-	(37,467,500.00)	-
Alaska Energy Authority (via DCCED)	Electrical Emergencies	330,000.00	-	-	330,000.00
Corrections	Underground Storage Tank Upgrades	1,850,000.00	-	-	1,850,000.00
Corrections	Maintenance, Renovation, Repair - Ketchikan Elevator	490,000.00	-	-	490,000.00
Corrections	Maintenance, Renovation, Repair - Nome Water Line	250,000.00	-	-	250,000.00
		<u>1,196,887,500.00</u>	<u>(202,920,000.00)</u>	<u>(985,384,355.10)</u>	<u>8,583,144.90</u>
			December 31, 2017	Cash Balance:	30,396,758.70
				Expenditures in Transit:	-
				Remaining Appropriations:	<u>(8,583,144.90)</u>
				Amount Available for Appropriation:	21,813,613.80



MEMORANDUM

DATE: January 31, 2018
TO: Board of Directors
FROM: Staff
RE: Authorization of Annual Report

Issue:

Article VII, Section (I) of the Articles of Incorporation requires that the Corporation be audited annually and any financial reports required of the Corporation be prepared in accordance with generally accepted accounting principles. Article III, Section 10, of the By-Laws requires that such annual reports be entered into the minutes of, and filed with the records of, the Corporation at its annual meeting.

Recommendation and requested action:

In accordance with the By-Laws and Articles of Incorporation, the Board is requested to authorize the attached annual report for FY 2017.



RESOLUTION NO. 2018-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA HOUSING CAPITAL CORPORATION APPROVING THE ANNUAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017.

RESOLVED, that the Board of Directors of the Alaska Housing Capital Corporation hereby approves the Annual Report for the fiscal year ended June 30, 2017, a copy of which has been presented to, and is made a part of the record of, this meeting.

DATED this 31st day of January, 2018.

By: _____
Brent LeValley
Chair

Alaska Housing Capital Corporation

a component unit of the State of Alaska

Financial Statements

With Independent Auditor's Report

June 30, 2017

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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

The Board of Directors
Alaska Housing Capital Corporation
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Alaska Housing Capital Corporation, a component unit of the State of Alaska, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Alaska Housing Capital Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Alaska Housing Capital Corporation, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BDO USA, LLP

Anchorage, Alaska
November 17, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is an overview and analysis of the financial activities of Alaska Housing Capital Corporation (the "Corporation") for the fiscal year ended June 30, 2017. This information should be read in conjunction with the Independent Auditor's Report, financial statements and accompanying notes. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The Corporation is a component unit of the State of Alaska (the "State") and is presented as a blended component of the general fund in the State's financial statements.

FINANCIAL HIGHLIGHTS

- During the fiscal year ended June 30, 2017, there was \$12.7 million disbursed from the corporation, of which \$7.0 million was for expenses incurred in fiscal year 2017 and \$5.7 million was for expenses incurred during fiscal year 2016. The additional \$9.0 million of expenses disbursed in fiscal year 2017 were pre-funded to various state agencies during fiscal year 2015. At the end of fiscal year 2017, \$6.0 million of the funds disbursed in fiscal year 2015 remained unspent.
- As of June 30, 2017, the Corporation's net position decreased due to expense of \$16.0 million.

CONDENSED FINANCIAL INFORMATION

	2017	2016	Increase (Decrease)
Total assets	\$ 38,093	\$ 59,724	\$ (21,631)
Total liabilities	9	5,776	(5,767)
Total net position	<u>38,084</u>	<u>53,948</u>	<u>(15,864)</u>
Total revenues	187	358	(171)
Total expenses	<u>16,051</u>	<u>42,642</u>	<u>(26,591)</u>
Change in net position	(15,864)	(42,284)	26,420
Beginning net position	<u>53,948</u>	<u>96,232</u>	<u>(42,284)</u>
Ending net position	<u>\$ 38,084</u>	<u>\$ 53,948</u>	<u>\$ (15,864)</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation's annual financial statements consist of two parts: Management's Discussion and Analysis and the basic financial statements. The financial statements are intended to facilitate and enhance the understanding of the Corporation's financial position and results of operations for the current year. The basic financial statements include government-wide presentation, governmental fund presentation and Notes to Financial Statements.

The government-wide financial statements of the Corporation, which include the *Statement of Net Position* (Exhibit A) and the *Statement of Activities* (Exhibit B), display information about the Corporation as a whole, using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The governmental fund financial statements of the Corporation, which include the *Governmental Fund Balance Sheet* (Exhibit A), and the *Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances* (Exhibit B) are presented using the current financial resources measurement focus and the modified

MANAGEMENT'S DISCUSSION AND ANALYSIS

accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period and expenditures are recorded when a liability is incurred.

There are no reconciling differences between the government-wide and governmental fund financial statements.

The *Statement of Net Position / Governmental Fund Balance Sheet* (Exhibit A) answers the question, "How is the Corporation's financial health at the end of the year?" This statement includes all assets and liabilities. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Activities / Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance* (Exhibit B) accounts for all of the revenues and expenses. This statement measures the success of the Corporation's operations over the past year and can be used to determine whether the Corporation has successfully recovered all of its costs through its revenue sources. This statement helps answer the question "Is the Corporation as a whole better off or worse off as a result of the year's activities?"

The *Notes to Financial Statements* provide additional information that is essential to obtain a full understanding of the data provided in the government-wide financial statements.

GENERAL FUND

The general fund is the operating fund of the Corporation and represents all of the Corporation's activities.

CONTACTING AHCC'S FINANCIAL MANAGEMENT

For inquiries about this report or to request additional financial information please call (907) 330-8322 or email finance@ahfc.us.

ALASKA HOUSING CAPITAL CORPORATION**EXHIBIT A**

(A Component Unit of the State of Alaska)

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

June 30, 2017

(in thousands of dollars)

	<u>General Fund</u>	<u>Statement of Net Position Total</u>
ASSETS		
Investments	\$ 31,383	\$ 31,383
Interest Receivable	16	16
Due from State of Alaska	-	-
Prepaid Expenses	6,694	6,694
Total Assets	<u>38,093</u>	<u>38,093</u>
LIABILITIES		
Due to State of Alaska	<u>9</u>	<u>9</u>
Total Liabilities	<u>9</u>	<u>9</u>
FUND BALANCES		
Fund balances:		
Nonspendable - Prepaids	6,694	
Committed to State Library and Archives	9,718	
Unassigned	<u>21,672</u>	
Total Fund Balances	<u>38,084</u>	
Total Liabilities and Fund Balances	<u>\$ 38,093</u>	
NET POSITION		
Restricted		16,412
Unrestricted		<u>21,672</u>
Total Net Position		<u>\$ 38,084</u>

See accompanying notes to the financial statements.

ALASKA HOUSING CAPITAL CORPORATION**EXHIBIT B**

(A Component Unit of the State of Alaska)

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

(in thousands of dollars)

	<u>General Fund</u>	<u>Statement of Activities</u>
GENERAL REVENUES		
Investment Interest	\$ 187	\$ 187
Total revenues	<u>187</u>	<u>187</u>
EXPENDITURES/EXPENSES		
UAA Engineering Building project	4,825	4,825
Susitna-Watana Dam project	3,559	3,559
Positive Train Control project	652	652
State Library and Archives	7,015	7,015
Total expenditures/expenses	<u>16,051</u>	<u>16,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,864)</u>	<u>(15,864)</u>
Net change in fund balances	(15,864)	-
Change in net position	-	(15,864)
FUND BALANCES and NET POSITION		
Beginning of year	53,948	53,948
End of year	<u>\$ 38,084</u>	<u>\$ 38,084</u>

See accompanying notes to the financial statements.

FOOTNOTE INDEX

NOTE	DESCRIPTION	PAGE
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B	Summary of Significant Accounting Policies	8
C	Assets and Fund Equity	8
D	Investments	9
E	Subsequent Events	9

FOR THE YEAR ENDED JUNE 30, 2017

NOTE A: ALASKA HOUSING CAPITAL CORPORATION

The Alaska Housing Capital Corporation (the "Corporation") is a non-profit corporation. It was incorporated on May 23, 2006, under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Statutes creating the Alaska Housing Finance Corporation (AS18.56), as amended. The Corporation was formed as a subsidiary of Alaska Housing Finance Corporation ("AHFC") in accordance with the Legislature's intent. The Corporation is legally independent and separate from AHFC, and there is no financial accountability between the Corporation and AHFC.

The Board of Directors of the Corporation is comprised of the Commissioners of the Alaska Departments of Revenue; Health & Social Services; and Commerce, Community & Economic Development, or their designees, and four independent members of the public appointed by the Governor. The Corporation is a government instrumentality of the State but has legal existence independent of and separate from the State. The Corporation is a component unit of the State of Alaska (the "State") and is presented as a component of the State's financial statements.

The Corporation was formed for the purpose set forth in AS 18.56.086 identified as financing various capital projects of the State of Alaska and financing expenses via enacted legislative action.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Corporation's annual financial statements include a Management's Discussion and Analysis (MD&A) section and basic financial statements. The basic financial statements include a Governmental Fund Balance Sheet / Statement of Net Position, a Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances / Statement of Activities, and Notes to Financial Statements.

The Statement of Net Position and the Statement of Activities report information on all of the activities of the Corporation. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are provided for governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Corporation considers revenues to be available if collected within 60 days of fiscal year end. Expenditures generally are recorded when a liability is incurred.

There are no reconciling differences between the government-wide and governmental-fund financial statements.

NOTE C: ASSETS AND FUND EQUITY

Investments

All investments are stated at fair value and are invested in the State of Alaska's internally managed investment pools.

Fund Balances and Net Position

The Corporation’s financial resources are used for the specific purpose established when it was incorporated, that of financing various Alaska capital projects. Once resources designated by the legislature are received, amounts are further appropriated by the legislature for specific projects, with the remainder unassigned for future needs. To identify the constraints on the funding, the General Fund has fund balance categories of Nonspendable (items not convertible to cash, i.e., prepaid expenses of appropriations already distributed to recipients), Committed (appropriations yet to be distributed to recipients), and the remainder is Unassigned until a project is decided with further legislation. Consequently, net position is separated into restricted and unrestricted.

NOTE D: INVESTMENTS

The Department of Revenue, Treasury Division (the “Treasury”) has created a pooled environment by which it manages the investments under the fiduciary oversight of the Commissioner. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Corporation invests in the State’s internally managed General Fund and Other Non-Segregated Investments Pool (“GeFONSI”). The GeFONSI consists of investments in the State’s internally managed Short-term Fixed Income Pool, the Short-term Liquidity Fixed Income Pool and the Intermediate-term Fixed Income Pool. The complete financial activity of the fund is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service.

The accrual basis of accounting is used for investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to pool participants daily on a pro rata basis.

At June 30, 2017, the Corporation’s share of pool investments was as follows (in thousands):

Investment Pool	Fund 1213
Cash and Cash Equivalents	
Short-Term Fixed Income Pool	\$ 31,383
 Total	 \$ 31,383

Concentration of Credit Risk

Treasury’s policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool’s holdings in corporate bonds of any one company or affiliated group.

At June 30, 2017, the fund did not have more than five percent of its investments in any one company or affiliated group.

NOTE E: SUBSEQUENT EVENTS

The Corporation finances State of Alaska capital projects and expenditures as legislatively appropriated.

In July and August 2017, \$9,000 was disbursed from Corporation funds for the State Library, Archives and Museum Facility Construction, pursuant to Alaska Senate Bill 18 of the 2014 legislative session. A total of \$22.5 million has been appropriated for that project. The expenditures for the disbursements were incurred in FY 2017. Accordingly, the expense is included in fiscal year 2017 activity.