

NEW ISSUES - BOOK ENTRY ONLY

This cover page contains information for quick reference only. It is not a summary of the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.



\$200,000,000 ALASKA HOUSING FINANCE CORPORATION State Capital Project Bonds II \$140,000,000 2019 Series A (Federally Taxable) (Variable Rate) \$60,000,000 2019 Series B

<i>Dated</i>	Date of delivery.
<i>Due</i>	As shown on inside cover page.
<i>Price</i>	As shown on inside cover page.
<i>Tax Exemption</i>	In the opinions of Co-Bond Counsel, interest on the 2019 Series A Bonds described above (i) is <i>included</i> in gross income for Federal income tax purposes and (ii) is free from taxation by the State of Alaska under existing law (<i>except</i> that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death). In the opinions of Co-Bond Counsel, interest on the 2019 Series B Bonds described above (A) under existing laws, regulations, rulings and judicial decisions, (i) is excluded from gross income for Federal income tax purposes and (ii) is not a specific preference item for purposes of the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended, and (B) is free from taxation by the State of Alaska under existing law (<i>except</i> that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death). Co-Bond Counsel express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Series A Bonds and the 2019 Series B Bonds (collectively, the "Offered Bonds"). See "Tax Matters."
<i>Redemption</i>	The Offered Bonds are subject to redemption at par prior to maturity under the circumstances described herein. See "The Offered Bonds — Optional Redemption" and "— Sinking Fund Redemption."
<i>Interest Rates</i>	The 2019 Series A Bonds will initially bear interest at a Weekly Rate as described under "The Offered Bonds — General" and "The Offered Bonds — Description of the 2019 Series A Bonds." THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2019 SERIES A BONDS THAT ARE NOT IN A WEEKLY MODE PERIOD. The 2019 Series B Bonds will bear interest at the rates set forth on the inside cover page.
<i>Tender; Initial Liquidity Facility</i>	The 2019 Series A Bonds in a Weekly Mode Period are subject to optional and mandatory tender for purchase as described under "The Offered Bonds — Description of the 2019 Series A Bonds." The 2019 Series A Bonds subject to optional or mandatory tender for purchase and not remarketed by the Remarketing Agent (as described herein) will be purchased, subject to certain conditions precedent, by the Corporation, pursuant to the terms of an Initial Liquidity Facility (as described herein) among the Corporation, U.S. Bank National Association, as tender agent, and U.S. Bank National Association, as trustee. THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE 2019 SERIES A BONDS ONLY WHEN THEY ARE COVERED BY THE INITIAL LIQUIDITY FACILITY. Payment by the Corporation of the purchase price of 2019 Series A Bonds upon tender and certain conditions described herein is a general obligation of the Corporation, but is not secured by funds and assets pledged under the Indenture to secure the Bonds. See "The Corporation's Obligation to Purchase 2019 Series A Bonds."
<i>Security</i>	The Bonds are general obligations of the Corporation for which its full faith and credit are pledged, subject to agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets not pledged to the Bonds and to the exclusion of money in the Corporation's Housing Development Fund. The Bonds are not secured by a pledge of any assets or any fund or account <i>except</i> the Accounts (other than the Rebate Account) established under the Indenture. The Bonds are not secured by the pledge of any mortgage loans. The State has never provided, does not currently provide, and the Corporation does not expect the State to provide in the future, a source of funds for the payment of debt service on the Bonds. THE CORPORATION HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF. THE BONDS ARE GENERAL OBLIGATIONS OF THE CORPORATION AND ARE NOT INSURED OR GUARANTEED BY ANY OTHER GOVERNMENTAL AGENCY.
<i>Interest Payment Dates</i>	Each June 1 and December 1, commencing December 1, 2019.
<i>Denominations</i>	2019 Series A Bonds: \$100,000 or any integral multiple of \$5,000 in excess thereof. 2019 Series B Bonds: \$5,000 or any integral multiple thereof.
<i>Delivery Date</i>	July 11, 2019.
<i>Co-Bond Counsel</i>	Kutak Rock LLP and Law Office of Kenneth E. Vassar, LLC.
<i>Underwriters' Counsel</i>	Hawkins Delafield & Wood LLP.
<i>Trustee</i>	U.S. Bank National Association.
<i>Financial Advisor</i>	Hilltop Securities Inc.
<i>Book-Entry System</i>	The Depository Trust Company. See "The Offered Bonds — Book Entry Only."

The Offered Bonds (except to the extent not reoffered) are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Co-Bond Counsel, and to the confirmation of certain tax matters by Co-Bond Counsel, and to certain other conditions.

Raymond James[†]

**BofA Merrill Lynch
Jefferies**

**J.P. Morgan
Well Fargo Securities**

June 6, 2019

[†] Sole underwriter with respect to the 2019 Series A Bonds.

MATURITY SCHEDULE

\$140,000,000 2019 Series A Bonds (Federally Taxable) (Variable Rate)

\$140,000,000 2019 Series A Term Bonds due December 1, 2044 Price: 100% CUSIP[†]: 011839VW4

\$60,000,000 2019 Series B Bonds

\$32,500,000 2019 Series B Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Priced to Yield</u>	<u>CUSIP[†]</u>
June 1, 2020	\$ 930,000	3.00%	1.44%	011839UM7
December 1, 2020	940,000	3.00	1.45	011839UN5
June 1, 2021	955,000	4.00	1.50	011839UP0
December 1, 2021	975,000	4.00	1.52	011839UQ8
June 1, 2022	995,000	5.00	1.55	011839UR6
December 1, 2022	1,020,000	5.00	1.57	011839US4
June 1, 2023	1,045,000	5.00	1.60	011839UT2
December 1, 2023	1,070,000	5.00	1.61	011839UU9
June 1, 2024	1,100,000	5.00	1.62	011839UV7
December 1, 2024	1,125,000	5.00	1.64	011839UW5
June 1, 2025	1,155,000	5.00	1.72	011839UX3
December 1, 2025	1,180,000	5.00	1.74	011839UY1
June 1, 2026	1,210,000	5.00	1.80	011839UZ8
December 1, 2026	1,240,000	5.00	1.81	011839VA2
June 1, 2027	1,275,000	5.00	1.91	011839VB0
December 1, 2027	1,305,000	5.00	1.94	011839VC8
June 1, 2028	1,335,000	5.00	2.00	011839VD6
December 1, 2028	1,370,000	5.00	2.02	011839VE4
June 1, 2029	1,405,000	5.00	2.04	011839VF1
December 1, 2029	1,440,000	5.00	2.09 ^{††}	011839VG9
June 1, 2030	1,475,000	5.00	2.14 ^{††}	011839VH7
December 1, 2030	1,515,000	5.00	2.17 ^{††}	011839VJ3
June 1, 2031	1,550,000	5.00	2.20 ^{††}	011839VK0
December 1, 2031	1,590,000	5.00	2.22 ^{††}	011839VL8
June 1, 2032	1,630,000	5.00	2.28 ^{††}	011839VM6
December 1, 2032	1,670,000	5.00	2.29 ^{††}	011839VN4
\$3,455,000	4.00%	2019 Series B Term Bonds due December 1, 2033	Yield: 2.55% ^{††}	CUSIP [†] 011839VP9
\$3,595,000	4.00%	2019 Series B Term Bonds due December 1, 2034	Yield: 2.64% ^{††}	CUSIP [†] 011839VQ7
\$3,745,000	4.00%	2019 Series B Term Bonds due December 1, 2035	Yield: 2.71% ^{††}	CUSIP [†] 011839VR5
\$3,895,000	4.00%	2019 Series B Term Bonds due December 1, 2036	Yield: 2.75% ^{††}	CUSIP [†] 011839VS3
\$4,060,000	5.00%	2019 Series B Term Bonds due December 1, 2037	Yield: 2.51% ^{††}	CUSIP [†] 011839VT1
\$4,265,000	5.00%	2019 Series B Term Bonds due December 1, 2038	Yield: 2.54% ^{††}	CUSIP [†] 011839VU8
\$4,485,000	5.00%	2019 Series B Term Bonds due December 1, 2039	Yield: 2.57% ^{††}	CUSIP [†] 011839VV6

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. This CUSIP number has been assigned by an independent company not affiliated with the Corporation and is included solely for the convenience of the registered owners of the applicable Offered Bonds. The Corporation and the Underwriter are not responsible for the selection or uses of the CUSIP number, and no representation is made as to its correctness by the Corporation or the Underwriter on the Offered Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Offered Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance.

^{††} Priced to the stated yield to the June 1, 2029 optional redemption date at a redemption price of 100%.

No dealer, broker, salesman or other person has been authorized by the Corporation or the Underwriters to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Corporation and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information. All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Offered Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

In connection with the offering of the Offered Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Offered Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Accounts and Reports (Section 707).....	36
SOURCES OF PAYMENT AND SECURITY FOR		Supplemental Indentures (Sections 801, 802 and 803).....	37
THE BONDS	4	Amendment (Sections 902 and 903).....	38
APPLICATION OF FUNDS	5	Modifications by Unanimous Consent (Section 904).....	39
THE CORPORATION'S OBLIGATION TO		Events of Default (Section 1001)	39
PURCHASE 2019 SERIES A BONDS	5	Remedies (Section 1002)	39
THE OFFERED BONDS	7	Priority of Payments after Default (Section 1003).....	40
General	7	Bondholders' Direction of Proceedings (Section	
Optional Redemption	7	1005).....	41
Sinking Fund Redemption	8	Limitation on Rights of Bondholders (Section 1006).....	41
Selection of Bonds for Redemption	8	Trustee (Article XI)	42
Notice of Redemption	9	Defeasance (Section 1201).....	43
Description of the 2019 Series A Bonds	9	TAX MATTERS	44
Special Considerations Relating to the 2019 Series A		2019 Series A Bonds	44
Bonds	11	2019 Series B Bonds	49
Book Entry Only	13	Changes in Federal and State Tax Law	52
THE CORPORATION.....	17	CONTINUING DISCLOSURE UNDER SEC RULE	
Certain Definitions	17	15c2-12	52
General	17	RATINGS OF THE OFFERED BONDS	53
Board of Directors, Staff and Organization	18	FINANCIAL STATEMENTS	53
Activities of the Corporation	20	LITIGATION	53
Lending Activities	24	LEGAL MATTERS	54
Financial Results of Operations	27	STATE NOT LIABLE ON BONDS	54
Legislative Activity/Transfers to the State	27	LEGALITY FOR INVESTMENT	54
Litigation	30	UNDERWRITING	54
SUMMARY OF CERTAIN PROVISIONS OF THE		FINANCIAL ADVISOR	56
INDENTURE.....	30	FORWARD-LOOKING STATEMENTS	57
Certain Definitions (Section 101).....	30	ADDITIONAL INFORMATION	57
Pledge Effected by Indenture; Indenture to Constitute			
a Contract (Section 201)	31	APPENDIX A - FINANCIAL STATEMENTS OF	
Issuance and Delivery of Bonds (Section 203).....	32	THE CORPORATION	A-1
Investment of Certain Funds (Section 403)	32	APPENDIX B - FORMS OF OPINIONS OF	
Valuation and Sale of Investments (Section 404)	33	CO-BOND COUNSEL	B-1
Establishment of Accounts (Section 501)	33	APPENDIX C - CERTAIN DEFINITIONS WITH	
Program Account (Section 502)	33	RESPECT TO THE 2019 SERIES A BONDS	C-1
Revenue Account (Section 503)	33	APPENDIX D - FORM OF CONTINUING	
Rebate Account (Section 504).....	35	DISCLOSURE CERTIFICATES	D-1
Payment of Redeemed Bonds (Section 606)	35		
Payment of Bonds (Section 701)	36		
Power to Issue Bonds and Pledge Revenues and			
Other Property (Section 704).....	36		
Tax Covenants (Section 706)	36		

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**OFFICIAL STATEMENT
OF
ALASKA HOUSING FINANCE CORPORATION**

Relating to

\$200,000,000 State Capital Project Bonds II

\$140,000,000 2019 Series A (Federally Taxable) (Variable Rate)

\$60,000,000 2019 Series B

INTRODUCTION

This Official Statement (including the cover page, inside cover page and appendices) of the Alaska Housing Finance Corporation (the “Corporation”) sets forth information in connection with the Corporation’s State Capital Project Bonds II, 2019 Series A (the “2019 Series A Bonds”) and 2019 Series B (the “2019 Series B Bonds”; together with the 2019 Series A Bonds, the “Offered Bonds”). The Offered Bonds are authorized to be issued pursuant to Chapters 55 and 56 of Title 18 of the Alaska Statutes, as amended (the “Act”), an Indenture, dated as of October 1, 2012 (the “General Indenture”), by and between the Corporation and U.S. Bank National Association, Seattle, Washington, as trustee (the “Trustee”), a 2019 Series A Supplemental Indenture, dated as of July 1, 2019 (the “2019 Series A Supplemental Indenture”), by and between the Corporation and the Trustee, and a 2019 Series B Supplemental Indenture, dated as of July 1, 2019 (the “2019 Series B Supplemental Indenture”; together with the 2019 Series A Supplemental Indenture, the “2019 Series A and B Supplemental Indenture”), by and between the Corporation and the Trustee. All bonds outstanding under the General Indenture (including additional bonds which may hereafter be issued) are referred to collectively as the “Bonds.” Each series of Bonds is issued pursuant to a Supplemental Indenture. The General Indenture and all Supplemental Indentures (including the 2019 Series A and B Supplemental Indenture) are referred to collectively as the “Indenture.” The Bonds issued under the Indenture prior to the issuance of the Offered Bonds are referred to collectively as the “Prior Series Bonds.” Capitalized terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Indenture. See “Summary of Certain Provisions of the Indenture — Certain Definitions.”

The 2019 Series A Bonds and the 2019 Series B Bonds are the seventeenth and eighteenth Series of Bonds, respectively, issued under the Indenture. As of April 30, 2019, there were Prior Series Bonds Outstanding in the aggregate principal amount of \$1,130,475,000. The Corporation is permitted to issue additional bonds (including refunding bonds) pursuant to and secured under the Indenture (“Additional Bonds”), subject to certain conditions. See “Summary of Certain Provisions of the Indenture — Issuance and Delivery of Bonds.” The Offered Bonds will be secured on a parity with the Prior Series Bonds and any Additional Bonds.

The proceeds of the Offered Bonds are expected to be used to refund certain outstanding bonds of the Corporation (the “Refunded Bonds”), to refund certain other outstanding

obligations of the Corporation (the “Refunded Obligations”), for other purposes for which the Corporation is authorized by the Act and permitted by the Indenture to expend its funds, and to pay costs of issuance. See “Application of Funds.”

Raymond James & Associates, Inc. (“Raymond James”) will act as sole underwriter with respect to the 2019 Series A Bonds. The underwriters listed on the cover page (collectively, the “Underwriters”) will act as underwriters with respect to the 2019 Series B Bonds. The obligation of Raymond James to purchase the 2019 Series A Bonds is *not* conditioned on the issuance and delivery of the 2019 Series B Bonds. The obligation of the Underwriters to purchase the 2019 Series B Bonds is *not* conditioned on the issuance and delivery of the 2019 Series A Bonds. See “Underwriting.”

THE PRIMARY SOURCE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE OFFERED BONDS WILL BE THE CORPORATION’S GENERAL UNRESTRICTED FUNDS. NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE OFFERED BONDS. THE STATE HAS NEVER PROVIDED, DOES NOT CURRENTLY PROVIDE, AND THE CORPORATION DOES NOT EXPECT THE STATE TO PROVIDE IN THE FUTURE, A SOURCE OF FUNDS FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS.

The 2019 Series A Bonds will initially be issued in a Weekly Mode Period. The Corporation may elect to cause 2019 Series A Bonds to bear interest in another Mode or to Convert to Bonds bearing interest at Fixed Interest Rates or an Indexed Rate. In each such case and under other circumstances, 2019 Series A Bonds will be subject to mandatory tender for purchase. See “The Offered Bonds — Description of the 2019 Series A Bonds — Mandatory Tender.” **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2019 SERIES A BONDS THAT ARE NOT IN A WEEKLY MODE PERIOD.** While in a Weekly Mode Period, 2019 Series A Bonds also are subject to tender by the Holders thereof under the circumstances set forth in the 2019 Series A Supplemental Indenture.

Raymond James initially will act as Remarketing Agent with respect to the 2019 Series A Bonds. The Corporation may replace the Remarketing Agent at any time, and the Remarketing Agent may resign as such at any time, in each case upon 30 days’ notice.

In the event and to the extent that 2019 Series A Bonds are to be tendered to the Tender Agent (defined below) for purchase under an optional or mandatory tender and in the event that the amount of funds (if any) made available to the Tender Agent from the Remarketing Agent, together with any interest paid to the Tender Agent, is less than the principal amount, plus accrued interest, if any, of the 2019 Series A Bonds to be so tendered, the Corporation is required to deposit with the Tender Agent an amount which, together with any funds made available to the Tender Agent from the Remarketing Agent, will be sufficient to pay the principal amount, plus accrued interest, if any, of such Bonds to be so tendered, all in accordance with the terms of a Tender Agreement, dated as of July 1, 2019 (the “Initial Liquidity Facility”), among the Corporation, U.S. Bank National Association, as Tender Agent (the “Tender Agent”), and the Trustee. The Corporation is required to obtain such deposit amounts from any source other than (i) moneys pledged pursuant to the Indenture to secure Bonds, (ii) revenues and assets pledged to the holders of other obligations of the Corporation, and (iii) amounts in the Corporation’s

Housing Development Fund. The Corporation's obligation to deposit such amount for the purchase of 2019 Series A Bonds under the Initial Liquidity Facility is not a source of payment of principal of and interest on the 2019 Series A Bonds, but is being undertaken solely to provide a source of funds to the Tender Agent with which to discharge its purchase obligation under the circumstances described above. **A failure by the Corporation to purchase 2019 Series A Bonds when and as required by the Initial Liquidity Facility, if such failure continues for 45 days after written notice thereof given to the Corporation by the Trustee or the holders of not less than 25 percent in principal amount of the Outstanding Bonds, is an Event of Default under the Indenture as described in clause (c) under "Summary of Certain Provisions of the Indenture — Events of Default."** Nothing in the Initial Liquidity Facility shall be deemed to limit the Corporation's right under the Indenture to purchase or redeem Bonds, including tendered but unremarketed 2019 Series A Bonds, from eligible moneys pledged pursuant to the Indenture or to limit the Corporation's right to purchase or redeem Bonds, including tendered but unremarketed 2019 Series A Bonds, from any other sources available to the Corporation.

The Corporation may provide an Alternate Liquidity Facility in substitution for the Corporation's obligation to purchase 2019 Series A Bonds pursuant to the Initial Liquidity Facility, and in such event the Initial Liquidity Facility and the Corporation's obligations thereunder will terminate. In such event and under other circumstances, 2019 Series A Bonds will be subject to mandatory tender for purchase. See "The Offered Bonds — Description of the 2019 Series A Bonds — Mandatory Tender." **THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE 2019 SERIES A BONDS ONLY WHEN THEY ARE COVERED BY THE INITIAL LIQUIDITY FACILITY.** See "The Corporation's Obligation to Purchase 2019 Series A Bonds."

The Initial Liquidity Facility and the Corporation's obligations thereunder also will terminate if the Corporation elects to Convert the 2019 Series A Bonds to bear interest at Fixed Interest Rates or an Indexed Rate. No Alternate Liquidity Facility will be required in connection with the 2019 Series A Bonds subsequent to the exercise of either of the foregoing options. In each such case and under other circumstances, 2019 Series A Bonds will be subject to mandatory tender for purchase. See "The Offered Bonds — Description of the 2019 Series A Bonds — Mandatory Tender." **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE THE 2019 Series A BONDS SUBSEQUENT TO THEIR CONVERSION TO FIXED INTEREST RATE BONDS OR INDEXED RATE BONDS.** See "The Corporation's Obligation to Purchase 2019 Series A Bonds."

The Initial Liquidity Facility and the Corporation's obligations thereunder also will terminate if the Corporation elects to redeem the 2019 Series A Bonds. See "The Corporation's Obligation to Purchase 2019 Series A Bonds."

The Corporation has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State of Alaska (the "State") or a pledge of its faith and credit or taxing power. The Bonds are general obligations of the Corporation and are not insured or guaranteed by any other governmental agency.

The Bonds are, as substantially all bonds of the Corporation currently are, general obligations of the Corporation for which its full faith and credit are pledged, subject to agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets not pledged to the Bonds and to the exclusion of moneys in the Corporation's Housing Development Fund. A significant portion of the assets of the Corporation is pledged to the payment of outstanding obligations of the Corporation. See Appendix A — "Financial Statements of the Corporation."

In this Official Statement "Bondholder" or "Holder" means any holder of Offered Bonds, except that (i) where the context so requires, such terms shall mean Holders of Bonds under the Indenture and (ii) except under "Tax Matters" herein, so long as the Offered Bonds are immobilized in the custody of DTC, such terms shall mean, for purposes of giving notice to such Bondholders or Holders, DTC or its nominee. (See "Book Entry Only" herein.)

The summaries herein of the Offered Bonds, the Indenture, the Continuing Disclosure Certificate (defined below) and other documents and materials are brief outlines of certain provisions contained therein and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the Indenture and such other documents and materials for the complete provisions thereof, copies of which will be furnished by the Corporation upon request. See "The Corporation — General" for the Corporation's address and telephone number.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Bonds are general obligations of the Corporation for which its full faith and credit are pledged for the payment of principal of and interest on the Bonds, *subject to* agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets and the exclusion by the Act of a pledge of funds in the Housing Development Fund. The Bonds are not secured by a pledge of any assets or any fund or account *except* the Accounts (other than the Rebate Account) established under the Indenture. See the definition of Investment Securities under "Summary of Certain Provisions of the Indenture — Certain Definitions." **THE PRIMARY SOURCE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE THE CORPORATION'S GENERAL UNRESTRICTED FUNDS. NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE STATE HAS NEVER PROVIDED, DOES NOT CURRENTLY PROVIDE, AND THE CORPORATION DOES NOT EXPECT THE STATE TO PROVIDE IN THE FUTURE, A SOURCE OF FUNDS FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS.** The Corporation may issue additional Bonds under the Indenture without limit as to principal amount for any purpose of the Corporation. The Corporation will determine which provisions of the Indenture will be applicable to such additional Bonds, except that such issuance, in and of itself, shall not result in the ratings then in effect on the Bonds being reduced or withdrawn. The Corporation has issued, and expects to continue to issue, under other indentures other bonds that are general obligations of the Corporation. A significant portion of the assets of the Corporation is pledged to the payment of outstanding obligations of the Corporation. See Appendix A — "Financial Statements of the Corporation," "The Corporation — Activities of the Corporation" and "Summary of Certain Provisions of the Indenture — Issuance and Delivery of Bonds."

APPLICATION OF FUNDS

The proceeds of the Offered Bonds (net of Underwriters' discount) are expected to be applied approximately as follows:

Refunding of Refunded Obligations	\$ 50,570,000.00
Other Authorized Purposes of the Corporation	159,652,065.95
Payment of Costs of Issuance	<u>250,000.00</u>
TOTAL	\$210,472,065.95

THE CORPORATION'S OBLIGATION TO PURCHASE 2019 SERIES A BONDS

Pursuant to the Initial Liquidity Facility, the Corporation is required to purchase those 2019 Series A Bonds that are tendered to the Tender Agent but not remarketed by the Remarketing Agent. The Initial Liquidity Facility, and the Corporation's obligation thereunder to purchase 2019 Series A Bonds, will terminate (i) upon the conversion (if any) of the interest rates on all of the 2019 Series A Bonds to Fixed Rates or Indexed Rates (upon conversion of only a portion of the 2019 Series A Bonds to Fixed Rates or Indexed Rates, the Initial Liquidity Facility shall terminate only as to such converted 2019 Series A Bonds), (ii) upon delivery to the Trustee of an Alternate Liquidity Facility (upon delivery to the Trustee of an Alternate Liquidity Facility which applies to only a portion of the 2019 Series A Bonds, the Initial Liquidity Agreement shall terminate only with respect to that portion of the 2019 Series A Bonds), or (iii) upon the date on which no 2019 Series A Bonds shall be outstanding.

In the event that at 10:00 A.M. Eastern time three Business Days prior to any Purchase Date during the term of the Initial Liquidity Facility the amount of funds, if any, theretofore received by the Tender Agent from the Remarketing Agent, together with any interest theretofore paid to the Tender Agent, is less than the aggregate principal amount, plus accrued interest, if any, of the 2019 Series A Bonds to be tendered on such Purchase Date, the Tender Agent shall thereupon notify the Corporation of such event and of the amount (together with any amount of funds theretofore received by the Tender Agent from the Remarketing Agent and any interest theretofore paid to the Tender Agent) necessary to pay the aggregate principal amount, plus accrued interest, if any, of the 2019 Series A Bonds to be tendered. At 4:00 P.M. Eastern time on the Business Day immediately preceding such Purchase Date, if the amount of funds, if any, theretofore received by the Tender Agent from the Remarketing Agent, together with any interest theretofore paid to the Tender Agent, is less than the aggregate principal amount, plus accrued interest, if any, of the 2019 Series A Bonds to be tendered on such Purchase Date, the Tender Agent shall thereupon notify the Corporation of such event and of the amount (together with any amount of funds theretofore received by the Tender Agent from the Remarketing Agent and any interest theretofore paid to the Tender Agent) necessary to pay the aggregate principal amount, plus accrued interest, if any, of the 2019 Series A Bonds to be tendered and shall deliver a Draw Notice to the Corporation for such necessary amount, and the Corporation shall by 2:30 P.M. Eastern time on the Purchase Date deposit such amount with the Tender Agent from moneys not then pledged under the Indenture. Nothing in the Initial Liquidity Facility shall be deemed to limit the Corporation's right under the Indenture to purchase or redeem Bonds, including tendered but unremarketed 2019 Series A Bonds, from eligible moneys pledged pursuant to the

Indenture or to limit the Corporation's right to purchase or redeem Bonds, including tendered but unremarketed 2019 Series A Bonds, from other sources available to the Corporation. By 4:30 P.M. Eastern time on such Purchase Date, the Tender Agent shall apply the amount so deposited, together with any amount of funds made available to the Tender Agent from the Remarketing Agent on such Purchase Date and any interest paid to the Tender Agent, to the purchase of the 2019 Series A Bonds duly tendered.

The Corporation's obligation to purchase 2019 Series A Bonds pursuant to the Initial Liquidity Facility is not a source of payment for the payment of principal of or interest on the 2019 Series A Bonds. The obligation of the Corporation to deposit moneys with the Tender Agent for the purchase of 2019 Series A Bonds pursuant to the Initial Liquidity Facility is not secured by the funds and assets held under the Indenture. **A failure by the Corporation to purchase 2019 Series A Bonds when and as required by the Initial Liquidity Facility, if such failure continues for 45 days after written notice thereof given to the Corporation by the Trustee or the holders of not less than 25 percent in principal amount of the Outstanding Bonds, is an Event of Default under the Indenture as described in clause (c) under "Summary of Certain Provisions of the Indenture — Events of Default."** No assurance can be given that moneys will be available to the Corporation to purchase tendered 2019 Series A Bonds. **In the event that any 2019 Series A Bond is tendered or deemed tendered for purchase by the Holder thereof and such Bond is unable to be remarketed and the Corporation fails to purchase such Bond, all 2019 Series A Bonds will automatically bear interest at the Maximum Rate (or at a lower rate if the Remarketing Agent determines, in its sole discretion, that such lower rate would enable the 2019 Series A Bonds to be remarketed at par). Holders of 2019 Series A Bonds will not have the right to tender such Bonds during such period and may be required to hold such Bonds to their maturity or prior redemption.** The Corporation has established, and in the future may establish, short-term lines of credit with external providers which may be used, at the option of the Corporation, to fund certain of its obligations, including its obligation to purchase 2019 Series A Bonds pursuant to the Initial Liquidity Facility.

The terms of the Initial Liquidity Facility require the Corporation to maintain the availability of funds, in an aggregate amount at least equal to the outstanding principal amount of the 2019 Series A Bonds plus accrued interest thereon at the Maximum Rate, from the following sources: (i) investments (valued in a manner that does not adversely affect the then-existing ratings on the 2019 Series A Bonds) that are not pledged under the Indenture or pursuant to other bond indentures of the Corporation if the 2019 Series A Bonds would be an eligible investment for the proceeds of the sale of such investments and if such investment in 2019 Series A Bonds would not result in the cancellation of such 2019 Series A Bonds under then-existing State law and (ii) liquidity or credit facilities with financial institutions or other entities which have short-term ratings which would not adversely affect the then-existing short-term ratings on the 2019 Series A Bonds.

Prior to the conversion (if any) of the interest rate on the 2019 Series A Bonds to Fixed Interest Rates or an Indexed Rate, the Corporation agrees that it shall maintain its obligation to purchase 2019 Series A Bonds pursuant to the Initial Liquidity Facility or furnish one or more Alternate Liquidity Facilities in substitution for such obligation. The 2019 Series A Bonds are subject to mandatory tender for purchase (with no right to retain) in connection with the delivery

of an Alternate Liquidity Facility. **THIS OFFICIAL STATEMENT IS INTENDED ONLY TO DESCRIBE 2019 SERIES A BONDS THAT ARE COVERED BY THE INITIAL LIQUIDITY FACILITY.**

On the date on which any Alternate Liquidity Facility is delivered to the Trustee, the Initial Liquidity Facility will automatically terminate without any further action.

THE OFFERED BONDS

General

The Offered Bonds will be dated as set forth on the cover page and interest thereon will be payable on the dates set forth on the cover page. The Offered Bonds will be issuable in the denominations set forth on the cover page and will mature on the dates and in the amounts set forth on the inside cover page.

The 2019 Series A Bonds will bear interest from their dated date at the Effective Rate determined by the Remarketing Agent. The 2019 Series A Bonds initially will bear interest at a Weekly Rate. **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2019 SERIES A BONDS THAT ARE NOT IN A WEEKLY MODE PERIOD.** Interest accrued on the 2019 Series A Bonds during a Weekly Mode Period will be computed on the basis of a 360-day year for the number of days actually elapsed.

Any Holder of 2019 Series A Bonds has the option of tendering the Bonds to the Tender Agent in accordance with the provisions of the 2019 Series A Supplemental Indenture as described under “Description of the 2019 Series A Bonds” below. Pursuant to the Initial Liquidity Facility, the Corporation has the obligation to purchase, under certain conditions and from time to time, 2019 Series A Bonds in a Weekly Mode Period tendered or deemed tendered to the Tender Agent, which tendered 2019 Series A Bonds are not remarketed. For additional information with respect to the 2019 Series A Bonds, see also Appendix C — “Certain Definitions with Respect to the 2019 Series A Bonds.”

The 2019 Series B Bonds will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their dated date to maturity (or prior redemption) at the applicable rates set forth on the inside cover page.

The Offered Bonds are being issued only as fully-registered bonds without coupons, in book-entry form only, registered in the name of Cede & Co., as registered owner and nominee for DTC, which will act as securities depository for the Offered Bonds. See “Book Entry Only” below.

Optional Redemption

The 2019 Series A Bonds in a Weekly Mode Period are subject to redemption, on any date, in whole or in part, at the option of the Corporation, from any source of funds, at 100% of the principal amount thereof, plus accrued interest.

The 2019 Series B Bonds are subject to redemption at the option of the Corporation at 100% of the principal amount thereof, plus accrued interest, at any time on or after June 1, 2029, in whole or in part, from any source of funds.

Sinking Fund Redemption

The 2019 Series B Bonds maturing on December 1, 2033, December 1, 2034, December 1, 2035, December 1, 2036, December 1, 2037, December 1, 2038 and December 1, 2039 are subject to mandatory redemption in part from sinking fund payments at 100% of the principal amount thereof, plus accrued interest, on the respective dates and in the respective principal amounts set forth below:

Sinking Fund Payments							
Date	2019 Series B Bonds Maturing December 1, 2033	2019 Series B Bonds Maturing December 1, 2034	2019 Series B Bonds Maturing December 1, 2035	2019 Series B Bonds Maturing December 1, 2036	2019 Series B Bonds Maturing December 1, 2037	2019 Series B Bonds Maturing December 1, 2038	2019 Series B Bonds Maturing December 1, 2039
June 1, 2033	\$1,710,000						
December 1, 2033	1,745,000 [†]						
June 1, 2034		\$1,780,000					
December 1, 2034		1,815,000 [†]					
June 1, 2035			\$1,855,000				
December 1, 2035			1,890,000 [†]				
June 1, 2036				\$1,930,000			
December 1, 2036				1,965,000 [†]			
June 1, 2037					\$2,005,000		
December 1, 2037					2,055,000 [†]		
June 1, 2038						\$2,105,000	
December 1, 2038						2,160,000 [†]	
June 1, 2039							\$2,215,000
December 1, 2039							2,270,000 [†]

[†]Stated Maturity

Any redemption (other than a mandatory redemption from sinking fund payments) of 2019 Series B Bonds of a particular maturity will be credited against future sinking fund payments for such maturity (i) on a reasonably proportionate basis or (ii) on such other basis as shall be directed by the Corporation.

Selection of Bonds for Redemption

If the Offered Bonds are redeemed in part by optional redemption, the Offered Bonds to be redeemed will be selected as shall be directed by the Corporation. The Indenture provides that if less than all the Offered Bonds of a particular maturity bearing the same interest rate (and otherwise of like tenor) are to be redeemed, the particular Offered Bonds of such maturity

bearing the same interest rate (and otherwise of like tenor) to be redeemed will be selected by the Trustee by lot, using such method of selection as it deems proper in its discretion.

Notice of Redemption

Notice of the redemption, identifying the Offered Bonds or portion thereof to be redeemed, will be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than 60 days and not less than 30 days prior to the redemption date to the registered owner of each Offered Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Pursuant to the Indenture, neither failure to receive any redemption notice nor any defect in such redemption notice shall affect the sufficiency of the proceedings for such redemption and failure by the Trustee to deliver such notice of redemption of the Bonds at the times required in the Indenture shall not impair the ability of the Trustee and the Corporation to effect such redemption.

Description of the 2019 Series A Bonds

See Appendix C for the definitions of certain capitalized terms with respect to the 2019 Series A Bonds.

Interest on the 2019 Series A Bonds

From the date of initial authentication and delivery of the 2019 Series A Bonds to but not including July 18, 2019, the 2019 Series A Bonds will bear interest at the Weekly Rate determined in advance by the Remarketing Agent. Thereafter, 2019 Series A Bonds will bear interest, commencing on each Effective Rate Date (for 2019 Series A Bonds while in the Weekly Mode Period, each Thursday), at the Weekly Rate determined by the Remarketing Agent for the new Effective Rate Period. In no event shall the interest rate borne by such 2019 Series A Bonds exceed the Maximum Rate.

The Weekly Rate will be the lowest rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2019 Series A Bonds on the Effective Rate Date being 100% of the principal amount thereof, and which will not exceed the Maximum Rate.

The Remarketing Agent, in determining the Weekly Rate, will take into account to the extent applicable (1) market interest rates for comparable securities held by taxable open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest rate adjustment periods and demand purchase options substantially identical to the 2019 Series A Bonds, (b) bearing interest at a variable rate intended to maintain par value, and (c) rated by a national credit rating agency in the same category as the 2019 Series A Bonds; (2) other financial market rates and indices that may have a bearing on the Effective Rate (including, but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, the London Interbank Offered Rate (LIBOR), indices maintained by *The Bond Buyer*, and other publicly available taxable interest rate indices); (3) general financial market conditions; and (4) factors particular to the Corporation and the 2019 Series A Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by the 2019 Series A Bonds shall be conclusive and binding on the Holders of such 2019 Series A Bonds and the other Notice Parties except as provided in the Indenture. Failure by the Remarketing Agent or the Trustee to give any notice required under the Indenture, or any defect in such notice, will not affect the interest rate borne by the 2019 Series A Bonds or the rights of the Holders thereof.

If the position of Remarketing Agent is vacant or the Remarketing Agent fails to act for any reason, the Remarketed Bonds will automatically bear interest in a Weekly Mode Period with the interest rate reset on a weekly basis at the lesser of (i) Seven Day LIBOR plus 0.10% or (ii) the Maximum Rate.

In the event that any 2019 Series A Bond is tendered or deemed tendered for purchase by the Holder thereof and such Bond is unable to be remarketed and the Corporation fails to purchase such Bond, all 2019 Series A Bonds will automatically bear interest at the Maximum Rate (or at a lower rate if the Remarketing Agent determines, in its sole discretion, that such lower rate would enable the 2019 Series A Bonds to be remarketed at par).

Optional Tender

Holders of the 2019 Series A Bonds in a Weekly Mode Period may elect to tender their 2019 Series A Bonds for purchase by providing written notice to the Remarketing Agent and the Tender Agent not later than 5:00 P.M. Eastern time on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in such tender notice. Such 2019 Series A Bonds will be purchased on the purchase date specified in the tender notice at a price equal to 100% of the principal amount thereof plus accrued interest. Such notice of optional tender for purchase of 2019 Series A Bonds by the Holders thereof will be irrevocable once such notice is given.

The 2019 Series A Bonds will be subject to mandatory tender for purchase as described below.

Mandatory Tender

The 2019 Series A Bonds are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date, (ii) with respect to a related Liquidity Expiration Event, not less than one day prior to the scheduled expiration or earlier termination (other than by substitution) of the applicable liquidity facility, (iii) on any Conversion Date, and (iv) on each date specified by the Corporation in connection with the delivery of an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility (each a “Mandatory Tender Date”), at a purchase price equal to 100% of the principal amount thereof plus accrued interest. Upon any such event, the Trustee, not less than 15 days prior to such tender, shall deliver a notice of mandatory tender to the Holders thereof and the Remarketing Agent stating the reason for the mandatory tender, the date of mandatory tender, and that all Holders of 2019 Series A Bonds subject to such mandatory tender will be deemed to have tendered their 2019 Series A Bonds upon such date.

Remarketing

On each date on which 2019 Series A Bonds are required to be purchased, the Remarketing Agent shall use its best efforts as described herein to sell such 2019 Series A Bonds at a price equal to the principal amount thereof plus accrued interest. In the event the Remarketing Agent is unable to remarket the 2019 Series A Bonds so tendered, the Corporation will purchase such Bonds in accordance with the Initial Liquidity Facility. See “The Corporation’s Obligation to Purchase 2019 Series A Bonds.”

This paragraph is applicable only if the book-entry system has been discontinued and replacement bonds have been issued or if DTC has exercised its option to surrender and exchange its 2019 Series A Bond certificates. Any 2019 Series A Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date (“Untendered Bonds”), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of such 2019 Series A Bonds plus accrued interest shall be deemed to have been tendered and purchased on such Mandatory Tender Date. Holders of Untendered Bonds shall not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of such Untendered Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and said Holders shall no longer be entitled to the benefits of the Indenture, except for the purpose of payment of the purchase price. 2019 Series A Bond certificates will be issued in place of Untendered Bonds pursuant to the Indenture and, after the issuance of the replacement 2019 Series A Bond certificates, such Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Indenture.

Conversion to Fixed Interest Rates or an Indexed Rate

The 2019 Series A Supplemental Indenture provides that the Corporation has the option to Convert all or a portion of the 2019 Series A Bonds on any Effective Rate Date to Fixed Interest Rates or an Indexed Rate, in accordance with the Indenture and as described herein. Prior and as a condition to the Conversion of any of the 2019 Series A Bonds, the Trustee must deliver a notice to the Holders thereof and the Remarketing Agent specifying the Conversion Date, which Date shall be not less than 30 days following the receipt of such notice. Upon any Conversion to Fixed Interest Rates or an Indexed Rate, the 2019 Series A Bonds will be subject to mandatory tender for purchase.

Special Considerations Relating to the 2019 Series A Bonds

The Remarketing Agent Is Paid by the Corporation

The Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing 2019 Series A Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Corporation and is paid by the Corporation for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of 2019 Series A Bonds.

Determination of Interest Rates by the Remarketing Agent

On each Rate Determination Date, the Remarketing Agent is required to determine the interest rate that will be effective with respect to the 2019 Series A Bonds on the Effective Rate Date. Each such rate is required by the 2019 Series A Supplemental Indenture to be the lowest rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2019 Series A Bonds on the Effective Rate Date being 100% of the principal amount thereof, and which will not exceed the Maximum Rate.

The Remarketing Agent Routinely Purchases Variable Rate Demand Obligations for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations issued by many issuers and, in its sole discretion, purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered variable rate demand obligations, including obligations such as the 2019 Series A Bonds, for its own account and, in its sole discretion, acquires such tendered variable rate demand obligations in order to achieve a successful remarketing of the tendered variable rate demand obligations (*i.e.*, because there otherwise are not enough buyers to purchase the variable rate demand obligations) or for other reasons. However, the Remarketing Agent is not obligated to purchase variable rate demand obligations, and may cease doing so at any time without notice. If the Remarketing Agent ceases to purchase 2019 Series A Bonds, it may be necessary for the Trustee to draw on the Initial Liquidity Facility to pay tendering owners.

The Remarketing Agent may also make a secondary market in the 2019 Series A Bonds by purchasing and selling 2019 Series A Bonds other than in connection with an optional or mandatory tender and remarketing. No notice period is required under the Remarketing Agreement for such purchases. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a secondary market in the 2019 Series A Bonds. Thus, investors who purchase the 2019 Series A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2019 Series A Bonds other than by tendering the 2019 Series A Bonds in accordance with the tender process.

The Remarketing Agent may also sell any 2019 Series A Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2019 Series A Bonds. If the Remarketing Agent purchases 2019 Series A Bonds for its own account, it may offer those 2019 Series A Bonds at a discount to par to some investors. The purchase of 2019 Series A Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the 2019 Series A Bonds in the market than is actually the case. The practices described above also may result in fewer 2019 Series A Bonds being tendered in a remarketing.

2019 Series A Bonds May Be Offered at Different Prices on Any Date

Pursuant to the Remarketing Agreement, on each Rate Determination Date, the Remarketing Agent is required to determine the interest rate that will be effective with respect to the 2019 Series A Bonds on the Effective Rate Date. Each such rate is required by the 2019

Series A Supplemental Indenture to be the lowest rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2019 Series A Bonds on the Effective Rate Date being 100% of the principal amount thereof, and which will not exceed the Maximum Rate. There may or may not be 2019 Series A Bonds tendered and remarketed on an Effective Rate Date, and the Remarketing Agent may or may not be able to remarket any 2019 Series A Bonds tendered for purchase on such date at par. As an owner of 2019 Series A Bonds, the Remarketing Agent may sell 2019 Series A Bonds at varying prices, including at a discount to par, to different investors on a Rate Determination Date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the 2019 Series A Bonds at the remarketing price.

The Ability to Sell the 2019 Series A Bonds Other Than through the Tender Process May Be Limited

Investors who purchase the 2019 Series A Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2019 Series A Bonds other than by tendering the 2019 Series A Bonds in accordance with the tender process. While the Remarketing Agent may buy or sell the 2019 Series A Bonds, it is not obligated to do so and may cease doing so at any time without notice.

The Corporation may fail to purchase such tendered 2019 Series A Bonds when it is obligated to do so pursuant to the Initial Liquidity Facility. In such case, tendered 2019 Series A Bonds would be returned to holders thereof and all 2019 Series A Bonds will bear interest at the Maximum Rate (or at a lower rate if the Remarketing Agent determines, in its sole discretion, that such lower rate would enable the 2019 Series A Bonds to be remarketed at par). It is not certain that following a failure to purchase the 2019 Series A Bonds, a secondary market for the 2019 Series A Bonds will develop.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2019 Series A Bonds Without A Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign without a successor having been named. The Remarketing Agreement allows the Remarketing Agent to cease its remarketing activities under certain circumstances. In the event of such a cessation, the 2019 Series A Bonds will bear interest at the rate described in the fifth paragraph under the heading “Description of the 2019 Series A Bonds — Interest on the 2019 Series A Bonds,” and owners optionally tendering their 2019 Series A Bonds will be paid from draws on the Initial Liquidity Facility.

Book Entry Only

General

The Offered Bonds will be issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Offered Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Offered Bonds are immobilized in the custody of DTC, references to holders or owners of Offered Bonds (*except* under “Tax Matters”) mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and neither the Corporation nor the Underwriters take responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bond certificate will be issued for all Offered Bonds of each particular Series and maturity bearing the same interest rate (and otherwise of like tenor), in the aggregate principal amount of the Offered Bonds of such Series and maturity bearing the same interest rate (and otherwise of like tenor), and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Offered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of a particular Series and maturity bearing the same interest rate (and otherwise of like tenor) are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Offered Bonds of such Series and maturity bearing the same interest rate (and otherwise of like tenor) to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and purchase price of and interest on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Corporation, disbursement of such payments to Direct Participants will be the responsibility of

DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE OFFERED BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OR PARTIAL TENDER AND PURCHASE OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDHOLDER.

A Beneficial Owner shall give notice to elect to have its 2019 Series A Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such 2019 Series A Bonds by causing the Direct Participant to transfer the Participant's interest in the 2019 Series A Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of 2019 Series A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2019 Series A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2019 Series A Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Offered Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bond certificates are required to be printed and delivered as described in the Indenture.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Offered Bond certificates will be required to be printed and delivered as described in the Indenture.

If bond certificates are issued, the principal due upon maturity or redemption of any of the Offered Bonds will be payable at the office of the Trustee, as paying agent, upon presentation and surrender of such Offered Bonds by the registered owner thereof on or after the date of maturity or redemption, as the case may be. Payment of the interest on each Offered Bond of a Series will be made by the Trustee to the registered owner of such Offered Bond by check mailed by first class mail (or, upon request of a registered owner of \$1,000,000 or more aggregate principal amount of Offered Bonds of such Series, by wire transfer) on the interest payment date to such registered owner as of (i) in the case of the 2019 Series A Bonds, the immediately preceding Business Day, and (ii) in the case of the 2019 Series B Bonds, the 20th day of the preceding month, in each case at the address appearing on the registration books relating to the Offered Bonds.

If bond certificates are issued, the Offered Bonds may be transferred and exchanged by the registered owner thereof or the registered owner's attorney duly authorized in writing, upon

surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the registered owner's duly authorized attorney at the office of the Trustee in Seattle, Washington. For every such exchange or transfer the Corporation or the Trustee may charge the transferee to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee is not obligated to make any such transfer or exchange during the 10 days next preceding an interest payment date or the date of mailing of any notice of redemption, nor of any Offered Bond selected for redemption. If any Offered Bond is mutilated, lost, stolen or destroyed, the Trustee may execute and deliver a new Offered Bond or Offered Bonds of the same series, maturity, interest rate and principal amount as the Offered Bond or Offered Bonds so mutilated, lost, stolen or destroyed, provided that such Offered Bond is surrendered to the Trustee, or evidence of loss, destruction or theft, together with satisfactory indemnity, is provided to the Trustee. The fees and expenses of the Corporation and the Trustee in connection with such replacement shall be paid by the owner.

THE CORPORATION

Certain Definitions

"Authority" means the Alaska State Housing Authority.

"Board" means the Board of Directors of the Corporation.

"Department" means the former Department of Community and Regional Affairs.

"Dividend Plan" means the dividend plan adopted by the Board in 1991 to transfer one-half of the lesser of its unrestricted net income or total net income to the State.

"Division" means The Public Housing Division of the Corporation.

"HUD" means the U.S. Department of Housing and Urban Development.

"Self-Liquidity Bonds" means, collectively, the Corporation's \$33,000,000 Governmental Purpose Bonds (University of Alaska), 1997 Series A; the Corporation's \$170,170,000 Governmental Purpose Bonds, 2001 Series A and B; the Corporation's \$60,250,000 State Capital Project Bonds, 2002 Series C; the Corporation's \$150,000,000 State Capital Project Bonds II, 2017 Series B; and the Corporation's \$90,000,000 State Capital Project Bonds II, 2018 Series A.

General

The Corporation was established in 1971 as a non-stock, public corporation and government instrumentality of the State. The Corporation currently functions as a major source of residential mortgage loan financing and capital project financing in the State. The Corporation's programs were originally established to take advantage of tax-exempt financing permitted under federal income tax law. Mortgages which meet applicable federal income tax requirements are financed by selling tax-exempt bonds. All other mortgages generally are financed through the issuance of taxable bonds or from internal funds. Since 1972, the

Corporation has acquired mortgage loans by appropriation from the State and by purchase from independent originating lending institutions operating throughout the State. On July 1, 1992, the Corporation succeeded to the public housing functions of the Authority and the rural housing and residential energy functions of the Department pursuant to legislation enacted in the State's 1992 legislative session. As a result, the rights and obligations created by bonds and notes that were previously issued by the Authority became rights and obligations of the Corporation.

The Corporation prepares and publishes on its website a monthly Mortgage and Bond Disclosure Report containing detailed information concerning characteristics of the Corporation's mortgage loan portfolios and outstanding bond issues, including bond redemptions and mortgage prepayments. The Corporation presently intends to continue to provide such information, but is not legally obligated to do so. Certain financial and statistical information relating to the Corporation and its programs under the subheadings "Activities of the Corporation," "Financial Results of Operations" and "Legislative Activity/Transfers to the State — Dividend to the State of Alaska" below was obtained from the April 2019 Mortgage and Bond Disclosure Report of the Corporation and the audited financial statements of the Corporation as of and for the year ended June 30, 2018. Copies of such financial statements and disclosure report may be obtained upon request from the Corporation. The Corporation's main office is located at 4300 Boniface Parkway, Anchorage, Alaska 99504, and its telephone number is (907) 338-6100. Electronic versions of the financial statements and disclosure reports are available at the Corporation's website.

Board of Directors, Staff and Organization

The Corporation is required by law to comply (except for the procurement provisions of the Alaska Executive Budget Act), and does comply, with the State budget process. The Corporation administratively operates within the State Department of Revenue. The Board of Directors of the Corporation is comprised of the Commissioner of Revenue, the Commissioner of Commerce, Community and Economic Development and the Commissioner of Health and Social Services, as well as four members from the following sectors of the general public appointed by the Governor to serve two-year terms: one member with expertise or experience in finance or real estate; one member who is a rural resident of the State or who has expertise or experience with a regional housing authority; one member who has expertise or experience in residential energy efficient home-building or weatherization; and one member who has expertise or experience in the provision of senior or low-income housing. The powers of the Corporation are vested in and exercised by a majority of its Board of Directors then in office, who may delegate such powers and duties as appropriate and permitted under the Act. The Corporation's current members of its Board of Directors are as follows:

<u>Name</u>	<u>Location</u>
Mr. Brent LeValley Chair	Senior Vice President (Ret.) Denali State Bank Fairbanks, Alaska
Mr. Alan Wilson Vice Chair	President Alaska Renovators, Inc. Juneau, Alaska
Mr. Haven Harris	Vice President St. George Tanaq Corporation Anchorage, Alaska
Mr. Olen Harris	Executive Director North Pacific Rim Housing Authority Anchorage, Alaska
Mr. Bruce Tangeman Commissioner Alaska Department of Revenue	Mr. Greg Samorajski (designee) Deputy Commissioner Alaska Department of Revenue Anchorage, Alaska
Mr. Adam Crum Commissioner Alaska Department of Health and Social Services	Mr. Albert Wall (designee) Deputy Commissioner Alaska Department of Health and Social Services Anchorage, Alaska
Ms. Julie Anderson Commissioner Alaska Department of Commerce, Community and Economic Development	Mr. John Springsteen (designee) Deputy Commissioner Alaska Department of Commerce, Community and Economic Development Anchorage, Alaska

The following sub-committees of the Board of Directors have been established: Audit Committee, Investment Advisory Committee, Housing Budget and Policy Committee, and the Personnel Committee.

The Corporation's staff consists of employees organized into the following departments: Accounting, Administrative Services, Audit, Budget, Construction, Finance, Governmental Relations and Public Affairs, Human Resources, Information Services, Mortgage, Planning, Public Housing, Research and Rural Development, Risk Management and Sourcing and Contract Compliance. Principal financial officers of the Corporation are as follows:

Bryan D. Butcher - Chief Executive Officer/Executive Director. Mr. Butcher rejoined the Corporation on August 7, 2013. Prior to his appointment as Chief Executive Officer/Executive Director, Mr. Butcher served as Commissioner of the Alaska Department of Revenue from January 2011 to August 2013, as the Corporation's director of governmental relations and public affairs from 2003 to 2011, and as a senior aide to the House and Senate Finance Committees of the Alaska Legislature for 12 years. Mr. Butcher holds a Bachelor of Science degree from the University of Oregon.

Mark Romick - Deputy Executive Director. Mr. Romick has been with the Corporation since July 1992 and previously served as the Director of Planning and Program Development.

He previously worked for the Alaska State Housing Authority and the Alaska Housing Market Council. Mr. Romick holds a Master's degree in Economics from the University of Alaska.

Michael L. Strand - Chief Financial Officer/Finance Director. Mr. Strand joined the Corporation in 2001, and previously served as Senior Finance Officer, Finance Officer and Financial Analyst II. Prior to joining the Corporation, he served as a budget analyst for Anchorage Municipal Light and Power and as a financial analyst for VECO Alaska. Mr. Strand is a graduate of the University of Alaska, Anchorage, with Bachelor of Business Administration degrees in finance and economics.

Gerard Deta - Senior Finance Officer. Mr. Deta has been with the Corporation since 2001, and previously served as Finance Officer and Financial Analyst II. Prior to joining the Corporation, he served as an auditor with Deloitte & Touche LLP. Mr. Deta is a graduate of Southern Utah University with Bachelor of Science degrees in finance and accounting.

Activities of the Corporation

The principal activity of the Corporation is the purchase of residential mortgage loans. This activity has been supplemented by the merger with the Authority under which the Corporation assumed responsibility for the public housing functions of the Authority and its assumption of the rural housing and residential energy functions of the Department. See "THE CORPORATION — General."

Financing Activities

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.

Since 1986, implementation of refinancing programs by the Corporation has resulted in the prepayment of outstanding mortgage loans with a corresponding redemption at par of substantial amounts of the Corporation's notes or bonds secured by such mortgage loans.

Since 1997, the Corporation has issued certain Self-Liquidity Bonds, which are variable rate demand obligations with weekly interest rate resets. If these bonds are tendered or deemed tendered, the Corporation has the obligation to purchase any such bonds that cannot be remarketed. This general obligation is not secured by any particular funds or assets, including any assets that may be held under the related indentures. The Corporation may issue additional bonds for which it will provide liquidity support, similar to that which it currently provides for the Self-Liquidity Bonds.

Other variable rate demand obligations issued by the Corporation are the subject of liquidity facilities provided by third-party liquidity providers in the form of standby bond

purchase agreements. If such obligations are tendered or deemed tendered, the related liquidity provider is obligated to purchase any such obligations that cannot be remarketed. Such purchase obligation also arises in connection with the expiration of such facility in the absence of a qualifying substitute therefor. Bonds so purchased and held by third-party liquidity providers will thereupon begin to bear higher rates of interest and be subject to accelerated mandatory redemption by the Corporation, in each case in accordance with and secured by the related indenture.

The following table sets forth certain information regarding the Corporation's variable rate demand obligations as of April 30, 2019:

<u>Bond Series</u>	<u>Amount Outstanding</u>	<u>Liquidity Provider (or Self-Liquidity)</u>	<u>Facility Expiration Date</u>
Governmental Purpose Bonds, 1997 Series A	\$ 14,600,000	Self-Liquidity	NA [†]
Governmental Purpose Bonds, 2001 Series A and B	93,640,000	Self-Liquidity ^{††}	NA [†]
State Capital Project Bonds, 2002 Series C	23,155,000	Self-Liquidity	NA [†]
Home Mortgage Revenue Bonds, 2002 Series A	35,110,000	JPMorgan Chase Bank, N.A.	December 31, 2019
Home Mortgage Revenue Bonds, 2007 Series A, B and D	229,170,000	Federal Home Loan Bank- Des Moines	May 25, 2021
Home Mortgage Revenue Bonds, 2009 Series A	80,880,000	Wells Fargo Bank, N.A.	December 6, 2021
Home Mortgage Revenue Bonds, 2009 Series B	80,880,000	Wells Fargo Bank, N.A.	December 6, 2021
Home Mortgage Revenue Bonds, 2009 Series D	80,870,000	Federal Home Loan Bank- Des Moines	May 30, 2022
State Capital Project Bonds II, 2017 Series B	150,000,000	Self-Liquidity	NA [†]
State Capital Project Bonds II, 2018 Series A	<u>90,000,000</u>	Self-Liquidity	NA [†]
	<u>\$878,305,000</u>		

[†] The Corporation's obligation to purchase Self-Liquidity Bonds tendered or deemed tendered remains in effect so long as the related variable rate bonds are outstanding or until a qualifying third-party liquidity facility has replaced it.

^{††} The Corporation currently provides self-liquidity with respect to its Governmental Purpose Bonds, 2001 Series A and B. On or about June 27, 2019, the Corporation expects to deliver Alternate Liquidity Facilities in substitution therefor in the form of Standby Bond Purchase Agreements among the Corporation, U.S. Bank Association, as trustee and tender agent and the Federal Home Loan Bank of Des Moines.

The Corporation's financing activities include, in addition to the issuance of Bonds under the Indenture, recurring long-term debt issuances under established bond indentures described below. Such issuances constitute the majority of the Corporation's financing activities.

Mortgage Revenue Bonds. The Corporation funds its Tax-Exempt First-Time Homebuyer Program with the proceeds of Mortgage Revenue Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Mortgage Revenue Bonds. Mortgage Revenue Bonds are also general obligations of the Corporation.

Home Mortgage Revenue Bonds. The Corporation funds its Rural and Taxable Programs with the proceeds of Home Mortgage Revenue Bonds. Mortgage loans and/or mortgage-backed securities are pledged as collateral for the Home Mortgage Revenue Bonds. Home Mortgage Revenue Bonds are also general obligations of the Corporation.

Collateralized Bonds. The Corporation funds its Veterans Mortgage Program with the proceeds of State-guaranteed Collateralized Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Collateralized Bonds. Collateralized Bonds are also general obligations of the Corporation and general obligations of the State.

General Mortgage Revenue Bonds II. The Corporation issues General Mortgage Revenue Bonds II to finance the purchase of mortgage loans or to refund other obligations of the Corporation. Mortgage loans and other assets are pledged as collateral for the General Mortgage Revenue Bonds II. General Mortgage Revenue Bonds II are general obligations of the Corporation.

Governmental Purpose Bonds. The Corporation issues Governmental Purpose Bonds to finance capital expenditures of the State for governmental purposes, with certain proceeds available for general corporate purposes. Governmental Purpose Bonds are general obligations of the Corporation.

State Capital Project Bonds and State Capital Project Bonds II. The Corporation issues State Capital Project Bonds and State Capital Project Bonds II to finance designated capital projects of State agencies and the Corporation and to refund other obligations of the Corporation. State Capital Project Bonds and State Capital Project Bonds II are also used to finance building purchases that may or may not be secured by lease agreements between the Corporation and the State of Alaska. State Capital Project Bonds and State Capital Project Bonds II are general obligations of the Corporation.

The following tables set forth certain information as of April 30, 2019 regarding bonds issued under the above-described financing programs and the Bonds issued under the Indenture:

Bonds Issued and Remaining Outstanding by Program

<u>Bond Program</u>	<u>Issued through</u> <u>4/30/2019</u>	<u>Issued During Ten</u> <u>Months Ended</u> <u>4/30/2019</u>	<u>Outstanding</u> <u>as of</u> <u>4/30/2019</u>
Home Mortgage Revenue Bonds	\$ 1,262,675,000	\$ 0	\$ 506,910,000
Mortgage Revenue Bonds	1,449,010,353 [†]	0	197,850,000
State Capital Project Bonds	680,190,000	0	27,685,000
State Capital Project Bonds II	1,352,530,000	0	1,130,475,000
General Mortgage Revenue Bonds II	463,670,000	167,780,000	353,700,000
Governmental Purpose Bonds	973,170,000	0	108,240,000
Veterans Collateralized Bonds	792,885,000	60,000,000	107,480,000
Other Bonds	<u>12,154,673,769</u>	<u>0</u>	<u>0</u>
Total Bonds	<u>\$19,128,804,122</u>	<u>\$227,780,000</u>	<u>\$2,432,340,000</u>

[†] Includes release of proceeds of \$193,100,000 Mortgage Revenue Bonds originally issued in 2009.

Summary of Bonds Issued and Remaining Outstanding

	<u>Issued through</u> <u>4/30/2019</u>	<u>Issued During Ten</u> <u>Months Ended</u> <u>4/30/2019</u>	<u>Outstanding</u> <u>as of</u> <u>4/30/2019</u>
Tax-Exempt Bonds	\$14,063,544,122 [†]	\$227,780,000	\$2,052,340,000
Taxable Bonds	<u>5,065,260,000</u>	<u>0</u>	<u>380,000,000</u>
Total Bonds	<u>\$19,128,804,122</u>	<u>\$227,780,000</u>	<u>\$2,432,340,000</u>
Self-Liquidity Bonds ^{††}	<u>\$ 984,620,000</u>	<u>\$ 0</u>	<u>\$ 371,395,000</u>

[†] Includes release of proceeds of \$193,100,000 Mortgage Revenue Bonds originally issued in 2009.

^{††} For information only. These amounts are already included in the categories above.

The Corporation's financing activities also include recurring short-term debt issuances under established programs or agreements. The proceeds of such issuances may be used for any lawful purpose of the Corporation; however, the Corporation has in the past used and intends to continue to use such proceeds to temporarily refund outstanding tax-exempt obligations prior to their permanent refunding through the issuance of tax-exempt bonds.

Commercial Paper Notes Program. On June 13, 2007, the Corporation's Board of Directors authorized a domestic Commercial Paper Notes Program with a major dealer under which the maximum principal amount of notes outstanding at any one time shall not exceed \$150,000,000. The Commercial Paper Notes Program is rated "P-1" by Moody's, "A-1+" by S&P, and "F1+" by Fitch.

Reverse Repurchase Agreements. The Corporation may enter into reverse repurchase agreements in such amounts as it deems necessary for carrying out its purpose.

TBA Markets. From time to time, in lieu of utilizing the proceeds of bond issues to finance certain federally insured or guaranteed mortgage loans, the Corporation pools those

mortgage loans into GNMA Mortgage-Backed Securities and sells the securities into the national TBA (“To Be Announced”) future delivery market.

Lending Activities

The Corporation finances its lending activities with a combination of general operating funds, bond proceeds, and loan prepayments and earnings derived from the permitted spread between borrowing and lending rates. The Corporation acquires mortgage loans after they have been originated and closed by direct lenders, which normally are financial institutions or mortgage companies with operations in the State. Under many of the Corporation’s programs, the originating lender continues to service the mortgage loan on behalf of the Corporation. The Corporation also makes available a streamlined refinance option that allows applicants to obtain new financing secured by property that is currently financed by the Corporation without income, credit, or appraisal qualifications.

In addition to the lending programs described below, the Corporation funded a loan totaling approximately \$145 million (\$50 million on November 20, 2013; \$24 million on July 29, 2016; \$46 million on June 9, 2017; and \$25 million on January 12, 2018) for the construction and rehabilitation of rental housing on two United States Army bases in the State, Fort Wainwright and Fort Greely, bearing interest at a rate of 6.625% per annum and amortizing over a 40-year term maturing April 15, 2058, with a 35-year lockout for prepayment. As of April 30, 2019, the remaining principal balance on this loan was \$142,977,380.

Following are brief descriptions of the Corporation’s lending programs:

Tax-Exempt First-Time Homebuyer Program. The Tax-Exempt First-Time Homebuyer Program offers lower interest rates to eligible borrowers who meet income, purchase price, and other requirements of the Code.

Veterans Mortgage Program. The Veterans Mortgage Program offers a reduced interest rate to qualified veterans who purchase or construct owner-occupied single-family residences or, with certain restrictions, who purchase a duplex, triplex, or fourplex.

Taxable First-Time Homebuyer. The Taxable First-Time Homebuyer Program offers a reduced interest rate to first-time homebuyers whose loans do not meet the Code requirements of the Tax-Exempt First-Time Homebuyer Program.

Rural Loan Program. The Rural Loan Program offers financing to purchase, construct, or renovate owner occupied and non-owner occupied housing in small communities. The Rural interest rate is one percent below the calculated cost of funds established for the Corporation’s Taxable Program and is applied to the first \$250,000 of the loan only. The balance of the loan is at the Rural interest rate plus 1%.

Taxable Program. The Taxable Program is available statewide for applicants or properties not meeting requirements of other Corporation programs. Borrowers and properties must meet the Corporation’s general financing requirements. This program also includes non-conforming loans for certain properties for which financing may not be obtained through private, state or federal mortgage programs.

Multi-Family Loan Purchase Program. The Corporation participates with approved lenders to provide financing for the acquisition, rehabilitation, and refinancing of multi-family housing (buildings with at least five units and designed principally for residential use) as well as certain special-needs and congregate housing facilities.

The following tables set forth certain information as of April 30, 2019 regarding the mortgage loans financed under the above-described lending programs:

Mortgage Purchases by Program

<u>Loan Program</u>	<u>Original Principal Balance of Mortgage Loans Purchased during FY 2018</u>	<u>Original Principal Balance of Mortgage Loans Purchased during the Ten Months Ended 4/30/2019</u>
Taxable Other	\$190,986,573	\$160,740,622
Tax-Exempt First-Time Homebuyer	115,273,019	101,160,666
Taxable First-Time Homebuyer	93,977,887	77,089,460
Multi-Family and Special Needs	53,636,450	14,872,825
Rural	54,494,346	53,346,766
Veterans Mortgage Program	<u>34,921,525</u>	<u>36,278,229</u>
Total Mortgage Purchases	<u>\$543,289,800</u>	<u>\$443,488,568</u>
Percentage of Original Principal Balance of Total Mortgage Purchases during Period Representing Streamline Refinance Loans	0.4%	0.0%

Mortgage Portfolio Summary

	<u>As of 6/30/2018</u>	<u>As of 4/30/2019</u>
Mortgages and Participation Loans	\$3,097,658,824	\$3,309,571,096
Unconventional Loans	75,409,323	65,984,521
Real Estate Owned and Insurance Receivables	<u>5,538,446</u>	<u>4,216,834</u>
Total Mortgage Portfolio	<u>\$3,178,606,593</u>	<u>\$3,379,772,451</u>

Mortgage Insurance Summary[†]

Type	Outstanding Principal Balance as of 4/30/2019	Percentage of Total Mortgage Loans by Outstanding Principal Balance
Uninsured ^{††}	\$1,839,448,634	54.4%
Private Mortgage Insurance ^{†††}	859,219,202	25.4
Federally Insured – FHA	236,082,445	7.0
Federally Insured – VA	181,271,640	5.4
Federally Insured – RD	139,813,069	4.1
Federally Insured – HUD 184	<u>123,937,461</u>	<u>3.7</u>
TOTAL	<u>\$3,379,772,451</u>	<u>100.0%</u>

[†] This table contains information regarding the types of primary mortgage insurance coverage applicable to the Corporation's mortgage loans at their respective originations. No representation is made as to the current status of primary mortgage insurance coverage.

^{††} Uninsured Mortgage Loans represent loans for which the original loan-to-value ratio was not in excess of 80% (90% for loans in rural areas) and insurance coverage was therefore not required. No representation is made as to current loan-to-value ratios.

^{†††} The following table sets forth information with respect to the providers of such private mortgage insurance. No representation is made as to the amount of private mortgage insurance coverage provided by carriers whose claims-paying ability is rated investment grade or better by Moody's, S&P or Fitch.

PMI Provider	Outstanding Principal Balance as of 4/30/2019	Percentage of Total Mortgage Loans by Outstanding Principal Balance
Radian Guaranty	\$267,766,311	7.9%
CMG Mortgage Insurance	153,231,762	4.5
Mortgage Guaranty	137,262,549	4.1
Essent Guaranty	165,584,482	4.9
United Guaranty	77,098,623	2.3
Genworth GE	56,098,124	1.7
PMI Mortgage Insurance	708,541	0.0
National Mortgage Insurance	1,077,012	0.0
Commonwealth	<u>391,798</u>	<u>0.0</u>
TOTAL	<u>\$859,219,202</u>	<u>25.4%</u>

Mortgage Delinquency and Foreclosure Summary

	As of 6/30/2018	As of 4/30/2019
Delinquent 30 Days	1.77%	1.99%
Delinquent 60 Days	0.84	0.52
Delinquent 90 Days or More	<u>0.80</u>	<u>1.01</u>
Total Mortgage Delinquency	<u>3.41%</u>	<u>3.52%</u>
	As of 6/30/2018	Ten Months Ended 4/30/2019
Total Foreclosures	<u>\$10,348,869</u>	<u>\$6,076,295</u>

Public Housing Activities

The Corporation performs certain public housing functions in the State through the Division. The Division operates Low Rent and Section 8 New Construction/Additional Assistance housing to serve low-income families, disabled persons and seniors in several communities throughout Alaska. The Division also administers the rent subsidies for numerous families located in private-sector housing through vouchers, certificates, and coupons issued pursuant to Section 8 of the United States Housing Act of 1937. The Division's operating budget is funded primarily through contracts with HUD. The Division is engaged in a number of multifamily renovation and new construction projects throughout the State.

Financial Results of Operations

The following is a summary of revenues, expenses and changes in net position of the Corporation for each of its five most recent fiscal years, which have been derived from Note 24 to the Corporation's audited annual financial statements dated June 30, 2018, contained in Appendix A — "Financial Statements of the Corporation."

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

	Fiscal Year Ended June 30				
	2018	2017	2016	2015	2014
Total Assets and Deferred Outflows	\$4,101,560	\$3,939,741	\$3,930,554	\$3,916,302	\$4,055,203
Total Liabilities and Deferred Inflows	2,562,864	2,426,113	2,431,021	2,430,821	2,545,295
Total Net Position	1,538,696	1,513,628	1,499,533	1,485,481	1,509,908
Total Operating Revenues	246,280	249,479	274,180	290,099	308,086
Total Operating Expenses	212,697	235,134	259,979	281,594	311,471
Operating Income (Loss)	33,583	14,345	14,201	8,505	(3,385)
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
Special Item	0	0	0	0	0
Change in Net Position	\$33,458	\$14,095	\$14,052	\$4,680	\$(4,765)

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.

<u>Fiscal Year</u>	<u>Percentage of Adjusted Change in Net Assets</u>
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 June 30, 2018 (in thousands).

	<u>Dividend Due to State</u>	<u>Expenditures</u>	<u>Remaining Commitments</u>
State General Fund Transfers	\$ 794,648	\$ (788,948)	\$ 5,700
State Capital Projects Debt Service	458,877	(446,871)	12,006
State of Alaska Capital Projects	255,761	(249,534)	6,227
Corporation Capital Projects	<u>507,792</u>	<u>(469,752)</u>	<u>38,040</u>
Total	\$2,017,078	\$(1,955,105)	\$61,973

Corporation Budget Legislation

The Corporation's fiscal year 2019 operating budget was approved by the Legislature during the fiscal year 2018 legislative session. Consistent with the Transfer Plan, the enacted fiscal year 2019 operating budget estimated that \$29.4 million would be available from the adjusted change in net position for payment of debt service and appropriation for capital projects.

There can be no assurance that the Legislature or the Governor of the State will not seek and/or enact larger dividends or other transfers of Corporation assets by legislative enactment or other means in the future.

Litigation

There are no threatened or pending cases in which the Corporation is or may be a defendant which the Corporation feels have merit and which it feels could give rise to materially negative economic consequences.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Certain covenants and security provisions of the Indenture are summarized below. Reference should be made to the Indenture for a full and complete statement of their provisions.

Certain Definitions (Section 101)

“Bond Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation.

“Code” means the Internal Revenue Code of 1986, as amended, and United States Treasury regulations promulgated thereunder or applicable thereto.

“Credit Enhancement” means any source of payment of principal or interest with respect to Bonds (including principal and interest payable upon a tendering of the Bonds in accordance with their terms) other than assets and revenues under the Indenture and includes, by example and not limitation, letters of credit, bond insurance, liquidity facilities, surety bonds, and stand-by bond purchase agreements.

“Credit Enhancer” means any entity or entities which provide Credit Enhancement.

“DTC” means The Depository Trust Company, New York, New York.

“Government Obligations” means:

(1) direct obligations of, or obligations guaranteed as to full and timely payment of interest and principal by, the United States of America or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America; or

(2) instruments evidencing direct ownership interests in direct obligations, or specified portions (such as principal or interest) of such obligations, of the United States of America which obligations are held by a custodian in safe keeping on behalf of the holders of such receipts.

“Investment Securities” means any investments selected by the Corporation, if and to the extent the same are at the time legal investments by the Corporation of the funds to be invested therein and in compliance with the Corporation’s then current investment policies.

“Outstanding,” when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(1) any Bond canceled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and

(3) any Bond that has been paid or is deemed to have been paid as described under “Summary of Certain Provisions of the Indenture — Defeasance.”

“Rating Agency” means any national securities rating service requested by the Corporation to rate the Bonds and which, at the time of consideration, provides a published rating for the Bonds.

“Rating Quality” means, with respect to any Series of Bonds, having terms, conditions and/or a credit quality such that the item stated to be of “Rating Quality” will not, as confirmed in writing received by the Trustee from each of the Rating Agencies, impair the ability of the Corporation to obtain the ratings initially from the Rating Agencies anticipated to be received with respect to such Bonds as described in the Supplemental Indenture authorizing such Bonds and, if the Bonds have been rated, will not cause any such Rating Agency to lower or withdraw the rating it has assigned to the Bonds.

“Rebate Amount” means that amount with respect to the Bonds determined by the Corporation to be required to be rebated to the United States government pursuant to the Code.

“Redemption Price” means, with respect to any Bonds that have been designated for redemption, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

“Revenues” means, in addition to amounts so identified in the Indenture, such amounts derived from such sources as the Corporation may identify in a Supplemental Indenture authorizing the issuance of a Series of Bonds.

Pledge Effected by Indenture; Indenture to Constitute a Contract (Section 201)

All amounts in the Program Account and the Revenue Account are pledged under the Indenture to secure the payment of the principal of and interest on the Bonds, subject only to the provisions of the Indenture permitting the application thereof for other purposes; provided, however, that the Corporation may direct the Trustee to establish subaccounts for any such accounts to secure all or any portion of a Series or Subseries of Bonds, and, upon the creation of such subaccount, any amounts deposited or held therein may be pledged to secure the payment of principal of and interest on only those Bonds for which such subaccount was created.

In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the Indenture shall be a part of the contract of the Corporation with the holders of Bonds and shall be deemed to be and shall constitute a contract between the Corporation, the Trustee and the holders from time to time of the Bonds. The pledges and assignments made by the Indenture and the provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of the Corporation shall be for the

equal benefit, protection and security of the holders of any and all of such Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Indenture (and, in particular, except that one or more Series of Bonds may be issued with Credit Enhancement which, as permitted by the Indenture, may be pledged to such Series of Bonds and, at the Corporation's sole discretion, may not benefit any other Series of Bonds).

Issuance and Delivery of Bonds (Section 203)

The Corporation may from time to time issue additional Series of Bonds under the Indenture with such provisions of the Indenture applicable as it determines in an unlimited aggregate principal amount to provide additional funds for any purpose of the Corporation.

Before the Trustee may authenticate an additional Series of Bonds, there must be delivered to the Trustee, among other things, evidence from each Rating Agency that the issuance of such additional Series of Bonds will not, in and of itself, result in the ratings then in effect on any Bonds then Outstanding being reduced or withdrawn.

Investment of Certain Funds (Section 403)

The Corporation shall direct the Trustee to invest amounts in the Accounts in Investment Securities; in the absence of direction from the Corporation, the Trustee shall, to the maximum extent practicable, keep amounts in the Accounts invested in money market funds, secured by obligations with maturities of one year or less, the payment of principal and interest on which is guaranteed by the full faith and credit of the United States of America. Notwithstanding the foregoing, the Corporation shall not direct the investment of, and the Trustee shall hold uninvested, moneys held for the payment of Bonds that may be tendered for purchase, and that have been tendered for purchase, pursuant to the terms of the supplemental indenture authorizing the issuance of such Bonds.

Investment Securities purchased as an investment of moneys in any Account held by the Trustee under the provisions of the Indenture shall be deemed at all times to be a part of such Account, but the income or interest earned (other than accrued interest at the time of purchase of the Investment Securities) and gains realized in excess of losses suffered by an Account due to the investment thereof shall be deposited in the Revenue Account or shall be credited as Revenues to the Revenue Account from time to time and reinvested in accordance with the provisions described in the immediately preceding paragraph.

The Trustee may commingle any of the Accounts established pursuant to the Indenture or any supplemental indenture into a separate fund or funds for investment purposes only; provided, however, that all Accounts held by the Trustee under the Indenture shall be accounted for separately notwithstanding such commingling. In addition, for investment purposes only, the Trustee may, at its sole discretion, commingle any of the Accounts established under any other indenture, resolution, or agreement of the Corporation with the Trustee, to the extent permitted therein.

Valuation and Sale of Investments (Section 404)

Except as provided in the Indenture, in computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued at amortized value. Amortized value means par, if the obligation was purchased at par, or, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each Interest Payment Date after such purchase from the purchase price in the case of an obligation purchased at a premium or adding the amount thus calculated for each Interest Payment Date after such purchase to the purchase price in the case of an obligation purchased at a discount.

Establishment of Accounts (Section 501)

The Indenture establishes and creates the following Accounts and Subaccounts:

- (1) Program Account and, within the Program Account, Program Subaccounts;
- (2) Revenue Account; and
- (3) Rebate Account.

The Corporation may establish with the Trustee additional accounts and subaccounts in a supplemental indenture for the purpose of creating additional security for a Series of Bonds and may provide in such supplemental indenture that such account is only for the security of such Series of Bonds and not to secure any other bonds of the Corporation, including any other Bonds issued under the Indenture.

Program Account (Section 502)

The Program Account consists of, and there may be created and established, one or more Program Subaccounts for each Series of Bonds as required by the supplemental indenture authorizing such Series.

Revenue Account (Section 503)

The Corporation shall pay or cause to be paid to the Trustee, at least two Business Days prior to the due date thereof, assets and revenues of the Corporation as may be available (subject to agreements made with holders of other obligations of the Corporation pledging particular assets and revenues and the exclusion by the Act of a pledge of funds in the Housing Development Fund) as needed to make all payments of principal, interest and premium with respect to the Bonds and any other payments required by the Indenture or by any supplemental indenture authorizing the issuance of a Series of Bonds. The Trustee shall deposit such amounts in the Revenue Account or, if required under the terms of a supplemental indenture authorizing the issuance of a Series of Bonds, in such subaccount thereof as may be created by such supplemental indenture for such Series of Bonds. There shall also be deposited in the Revenue

Account, or subaccount thereof if applicable, any other amounts required to be deposited therein pursuant to the Indenture or a supplemental indenture.

The Revenue Account may consist of, and there may be created and established, one or more Revenue Subaccounts for each Series of Bonds (and subaccounts of such Revenue Subaccounts for any subseries of such Series) as required by the supplemental indenture authorizing such Series. Amounts deposited in a Revenue Subaccount may be used only for the purposes stated in the supplemental indenture creating such Revenue Subaccount.

The Trustee shall pay out of the Revenue Account:

(i) on each Interest Payment Date, the amounts required for the payment of principal due, if any, and interest due on the Bonds on such date; and

(ii) on any Redemption Date or date of purchase, the amounts required for the payment of accrued interest on the Bonds and for the payment of principal and Sinking Fund Payments to become due on the Bonds to be redeemed or purchased on such date, unless the payment of such accrued interest is otherwise provided for, and in each such case, such amounts will be applied by the Trustee to such payments or to reimburse any Credit Enhancer for any such payment made with any such Credit Enhancer's Credit Enhancement. The Trustee shall deliver written notice to the Corporation (which may be by facsimile transmission or otherwise) on the day before any payment required by the preceding sentence if on such date there are not sufficient funds in the Revenue Account to make such required payment, which notice shall include a statement of the amount of such deficiency.

As soon as practicable after the 45th day preceding the due date of any Sinking Fund Payment, the Trustee shall proceed to call for redemption on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of such Bonds of such maturity equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Revenue Account on the Redemption Date the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by the Trustee to such redemption.

Upon written instruction from the Corporation at any time, the Trustee shall apply amounts in the Revenue Account to the purchase of Outstanding Bonds in lieu of any redemption of such Bonds pursuant to the supplemental indenture applicable to such Bonds, and upon such purchase such Bonds shall be canceled. The Corporation shall notify the Trustee three Business Days before any date that the Corporation intends to instruct the Trustee to purchase Bonds, and, on the date of any such purchase, the Trustee shall notify the Credit Enhancer, if any, that has provided Credit Enhancement applicable to such Bonds. Any purchases shall be settled on such dates as the Corporation and the Trustee mutually agree will permit the Trustee to proceed with the payment of interest on any Bonds remaining Outstanding after such purchase on the applicable Interest Payment Date or with the redemption of any Bonds remaining Outstanding after such purchase on the applicable redemption date. The price paid by the Trustee for any Bond (excluding accrued interest on such Bonds, but including any brokerage and other charges)

purchased pursuant to this paragraph shall not exceed the Redemption Price thereof. The Trustee will also pay from the Revenue Account accrued interest on any such Bond. Subject to the above limitations, the Trustee shall, at the written direction of the Corporation, purchase Bonds at such times, for such prices, in such amounts, and in such manner (whether after advertisement for tenders or otherwise) as the Corporation may determine and as may be possible with the amount of money available in the Revenue Account.

On the day following the payment of principal or interest with respect to the Bonds, the Trustee shall make transfers and payments from amounts remaining in the Revenue Account in the manner directed in writing by the Corporation or as provided in a supplemental indenture authorizing the issuance of a Series of Bonds.

Rebate Account (Section 504)

The Rebate Account is not pledged to secure the payment of principal or Redemption Price, if any, of or any interest on the Bonds.

The Corporation shall determine the Rebate Amount in accordance with the Code. If the Corporation determines that a Rebate Amount is required to be paid, the Corporation shall deposit such amount in the Rebate Account with written instructions to the Trustee to pay such amount to the Federal government. The Trustee shall make such payment in accordance with such written instructions.

If the amount in the Rebate Account exceeds the Rebate Amount, the Corporation may direct the Trustee in writing to withdraw such excess amount and deliver it to the Corporation, and, upon receipt of such written direction, the Trustee shall so withdraw and deliver such excess amounts free and clear of the lien of the Indenture.

Payment of Redeemed Bonds (Section 606)

Notice having been given by mailing in the manner provided in the Indenture, the Bonds or portion thereof so called for redemption will become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If there shall be drawn for redemption less than the entire principal amount of a Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered Bonds of like Series, interest rate and maturity in any of the Authorized Denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, are held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys are not so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment of Bonds (Section 701)

The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of and the interest on every Bond at the dates and places and in the manner stated in the Bonds and in the Indenture according to the true intent and meaning thereof and will duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Power to Issue Bonds and Pledge Revenues and Other Property (Section 704)

The Corporation is duly authorized by law to authorize and issue the Bonds and to enter into, execute and deliver the Indenture and to pledge the assets and revenues purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture. Except as provided in the Indenture and in the supplemental indentures authorizing the issuance of any Series of Bonds, the assets and revenues so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto prior to, or of equal rank with, the pledge created by the Indenture, and all corporate or other action on the part of the Corporation to that end has been or will be duly and validly taken. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of the Indenture. The Corporation directs that the Trustee shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the revenues and other assets, including rights therein pledged under the Indenture and in the supplemental indentures and all the rights of the Bondholders under the Indenture against all claims and demands of all persons whomsoever, and the Corporation shall cooperate in all such matters.

Tax Covenants (Section 706)

With respect to Bonds, the interest on which was, at the time of initial issuance of the Bonds, intended to be excluded from gross income for Federal income tax purposes, the Corporation shall not knowingly take or cause any action to be taken which will adversely affect such exclusion. The Corporation shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on such Bonds will, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation pursuant to the provisions of Section 103 of the Code, and the Regulations promulgated thereunder.

The Corporation shall not knowingly permit at any time or times any of the proceeds of such Bonds described in the immediately preceding paragraph or any other funds of the Corporation to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any such Bond to be an “arbitrage bond” as defined in Section 148 of the Code.

Accounts and Reports (Section 707)

The Corporation shall keep, or cause to be kept, proper books and reports in which complete and accurate entries will be made of all transactions relating to any programs for which Bonds are issued and all Accounts established by the Indenture, which books and reports and

accountings shall at all reasonable times be subject to inspection by the Trustee, each Credit Enhancer and the holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Trustee shall advise the Corporation, in writing, on or before the 20th day of each calendar month, of the details of all deposits and Investment Securities held for the credit of each Fund and Account in its custody under the provisions of the Indenture as of the end of the preceding month. The Trustee shall also maintain, at the expense of the Corporation, an electronic access system which the Corporation may use to access the balances and respective investment holdings of each fund or account on a daily basis.

Supplemental Indentures (Sections 801, 802 and 803)

For any one or more of the following purposes and at any time or from time to time, a supplemental indenture may be entered into by and between the Corporation and the Trustee: (a) to provide for the issuance of a Series of Bonds and to fix or modify the terms of the Indenture with respect to a Series of Bonds or the creation of a Subseries of Bonds; (b) to add to the covenants and agreements of the Corporation in the Indenture other covenants and agreements to be observed by the Corporation which are not contrary to or inconsistent with the Indenture as theretofore in effect; (c) to add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Corporation which are not contrary to or inconsistent with the Indenture as theretofore in effect; (d) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture; (e) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture of any revenues or assets; (f) to modify the Indenture in any respect if:

(i) (A) such modification shall be, and be expressed to be, effective only with respect to Bonds issued after the date of the adoption of such supplemental indenture and (B) such supplemental indenture shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such supplemental indenture and of Bonds issued in exchange therefor or in place thereof, or

(ii) such change affects only Bonds which are subject to mandatory tender for purchase and such change is effective as of a date for such mandatory tender; or

(g) to provide for such terms as may be necessary to obtain or maintain the ratings on the Bonds or to provide for Credit Enhancement or other additional security for any Bonds.

At any time or from time to time a supplemental indenture may be entered into, which, upon a finding recited therein by the Corporation and the Trustee (which will be based on reliance on a Bond Counsel's Opinion) that there is no material adverse effect on the Bondholders, shall be fully effective in accordance with its terms:

(a) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

(b) to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) to provide additional duties of the Trustee; or

(d) to make any other changes not materially adverse to the interests of the Bondholders.

At any time or from time to time, a supplemental indenture may be entered into subject to consent by Bondholders in accordance with and subject to the provisions of the Indenture, which supplemental indenture, upon compliance with the provisions of the Indenture, shall become fully effective in accordance with its terms as provided in the Indenture.

Amendment (Sections 902 and 903)

Any modification of or amendment to the Indenture and of the rights and obligations of the Corporation and of the holders of the Bonds may be made by a supplemental indenture with the written consent given as provided in the Indenture of the holders of at least 60% in principal amount of the Bonds Outstanding at the time such consent is given and in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least 60% in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified maturity remain Outstanding, however, the consent of the holders of such Bonds shall not be required and any such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount of the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its sole discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Corporation and all holders of Bonds.

Such supplemental indenture shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of holders of the percentages of Outstanding Bonds specified in the immediately preceding paragraph and (ii) a Bond Counsel's Opinion stating that such supplemental indenture has been duly and lawfully entered into by the Corporation and the Trustee in accordance with the provisions of the Indenture, is authorized or permitted thereby and is valid and binding upon the Corporation and enforceable in accordance with its terms and (b) notice shall have been mailed to Bondholders as provided in the Indenture.

Modifications by Unanimous Consent (Section 904)

The terms and provisions of the Indenture and the rights and obligations of the Corporation and of the holders of the Bonds may be modified or amended in any respect upon the entering into and filing by the Corporation of a supplemental indenture and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in the Indenture, except that no notice of any such modification or amendment to Bondholders is required; but no such modification or amendment may change or modify any of the rights or obligations of the Trustee without the filing with the Trustee of the written assent thereto of the Trustee in addition to the consent of the Bondholders.

Events of Default (Section 1001)

Each of the following is declared an “Event of Default”: (a) the Corporation defaults in the payment of the principal of or Redemption Price, if any, on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; (b) payment of any installment of interest on any of the Bonds is not made when and as the same becomes due; (c) the Corporation fails or refuses to comply with any of the provisions of the Indenture, or defaults in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture or in any supplemental indenture or in the Bonds, and such failure, refusal or default continues for a period of 45 days after written notice thereof given to the Corporation by the Trustee or the holders of not less than 25% in principal amount of the Outstanding Bonds; or (d) any event designated an Event of Default by a supplemental indenture has occurred and remains uncured.

Remedies (Section 1002)

Upon the happening and continuance of an Event of Default described in clauses (a) or (b) under “Summary of Certain Provisions of the Indenture — Events of Default,” the Trustee shall proceed to protect and enforce its rights and the rights of the Bondholders by such of the remedies described herein as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights. Upon the happening and continuance of any Event of Default described in clauses (c) or (d) under “Summary of Certain Provisions of the Indenture — Events of Default,” the Trustee may proceed to enforce such rights and, upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds, shall proceed to enforce such rights in its own name, subject to the provisions of the Indenture. The remedies available to the Trustee under the Indenture are: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders or the Trustee, including the right to require the Corporation to receive and collect the revenues and assets adequate to carry out the covenants and agreements as to, and the pledge of, such revenues and assets and to require the Corporation to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act; (b) by bringing suit upon the Bonds; (c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the holders of the Bonds; (d) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; or (e) by declaring all Bonds due and payable, and if all defaults are cured, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds, by annulling such declaration and

its consequences; provided, however, that no such declaration with respect to Bonds secured by Credit Enhancement may be annulled, regardless of any consent of Bondholders, unless and until the Credit Enhancer has verified to the Trustee in writing that the Credit Enhancement is in effect with respect to such Bonds to the same extent that it would have been in effect had the declaration not been made.

In the enforcement of any rights and remedies under the Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming due, and at any time remaining due and unpaid for principal, Redemption Price, interest or otherwise, under any provisions of the Indenture or a supplemental indenture or of the Bonds, with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorney fees), and to collect from any assets pledged under the Indenture, in any manner provided by law, the moneys adjudged or decreed to be payable.

Upon the occurrence of any Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the revenues and of the assets pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

A supplemental indenture may contain provisions granting to any Credit Enhancer the power to control the enforcement of remedies described under this heading “Summary of Certain Provisions of the Indenture — Remedies” with respect to the Series of Bonds to which the Credit Enhancement provided by the Credit Enhancer applies.

Priority of Payments after Default (Section 1003)

In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of principal or Redemption Price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and the Indenture, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee, including those of its attorneys, in the performance of its duties under the Indenture shall be applied as follows:

- (i) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to

pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all of the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or shall have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the above-described provisions, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, and the Trustee shall incur no liability whatsoever to the Corporation, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee.

Bondholders' Direction of Proceedings (Section 1005)

Anything in the Indenture to the contrary notwithstanding, the holders of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Rights of Bondholders (Section 1006)

No holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Indenture, or for the protection or enforcement of any right under the Indenture unless such holder has given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the

Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Indenture or for any other remedy under the Indenture or by law. It is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under law with respect to the Bonds or the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity will be instituted, and maintained in the manner provided in the Indenture and for the benefit of all holders of the Outstanding Bonds. Nothing contained in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on, or Redemption Price, if any, of his or her Bonds, or the obligation of the Corporation to pay the principal of and interest on, or Redemption Price, if any, of each Bond issued under the Indenture to the holder thereof at the time and place specified in said Bond.

Notwithstanding anything to the contrary contained in the Indenture, each holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Indenture or any supplemental indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of any undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions described in this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least 25% in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Trustee (Article XI)

Except during the existence of an Event of Default, the Corporation shall remove the Trustee, on thirty (30) days' notice, if requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation and signed by the holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation. Except during the existence of an Event of Default, the Corporation may remove the Trustee at any time for any such cause as determined in the sole discretion of the Corporation. Any successor to the Trustee must be a trust company or a bank having the powers of a trust company and having a capital, surplus and undivided profits aggregating at least \$25 million. The Corporation is required to pay to the Trustee from time to time, reasonable compensation for all services rendered under the Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those

of their attorneys, agents and employees, incurred in the performance of their powers and duties under the Indenture.

Defeasance (Section 1201)

If the Corporation shall pay or cause to be paid to the holders of the Bonds the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any revenues and other moneys, securities, funds and property pledged by the Indenture and all other rights granted by the Indenture with respect to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Corporation all moneys or securities held by the Trustee pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. If the Corporation shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Outstanding Bonds of a particular Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture and all covenants, agreements and obligations of the Corporation to the holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid with the effect expressed in the immediately preceding paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys in an amount which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Accountant, to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof as the case may be, and (iii) in the event said Bonds do not mature and are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the holders of such Bonds that the deposit required by (ii) above of this paragraph has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. Neither Government Obligations nor moneys deposited with the Trustee nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; but any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may

be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge. There shall also be delivered to the Trustee in connection with the deposit of moneys or Government Obligations a Bond Counsel's Opinion that, with respect to Bonds the interest on which was intended at the time of their initial issuance to be excluded from gross income for Federal income tax purposes, the deposit of moneys does not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes and such deposit has been made in compliance with the Indenture.

Anything in the Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the said date when all of the Bonds became due and payable, shall, at the written request of the Corporation, be repaid by the Trustee to the Corporation, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged.

TAX MATTERS

2019 Series A Bonds

Opinions of Co-Bond Counsel

In the opinions of Co-Bond Counsel, to be delivered on the date of issuance of the 2019 Series A Bonds, interest on the 2019 Series A Bonds (i) is *included* in gross income for Federal income tax purposes and (ii) is free from taxation by the State under existing law (*except* that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

General

The following is a summary of certain anticipated Federal income tax consequences of the purchase, ownership and disposition of the 2019 Series A Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the 2019 Series A Bonds should consult their own tax advisors in determining the Federal, state or local tax consequences to them of the purchase, holding and disposition of the 2019 Series A Bonds.

In general, interest paid on the 2019 Series A Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the 2019 Series A Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium

An investor that acquires an 2019 Series A Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any 2019 Series A Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount

An investor that acquires a 2019 Series A Bond for a price less than the adjusted issue price of such bond may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a 2019 Series A Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a 2019 Series A Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2019 Series A Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a 2019 Series A Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a 2019 Series A Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable

in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2019 Series A Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2019 Series A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No.115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the 2019 Series A Bonds under the Code.

Unearned Income Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the 2019 Series A Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the 2019 Series A Bonds and to gain on the sale of a 2019 Series A Bond.

Sales or Other Dispositions

If an owner of a 2019 Series A Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a 2019 Series A Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that

relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a 2019 Series A Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the 2019 Series A Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such 2019 Series A Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An owner of a 2019 Series A Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2019 Series A Bonds, if such owner, upon issuance of the 2019 Series A Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors

An owner of a 2019 Series A Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2019 Series A Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2019 Series A Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30 percent United States withholding tax will apply to interest paid and original issue discount accruing on 2019 Series A Bonds owned by foreign investors. In those instances in which payments of interest on the 2019 Series A Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2019 Series A Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2019 Series A Bond.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a 2019 Series A Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a 2019 Series A Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2019 Series A Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2019 Series A Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Corporation or any dealer of the 2019 Series A Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2019 Series A Bonds are acquired by such plans or arrangements with respect to which the Corporation or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2019 Series A Bonds. The sale of the 2019 Series A Bonds to a plan is in no respect a representation by the Corporation or the Underwriters that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the 2019 Series A Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

2019 Series B Bonds

Opinions of Co-Bond Counsel

In the opinions of Co-Bond Counsel, to be delivered on the date of issuance of the 2019 Series B Bonds, (A) assuming compliance with certain covenants which are designed to meet the requirements of the Code, under existing laws, regulations, rulings and judicial decisions, (i) interest on the 2019 Series B Bonds (including any original issue discount properly allocable to the owner of a 2019 Series B Bond) is excluded from gross income for Federal income tax purposes and (ii) interest on the 2019 Series B Bonds is not a specific preference item for purposes of the alternative minimum tax imposed under the Code; and (B) interest on the 2019 Series B Bonds is free from taxation by the State under existing law (*except* that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

Compliance

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the 2019 Series B Bonds, including compliance with restrictions on the yield of investments and periodic rebate payments to the Federal government. The Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 of the Corporation, which will be delivered concurrently with the delivery of the 2019 Series B Bonds, will contain provisions and procedures relating to compliance with such requirements of the Code. The Corporation also has covenanted in the Indenture to do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid on the 2019 Series B Bonds shall not be included in gross income for Federal income tax purposes. Failure to comply with these covenants may result in interest on the 2019 Series B Bonds being included in gross income for Federal income tax purposes from the date of issuance of the 2019 Series B Bonds. The opinions of Co-Bond Counsel assume the Corporation is in compliance with these covenants. Co-Bond Counsel are not aware of any reason why the Corporation cannot or will not be in compliance with such covenants. *However*, Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2019 Series B Bonds may affect the tax status of interest on the 2019 Series B Bonds.

Original Issue Discount. The 2019 Series B Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for Federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium

2019 Series B Bonds sold at an initial public offering price that is greater than the stated amount to be paid at maturity constitute “Premium Bonds.” An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and

giving effect to any call premium). As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the 2019 Series B Bonds under the Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2019 Series B Bonds is subject to information reporting in a manner similar to that with respect to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the 2019 Series B Bonds from gross income for Federal income tax purposes or any other Federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Certain Additional Federal Tax Consequences

The foregoing is a brief discussion of certain Federal and State income tax matters with respect to the 2019 Series B Bonds under existing statutes. It does not purport to deal with all aspects of Federal or State taxation that may be relevant to a particular owner of 2019 Series B Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the 2019 Series B Bonds.

Although Co-Bond Counsel will each render an opinion that interest on the 2019 Series B Bonds will be excluded from gross income for Federal income tax purposes, the accrual or receipt of interest on the 2019 Series B Bonds may otherwise affect the Federal income tax

liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Co-Bond Counsel express no opinion regarding any such consequences. Purchasers of the 2019 Series B Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing, holding or selling the 2019 Series B Bonds.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Offered Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Offered Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Offered Bonds, and Co-Bond Counsel have expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the Corporation will execute and deliver a Continuing Disclosure Certificate with respect to each Series of the Offered Bonds. The Corporation will undertake to provide the Municipal Securities Rulemaking Board (the "MSRB"), on an annual basis on or before 180 days after the end of each fiscal year for the Corporation, commencing with the fiscal year ending June 30, 2019, the financial and operating data concerning the Corporation outlined in each Continuing Disclosure Certificate. In addition, the Corporation will undertake, for the benefit of the registered owners and beneficial owners of the Offered Bonds, to provide to the MSRB, the notices described in each Continuing Disclosure Certificate by the times set forth therein.

The sole and exclusive remedy for breach or default under each Continuing Disclosure Certificate is an action to compel specific performance of the undertakings of the Corporation, and no person, including a registered owner or beneficial owner of the Offered Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under each

Continuing Disclosure Certificate shall not constitute an Event of Default under the Indenture. In addition, if all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under each Continuing Disclosure Certificate, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The specific nature of the information to be provided is summarized in Appendix D — “Form of Continuing Disclosure Certificates.”

RATINGS OF THE OFFERED BONDS

S&P has assigned the 2019 Series A Bonds a rating of “AA+/A-1+” and Moody’s has assigned the 2019 Series A Bonds a rating of “Aa2/VMIG 1”. The assignment of such ratings by S&P and Moody’s with respect to the 2019 Series A Bonds is conditioned upon the effectiveness of the Initial Liquidity Facility at the time of delivery of the 2019 Series A Bonds. S&P has assigned the 2019 Series B Bonds a rating of “AA+” and Moody’s has assigned the 2019 Series B Bonds a rating of “Aa2”. The Corporation has furnished to each rating agency certain information and materials with respect to the 2019 Series B Bonds. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. The obligation of the respective Underwriters to purchase the Offered Bonds of each Series is conditioned on the assignment by S&P and Moody’s of the respective aforementioned ratings to the Offered Bonds. Each rating reflects only the view of the applicable rating agency at the time such rating was issued and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that any such rating will continue for any given period of time or that any such ratings will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any such rating can be expected to have an adverse effect on the market price of the Offered Bonds.

FINANCIAL STATEMENTS

The unaudited financial statements of the Corporation as of and for the nine months ended March 31, 2019, included in Appendix A to this Official Statement, appear without review or audit by an independent accountant.

The Corporation’s financial statements as of and for the year ended June 30, 2018, included in Appendix A to this Official Statement, have been audited by BDO USA, LLP, independent auditors, as stated in their report appearing herein.

LITIGATION

There is no controversy or litigation of any material nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Offered Bonds, or in any way contesting or affecting the validity of the Offered Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Offered Bonds or the existence or powers of the Corporation.

LEGAL MATTERS

All legal matters incident to the authorization, sale and delivery of the Offered Bonds and certain Federal and state tax matters are subject to the approval of Kutak Rock LLP, and the Law Office of Kenneth E. Vassar, LLC, Co-Bond Counsel to the Corporation. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP.

STATE NOT LIABLE ON BONDS

The Bonds do not constitute a debt, liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision thereof, but are payable solely from the revenue or assets of the Corporation.

LEGALITY FOR INVESTMENT

Subject to any applicable federal requirements or limitations, the Offered Bonds are eligible for investment by all public officers and public bodies of the State and its political subdivisions, and, to the extent controlled by State law, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, in the Offered Bonds.

UNDERWRITING

The 2019 Series A Bonds are being purchased by Raymond James. Raymond James has agreed to purchase the 2019 Series A Bonds at the price of \$139,925,094.50 (equal to the principal amount of the 2019 Series A Bonds, less underwriter's discount of \$74,905.50). The Bond Purchase Agreement with respect to the 2019 Series A Bonds provides that Raymond James will purchase all of such Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Bond Purchase Agreement, the receipt of certain legal opinions, and certain other conditions. The obligation of Raymond James to purchase the 2019 Series A Bonds is *not* conditioned on the issuance and delivery of the 2019 Series B Bonds. The initial public offering price of the 2019 Series A Bonds may be changed from time to time by Raymond James. Raymond James may offer and sell the 2019 Series A Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by Raymond James) and others at prices higher than the public offering price of the 2019 Series A Bonds set forth on the inside cover page.

The 2019 Series B Bonds are being purchased by the Underwriters. The Underwriters have jointly and severally agreed to purchase the 2019 Series B Bonds at the price of \$70,546,971.45 (equal to the principal amount of the 2019 Series B Bonds, plus original issue premium of \$10,724,904.45, less underwriters' discount of \$177,933.00). The Bond Purchase Agreement with respect to the 2019 Series B Bonds provides that the Underwriters will purchase all of such Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Bond Purchase Agreement, the receipt of certain legal opinions, and certain other conditions. The obligation of the Underwriters to purchase the 2019 Series B Bonds is *not* conditioned on the issuance and delivery of the 2019 Series A Bonds.

The initial public offering prices and yields of the 2019 Series B Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2019 Series B Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower or yields higher than the public offering prices and yields of the 2019 Series B Bonds set forth on the inside cover page.

The following paragraph has been provided by the Underwriters:

Each of the Underwriters and its affiliates is a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Corporation, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation. Each of the Underwriters and its affiliates may hold bonds that the Corporation is refunding through the issuance of the Offered Bonds and as a result may receive proceeds from such refunding.

The following paragraph has been provided by BofA Securities, Inc.:

BofA Securities, Inc., an underwriter of the 2019 Series B Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2019 Series B Bonds.

The following paragraph has been provided by Jefferies LLC:

Jefferies LLC, an Underwriter of the 2019 Series B Bonds, has entered into an agreement (the “Agreement”) with E*TRADE Securities LLC (“E*TRADE”) for the retail distribution of municipal securities. Pursuant to the Agreement, Jefferies LLC will sell 2019 Series B Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

The following paragraph has been provided by J.P. Morgan Securities LLC:

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2019 Series B Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2019 Series B Bonds from JPMS at the

original issue price less a negotiated portion of the selling concession applicable to any 2019 Series B Bonds that such firm sells.

The following two paragraphs have been provided by Wells Fargo Bank, National Association:

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (“WFBNA”), one of the underwriters of the 2019 Series B Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the 2019 Series B Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2019 Series B Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2019 Series B Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR

Hilltop Securities Inc. (“HilltopSecurities”), is employed as Financial Advisor to the Corporation in connection with the issuance of the Offered Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Offered Bonds is contingent upon the issuance and delivery of the Offered Bonds. HilltopSecurities has agreed not to bid for the Offered Bonds either independently or as a member of a syndicate organized to submit a bid for the Offered Bonds. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Offered Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Corporation has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Corporation and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS

The following statements are made as contemplated by the provisions of the Private Securities Litigation Reform Act of 1995: If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, general economic and business conditions relating to the Corporation and the housing industry in general, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward-looking statements speak only as of the date of this Official Statement. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Corporation’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

ADDITIONAL INFORMATION

The summaries and references herein to the Act, the Offered Bonds, the Indenture and other documents and materials are brief outlines of certain provisions contained therein and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the Indenture and such other documents and materials for the complete provisions thereof, copies of which will be furnished by the Corporation upon request. See “The Corporation — General” for the address and telephone number of the Corporation’s main office.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation and the owner of any Offered Bonds.

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APPENDIX A

FINANCIAL STATEMENTS OF THE CORPORATION

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a component unit of the State of Alaska

**Quarterly Unaudited
Financial Statements**

March 31, 2019

Table of Contents



	FINANCIAL STATEMENTS	PAGE NUMBER
<u>EXHIBITS</u>		
A	Statement of Net Position.....	1 – 2
B	Statement of Revenues, Expenses, and Changes in Net Position.....	3 – 4
C	Statement of Cash Flows.....	5 – 6
	Notes to the Financial Statements.....	7 – 38
	Required Supplemental Information	
	Schedule of AHFC's Proportionate Share of the Net Pension Liability.....	39
	Schedule of AHFC's Contributions to the Pension Plan.....	40
	Schedule of AHFC's Proportionate Share of the Net OPEB Liability.....	41
	Schedule of AHFC's Contributions to the OPEB Plan.....	42
	Supplemental Information	
<u>SCHEDULES</u>		
	Statement of Net Position	
1	All Funds.....	43 – 44
2	Administrative Fund.....	45
3	Mortgage Revenue Bonds.....	46
4	Home Mortgage Revenue Bonds.....	47
5	Veterans Mortgage Program Bonds.....	48
6	Other Housing Bonds.....	49 – 50
7	Non-Housing Bonds.....	51 – 52
8	Other Program Funds.....	53 – 54
	Statement of Revenues, Expenses, and Changes in Net Position	
9	All Funds.....	55 – 56
10	Administrative Fund.....	57
11	Mortgage Revenue Bonds.....	58
12	Home Mortgage Revenue Bonds.....	59 – 60
13	Veterans Mortgage Program Bonds.....	61
14	Other Housing Bonds.....	62 – 63
15	Non-Housing Bonds.....	64 – 66
16	Other Program Funds.....	67 – 69
	Statement of Cash Flows	
17	All Funds.....	70 – 71
18	Administrative Fund.....	72
19	Mortgage Revenue Bonds.....	73
20	Home Mortgage Revenue Bonds.....	74 – 75
21	Veterans Mortgage Program Bonds.....	76
22	Other Housing Bonds.....	77
23	Non-Housing Bonds.....	78 – 80
24	Other Program Funds.....	80 – 83

Table of Contents

This publication of Alaska Housing Finance Corporation. For comments or questions
Website: <https://www.ahfc.us/pros/investors/financials-history/> or
E-Mail: nmeyers@ahfc.us

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

As of 03/31/2019

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
ASSETS					
Current					
Cash	\$ 34,176	\$ 7,393	\$ 143	\$ 26,871	\$ 68,583
Investments	429,356	-	168,265	2,428	600,049
Accrued interest receivable	3,945	-	11,219	105	15,269
Inter-fund due (to)/from	(30,265)	(965)	32,074	(798)	46
Mortgage loans, notes and other loans	4,803	65	88,959	1,257	95,084
Net investment in direct financing lease	-	-	2,312	-	2,312
Other assets	4,482	4,020	-	1,129	9,631
Intergovernmental receivable	2,790	3,169	-	173	6,132
Total Current	449,287	13,682	302,972	31,165	797,106
Non Current					
Investments	652	-	-	-	652
Inter-fund due (to)/from	-	1,425	-	-	1,425
Mortgage loans, notes and other loans	144,859	1,099	3,046,418	41,260	3,233,636
Net investment in direct financing lease	-	-	22,468	-	22,468
Capital assets - non-depreciable	2,917	-	-	13,648	16,565
Capital assets - depreciable, net	16,823	43	-	58,562	75,428
Other assets	3,777	-	599	-	4,376
Total Non Current	169,028	2,567	3,069,485	113,470	3,354,550
Total Assets	618,315	16,249	3,372,457	144,635	4,151,656
DEFERRED OUTFLOW OF RESOURCES					
	5,226	-	142,703	-	147,929
LIABILITIES					
Current					
Bonds payable	-	-	73,435	-	73,435
Short term debt	23,644	-	-	-	23,644
Accrued interest payable	2,473	-	30,552	-	33,025
Other liabilities	19,833	7	827	953	21,620
Intergovernmental payable	-	-	143	-	143
Total Current	45,950	7	104,957	953	151,867
Non Current					
Bonds payable	-	-	2,430,705	-	2,430,705
Other liabilities	2,780	-	-	-	2,780
Derivative instrument - interest rate swaps	-	-	120,728	-	120,728
Pension & OPEB liability	41,425	-	-	-	41,425
Total Non Current	44,205	-	2,551,433	-	2,595,638
Total Liabilities	90,155	7	2,656,390	953	2,747,505
DEFERRED INFLOW OF RESOURCES					
	7,582	-	-	-	7,582
NET POSITION					
Net investment in capital assets	19,740	43	-	72,210	91,993
Restricted by bond resolutions	-	-	643,751	-	643,751
Restricted by contractual or statutory agreements	102,862	19,376	-	71,916	194,154
Unrestricted or (deficit)	403,202	(3,177)	215,019	(444)	614,600
Total Net Position	\$ 525,804	\$ 16,242	\$ 858,770	\$ 143,682	\$ 1,544,498

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)

Exhibit A

STATEMENT OF NET POSITION

As of 03/31/2019

(in thousands of dollars)

	Alaska Corporation for Affordable Housing	Total March 31, 2019
ASSETS		
Current		
Cash	\$ 7,509	\$ 76,092
Investments	-	600,049
Accrued interest receivable	32	15,301
Inter-fund due (to)/from	(46)	-
Mortgage loans, notes and other loans	-	95,084
Net investment in direct financing lease	-	2,312
Other assets	229	9,860
Intergovernmental receivable	-	6,132
Total Current	7,724	804,830
Non Current		
Investments	-	652
Inter-fund due (to)/from	(1,425)	-
Mortgage loans, notes and other loans	12,535	3,246,171
Net investment in direct financing lease	-	22,468
Capital assets - non-depreciable	3,667	20,232
Capital assets - depreciable, net	-	75,428
Other assets	1	4,377
Total Non Current	14,778	3,369,328
Total Assets	22,502	4,174,158
DEFERRED OUTFLOW OF RESOURCES		
	-	147,929
LIABILITIES		
Current		
Bonds payable	-	73,435
Short term debt	-	23,644
Accrued interest payable	-	33,025
Other liabilities	6	21,626
Intergovernmental payable	-	143
Total Current	6	151,873
Non Current		
Bonds payable	-	2,430,705
Other liabilities	337	3,117
Derivative instrument - interest rate swaps	-	120,728
Pension & OPEB liability	-	41,425
Total Non Current	337	2,595,975
Total Liabilities	343	2,747,848
DEFERRED INFLOW OF RESOURCES		
	-	7,582
NET POSITION		
Net investment in capital assets	3,667	95,660
Restricted by bond resolutions	-	643,751
Restricted by contractual or statutory agreements	18,524	212,678
Unrestricted or (deficit)	(32)	614,568
Total Net Position	\$ 22,159	\$ 1,566,657

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
OPERATING REVENUES				
Mortgage and loan revenue	\$ 7,023	\$ -	\$ 100,467	\$ 1,115
Investment interest	6,904	6	4,329	82
Net change in the fair value of investments	503	-	352	-
Net change of hedge termination	-	-	(100)	-
Total Investment Revenue	7,407	6	4,581	82
Grant revenue	-	51,428	-	-
Housing rental subsidies	-	-	-	9,408
Rental revenue	363	-	-	8,281
Other revenue	2,334	1,053	152	94
Total Operating Revenues	17,127	52,487	105,200	18,980
OPERATING EXPENSES				
Interest	424	-	56,265	-
Mortgage and loan costs	1,028	-	7,916	104
Bond financing expenses	700	-	4,152	-
Provision for loan loss	325	48	(4,072)	(20)
Operations and administration	12,783	8,485	3,383	11,253
Rental housing operating expenses	409	-	-	10,226
Grant expense	-	52,515	-	-
Total Operating Expenses	15,669	61,048	67,644	21,563
Operating Income (Loss)	1,458	(8,561)	37,556	(2,583)
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	(64)	-	-	-
Transfers - Internal	(25,354)	11,295	12,918	1,138
Change in Net Position	(23,960)	2,734	50,474	(1,445)
Net position at beginning of year	549,764	13,508	808,296	145,127
Net Position at End of Period	\$ 525,804	\$ 16,242	\$ 858,770	\$ 143,682

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Exhibit B

(A Component Unit of the State of Alaska)

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	Total Programs and Funds	Alaska Corporation for Affordable Housing	Total March 31, 2019
OPERATING REVENUES			
Mortgage and loan revenue	\$ 108,605	\$ 103	\$ 108,708
Investment interest	11,321	8	11,329
Net change in the fair value of investments	855	-	855
Net change of hedge termination	(100)	-	(100)
Total Investment Revenue	12,076	8	12,084
Grant revenue	51,428	-	51,428
Housing rental subsidies	9,408	-	9,408
Rental revenue	8,644	194	8,838
Other revenue	3,633	34	3,667
Total Operating Revenues	193,794	339	194,133
OPERATING EXPENSES			
Interest	56,689	-	56,689
Mortgage and loan costs	9,048	-	9,048
Bond financing expenses	4,852	-	4,852
Provision for loan loss	(3,719)	10	(3,709)
Operations and administration	35,904	171	36,075
Rental housing operating expenses	10,635	-	10,635
Grant expense	52,515	-	52,515
Total Operating Expenses	165,924	181	166,105
Operating Income (Loss)	27,870	158	28,028
NON-OPERATING EXPENSES AND TRANSFERS			
Contributions to the State of Alaska or other State agencies	(64)	-	(64)
Transfers - Internal	(3)	-	(3)
Change in Net Position	27,803	158	27,961
Net position at beginning of year	1,516,695	22,001	1,538,696
Net Position at End of Period	\$ 1,544,498	\$ 22,159	\$ 1,566,657

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
Cash flows from operating activities:				
Interest income on mortgages and loans	\$ 3,842	\$ -	\$ 92,051	\$ 1,018
Principal payments received on mortgages and loans	5,371	-	197,871	2,710
Disbursements to fund mortgages and loans	(422,532)	-	-	-
Receipt (payment) for loan transfers between funds	215,260	-	(212,792)	(2,468)
Mortgage and loan proceeds	309,209	-	-	-
Payment of mortgage and loan proceeds to funds	(306,539)	-	-	-
Payments to employees and other payroll disbursements	(17,452)	(3,631)	-	(6,766)
Payments for goods and services	(14,032)	(1,455)	-	(12,335)
Cash received for externally funded programs	-	31,157	-	9,752
Cash received for Federal HAP subsidies	-	30,221	-	-
Payments for Federal HAP subsidies	-	(26,842)	-	-
Interfund receipts (payments)	(4,797)	(1,295)	-	6,089
Grant payments to other agencies	-	(27,624)	-	-
Other operating cash receipts	31,169	1,128	143	3,793
Other operating cash payments	(7)	(40)	(161)	(72)
Net cash provided by (used for) operating activities	(200,508)	1,619	77,112	1,721
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	236,566	-
Principal paid on bonds	-	-	(44,878)	-
Payment of bond issuance costs	(50)	-	(1,757)	-
Interest paid	-	-	(40,187)	-
Proceeds from issuance of short term debt	131,999	-	-	-
Payment of short term debt	(162,048)	-	-	-
Contributions to the State of Alaska or other State agencies	(64)	-	(4,494)	-
Transfers (to) from other funds	157,268	-	(157,268)	-
Other cash payments	(119)	-	-	-
Net cash provided by (used for) noncapital financing activities	126,986	-	(12,018)	-
Cash flows from capital financing activities:				
Acquisition of capital assets	(7)	(22)	-	(141)
Proceeds from the disposal of capital assets	-	-	-	89
Principal paid on capital notes	-	-	(5,807)	-
Interest paid on capital notes	-	-	(1,447)	-
Proceeds from direct financing leases	-	-	3,303	-
Net cash provided by (used for) capital financing activities	(7)	(22)	(3,951)	(52)
Cash flows from investing activities:				
Purchase of investments	(1,611,008)	-	(758,966)	(4,030)
Proceeds from maturity of investments	1,682,102	-	694,572	2,730
Interest received from investments	6,709	5	3,233	74
Net cash provided by (used for) investing activities	77,803	5	(61,161)	(1,226)
Net Increase (decrease) in cash	4,274	1,602	(18)	443
Cash at the beginning of year	29,902	5,791	161	26,428
Cash at the end of period	\$ 34,176	\$ 7,393	\$ 143	\$ 26,871
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 1,458	\$ (8,561)	\$ 37,556	\$ (2,583)
<i>Adjustments:</i>				
Depreciation expense	810	11	-	4,209
Provision for loan losses	325	48	(4,072)	(20)
Net change in the fair value of investments	503	-	352	-
Transfers between funds for operating activity	(25,354)	11,295	12,918	1,138
Interest received from investments	(6,709)	(5)	(3,233)	(74)
Interest paid	-	-	40,187	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	(24,346)	39	(316,723)	96
Net increase (decrease) in assets, liabilities, and deferred resources	(147,195)	(1,208)	310,127	(1,045)
Net cash provided by (used for) operating activities	\$ (200,508)	\$ 1,619	\$ 77,112	\$ 1,721
Noncash investing, capital and financing activities:				
Asset transfers				
Contributions to Alaska Housing Capital Corporation			(15,952)	
Deferred outflow of resources-derivatives			(16,053)	
Derivative instruments liability			560	
Net change of hedge termination			1,131	
Deferred Outflow Debt Refunding				
<i>See accompanying notes to the financial statements.</i>				

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

Exhibit C

	Total Programs and Funds	Alaska Corporation for Affordable Housing	Total March 31, 2019
Cash flows from operating activities:			
Interest income on mortgages and loans	\$ 96,911	\$ -	\$ 96,911
Principal payments received on mortgages and loans	205,952	-	205,952
Disbursements to fund mortgages and loans	(422,532)	-	(422,532)
Receipt (payment) for loan transfers between funds	-	-	-
Mortgage and loan proceeds	309,209	-	309,209
Payment of mortgage and loan proceeds to funds	(306,539)	-	(306,539)
Payments to employees and other payroll disbursements	(27,849)	(104)	(27,953)
Payments for goods and services	(27,822)	(47)	(27,869)
Cash received for externally funded programs	40,909	-	40,909
Cash received for Federal HAP subsidies	30,221	-	30,221
Payments for Federal HAP subsidies	(26,842)	-	(26,842)
Interfund receipts (payments)	(3)	3	-
Grant payments to other agencies	(27,624)	-	(27,624)
Other operating cash receipts	36,233	345	36,578
Other operating cash payments	(280)	(24)	(304)
Net cash provided by (used for) operating activities	(120,056)	173	(119,883)
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	236,566	-	236,566
Principal paid on bonds	(44,878)	-	(44,878)
Payment of bond issuance costs	(1,807)	-	(1,807)
Interest paid	(40,187)	-	(40,187)
Proceeds from issuance of short term debt	131,999	-	131,999
Payment of short term debt	(162,048)	-	(162,048)
Contributions to the State of Alaska or other State agencies	(4,558)	-	(4,558)
Transfers (to) from other funds	-	-	-
Other cash payments	(119)	-	(119)
Net cash provided by (used for) noncapital financing activities	114,968	-	114,968
Cash flows from capital financing activities:			
Acquisition of capital assets	(170)	-	(170)
Proceeds from the disposal of capital assets	89	-	89
Principal paid on capital notes	(5,807)	-	(5,807)
Interest paid on capital notes	(1,447)	-	(1,447)
Proceeds from direct financing leases	3,303	-	3,303
Net cash provided by (used for) capital financing activities	(4,032)	-	(4,032)
Cash flows from investing activities:			
Purchase of investments	(2,374,004)	-	(2,374,004)
Proceeds from maturity of investments	2,379,404	-	2,379,404
Interest received from investments	10,021	9	10,030
Net cash provided by (used for) investing activities	15,421	9	15,430
Net Increase (decrease) in cash	6,301	182	6,483
Cash at the beginning of year	62,282	7,327	69,609
Cash at the end of period	\$ 68,583	\$ 7,509	\$ 76,092
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 27,870	\$ 158	\$ 28,028
<i>Adjustments:</i>			
Depreciation expense	5,030	-	5,030
Provision for loan losses	(3,719)	10	(3,709)
Net change in the fair value of investments	855	-	855
Transfers between funds for operating activity	(3)	-	(3)
Interest received from investments	(10,021)	(9)	(10,030)
Interest paid	40,187	-	40,187
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	(340,934)	(101)	(341,035)
Net increase (decrease) in assets, liabilities, and deferred resources	160,679	115	160,794
Net cash provided by (used for) operating activities	\$ (120,056)	\$ 173	\$ (119,883)
Noncash investing, capital and financing activities:			
Asset transfers			
Contributions to Alaska Housing Capital Corporation			
Deferred outflow of resources-derivatives			
Derivative instruments liability			
Net change of hedge termination			
Deferred Outflow Debt Refunding			
<i>See accompanying notes to the financial statements.</i>			

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

NOTE DISCLOSURES INDEX

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number</u>
1	Authorizing Legislation and Funding	8
2	Summary of Significant Accounting Policies	8
3	Cash and Investments	11
4	Interfund Receivable/Payable.....	15
5	Mortgage Loans, Notes and Other Loans	16
6	Insurance Agreements.....	16
7	Direct Financing Lease	16
8	Capital Assets	17
9	Deferred Outflows of Resources	17
10	Bonds Payable.....	17
11	Derivatives	21
12	Long Term Liabilities.....	24
13	Short Term Debt	24
14	Deferred Inflows of Resources	24
15	Transfers.....	25
16	Other Credit Arrangements.....	25
17	Yield Restriction and Arbitrage Rebate	25
18	State Authorizations and Commitments	26
19	Housing Grants and Subsidies Expenses	27
20	Pension and Post-Employment Healthcare Plans.....	27
21	Other Commitments and Contingencies.....	37
22	Risk Management.....	37
23	Five Year Financial Information	38

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2019

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation") or ("AHFC"), a public corporation and government instrumentality of the State of Alaska (the "State"), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (the "Legislature") to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development ("HUD"), Energy ("DOE"), and Health and Human Services ("HHS"), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has subsidiaries incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Each subsidiary issues annual audited financial statements. Copies may be found at the following links, or please contact AHFC to obtain a copy. The subsidiaries are as follows:

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ntsc/ntsc-financial-statements/>
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill No. 232 of the 2006 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ahcc/ahcc-financial-statements/>
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill No. 119 of the 2011 Legislature. <https://www.ahfc.us/about-us/subsidiaries/alaska-corporation-affordable-housing-acah/acah-financial-statements/>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of AHFC and the blended component unit ACAH. The entities are closely related and financially integrated. The board of directors for AHFC and ACAH are the same and both entities have similar mission statements. ACAH is a legally separate entity from AHFC but is considered a blended component unit of AHFC due to AHFC's operational responsibility for ACAH and the potential financial benefit or financial burden between AHFC and ACAH. AHFC is financially accountable for ACAH.

The other subsidiaries of AHFC are not closely related, nor financially integrated with AHFC. There is no financial accountability for the other subsidiaries by AHFC. They are not component units of AHFC, thus not included in these financial statements. Those subsidiaries are component units of the State.

Neither AHFC nor the State is liable for any debt issued by the subsidiaries of AHFC. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

Basis of Accounting

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Basis of Presentation

The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Cash Flow Statement (Exhibit C) and the accompanying note disclosures. The supplemental section contains combining financial statements by program, purpose, or bond indenture.

The basic financial statements include a Total Funds and Programs column representing an aggregate of AHFC amounts and a Total column for the financial reporting entity, an aggregation of both AHFC and ACAH amounts.

Major Funds and Component Unit

The basic fund financial statements present the major funds of AHFC and the major component unit ACAH.

Administrative Fund: This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation not accounted for in other funds.

Grant Programs: Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families, to assist in improving the energy efficiency of Alaska homes, and to provide tenant-based rental assistance programs for families in the private market (administered by the Corporation under contract with HUD).

Mortgage or Bond Funds: Provides resources to assist in the financing of loan programs or to fund Legislature appropriations.

Other Funds or Programs: Includes the Low Rent program and other affordable housing for low income families managed under contract with HUD, owned by AHFC. Also includes the Home Ownership Fund and the Senior Housing Revolving Loan Fund.

Component unit ACAH: A non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major component unit for the benefit of users of the financial statements.

Restricted Net Position

The restricted net position of the Administrative Fund consists of the Corporation's remaining commitments to the State (refer to Footnote No. 18 State Authorizations and Commitments for further details) and resources of the Affordable Housing Development Program. The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond indentures, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net position balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The major estimate for the Corporation is the allowance for loan losses.

Investments

All investments are stated at fair value, except for nonparticipating investment agreements, which are stated at cost.

Accrued Interest Receivable on Loans and Real Estate Owned

Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Once monies have been disbursed the mortgage loans are recorded.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate Owned

Real estate owned consists principally of properties acquired through foreclosure or repossession and is carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation

Depreciation and amortization of buildings, equipment, and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization threshold is \$5,000.

Bonds

The Corporation issues bonds to provide capital for its mortgage programs and other uses consistent with its mission. The bonds are recorded at cost plus accreted interest and premiums, less discounts. Discounts and premiums are amortized using the straight-line method.

Deferred Debt Refunding Expenses

Deferred debt refunding expenses occur when new debt is issued to replace existing debt. The differences between the carrying value of the old debt and the resources used to redeem it are called deferred debt refunding expenses. The unamortized balances of these expenses are recorded as deferred outflows of resources. These expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Based on the amount of unamortized discount or premium from the original bond issue, the net effect of the change is immaterial to the financial statements.

Other Post-Employment Benefits

Information about the Other Post-Employment Benefits ("OPEB") fiduciary net position of the PERS plans has been determined on the same basis as reported by PERS. The PERS information includes the valuation of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Derivative Instruments-Interest Rate Swaps

The Corporation's Fiscal Policies allow, with certain restrictions, the Corporation to enter into certain derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into these swaps with various counter-parties to achieve a lower overall cost of funds for certain bond issuances. These agreements can be negotiated whereby the Corporation pays the counter-party a fixed interest rate in exchange for a variable interest rate payment from the counter-party, or vice-versa. The swap agreements are negotiated to achieve the financing objectives of the Corporation. The swaps are stated at fair value. The change in the fair value of the swaps is recorded as deferred inflows of resources or deferred outflows of resources or as investment revenue.

Operating Revenues and Expenses

The Corporation was created with the authority to issue bonds to the investing public in order to create a flow of private capital through the Corporation into mortgage loans to qualified housing sponsors and to certain individuals. The Corporation's primary purpose is to borrow funds in the bond market and to use those funds to make single-family and multi-family mortgages and loans. Its primary operating revenue is derived from the interest income and fees from those mortgages and loans and on the invested proceeds from the bond issues. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Income Taxes

The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits, and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	March 31, 2019
Restricted cash	\$ 53,075
Unrestricted cash	\$ 23,017
Carrying amount	\$ 76,092
Bank balance	\$ 76,248

Investment Valuation

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

AHFC measures its investments using quoted market prices (Level 1 inputs).

Investment Maturities

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Investment Maturities (In Years)					More Than	March 31, 2019
	Less Than 1 Year	1-5 Years	6-10 Years	10 Years			
Securities of U.S. Government agencies and corporations	\$ 16,007	\$ -	\$ -	\$ -		\$	16,007
Commercial paper & medium-term notes	214,509	150	-	-			214,659
Corporate Certificate of Deposit	4,970	502	-	-			5,472
Money market funds	363,108	-	-	-			363,108
Total not including GeFONSI	\$ 598,594	\$ 652	\$ -	\$ -		\$	599,246
GeFONSI pool							1,455
Total AHFC Investment Portfolio						\$	600,701

Restricted Investments

A large portion of the Corporation's investments, \$170,783,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$429,918,000, is unrestricted.

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments included in the table below takes into account all

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

	March 31, 2019
Ending unrealized holding gain	\$ 3,276
Beginning unrealized holding gain	2,395
Net change in unrealized holding gain	881
Net realized gain (loss)	(26)
Net increase (decrease) in fair value	\$ 855

Deposit and Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

The following securities are eligible for investment under the Corporation's Fiscal Policies:

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises ("GSEs") and federal agencies not backed by the full faith and credit of the United States;
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAMmf" by Fitch;
- Banker's acceptances and negotiable certificates of deposit of any bank, the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements ("repos") where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least "A" by S&P or "A" by Moody's or "A" by Fitch or a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation's agent has possession of the collateral and holds such collateral in the Corporation's name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association ("SIFMA"); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

- Fixed and floating-rate notes and bonds, other than commercial paper, issued by corporate or municipal obligors and rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year, or at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities, other than asset-backed commercial paper, rated at least "AA+" by S&P or "Aa1" by Moody's or "AA+" by Fitch; and
- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments ("GeFONSI") pool.

Credit Risk

Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation's investments as of March 31, 2019, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies and corporations:	AA+	Aaa	\$ 16,007
Commercial paper, medium-term notes and Certificates of Deposit:	AA+	Aaa	288
	AA	A1	251
	AA-	Aa3	1,016
	AA-	A1	250
	AA-	P-1	251
	A+	A1	250
	A+	Aa2	600
	A+	Aa3	501
	A+	P-1	802
	A	P-1	751
	A	A1	750
	A	A2	880
	A-1+	P-1	116,820
	A-1	P-1	95,970
	NA	P-1	751
			220,131
Money market funds:	AAAm	Aaa	363,108
			<u>\$ 599,246</u>

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's Fiscal Policies. Under certain conditions, the Fiscal Policies permit investments in excess of these limits. For more information, please see the Corporation's Fiscal Policies at: <http://www.ahfc.us/pros/investors/fiscal-policies>

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. Government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%
World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

Investment Holdings Greater than Five Percent of Total Portfolio

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of March 31, 2019, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
Goldman Sachs	\$ 363,357	60.49%
The Toronto Dominion Bank	78,109	13.00%

Custodial Credit Risk

The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. The Corporation has not established a formal custodial credit risk policy for its investments.

Of the Corporation's \$76,248,000 bank balance at March 31, 2019, cash deposits in the amount of \$396,000 were uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are at the end of this footnote.

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands, net of GeFONSI holdings) with their modified duration as of March 31, 2019:

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	Investment Fair Value	Modified Duration
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	\$ 16,007	0.006
Certificate of deposit	5,472	0.580
Commercial paper & medium-term notes:		
Commercial paper discounts	210,640	0.131
Medium-term notes	4,019	0.272
Money market funds	363,108	0.000
Portfolio modified duration	<u>\$ 599,246</u>	
		0.053

Investment in GeFONSI Pool

The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFONSI pool in which the Corporation participates is itself comprised of investment shares of the State's Short-term Fixed Income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State's investment pools is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

The accrual basis of accounting is used for the 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 the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool is \$1,455,000.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at:
<http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx>.

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance as of March 31, 2019, is shown below (in thousands):

		Due From				
Due To		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing
						Total
Administrative Fund	\$ -	\$ 4,344	\$ -	\$ 1,380	\$ 46	\$ 5,770
Grant Programs	3,378	-	-	-	1,425	4,803
Mortgage or Bond Programs	32,075	-	-	-	-	32,075
Other Funds or Programs	581	-	-	-	-	581
Alaska Corporation for Affordable Housing	-	-	-	-	-	-
Total	\$ 36,034	\$ 4,344	\$ -	\$ 1,380	\$ 1,471	\$ 43,229

The balance due to the Mortgage or Bond programs from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The balance due to the Administrative Fund from Grant Programs, Other Funds or Programs, and ACAH resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, as well as an allocation of management and bookkeeping fees mandated by HUD.

The balance due from ACAH to the Grant Programs is the result of a repayable grant to ACAH for the purchase of land.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans is shown below (in thousands):

	March 31, 2019
Mortgage loans	\$ 2,843,881
Multifamily loans	467,898
Other notes receivable	79,970
	<u>3,391,749</u>
Less:	
Allowance for losses	(50,494)
Net Mortgages, Notes & other	<u>\$ 3,341,255</u>

Of the \$3,391,749,000 mortgage loans, notes, and other loans, \$95,084,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies remaining unexpended by grant recipients, and notes receivable due to ACAH of \$13,775,000. Included in the allowance for losses is \$1,240,000 for ACAH's notes receivable bringing ACAH's net notes receivable to \$12,535,000.

Other supplemental loan information is summarized in the following table (in thousands):

	March 31, 2019
<u>Loans Delinquent 30 days or more</u>	\$ 109,948
Foreclosures during reporting period	5,745
Loans in foreclosure process	10,732
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	\$ 44,789

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 DIRECT FINANCING LEASE

In 1997, the Corporation purchased an office building (the "Atwood Office Building") in downtown Anchorage with bond proceeds. As part of the Corporation's State Building Lease Program, the Atwood Office Building was leased to the State of Alaska and was recorded as a direct financing lease. The lease expired in 2017, at which time the State exercised the option to purchase the Atwood Office Building and associated land, identified as Block 79, for \$1. Block 102, containing land the State did not transfer but may take ownership of at a later date, is reported as a Corporation asset at the assessed value of \$4,175,000, in the Other Non-Current Assets section of the financial statements, pending potential future transfers.

In 2007, the Corporation constructed a parking garage (the "Pacillo Parking Garage") in downtown Anchorage with its corporate assets. The Pacillo Parking Garage cost \$44,000,000 and was leased to the State of Alaska for use by its departments and agencies located in Anchorage. As part of the Corporation's State Building Lease Program, the lease has been recorded as a direct financing lease. The State has the option to purchase the Pacillo Parking Garage for \$1 after December 1, 2027, which is the end of the lease. In 2015, the Corporation issued its State Capital Project

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Bonds II, 2015 Series B and C, respectively, to partially refund its State Capital Project Bonds, 2007 Series A, which were originally issued in 2007 to finance the Pacillo Parking Garage. The following table lists the components of the net investment in direct financing lease and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

Future Minimum Payments Due	
Twelve Months Ending March 31,	Parking Garage
2019	\$ 3,304
2020	3,304
2021	3,304
2022	3,304
2023	3,304
Thereafter	13,211
Gross payments due	29,731
Less: Unearned revenue	(4,951)
Net investment in direct financing lease	<u>\$ 24,780</u>

8 CAPITAL ASSETS

Capital assets activity for the nine months ended March 31, 2019, and a summary of balances is shown below (in thousands):

	June 30, 2018	Additions	Reductions	March 31, 2019
Non-Depreciable Capital Assets:				
Land	\$ 20,247	\$ -	\$ (15)	\$ 20,232
Construction in progress	-	-	-	-
Total Non-Depreciable	<u>20,247</u>	<u>-</u>	<u>(15)</u>	<u>20,232</u>
Depreciable Capital Assets:				
Buildings	246,086	-	-	246,086
Computers & Equipment	2,691	44	-	2,735
Vehicles	2,264	189	(52)	2,401
Less: Accumulated depreciation				
Buildings	(166,663)	(4,762)	-	(171,425)
Computers & Equipment	(2,291)	(152)	-	(2,443)
Vehicles	(1,862)	(116)	52	(1,926)
Total Depreciable, Net	<u>80,225</u>	<u>(4,797)</u>	<u>-</u>	<u>75,428</u>
Total Capital Assets, Net	<u>\$ 100,472</u>	<u>\$ (4,797)</u>	<u>\$ (15)</u>	<u>\$ 95,660</u>

The above capital assets include \$3,667,000 of land and land improvements that belong to ACAH.

Depreciation expense charged by the Corporation was \$5,030,000 for the nine months ended March 31, 2019.

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was \$9,549,000 at March 31, 2019.

9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at March 31, 2019, were interest rate swap derivatives of \$119,347,000, deferred debt refunding expense of \$23,356,000, pension deferred outflows of \$4,034,000, and other post employment benefits deferred outflows of \$1,192,000 for a total of \$147,929,000.

10 BONDS PAYABLE

All of the bonds are general obligations of the Corporation for which its full faith and credit are pledged. All of the bonds are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The Corporation's obligations are not a debt of the State, and the State is not directly liable thereon except for the Veterans Mortgage Program Bonds. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. Although the Corporation has always made its Veterans Mortgage Program Bond payments, in the event that the Corporation cannot make the payments, the State would be responsible for the principal and interest.

Bonds outstanding as of March 31, 2019, are shown on the next three pages (in thousands):

	Original Amount	March 31, 2019
Housing Bonds:		
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 40,410
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	69,550
• 2010 Series A; 3.00%-4.00%, due 2019-2027	43,130	24,315
Unamortized discount		(90)
• 2010 Series B; 3.00% to 4.625%, due 2019-2040	35,680	29,415
• 2011 Series B; 3.00% to 4.05%, due 2019-2026	71,360	34,160
Total Mortgage Revenue Bonds	343,270	197,760
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2002 Series A; Floating Rate*; 1.51% at March 31, 2019, due 2032-2036	170,000	35,110
Unamortized swap termination penalty		(1,902)
• 2007 Series A; Floating Rate*; 1.48% at March 31, 2019, due 2019-2041	75,000	71,815
• 2007 Series B; Floating Rate*; 1.48% at March 31, 2019, due 2019-2041	75,000	71,815
• 2007 Series D; Floating Rate*; 1.48% at March 31, 2019, due 2019-2041	89,370	85,540
• 2009 Series A; Floating Rate*; 1.48% at March 31, 2019, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*; 1.48% at March 31, 2019, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 1.49% at March 31, 2019, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	505,008
<i>Collateralized Bonds (Veterans Mortgage Program), Tax-Exempt:</i>		
• 2016 First and Second Series; 0.95% to 3.20%, due 2019-2046	50,000	47,480
• 2019 First and Second Series; 1.60% to 4.00%, due 2020-2049	60,000	60,000
• Unamortized premium		880
Total Collateralized Bonds (Veterans Mortgage Program)	110,000	108,360
<i>General Mortgage Revenue Bonds II, Tax-Exempt:</i>		
• 2012 Series A; 2.125%-4.25%, due 2019-2040	145,890	95,305
Unamortized discount		(440)
• 2016 Series A; 0.90%-3.50%, due 2019-2046	100,000	91,000
Unamortized premium		818
• 2018 Series A; 1.55%-4.00%, due 2019-2048	109,260	108,875
Unamortized premium		2,281
• 2018 Series B; 3.45%-5.00%, due 2031-2035	58,520	58,520
Unamortized premium		4,646
Total General Mortgage Revenue Bonds II, Tax-Exempt	413,670	361,005

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	Original Amount	March 31, 2019
Housing Bonds (cont.)		
Governmental Purpose Bonds, Tax-Exempt:		
• 1997 Series A; Floating Rate*, monthly payments, 1.48% at March 31, 2019, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 1.48% at March 31, 2019, due 2019-2030	76,580	42,140
Unamortized swap termination penalty		(4,122)
• 2001 Series B; Floating Rate*; 1.49% at March 31, 2019, due 2019-2030	93,590	51,500
Total Governmental Purpose Bonds	203,170	104,118
Total Housing Bonds	1,722,110	1,276,251
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
• 2002 Series C; Floating Rate*; 1.46% at March 31, 2019, due 2019-2022	60,250	23,155
• 2011 Series A; 5.00%, due 2019- 2020	105,185	4,530
Unamortized premium		48
Total State Capital Project Bonds, Tax-Exempt	165,435	27,733
State Capital Project Bonds II, Tax-Exempt:		
• 2012 Series A; 3.25% to 5.00%, due 2019-2032	99,360	42,510
Unamortized discount		(86)
Unamortized premium		1,770
• 2013 Series A; 4.00% to 5.00%, due 2019-2032	86,765	62,385
Unamortized premium		3,312
• 2014 Series A; 4.00% to 5.00%, due 2019-2033	95,115	81,895
Unamortized discount		(50)
Unamortized premium		3,894
• 2014 Series B; 5.00%, due 2019-2029	29,285	24,420
Unamortized premium		2,045
• 2014 Series D; 3.00% to 5.00%, due 2019-2029	78,105	77,770
Unamortized premium		7,840
• 2015 Series A; 3.00% to 5.00%, due 2019-2030	111,535	99,935
Unamortized premium		9,981
• 2015 Series B; 3.00% to 5.00%, due 2019-2036	93,365	91,145
Unamortized discount		(184)
Unamortized premium		5,015
• 2015 Series C; 5.00%, due 2019-2035	55,620	49,155
Unamortized premium		5,581
• 2017 Series A; 4.00% to 5.00%, due 2019-2032	143,955	141,835
Unamortized premium		19,309
• 2017 Series C; 5.00%, due 2024-2032	43,855	43,855
Unamortized premium		7,238
• 2018 Series B; 3.125% to 5.00%, due 2019-2038	35,570	35,570
Unamortized discount		(78)
Unamortized premium		4,094
Total State Capital Project Bonds II, Tax-Exempt	872,530	820,156

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	Original Amount	March 31, 2019
Non-Housing Bonds (cont.):		
State Capital Project Bonds II, Taxable:		
• 2014 Series C; Indexed Floating Rate**, 2.989% at March 31, 2019, due 2029	140,000	140,000
• 2017 Series B; Floating Rate*; 2.39% at March 31, 2019, due 2047	150,000	150,000
• 2018 Series A; Floating Rate*; 2.40% at March 31, 2019, due 2031-2043	90,000	90,000
Total State Capital Project Bonds II, Taxable	380,000	380,000
Total Non-Housing Bonds	1,417,965	1,227,889
Total Bonds Payable	\$ 3,140,075	\$ 2,504,140

Note: Debt service payments on the above-mentioned bonds are semi-annual unless otherwise mentioned.

*Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

**Interest rates on the indexed floating rate bonds are established monthly based on an index and a prescribed spread in the underlying bond documents.

Redemption Provisions

The bonds are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt, pursuant to the provisions of the related agreements which permit surplus revenues, resulting primarily from mortgage loan prepayments, to be used to retire the obligations at par. The Corporation also issues new debt whose proceeds are used to redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt are classified as a deferred outflow of resources and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once the outstanding amount falls below 15% of the total issuance.

During the nine months ended March 31, 2019, the Corporation made special revenue redemptions in the amount of \$18,250,000.

Advance Refundings

In the fiscal year ending June 30, 2018, the Corporation effected advanced refundings where the proceeds of issued bonds were used to defease outstanding debt of the Corporation. These bonds will be redeemed on their first optional redemption dates.

A summary of all defeased debt, as of March 31, 2019, follows (in thousands):

	Date Defeased	March 31, 2019
State Capital Project Bonds, 2011 Series A	September 2017	\$ 63,705
State Capital Project Bonds, 2012 Series A	December 2017	29,795
State Capital Project Bonds, 2013 Series A	December 2017	16,345
		<u>\$ 109,845</u>

Debt Service Requirements**

For all bonds in the preceding schedules, the Corporation's debt service requirements through 2024 and in five year increments thereafter to maturity are shown below (in thousands):

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Twelve Months Ended March 31,	Total Debt Service		
	Principal	Interest*	Total
2020	\$ 73,435	\$ 90,759	\$ 164,194
2021	93,285	86,750	180,035
2022	95,550	82,952	178,502
2023	98,540	78,960	177,500
2024	100,940	75,049	175,989
2025-2029	549,795	309,966	859,761
2030-2034	708,895	178,767	887,662
2035-2039	323,770	89,554	413,324
2040-2044	190,930	40,554	231,484
2045-2049	193,950	19,403	213,353
2050-2054	3,250	94	3,344
	<u>\$ 2,432,340</u>	<u>\$ 1,052,808</u>	<u>\$ 3,485,148</u>

* Interest requirements have been computed for hedged variable rate bonds using the associated fixed swap rates and for unhedged variable rate bonds using interest rates in effect at March 31, 2019.

** Also see Note 11 – Derivatives

Conduit Debt

From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable from rents, payments received on the underlying mortgage loans, as well as tax credits, grants and other subsidy funding. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements.

A summary of all conduit debt as of March 31, 2019, follows (in thousands):

	Maximum Issue Amount	Balance as of March 31, 2019	Remaining Authority as of March 31, 2019
Revenue Bonds, 2018 (Hampstead Heath Apartments)	\$ 7,600	\$ 2,313	\$ 5,287
Revenue Bonds, 2018 (Marina Karina Project)	4,400	1,968	2,432
Revenue Bonds, 2017 (Grass Creek North II LP)	8,200	7,682	518

11 DERIVATIVES

The Corporation entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether or not the derivatives constitute effective hedges. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Position, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. These measurements are Level 2 inputs. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risks, position size, transaction and financing costs, and the use of capital profit. The fair

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

value represents the current price to settle swap assets or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of March 31, 2019, the Corporation had not posted any collateral and was not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of March 31, 2019, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating ⁷
GP01A ¹	12/01/08	2.4530%	67% of 1M LIBOR ⁴	12/01/30	BBB+/A3
GP01B	08/02/01	4.1427%	67% of 1M LIBOR	12/01/30	AA-/Aa3
E021A1 ²	10/09/08	2.9800%	70% of 3M LIBOR ⁵	06/01/32	AA-/Aa2
SC02C ³	12/05/02	4.3030%	SIFMA ⁶ + 0.115%	07/01/22	A+/Aa1
E071AB	05/31/07	3.7345%	70% of 3M LIBOR	12/01/41	AA-/Aa2
E071BD	05/31/07	3.7200%	70% of 3M LIBOR	12/01/41	A+/Aa1
E091A	05/28/09	3.7610%	70% of 3M LIBOR	12/01/40	A+/Aa1
E091B	05/28/09	3.7610%	70% of 3M LIBOR	12/01/40	AA-/Aa2
E091ABD	05/28/09	3.7400%	70% of 3M LIBOR	12/01/40	A+/Aa1

1. Governmental Purpose Bonds

2. Home Mortgage Revenue Bonds

3. State Capital Project Bonds

4. London Interbank Offered Rate ("LIBOR") 1 month

5. London Interbank Offered Rate 3 month

6. Securities Industry and Financial Markets Municipal Swap Index

7. Standard & Poor's/Moody's

The change in fair value and ending balance of the hedging derivatives as of March 31, 2019, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			March 31, 2019	June 30, 2018	
GP01A	\$ 42,140	\$ 44,457	\$ (2,317)	\$ (1,577)	\$ (740)
GP01B	51,500	59,452	(7,952)	(7,526)	(426)
E021A1	35,110	38,215	(3,105)	(2,439)	(666)
SC02C	23,155	24,229	(1,074)	(1,342)	268
E071AB	137,502	168,131	(30,629)	(26,448)	(4,181)
E071AD	91,668	111,920	(20,252)	(17,373)	(2,879)
E091A	72,789	89,273	(16,484)	(14,372)	(2,112)
E091B	72,789	88,980	(16,191)	(13,997)	(2,194)
E091ABD	97,052	118,396	(21,344)	(18,321)	(3,023)
Total	\$ 623,705	\$ 743,053	\$ (119,348)	\$ (103,395)	\$ (15,953)

As of March 31, 2019, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2019	\$ 6,620	\$ 4,452	\$ 5,537	\$ 16,609
2020	23,310	9,072	11,482	43,864
2021	27,780	8,699	10,976	47,455
2022	29,230	8,284	10,413	47,927
2023	27,175	7,845	9,822	44,842
2024-2028	135,915	33,430	42,058	211,403
2029-2033	141,590	22,615	29,015	193,220
2034-2038	134,850	12,901	16,723	164,474
2039-2043	97,235	2,613	3,383	103,231
	<u>\$ 623,705</u>	<u>\$ 109,911</u>	<u>\$ 139,409</u>	<u>\$ 873,025</u>

Credit Risk

As of March 31, 2019, the Corporation was not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The Corporation currently has swap agreements with five separate counterparties. Approximately 39.3% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34.0% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa1". Of the remaining swaps, one counterparty is rated "A+/Aa1", "AA/Aa3", and "BBB+/A3", approximating 11.7%, 8.3%, and 6.8% respectively, of the total notional amount of the swaps.

Interest Rate Risk

The Corporation is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, the Corporation's net payment on the swaps increases.

Basis Risk

All of the Corporation's variable-rate bond interest payments related to interest rate swaps are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of March 31, 2019, SIFMA was 1.50% and 1-month LIBOR was 2.49%, resulting in a SIFMA/LIBOR ratio of 60.1%. The 3-month LIBOR was 2.60%, resulting in a SIFMA/LIBOR ratio of 57.7%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The Home Mortgage Revenue Bonds, 2002 Series A swaps were set up in several tranches of various sizes that could be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the Governmental Purpose Bonds, 2001 Series A and B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the un-swapped portion of the debt.

Investment Derivative

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap is no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of the Corporation's investment derivative as of March 31, 2019, are shown

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.7700%	70% of 1MLIBOR	07/01/24	A+/Aa1

The change in fair value of the investment derivatives as of March 31, 2019, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			March 31, 2019	June 30, 2018	
SC02B	\$ 14,555	\$ 15,935	\$ (1,380)	\$ (1,280)	\$ (100)

Credit Risk

As of March 31, 2019, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The counterparty on this swap is rated "A+/Aa1".

12 LONG TERM LIABILITIES

The activity for the nine months ended March 31, 2019, is summarized in the following schedule (in thousands):

	June 30, 2018	Additions	Reductions	March 31, 2019	Due Within One Year
Total bonds and notes payable	\$ 2,328,487	\$ 235,879	\$ (60,226)	\$ 2,504,140	\$ 73,435
Pension liability	35,660	-	-	35,660	-
OPEB liability	5,765	-	-	5,765	-
Compensated absences	4,263	2,015	(1,960)	4,318	1,539
Other liabilities	-	233	(233)	-	-
Total long-term liabilities	\$ 2,374,175	\$ 238,127	\$ (62,419)	\$ 2,549,883	\$ 74,974

13 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is \$150,000,000. The lowest yield during the nine months ended March 31, 2019, was 2.12% and the highest, 2.70%.

Short term debt activity for the nine months ended March 31, 2019, is summarized in the following schedule (in thousands):

	June 30, 2018	Additions	Reductions	March 31, 2019
Commercial paper	\$ 53,377	\$ 132,360	\$ (162,048)	\$ 23,689
Unamortized discount	(108)	(401)	464	(45)
Commercial paper, net	\$ 53,269	\$ 131,959	\$ (161,584)	\$ 23,644

14 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

that are applicable to a future period. AHFC's pension deferred inflows of resources at March 31, 2019, totaling \$4,467,000, represent the difference between projected and actual investment earnings in the State of Alaska's PERS Defined Benefit Retirement Plan. AHFC's OPEB deferred inflows of resources at March 31, 2019, represent the difference between expected and actual experience, the difference between projected and actual investment earnings, and changes in proportion and differences between employer contributions in the OPEB plan of \$3,115,000.

15 TRANSFERS

Transfers for the nine months ended March 31, 2019, are summarized in the following schedule (in thousands):

	From					Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	
Administrative Fund	\$ -	\$ 359	\$ 223,784	\$ 2,577	\$ 78	\$ 226,798
To Grant Programs	11,654	-	-	-	-	11,654
Mortgage or Bond Programs	236,699	-	-	-	-	236,699
Other Funds or Programs	3,715	-	-	-	-	3,715
Alaska Corporation for Affordable Housing	78	-	-	-	-	78
Total	\$ 252,146	\$ 359	\$ 223,784	\$ 2,577	\$ 78	\$ 478,944

Transfers are used to:

- (1) move cash between the Administrative Fund and the Mortgage or Bond Programs to subsidize debt service payments or satisfy bond indenture requirements;
- (2) move mortgages between the Administrative Fund and the Mortgage or Bond Programs;
- (3) record expenditures paid on behalf of the Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund;
- (4) move cash and mortgages between various Mortgage or Bond Programs; or
- (5) record any non-reimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH.

16 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations with which it has entered into standby bond purchase agreements to provide liquidity in the event of un-remarked tenders to guarantee the payment of debt service. Furthermore, the Corporation entered into a separate revolving credit facility in 2017 with the Industrial and Commercial Bank of China LTD, New York Branch, to provide up to \$300,000,000 of additional liquidity for the Corporation's State Capital Project Bonds indenture, the State Capital Project Bonds II indenture, and the Commercial Paper Notes program. At March 31, 2019, the Corporation had unused standby bond purchase agreements of \$506,910,000 and revolving credit of \$300,000,000.

17 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds.

Non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. As investment rates change over time, it is sometimes possible to recoup previous rebate payments. With respect to the Corporation's Governmental Purpose Bonds, 2001 Series A and B, prior payments totaled \$1,328,000, but rebate liability as of March 31, 2019, was \$738,000, resulting in \$590,000 due to the Corporation. With respect to the Corporation's Governmental Purpose Bonds, 1997 Series A, prior payments totaled \$28,000, but rebate liability as of March 31, 2019, was \$19,000, resulting in \$9,000 due to the Corporation. Total for both bond issues as follows: prior payments totaled \$1,356,000, but rebate liability as of March 31, 2019, was \$757,000, resulting in \$599,000 due to the Corporation.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

18 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995.

"The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year."

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". Following are the details of AHFC's dividend to the State as of March 31, 2019, (in thousands):

	Dividend Due to State*	Expenditures	Remaining Commitments
State General Fund Transfers	\$ 797,343	\$ (788,948)	\$ 8,395
State Capital Projects Debt Service	470,877	(456,733)	14,144
State of Alaska Capital Projects	255,761	(249,599)	6,162
AHFC Capital Projects	532,092	(478,445)	53,647
Total	\$ 2,056,073	\$ (1,973,725)	\$ 82,348

*(Includes FY20 Dividend \$38,995,000 - Budget still needs be approved by Legislature in 2019 Session.)

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to \$224,000,000 in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation 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 bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The 2000 Legislature adopted legislation 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 authorized the issuance of capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation 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 bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Twenty-Third Legislature in 2003 enacted SCS HB 256 (the "2003 Act") which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of the adjusted change in net position for the fiscal year two years prior to the current fiscal year or \$103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

19 HOUSING GRANTS AND SUBSIDIES EXPENSES

The grant programs are funded from HUD, federal, State and Corporate proceeds. The Corporation paid grants to third parties for the following programs (in thousands):

	March 31, 2019
AMHTA Scholarships	\$ 6
Beneficiaries and Special Needs Housing	1,191
Continuum of Care Homeless Assistance	1,413
Domestic Violence	1,060
Discharge Incentive grant	119
Drug Elimination	21
Emergency Shelter Grant (ESG)	155
Energy Efficiency Monitoring Research	634
Energy Efficient Home Program	168
HOME Investment Partnership	3,297
Homeless Assistance Program	4,583
Housing Choice Vouchers	24,090
Housing Loan Program	873
Housing Opportunities for Persons with AIDS	373
Housing Trust Fund	1,942
Low Income Weatherization Assistance	4,800
Low Income Home Energy Assistance	660
Non-Elderly Disabled (NED)	175
Parolees (TBRA)	298
Section 811 Rental Housing Assistance	22
Section 8 Rehabilitation	370
Senior Citizen Housing Development Grant	2,063
Supplemental Housing Grant	2,746
Technical Assistance Grant	1
Veterans Affairs Supportive Housing	1,369
Youth (TBRA)	86
Total Housing Grants and Subsidies Expenses	\$ 52,515

In addition to grant payments made, the Corporation had advanced grant funds of \$3,610,000 and committed to third parties a sum of \$7,340,000 in grant awards as of March 31, 2019.

20 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of March 31, 2019, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees.

PERS audited financial statements are available at www.doa.alaska.gov/drb.

Defined Benefit ("DB") Pension and Post-Employment Healthcare Plans (Employees hired prior to July 1, 2006)

Employee Benefits:

Employees hired prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and provides death and disability benefits.

Employees hired between July 1, 1986, and June 30, 1996, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired between July 1, 1996, and June 30, 2006, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

This plan was closed to new entrants as of June 30, 2006.

The Defined Benefit Pension and Post-Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Funding Policy:

Under State law, covered employees are required to contribute 6.75% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan.

Under State law, the Corporation is required to contribute 22.00% of annual covered salary. For fiscal year 2019, 16.17% of covered salary is for the pension plan and 5.83% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 5.58%, the difference between the actuarial required contribution of 27.58% for fiscal year 2019 and the employer rate of 22.00%.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the nine months ended March 31, 2019, totaled \$500,000, and for the years ended June 30, 2018, and June 30, 2017, totaled \$613,000 and \$973,000, respectively.

Pension Liabilities:

The pension liability for the nine months ended March 31, 2019, is not available at this time.

At June 30, 2018, the Corporation reported a liability for its proportionate share to the net pension liability of \$35,660,000. This amount reflected State pension support provided to the Corporation of \$13,285,000. The total net pension liability associated with the Corporation was \$48,945,000.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017.

Pension Expense:

The pension expense for the nine months ended March 31, 2019, is not available at this time.

For the year ended June 30, 2018, the Corporation recognized pension expense of \$769,000 and revenue of \$651,000 for support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for the nine months ended March 31, 2019, is not available at this time.

As of June 30, 2018, the Corporation's deferred outflows of resources related to pension expense of \$4,034,000 were due to a change in its proportionate share of contributions to the pension plan of \$145,000, a difference between projected and actual investment earnings of \$957,000 and contributions to the pension plan subsequent to the measurement date of \$2,932,000. The Corporation's deferred inflows of resources related to pension of \$4,467,000 were due to a difference between expected and actual experience of \$641,000 and changes in proportion and differences between employer contributions of \$3,826,000.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2019	\$ (206)	\$ (1,116)	\$ (1,322)
2020	2,113	(1,117)	996
2021	1,564	(1,117)	447
2022	563	(1,117)	(554)
	<u>\$ 4,034</u>	<u>\$ (4,467)</u>	<u>\$ (433)</u>

Pension Actuarial Assumptions:

The total pension liability for the fiscal year ending June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The valuation was prepared assuming an inflation rate of 3.12%. Salary increases were determined by grading by age and service to range from 4.34% to 8.55%. The investment rate of return was calculated at 8.00%, net of pension plan investment expenses, based on an average inflation rate of 3.12% and a real rate of return of 4.88%.

Mortality rates were based on the RP-2000 table, 2000 Base Year projected to 2018 with Projection scale BB.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009, to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic Equity	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

Pension Discount rate:

The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67.

Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1% lower (7%) or 1% higher (9%), (in thousands).

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net pension liability	\$46,843	\$35,660	\$26,217

Defined Contribution ("DC") Pension and Post-Employment Healthcare Plans (*Employees hired on or after July 1, 2006*):

Employee Benefits

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan ("ODD"), and the Retiree Medical Plan ("RM"). Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employee's contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service.

Funding Policy

Under State law, covered employees are required to contribute 8% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan. Employer contribution rates for the year ended March 31, 2019, were as follows:

	Other Tier IV
Retiree medical plan	0.94%
Occupational death and disability benefits	0.26%
Total Contribution Rates	1.20%

Under State law the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2019, 6.20% of covered salary is split between 5.26% for the pension plan and 0.94% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,102.88, representing 3% of total annual covered compensation in the Plan for each full-time employee, and \$1.35 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement ("HRA") Account for each covered employee per AS 39.30.370.

Additionally, if the total amount that the Corporation has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll after the HRA contributions, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the nine months ended March 31, 2019, the Corporation paid additional contributions of \$824,000. These contributions equal \$606,000 for the defined benefit pension as of March 31, 2019, and \$218,000 for the defined benefit post-employment healthcare plans as of March 31, 2019.

The contributions to the pension plan for the nine months ended March 31, 2019, by the employees totaled \$525,000 and by the Corporation totaled \$344,000.

The Corporation contributed \$281,000 to a Health Reimbursement Arrangement for the nine months ended March 31, 2019.

The Defined Contribution Pension and Post Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/dr/b/employer/resources/gasb.html.

Other Post-Employment Benefits ("OPEB") Defined Benefit and Defined Contribution Plans

OPEB Employer Contribution Rate:

In 2018, the Corporation was credited with the following contributions to the OPEB plan:

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	Measurement Period Corporation FY17	Corporation FY16
Employer contributions DB	\$ 1,261,000	\$ 1,634,000
Employer contributions DC RM	86,000	107,000
Employer contributions DC ODD	12,000	14,000
Nonemployer contributions (on-behalf)	-	-
Total Contributions	\$ 1,359,000	\$ 1,755,000

Changes in Benefit Provisions Since the Prior Valuation of OPEB:

There have been no changes in the benefit provisions effective since the prior valuation for the Defined Benefit OPEB plan.

OPEB healthcare cost trend rates:

Healthcare Reform legislation passed on March 23, 2010. There is no change due to this legislation, because the State plan is retiree-only. Actuaries determined the impact to be less than \$775,000 (0.01%) of the projected June 30, 2016 healthcare actuarial accrued liability for the defined benefit plans due to cost plan excise tax (Cadillac tax). Impact on Healthcare Cost Rate Data Source or Assumption Change from 2016 to 2015 is negligible due to: claim lag specific to medical and prescription experience, individual claims level data, explicit TPA fees, actual RDS payments received; as well as a loss due to aggregate claims data and a small gain due to updated census data.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." Healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

Key Elements of OPEB formula:

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability are amortized over a closed 25-year period (established June 30, 2014) as a level percentage of payroll amount. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for pension benefits (constant dollar amount for healthcare benefits) from the assumed entry age to the assumed retirement age, were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

for active members and determining an average normal cost rate that is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members, and disabled members not yet receiving benefits, was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members. The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Post-employment healthcare benefits:

Major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986, (Tier 1) and disabled retirees. Employees hired after June 30, 1986, (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996, (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 Members with less than five years of credited service are not eligible for post-employment healthcare benefits. Tier 2 Members, who are receiving a conditional benefit and are age eligible, are eligible for post-employment healthcare benefits. Employees and their surviving spouses with thirty years of membership service, and any disabled member, receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Of those benefit recipients who are eligible for the COLA, 70% are assumed to remain in Alaska and receive COLA. 50%-75% of assumed inflation, or 1.56% and 2.24% respectively, is valued for the annual automatic Post-Retirement Pension Adjustment (PRPA).

OPEB Liabilities:

The OPEB liabilities for the nine months ended March 31, 2019 are not available at this time.

At June 30, 2018, the total net OPEB liability associated with the Corporation was \$5,765,000.

At June 30, 2018, the Corporation reported a liability for its proportionate share of the net OPEB liabilities ("NOL") that reflected a reduction for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

Corporation's proportionate share Net OPEB Liabilities:	2018
Corporation's proportionate share of NOL – DB	\$ 5,828,000
Corporation's proportionate share of NOL – DC RM	37,000
Corporation's proportionate share of NOL – DC ODD	(100,000)
State's proportionate share of the NOL associated with the Corporation	-
Total Net OPEB Liabilities	\$ 5,765,000

The net OPEB liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Corporation's proportion of the net OPEB liabilities were based on a projection of the Corporation's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Corporation's proportionate share of the net OPEB liabilities:	June 30, 2016 Measurement Date Employer Proportion	June 30, 2017 Measurement Date Employer Proportion	Change
DB	0.85265%	0.68992%	-0.16273%
DC RM	0.66252%	0.70310%	0.04058%
DC ODD	0.66252%	0.70310%	0.04058%

Changes in Benefit Provisions Since Prior Valuation of OPEB:

For Defined Contribution Retiree Medical OPEB ("DC RM") and Defined Contribution - Occupational Death & Disability ("DC ODD") plans there were the following updates: actuaries updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible; and updated factors used to adjust the defined benefit plan costs to reflect adopted DCR plan design.

OPEB Expense:

The OPEB expense for the nine months ended March 31, 2019 is not available at this time.

For the year ended June 30, 2018, the Corporation recognized negative pension expense of \$704,000 and no support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2018, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (317)
Difference between projected and actual investment earnings	-	(1,850)
Changes in proportion and difference between employer contributions	3	(948)
Total Deferred Inflows/Outflows	\$ 3	\$ (3,115)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Total
2019	\$ (1,161)
2020	(1,021)
2021	(463)
2022	(463)
2023	(1)
Thereafter	(3)
	<u>\$ (3,112)</u>

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

OPEB Actuarial Assumptions:

The total OPEB liability for the year ended June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009, to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial cost method	Entry age normal; level percentage of payroll.
Inflation	3.12%
Salary increases	Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039.
Investment Return / Discount Rate	8.00%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time for others. Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017, are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic Equity	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

OPEB Discount rate:

The discount rate used to ensure the total OPEB liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

Sensitivity of the Corporation's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the Corporations proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1-percentage-point (7%) lower or 1-percentage-point higher (9%), (in thousands).

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Corporation's proportionate share of the net OPEB liabilities:	Proportional Share	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
DB plan	0.68992%	\$ 12,473	\$ 5,828	\$ 239
DC RM plan	0.70310%	\$ 172	\$ 37	\$ (69)
DC ODD plan	0.70310%	\$ (90)	\$ 100	\$ (108)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:

The following presents the Corporation's net OPEB liability using current healthcare cost trend rates and comparing to a 1% increase and a 1% decrease of current healthcare costs trend rates, (in thousands).

Corporation's proportionate share of the net OPEB liabilities:	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
DB plan	0.68992%	\$ (647)	\$ 5,828	\$ 13,612
DC RM plan	0.70310%	\$ (91)	\$ 37	\$ 207
DC ODD plan	0.70310%	n/a	\$ 100	n/a

OPEB plan's fiduciary net position:

All information regarding the Plan's assets, deferred outflow/inflow of resources, liabilities and fiduciary net position can be found in the PERS financial statements that are available to the public on the SOA website: alaska.gov/dr/employer/resources/gasb.html

Healthcare cost trend rates:

Conduent determined the impact to be less than \$350,000 (0.50%) on DC RM liability due to the high cost plan excise tax (Cadillac tax). Due to the lack of experience, from actuarial perspective, for the DC RM and DC ODD retiree health plans, base claims costs are based on those described in the actuarial valuation as of June 30, 2016, for the Defined Benefit (DB) retiree healthcare plan. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DC medical plans and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, upcoming FY17 claims costs were reduced 3.1% for medical and 11.2% for prescription drugs. In addition, to account for the difference in Medicare coordination, upcoming FY17 medical claims costs for Medicare eligible retirees were further reduced 33.75%. The health care trend rate used for the DB health benefits was reduced 0.2% each year for the DC health benefits to reflect the fact that the retiree healthcare benefits to be offered to DC members will have annual indexing of member cost sharing features.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." The healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

Key Elements of OPEB formula:

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for retiree medical benefits, from the assumed entry age to the last age with a future benefit were applied to the projected benefits to determine the normal cost (the portion of the total cost of the Plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total DC RM Plan payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the Plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for beneficiaries and disability members currently receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Post-employment healthcare benefits:

Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service. No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's and any covered dependent premium is 100% until the member is Medicare eligible. Upon the member's Medicare-eligibility, the required contribution will follow the service based schedule. Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements. The medical plan's coverage is supplemental to Medicare. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to that amount. Starting in 2018, the prescription drug coverage is a Medicare Part D Employer Group Waiver Plan (EGWP) arrangement. The premium for Medicare-eligible retirees will be based on the member's years of service. The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost. Members have a separate defined contribution HRA account that can be used to pay for premiums or other medical expenses. Coverage will continue for surviving spouses of covered retired members.

Annual Postemployment Healthcare Cost

The annual postemployment healthcare cost for the nine months ended March 31, 2019 is not available at this time.

In 2018, the Corporation recognized \$354,000 in DC OPEB costs. These amounts were recognized as expense.

Presentation of Transition for OPEB for Defined Benefit and Defined Contributions Plans:

Beginning deferred outflows for DB and both DC plans were zero. The restatement of all prior periods is not practical and the data is not available from the State of Alaska actuary, therefore only the cumulative effect is reported as a

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

restatement of beginning net position of \$8,392,000, the total cumulative effect for all three plans. By plan it was \$8,516,000 for DB, negative \$25,000 for DC RM, and negative \$99,000 for DC ODD. There have been no changes in the benefit provisions effective since the prior valuation.

21 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to \$175,000 per employee per year. The Corporation has provided for an estimate of the Incurred but Not Reported ("IBNR") liability in the amount of \$5,433,000 as of March 31, 2019.

Lease Obligations

The Corporation leases the land at its Anchorage Family Investment Center located at 440 E. Benson Blvd., Anchorage, Alaska for \$7,000 per month. Lease expense for the nine months ended March 31, 2019, totaled \$63,000.

Litigation

The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation's financial statements.

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

Subsequent Events

On November 2, 2018, the Corporation entered into a forward delivery interest rate swap agreement with a June 1, 2019, effective date and December 1, 2029, maturity date. The \$140,000,000 notional amount swap agreement will be an effective hedging instrument relating to the Corporation's \$140,000,000 State Capital Project Bonds II, 2014 Series C, variable rate bonds. The Corporation will pay a 3.222% fixed rate in exchange for receiving a 1-month LIBOR variable rate. As of November 2, 2018, the swap counterparty was rated AA-/Aa2 by S&P Global Ratings and Moody's Investors Service, respectively. Consistent with the Corporation's existing interest rate swaps, the new agreement requires that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value.

22 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party with which the Corporation is doing business. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first-in-line in case of a loss. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage during the past three years.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

23 FIVE YEAR FINANCIAL INFORMATION

Entity-wide amounts at year-end are presented below for informational purposes (in thousands):

	June 30,				
	2018	2017	2016	2015	2014
Assets					
Cash	\$ 69,609	\$ 66,343	\$ 70,104	\$ 50,348	\$ 77,026
Investments	596,133	618,544	615,588	816,244	1,063,200
Accrued interest receivable	14,115	12,771	12,325	11,606	12,357
Mortgage loans, notes and other loans	3,132,437	2,910,332	2,817,494	2,662,893	2,536,596
Net investment in direct financing lease	27,003	29,142	34,555	39,732	44,664
Capital assets, net	100,472	106,762	109,821	116,057	120,248
Other assets	28,684	23,171	35,746	47,982	44,533
Total Assets	3,968,453	3,767,065	3,695,633	3,744,862	3,898,624
Deferred Outflow of Resources	133,107	172,676	234,921	171,440	156,579
Liabilities					
Bonds and notes payable	2,328,487	2,124,637	2,083,582	2,201,527	2,308,710
Short term debt	53,269	82,526	71,589	16,899	64,993
Accrued interest payable	9,984	9,622	9,628	9,397	10,147
Other liabilities	58,868	63,894	55,009	49,522	21,079
Derivative instrument - interest rate swaps	104,674	144,903	210,543	150,199	140,366
Total Liabilities	2,555,282	2,425,582	2,430,351	2,427,544	2,545,295
Deferred Inflow of Resources	7,582	531	670	3,277	-
Total Net Position	\$ 1,538,696	\$ 1,513,628	\$ 1,499,533	\$ 1,485,481	\$ 1,509,908
Operating Revenues					
Mortgage and loans revenue	\$ 135,055	\$ 130,538	\$ 128,942	\$ 126,140	\$ 120,740
Investment interest	6,273	4,727	3,595	4,388	6,532
Net change in fair value of investments	2,967	1,899	2,754	1,627	2,450
Net change of hedge termination	760	1,028	(552)	11	37
Total Investment Revenue	10,000	7,654	5,797	6,026	9,019
Externally funded programs	86,844	96,081	123,782	146,236	163,739
Rental	11,305	11,155	10,707	9,342	8,951
Other	3,076	4,051	4,952	2,355	5,637
Total Operating Revenues	246,280	249,479	274,180	290,099	308,086
Operating Expenses					
Interest	71,246	69,890	70,357	75,349	81,184
Mortgage and loan costs	11,452	10,843	10,836	11,327	9,442
Operations and administration	5,027	4,512	58,373	53,287	58,771
Financing expenses	(4,560)	(5,584)	3,556	5,064	4,415
Provision for loan loss	46,127	56,867	(5,831)	(5,741)	(5,688)
Housing grants and subsidies	15,091	14,296	107,054	125,222	149,188
Rental housing operating expenses	68,314	84,310	15,634	17,086	14,159
Total Operating Expenses	212,697	235,134	259,979	281,594	311,471
Operating Income (Loss)	33,583	14,345	14,201	8,505	(3,385)
Non-Operating & Special Item					
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
Change in Net Position	\$ 33,458	\$ 14,095	\$ 14,052	\$ 4,680	\$ (4,765)

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Schedule of the Corporation's Proportionate Share of the Net Pension Liability (in thousands):

	2018	2017	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.689820%	0.852380%	0.780600%	0.608214%	0.598696%
The Corporation's proportionate share of the net pension liability (asset)	\$ 35,660	\$ 47,645	\$ 37,859	\$ 28,368	\$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	13,285	6,003	10,856	22,644	26,434
Total	\$ 48,945	\$ 53,648	\$ 48,715	\$ 51,012	\$ 57,874
The Corporation's covered employee payroll	\$ 13,817	\$ 15,252	\$ 16,314	\$ 17,189	\$ 17,815
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	258.10%	312.39%	232.06%	165.04%	176.48%
Plan fiduciary net position as a percentage of the total pension liability	63.37%	59.55%	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Schedule of the Corporation's Contributions (in thousands):

	2018	2017	2016	2015	2014
Contractually required contributions	\$ 2,932	\$ 2,679	\$ 2,475	\$ 2,403	\$ 2,128
Contributions in relation to the contractually required contributions	2,932	2,679	2,475	2,403	2,128
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
The Corporation's covered employee payroll	12,583	13,817	15,252	16,314	17,189
percentage of covered-employee payroll	23.30%	19.39%	16.23%	14.73%	12.38%

This table reports the Corporation's pension contributions to PERS during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Schedule of the Corporation's Proportionate Share of the Net OPEB Liability (in thousands):

	2018	2017
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.68992000%	0.85265000%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plans)	0.70310000%	0.66252000%
The Corporation's proportionate share of the net OPEB liability (asset)	\$ 5,765	\$ 9,752
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	2,173	-
Total	<u>\$ 7,939</u>	<u>\$ 9,752</u>
The Corporation's covered employee payroll	\$ 21,133	\$ 21,629
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	27.28%	45.09%
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	89.68%	85.45%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	93.98%	86.82%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	212.97%	245.29%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Schedule of the Corporation's Contributions (in thousands)

	2018		2017	
Contractually required contributions	\$	1,189	\$	1,593
Contributions in relation to the contractually required contributions	\$	1,189	\$	1,593
Contribution deficiency (excess)		-		-
The Corporation's covered employee payroll		20,629		21,133
Contributions as a percentage of covered-employee payroll		5.76%		7.54%

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of 03/31/2019

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Current				
Cash	\$ 34,176	\$ -	\$ -	\$ -
Investments	429,356	16,832	39,074	24,979
Accrued interest receivable	3,945	759	2,617	408
Inter-fund due (to)/from	(30,265)	2,665	8,784	1,043
Mortgage loans, notes and other loans	4,803	6,187	21,434	3,335
Net investment in direct financing lease	-	-	-	-
Other assets	4,482	-	-	-
Intergovernmental receivable	2,790	-	-	-
Total Current	449,287	26,443	71,909	29,765
Non Current				
Investments	652	-	-	-
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	144,859	232,072	739,688	107,849
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	16,823	-	-	-
Other assets	3,777	-	-	-
Total Non Current	169,028	232,072	739,688	107,849
Total Assets	618,315	258,515	811,597	137,614
DEFERRED OUTFLOW OF RESOURCES				
	5,226	-	114,880	-
LIABILITIES				
Current				
Bonds payable	-	8,615	5,480	1,280
Short term debt	23,644	-	-	-
Accrued interest payable	2,473	2,091	5,650	443
Other liabilities	19,833	71	234	32
Intergovernmental payable	-	-	-	-
Total Current	45,950	10,777	11,364	1,755
Non Current				
Bonds payable	-	189,145	499,528	107,080
Other liabilities	2,780	-	-	-
Derivative instrument - interest rate swaps	-	-	108,005	-
Pension & OPEB liability	41,425	-	-	-
Total Non Current	44,205	189,145	607,533	107,080
Total Liabilities	90,155	199,922	618,897	108,835
DEFERRED INFLOW OF RESOURCES				
	7,582	-	-	-
NET POSITION				
Net investment in capital assets	19,740	-	-	-
Restricted by bond resolutions	-	58,593	307,580	28,779
Restricted by contractual or statutory agreements	102,862	-	-	-
Unrestricted or (deficit)	403,202	-	-	-
Total Net Position	\$ 525,804	\$ 58,593	\$ 307,580	\$ 28,779

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATI
Schedule 1

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of 03/31/2019

(in thousands of dollars)

	Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
ASSETS				
Current				
Cash	\$ -	\$ 143	\$ 41,773	\$ 76,092
Investments	41,479	45,901	2,428	600,049
Accrued interest receivable	1,853	5,582	137	15,301
Inter-fund due (to)/from	6,253	13,329	(1,809)	-
Mortgage loans, notes and other loans	19,551	38,452	1,322	95,084
Net investment in direct financing lease	-	2,312	-	2,312
Other assets	-	-	5,378	9,860
Intergovernmental receivable	-	-	3,342	6,132
Total Current	69,136	105,719	52,571	804,830
Non Current				
Investments	-	-	-	652
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	649,924	1,316,885	54,894	3,246,171
Net investment in direct financing lease	-	22,468	-	22,468
Capital assets - non-depreciable	-	-	17,315	20,232
Capital assets - depreciable, net	-	-	58,605	75,428
Other assets	599	-	1	4,377
Total Non Current	650,523	1,339,353	130,815	3,369,328
Total Assets	719,659	1,445,072	183,386	4,174,158
DEFERRED OUTFLOW OF RESOURCES				
	11,372	16,451	-	147,929
LIABILITIES				
Current				
Bonds payable	16,035	42,025	-	73,435
Short term debt	-	-	-	23,644
Accrued interest payable	6,683	15,685	-	33,025
Other liabilities	157	333	966	21,626
Intergovernmental payable	-	143	-	143
Total Current	22,875	58,186	966	151,873
Non Current				
Bonds payable	449,088	1,185,864	-	2,430,705
Other liabilities	-	-	337	3,117
Derivative instrument - interest rate swaps	10,269	2,454	-	120,728
Pension & OPEB liability	-	-	-	41,425
Total Non Current	459,357	1,188,318	337	2,595,975
Total Liabilities	482,232	1,246,504	1,303	2,747,848
DEFERRED INFLOW OF RESOURCES				
	-	-	-	7,582
NET POSITION				
Net investment in capital assets	-	-	75,920	95,660
Restricted by bond resolutions	248,799	-	-	643,751
Restricted by contractual or statutory agreements	-	-	109,816	212,678
Unrestricted or (deficit)	-	215,019	(3,653)	614,568
Total Net Position	\$ 248,799	\$ 215,019	\$ 182,083	\$ 1,566,657

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION**ADMINISTRATIVE FUND**

As of 03/31/2019

(in thousands of dollars)

	Administrative Fund
ASSETS	
Current	
Cash	\$ 34,176
Investments	429,356
Accrued interest receivable	3,945
Inter-fund due (to)/from	(30,265)
Mortgage loans, notes and other loans	4,803
Net investment in direct financing lease	-
Other assets	4,482
Intergovernmental receivable	2,790
Total Current	449,287
Non Current	
Investments	652
Inter-fund due (to)/from	-
Mortgage loans, notes and other loans	144,859
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	16,823
Other assets	3,777
Total Non Current	169,028
Total Assets	618,315
DEFERRED OUTFLOW OF RESOURCES	5,226
LIABILITIES	
Current	
Bonds payable	-
Short term debt	23,644
Accrued interest payable	2,473
Other liabilities	19,833
Intergovernmental payable	-
Total Current	45,950
Non Current	
Bonds payable	-
Other liabilities	2,780
Derivative instrument - interest rate swaps	-
Pension & OPEB liability	41,425
Total Non Current	44,205
Total Liabilities	90,155
DEFERRED INFLOW OF RESOURCES	7,582
NET POSITION	
Net investment in capital assets	19,740
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	102,862
Unrestricted or (deficit)	403,202
Total Net Position	\$ 525,804

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Schedule 3

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of 03/31/2019

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
ASSETS			
Current			
Cash	\$ -	\$ -	\$ -
Investments	7,002	9,830	16,832
Accrued interest receivable	347	412	759
Inter-fund due (to)/from	1,186	1,479	2,665
Mortgage loans, notes and other loans	2,543	3,644	6,187
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	11,078	15,365	26,443
Non Current			
Investments	-	-	-
Inter-fund due (to)/from	-	-	-
Mortgage loans, notes and other loans	95,684	136,388	232,072
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Total Non Current	95,684	136,388	232,072
Total Assets	106,762	151,753	258,515
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Current			
Bonds payable	3,455	5,160	8,615
Short term debt	-	-	-
Accrued interest payable	1,141	950	2,091
Other liabilities	32	39	71
Intergovernmental payable	-	-	-
Total Current	4,628	6,149	10,777
Non Current			
Bonds payable	90,595	98,550	189,145
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension & OPEB liability	-	-	-
Total Non Current	90,595	98,550	189,145
Total Liabilities	95,223	104,699	199,922
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,539	47,054	58,593
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	\$ 11,539	\$ 47,054	\$ 58,593

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 4

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of 03/31/2019

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
ASSETS								
Current								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	10,058	4,278	3,990	4,909	5,276	5,366	5,197	39,074
Accrued interest receivable	308	287	291	383	447	425	476	2,617
Inter-fund due (to)/from	923	811	1,004	1,704	1,708	1,311	1,323	8,784
Mortgage loans, notes and other loans	2,096	2,447	2,385	3,129	3,605	3,856	3,916	21,434
Net investment in direct financing lease	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total Current	13,385	7,823	7,670	10,125	11,036	10,958	10,912	71,909
Non Current								
Investments	-	-	-	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	-	-	-	-
Mortgage loans, notes and other loans	77,043	83,684	80,936	108,801	120,830	130,201	138,193	739,688
Net investment in direct financing lease	-	-	-	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total Non Current	77,043	83,684	80,936	108,801	120,830	130,201	138,193	739,688
Total Assets	90,428	91,507	88,606	118,926	131,866	141,159	149,105	811,597
DEFERRED OUTFLOW OF RESOURCES	3,105	17,217	17,205	20,393	19,256	18,964	18,740	114,880
LIABILITIES								
Current								
Bonds payable	-	1,720	1,720	2,040	-	-	-	5,480
Short term debt	-	-	-	-	-	-	-	-
Accrued interest payable	307	813	813	963	916	918	920	5,650
Other liabilities	28	28	26	34	38	38	42	234
Intergovernmental payable	-	-	-	-	-	-	-	-
Total Current	335	2,561	2,559	3,037	954	956	962	11,364
Non Current								
Bonds payable	33,208	70,095	70,095	83,500	80,880	80,880	80,870	499,528
Other liabilities	-	-	-	-	-	-	-	-
Derivative instrument - interest rate swaps	3,105	15,997	15,986	18,898	18,263	17,971	17,785	108,005
Pension & OPEB liability	-	-	-	-	-	-	-	-
Total Non Current	36,313	86,092	86,081	102,398	99,143	98,851	98,655	607,533
Total Liabilities	36,648	88,653	88,640	105,435	100,097	99,807	99,617	618,897
DEFERRED INFLOW OF RESOURCES	-	-	-	-	-	-	-	-
NET POSITION								
Net investment in capital assets	-	-	-	-	-	-	-	-
Restricted by bond resolutions	56,885	20,071	17,171	33,884	51,025	60,316	68,228	307,580
Restricted by contractual or statutory agreements	-	-	-	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-	-	-	-
Total Net Position	\$ 56,885	\$ 20,071	\$ 17,171	\$ 33,884	\$ 51,025	\$ 60,316	\$ 68,228	\$ 307,580

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 5

STATEMENT OF NET POSITION
VETERANS MORTGAGE PROGRAM
BONDS - STATE GUARANTEED

As of 03/31/2019

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series	Collateralized Bonds 2019 First & Second Series	Veterans Mortgage Program Bonds Combined Total
ASSETS			
Current			
Cash	\$ -	\$ -	\$ -
Investments	3,149	21,830	24,979
Accrued interest receivable	221	187	408
Inter-fund due (to)/from	674	369	1,043
Mortgage loans, notes and other loans	1,805	1,530	3,335
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	5,849	23,916	29,765
Non Current			
Investments	-	-	-
Inter-fund due (to)/from	-	-	-
Mortgage loans, notes and other loans	58,369	49,480	107,849
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Total Non Current	58,369	49,480	107,849
Total Assets	64,218	73,396	137,614
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Current			
Bonds payable	1,280	-	1,280
Short term debt	-	-	-
Accrued interest payable	390	53	443
Other liabilities	18	14	32
Intergovernmental payable	-	-	-
Total Current	1,688	67	1,755
Non Current			
Bonds payable	46,200	60,880	107,080
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension & OPEB liability	-	-	-
Total Non Current	46,200	60,880	107,080
Total Liabilities	47,888	60,947	108,835
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	16,330	12,449	28,779
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	\$ 16,330	\$ 12,449	\$ 28,779

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION
OTHER HOUSING BONDS

As of 03/31/2019

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A
ASSETS				
Current				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	8,489	4,014	10,943	3,110
Accrued interest receivable	411	232	564	109
Inter-fund due (to)/from	1,385	941	1,512	-
Mortgage loans, notes and other loans	4,838	2,731	5,564	622
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	15,123	7,918	18,583	3,841
Non Current				
Investments	-	-	-	-
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	158,900	88,289	179,904	20,104
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	9
Total Non Current	158,900	88,289	179,904	20,113
Total Assets	174,023	96,207	198,487	23,954
DEFERRED OUTFLOW OF RESOURCES				
	1,103	-	-	-
LIABILITIES				
Current				
Bonds payable	3,960	4,165	1,710	-
Short term debt	-	-	-	-
Accrued interest payable	1,152	762	3,731	20
Other liabilities	36	24	50	-
Intergovernmental payable	-	-	-	-
Total Current	5,148	4,951	5,491	20
Non Current				
Bonds payable	90,905	87,653	172,612	14,600
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Pension & OPEB liability	-	-	-	-
Total Non Current	90,905	87,653	172,612	14,600
Total Liabilities	96,053	92,604	178,103	14,620
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	79,073	3,603	20,384	9,334
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	\$ 79,073	\$ 3,603	\$ 20,384	\$ 9,334

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)

Schedule 6

STATEMENT OF NET POSITION
OTHER HOUSING BONDS

As of 03/31/2019

(in thousands of dollars)

	Governmental Purpose Bonds 2001 A & B	Other Housing Bonds Combined Total
ASSETS		
Current		
Cash	\$ -	\$ -
Investments	14,923	41,479
Accrued interest receivable	537	1,853
Inter-fund due (to)/from	2,415	6,253
Mortgage loans, notes and other loans	5,796	19,551
Net investment in direct financing lease	-	-
Other assets	-	-
Intergovernmental receivable	-	-
Total Current	23,671	69,136
Non Current		
Investments	-	-
Inter-fund due (to)/from	-	-
Mortgage loans, notes and other loans	202,727	649,924
Net investment in direct financing lease	-	-
Capital assets - non-depreciable	-	-
Capital assets - depreciable, net	-	-
Other assets	590	599
Total Non Current	203,317	650,523
Total Assets	226,988	719,659
DEFERRED OUTFLOW OF RESOURCES		
	10,269	11,372
LIABILITIES		
Current		
Bonds payable	6,200	16,035
Short term debt	-	-
Accrued interest payable	1,018	6,683
Other liabilities	47	157
Intergovernmental payable	-	-
Total Current	7,265	22,875
Non Current		
Bonds payable	83,318	449,088
Other liabilities	-	-
Derivative instrument - interest rate swaps	10,269	10,269
Pension & OPEB liability	-	-
Total Non Current	93,587	459,357
Total Liabilities	100,852	482,232
DEFERRED INFLOW OF RESOURCES		
	-	-
NET POSITION		
Net investment in capital assets	-	-
Restricted by bond resolutions	136,405	248,799
Restricted by contractual or statutory agreements	-	-
Unrestricted or (deficit)	-	-
Total Net Position	\$ 136,405	\$ 248,799

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION
NON-HOUSING BONDS

As of 03/31/2019

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B
ASSETS					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	2,693	285	2,674	2,390	6,009
Accrued interest receivable	178	37	225	332	560
Inter-fund due (to)/from	366	58	893	760	1,220
Mortgage loans, notes and other loans	817	99	1,101	1,826	3,359
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	4,054	479	4,893	5,308	11,148
Non Current					
Investments	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	-
Mortgage loans, notes and other loans	29,289	6,723	50,337	73,516	121,974
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total Non Current	29,289	6,723	50,337	73,516	121,974
Total Assets	33,343	7,202	55,230	78,824	133,122
DEFERRED OUTFLOW OF RESOURCES					
	1,074	-	-	-	-
LIABILITIES					
Current					
Bonds payable	6,265	1,490	4,720	4,515	6,860
Short term debt	-	-	-	-	-
Accrued interest payable	378	76	611	943	1,758
Other liabilities	14	2	12	16	36
Intergovernmental payable	-	-	-	-	-
Total Current	6,657	1,568	5,343	5,474	8,654
Non Current					
Bonds payable	16,890	3,088	39,473	61,182	105,345
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	2,454	-	-	-	-
Pension & OPEB liability	-	-	-	-	-
Total Non Current	19,344	3,088	39,473	61,182	105,345
Total Liabilities	26,001	4,656	44,816	66,656	113,999
DEFERRED INFLOW OF RESOURCES					
	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	8,416	2,546	10,414	12,168	19,123
Total Net Position	\$ 8,416	\$ 2,546	\$ 10,414	\$ 12,168	\$ 19,123

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 7

STATEMENT OF NET POSITION
NON-HOUSING BONDS

As of 03/31/2019

(in thousands of dollars)

	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
ASSETS									
Current									
Cash	\$ -	\$ -	\$ -	\$ -	\$ 143	\$ -	\$ -	\$ -	\$ 143
Investments	7,422	4,681	5,145	3,743	2,685	3,915	1,936	2,323	45,901
Accrued interest receivable	846	464	441	289	813	558	374	465	5,582
Inter-fund due (to)/from	2,798	1,861	1,064	516	886	1,541	323	1,043	13,329
Mortgage loans, notes and other loans	7,570	3,318	3,118	1,697	4,380	5,170	1,598	4,399	38,452
Net investment in direct financing lease	-	-	-	-	2,312	-	-	-	2,312
Other assets	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-	-
Total Current	18,636	10,324	9,768	6,245	11,219	11,184	4,231	8,230	105,719
Non Current									
Investments	-	-	-	-	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	-	-	-	-	-
Mortgage loans, notes and other loans	250,407	113,473	101,560	55,189	141,622	178,900	51,673	142,222	1,316,885
Net investment in direct financing lease	-	-	-	-	22,468	-	-	-	22,468
Capital assets - non-depreciable	-	-	-	-	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total Non Current	250,407	113,473	101,560	55,189	164,090	178,900	51,673	142,222	1,339,353
Total Assets	269,043	123,797	111,328	61,434	175,309	190,084	55,904	150,452	1,445,072
DEFERRED OUTFLOW OF RESOURCES									
	-	4,192	4,049	1,550	5,430	-	156	-	16,451
LIABILITIES									
Current									
Bonds payable	2,740	4,390	3,015	2,795	4,150	-	-	1,085	42,025
Short term debt	-	-	-	-	-	-	-	-	-
Accrued interest payable	2,691	1,520	1,371	819	2,289	1,207	731	1,291	15,685
Other liabilities	70	35	30	17	2	51	12	36	333
Intergovernmental payable	-	-	-	-	143	-	-	-	143
Total Current	5,501	5,945	4,416	3,631	6,584	1,258	743	2,412	58,186
Non Current									
Bonds payable	222,870	105,526	92,961	51,941	156,994	150,000	51,093	128,501	1,185,864
Other liabilities	-	-	-	-	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-	-	-	-	2,454
Pension & OPEB liability	-	-	-	-	-	-	-	-	-
Total Non Current	222,870	105,526	92,961	51,941	156,994	150,000	51,093	128,501	1,188,318
Total Liabilities	228,371	111,471	97,377	55,572	163,578	151,258	51,836	130,913	1,246,504
DEFERRED INFLOW OF RESOURCES									
	-	-	-	-	-	-	-	-	-
NET POSITION									
Net investment in capital assets	-	-	-	-	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-	-	-	-	-
Unrestricted or (deficit)	40,672	16,518	18,000	7,412	17,161	38,826	4,224	19,539	215,019
Total Net Position	\$ 40,672	\$ 16,518	\$ 18,000	\$ 7,412	\$ 17,161	\$ 38,826	\$ 4,224	\$ 19,539	\$ 215,019

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION
OTHER PROGRAM FUNDS

As of 03/31/2019

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal	Low Rent Program
ASSETS					
Current					
Cash	\$ 976	\$ 6,414	\$ 3	\$ 7,393	\$ 14,111
Investments	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Inter-fund due (to)/from	747	(2,547)	835	(965)	(1,036)
Mortgage loans, notes and other loans	-	-	65	65	-
Net investment in direct financing lease	-	-	-	-	-
Other assets	336	409	3,275	4,020	990
Intergovernmental receivable	787	-	2,382	3,169	171
Total Current	2,846	4,276	6,560	13,682	14,236
Non Current					
Investments	-	-	-	-	-
Inter-fund due (to)/from	-	-	1,425	1,425	-
Mortgage loans, notes and other loans	-	-	1,099	1,099	-
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	12,518
Capital assets - depreciable, net	-	43	-	43	43,675
Other assets	-	-	-	-	-
Total Non Current	-	43	2,524	2,567	56,193
Total Assets	2,846	4,319	9,084	16,249	70,429
DEFERRED OUTFLOW OF RESOURCES					
	-	-	-	-	-
LIABILITIES					
Current					
Bonds payable	-	-	-	-	-
Short term debt	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Other liabilities	-	7	-	7	728
Intergovernmental payable	-	-	-	-	-
Total Current	-	7	-	7	728
Non Current					
Bonds payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension & OPEB liability	-	-	-	-	-
Total Non Current	-	-	-	-	-
Total Liabilities	-	7	-	7	728
DEFERRED INFLOW OF RESOURCES					
	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	43	-	43	56,193
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	4,280	5,480	9,616	19,376	13,952
Unrestricted or (deficit)	(1,434)	(1,211)	(532)	(3,177)	(444)
Total Net Position	\$ 2,846	\$ 4,312	\$ 9,084	\$ 16,242	\$ 69,701

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORAT
(A Component Unit of the State of Alaska)
STATEMENT OF NET POSITION
OTHER PROGRAM FUNDS
As of 03/31/2019
(in thousands of dollars)

Schedule 8

	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
ASSETS						
Current						
Cash	\$ 12,760	\$ -	\$ -	\$ 26,871	\$ 7,509	\$ 41,773
Investments	-	1,158	1,270	2,428	-	2,428
Accrued interest receivable	-	23	82	105	32	137
Inter-fund due (to)/from	(343)	54	527	(798)	(46)	(1,809)
Mortgage loans, notes and other loans	-	341	916	1,257	-	1,322
Net investment in direct financing lease	-	-	-	-	-	-
Other assets	139	-	-	1,129	229	5,378
Intergovernmental receivable	2	-	-	173	-	3,342
Total Current	12,558	1,576	2,795	31,165	7,724	52,571
Non Current						
Investments	-	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	(1,425)	-
Mortgage loans, notes and other loans	-	11,035	30,225	41,260	12,535	54,894
Net investment in direct financing lease	-	-	-	-	-	-
Capital assets - non-depreciable	1,130	-	-	13,648	3,667	17,315
Capital assets - depreciable, net	14,887	-	-	58,562	-	58,605
Other assets	-	-	-	-	1	1
Total Non Current	16,017	11,035	30,225	113,470	14,778	130,815
Total Assets	28,575	12,611	33,020	144,635	22,502	183,386
DEFERRED OUTFLOW OF RESOURCES						
	-	-	-	-	-	-
LIABILITIES						
Current						
Bonds payable	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Other liabilities	216	2	7	953	6	966
Intergovernmental payable	-	-	-	-	-	-
Total Current	216	2	7	953	6	966
Non Current						
Bonds payable	-	-	-	-	-	-
Other liabilities	-	-	-	-	337	337
Derivative instrument - interest rate swaps	-	-	-	-	-	-
Pension & OPEB liability	-	-	-	-	-	-
Total Non Current	-	-	-	-	337	337
Total Liabilities	216	2	7	953	343	1,303
DEFERRED INFLOW OF RESOURCES						
	-	-	-	-	-	-
NET POSITION						
Net investment in capital assets	16,017	-	-	72,210	3,667	75,920
Restricted by bond resolutions	-	-	-	-	-	-
Restricted by contractual or statutory agreements	12,342	12,609	33,013	71,916	18,524	109,816
Unrestricted or (deficit)	-	-	-	(444)	(32)	(3,653)
Total Net Position	\$ 28,359	\$ 12,609	\$ 33,013	\$ 143,682	\$ 22,159	\$ 182,083

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
COMBINED - ALL FUNDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
OPERATING REVENUES				
Mortgage and loan revenue	\$ 7,023	\$ 7,475	\$ 24,490	\$ 1,917
Investment interest	6,904	312	912	73
Net change in the fair value of investments	503	64	154	10
Net change of hedge termination	-	-	-	-
Total Investment Revenue	7,407	376	1,066	83
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	363	-	-	-
Other revenue	2,334	-	-	-
Total Operating Revenues	17,127	7,851	25,556	2,000
OPERATING EXPENSES				
Interest	424	4,819	13,461	933
Mortgage and loan costs	1,028	716	2,259	170
Bond financing expenses	700	26	1,932	537
Provision for loan loss	325	(1,119)	(1,506)	501
Operations and administration	12,783	372	966	71
Rental housing operating expenses	409	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	15,669	4,814	17,112	2,212
Operating Income (Loss)	1,458	3,037	8,444	(212)
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	(64)	-	-	-
Transfers - Internal	(25,354)	(1,872)	2,017	12,648
Change in Net Position	(23,960)	1,165	10,461	12,436
Net position at beginning of year	549,764	57,428	297,119	16,343
Net Position at End of Period	\$ 525,804	\$ 58,593	\$ 307,580	\$ 28,779

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
COMBINED - ALL FUNDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

Schedule 9

	Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
OPERATING REVENUES				
Mortgage and loan revenue	\$ 16,753	\$ 49,832	\$ 1,218	\$ 108,708
Investment interest	782	2,250	96	11,329
Net change in the fair value of investments	167	(43)	-	855
Net change of hedge termination	-	(100)	-	(100)
Total Investment Revenue	949	2,107	96	12,084
Grant revenue	-	-	51,428	51,428
Housing rental subsidies	-	-	9,408	9,408
Rental revenue	-	-	8,475	8,838
Other revenue	152	-	1,181	3,667
Total Operating Revenues	17,854	51,939	71,806	194,133
OPERATING EXPENSES				
Interest	10,594	26,458	0	56,689
Mortgage and loan costs	1,513	3,258	104	9,048
Bond financing expenses	1,227	430	0	4,852
Provision for loan loss	376	(2,324)	38	(3,709)
Operations and administration	703	1,271	19,909	36,075
Rental housing operating expenses	-	-	10,226	10,635
Grant expense	-	-	52,515	52,515
Total Operating Expenses	14,413	29,093	82,792	166,105
Operating Income (Loss)	3,441	22,846	(10,986)	28,028
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	(64)
Transfers - Internal	5,011	(4,886)	12,433	(3)
Change in Net Position	8,452	17,960	1,447	27,961
Net position at beginning of year	240,347	197,059	180,636	1,538,696
Net Position at End of Period	\$ 248,799	\$ 215,019	\$ 182,083	\$ 1,566,657

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
ADMINISTRATIVE FUNDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

Schedule 10

	<u>Administrative Fund</u>
OPERATING REVENUES	
Mortgage and loan revenue	\$ 7,023
Investment interest	6,904
Net change in the fair value of investments	503
Net change of hedge termination	-
Total Investment Revenue	<u>7,407</u>
Grant revenue	-
Housing rental subsidies	-
Rental revenue	363
Other revenue	<u>2,334</u>
Total Operating Revenues	<u>17,127</u>
OPERATING EXPENSES	
Interest	424
Mortgage and loan costs	1,028
Bond financing expenses	700
Provision for loan loss	325
Operations and administration	12,783
Rental housing operating expenses	409
Grant expense	-
Total Operating Expenses	<u>15,669</u>
Operating Income (Loss)	<u>1,458</u>
NON-OPERATING EXPENSES AND TRANSFERS	
Contributions to the State of Alaska or other State agencies	(64)
Transfers - Internal	<u>(25,354)</u>
Change in Net Position	<u>(23,960)</u>
Net position at beginning of year	549,764
Net Position at End of Period	<u><u>\$ 525,804</u></u>

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION****FIRST TIME HOMEBUYERS PROGRAM MORTGAGE
REVENUE BONDS**

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
OPERATING REVENUES			
Mortgage and loan revenue	\$ 3,265	\$ 4,210	\$ 7,475
Investment interest	138	174	312
Net change in the fair value of investments	28	36	64
Net change of hedge termination	-	-	-
Total Investment Revenue	166	210	376
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
Total Operating Revenues	3,431	4,420	7,851
OPERATING EXPENSES			
Interest	2,614	2,205	4,819
Mortgage and loan costs	307	409	716
Bond financing expenses	11	15	26
Provision for loan loss	(451)	(668)	(1,119)
Operations and administration	151	221	372
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
Total Operating Expenses	2,632	2,182	4,814
Operating Income (Loss)	799	2,238	3,037
NON-OPERATING EXPENSES AND TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(664)	(1,208)	(1,872)
Change in Net Position	135	1,030	1,165
Net position at beginning of year	11,404	46,024	57,428
Net Position at End of Period	\$ 11,539	\$ 47,054	\$ 58,593

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FIRST TIME HOMEBUYERS PROGRAM HOME
MORTGAGE REVENUE BONDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
OPERATING REVENUES				
Mortgage and loan revenue	\$ 2,970	\$ 2,843	\$ 2,805	\$ 3,682
Investment interest	155	88	94	153
Net change in the fair value of investments	52	13	13	17
Net change of hedge termination	-	-	-	-
Total Investment Revenue	207	101	107	170
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	3,177	2,944	2,912	3,852
OPERATING EXPENSES				
Interest	891	1,932	1,932	2,287
Mortgage and loan costs	276	280	261	331
Bond financing expenses	138	230	230	287
Provision for loan loss	(316)	(156)	(130)	(244)
Operations and administration	153	119	105	140
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	1,142	2,405	2,398	2,801
Operating Income (Loss)	2,035	539	514	1,051
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(61)	244	242	487
Change in Net Position	1,974	783	756	1,538
Net position at beginning of year	54,911	19,288	16,415	32,346
Net Position at End of Period	\$ 56,885	\$ 20,071	\$ 17,171	\$ 33,884

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**
FIRST TIME HOMEBUYERS PROGRAM HOME
MORTGAGE REVENUE BONDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

Schedule 12

	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
OPERATING REVENUES				
Mortgage and loan revenue	\$ 3,754	\$ 4,021	\$ 4,415	\$ 24,490
Investment interest	128	143	151	912
Net change in the fair value of investments	18	20	21	154
Net change of hedge termination	-	-	-	-
Total Investment Revenue	146	163	172	1,066
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	3,900	4,184	4,587	25,556
OPERATING EXPENSES				
Interest	2,072	2,265	2,082	13,461
Mortgage and loan costs	341	368	402	2,259
Bond financing expenses	398	293	356	1,932
Provision for loan loss	(142)	(170)	(348)	(1,506)
Operations and administration	137	149	163	966
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	2,806	2,905	2,655	17,112
Operating Income (Loss)	1,094	1,279	1,932	8,444
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	482	122	501	2,017
Change in Net Position	1,576	1,401	2,433	10,461
Net position at beginning of year	49,449	58,915	65,795	297,119
Net Position at End of Period	\$ 51,025	\$ 60,316	\$ 68,228	\$ 307,580

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 13

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION****VETERANS MORTGAGE PROGRAM BONDS - STATE
GUARANTEED**

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series	Collateralized Bonds 2019 First & Second Series	Veterans Mortgage Program Bonds Combined Total
OPERATING REVENUES			
Mortgage and loan revenue	\$ 1,849	\$ 68	\$ 1,917
Investment interest	63	10	73
Net change in the fair value of investments	11	(1)	10
Net change of hedge termination	-	-	-
Total Investment Revenue	74	9	83
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
Total Operating Revenues	1,923	77	2,000
OPERATING EXPENSES			
Interest	881	52	933
Mortgage and loan costs	164	6	170
Bond financing expenses	3	534	537
Provision for loan loss	(14)	515	501
Operations and administration	57	14	71
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
Total Operating Expenses	1,091	1,121	2,212
Operating Income (Loss)	832	(1,044)	(212)
NON-OPERATING EXPENSES AND TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(845)	13,493	12,648
Change in Net Position	(13)	12,449	12,436
Net position at beginning of year	16,343	-	16,343
Net Position at End of Period	\$ 16,330	\$ 12,449	\$ 28,779

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
OTHER HOUSING BONDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A
OPERATING REVENUES				
Mortgage and loan revenue	\$ 4,339	\$ 2,485	\$ 4,369	\$ 459
Investment interest	146	73	235	35
Net change in the fair value of investments	29	17	43	15
Net change of hedge termination	-	-	-	-
Total Investment Revenue	175	90	278	50
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	3
Total Operating Revenues	4,514	2,575	4,647	512
OPERATING EXPENSES				
Interest	2,629	1,624	3,444	161
Mortgage and loan costs	376	261	407	-
Bond financing expenses	7	6	1,131	18
Provision for loan loss	(964)	(35)	1,873	-
Operations and administration	151	122	218	-
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	2,199	1,978	7,073	179
Operating Income (Loss)	2,315	597	(2,426)	333
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(18,033)	129	22,810	19
Change in Net Position	(15,718)	726	20,384	352
Net position at beginning of year	94,791	2,877	-	8,982
Net Position at End of Period	\$ 79,073	\$ 3,603	\$ 20,384	\$ 9,334

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
OTHER HOUSING BONDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

Schedule 14

	Governmental Purpose Bonds 2001 A & B	Other Housing Bonds Combined Total
OPERATING REVENUES		
Mortgage and loan revenue	\$ 5,101	\$ 16,753
Investment interest	293	782
Net change in the fair value of investments	63	167
Net change of hedge termination	-	-
Total Investment Revenue	356	949
Grant revenue	-	-
Housing rental subsidies	-	-
Rental revenue	-	-
Other revenue	149	152
Total Operating Revenues	5,606	17,854
OPERATING EXPENSES		
Interest	2,736	10,594
Mortgage and loan costs	469	1,513
Bond financing expenses	65	1,227
Provision for loan loss	(498)	376
Operations and administration	212	703
Rental housing operating expenses	-	-
Grant expense	-	-
Total Operating Expenses	2,984	14,413
Operating Income (Loss)	2,622	3,441
NON-OPERATING EXPENSES AND TRANSFERS		
Contributions to the State of Alaska or other State agencies	-	-
Transfers - Internal	86	5,011
Change in Net Position	2,708	8,452
Net position at beginning of year	133,697	240,347
Net Position at End of Period	\$ 136,405	\$ 248,799

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

NON-HOUSING BONDS

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
OPERATING REVENUES				
Mortgage and loan revenue	\$ 1,173	\$ 312	\$ 2,172	\$ 3,061
Investment interest	70	11	42	59
Net change in the fair value of investments	-	-	-	(1)
Net change of hedge termination	(100)	-	-	-
Total Investment Revenue	(30)	11	42	58
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	1,143	323	2,214	3,119
OPERATING EXPENSES				
Interest	1,094	169	965	1,446
Mortgage and loan costs	98	17	126	160
Bond financing expenses	18	-	2	3
Provision for loan loss	(139)	(113)	(496)	(472)
Operations and administration	58	15	40	51
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	1,129	88	637	1,188
Operating Income (Loss)	14	235	1,577	1,931
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	541	820	(54)	(1,397)
Change in Net Position	555	1,055	1,523	534
Net position at beginning of year	7,861	1,491	8,891	11,634
Net Position at End of Period	\$ 8,416	\$ 2,546	\$ 10,414	\$ 12,168

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

NON-HOUSING BONDS

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C
OPERATING REVENUES					
Mortgage and loan revenue	\$ 4,952	\$ 8,471	\$ 4,332	\$ 3,984	\$ 2,242
Investment interest	116	143	77	75	59
Net change in the fair value of investments	-	(1)	(1)	-	-
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	116	142	76	75	59
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Operating Revenues	5,068	8,613	4,408	4,059	2,301
OPERATING EXPENSES					
Interest	2,983	4,713	2,273	2,414	1,231
Mortgage and loan costs	336	735	343	286	149
Bond financing expenses	6	90	5	5	3
Provision for loan loss	(459)	(212)	(238)	(56)	(36)
Operations and administration	125	295	150	131	82
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total Operating Expenses	2,991	5,621	2,533	2,780	1,429
Operating Income (Loss)	2,077	2,992	1,875	1,279	872
NON-OPERATING EXPENSES AND TRANSFERS					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	53	(826)	(5)	(130)	9
Change in Net Position	2,130	2,166	1,870	1,149	881
Net position at beginning of year	16,993	38,506	14,648	16,851	6,531
Net Position at End of Period	\$ 19,123	\$ 40,672	\$ 16,518	\$ 18,000	\$ 7,412

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)

Schedule 15

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

NON-HOUSING BONDS

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
OPERATING REVENUES					
Mortgage and loan revenue	\$ 7,232	\$ 5,534	\$ 2,124	\$ 4,243	\$ 49,832
Investment interest	1,141	79	35	343	2,250
Net change in the fair value of investments	-	(1)	-	(39)	(43)
Net change of hedge termination	-	-	-	-	(100)
Total Investment Revenue	1,141	78	35	304	2,107
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Operating Revenues	8,373	5,612	2,159	4,547	51,939
OPERATING EXPENSES					
Interest	3,240	2,541	960	2,429	26,458
Mortgage and loan costs	10	526	116	356	3,258
Bond financing expenses	7	98	3	190	430
Provision for loan loss	89	(362)	(8)	178	(2,324)
Operations and administration	4	178	37	105	1,271
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total Operating Expenses	3,350	2,981	1,108	3,258	29,093
Operating Income (Loss)	5,023	2,631	1,051	1,289	22,846
NON-OPERATING EXPENSES AND TRANSFERS					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	37	327	(196)	(4,065)	(4,886)
Change in Net Position	5,060	2,958	855	(2,776)	17,960
Net position at beginning of year	12,101	35,868	3,369	22,315	197,059
Net Position at End of Period	\$ 17,161	\$ 38,826	\$ 4,224	\$ 19,539	\$ 215,019

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
OTHER PROGRAM FUNDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
OPERATING REVENUES				
Mortgage and loan revenue	\$ -	\$ -	\$ -	\$ -
Investment interest	1	5	-	6
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	5	-	6
Grant revenue	6,186	34,279	10,963	51,428
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	5	1,048	1,053
Total Operating Revenues	6,187	34,289	12,011	52,487
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	48	48
Operations and administration	1,883	4,237	2,365	8,485
Rental housing operating expenses	-	-	-	-
Grant expense	6,262	27,448	18,805	52,515
Total Operating Expenses	8,145	31,685	21,218	61,048
Operating Income (Loss)	(1,958)	2,604	(9,207)	(8,561)
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,677	122	8,496	11,295
Change in Net Position	719	2,726	(711)	2,734
Net position at beginning of year	2,127	1,586	9,795	13,508
Net Position at End of Period	\$ 2,846	\$ 4,312	\$9,084	\$ 16,242

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
OTHER PROGRAM FUNDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund
OPERATING REVENUES				
Mortgage and loan revenue	\$ -	\$ -	\$ 216	\$ 899
Investment interest	19	17	16	30
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	19	17	16	30
Grant revenue	-	-	-	-
Housing rental subsidies	7,733	1,675	-	-
Rental revenue	6,528	1,753	-	-
Other revenue	94	-	-	-
Total Operating Revenues	14,374	3,445	232	929
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	20	84
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	(9)	(11)
Operations and administration	8,956	2,258	9	30
Rental housing operating expenses	8,604	1,622	-	-
Grant expense	-	-	-	-
Total Operating Expenses	17,560	3,880	20	103
Operating Income (Loss)	(3,186)	(435)	212	826
NON-OPERATING EXPENSES AND TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	959	126	10	43
Change in Net Position	(2,227)	(309)	222	869
Net position at beginning of year	71,928	28,668	12,387	32,144
Net Position at End of Period	\$ 69,701	\$ 28,359	\$ 12,609	\$ 33,013

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**
OTHER PROGRAM FUNDS
For the Nine Months Ending 03/31/2019
(in thousands of dollars)

Schedule 16

	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
OPERATING REVENUES			
Mortgage and loan revenue	\$ 1,115	\$ 103	\$ 1,218
Investment interest	82	8	96
Net change in the fair value of investments	-	-	-
Net change of hedge termination	-	-	-
Total Investment Revenue	82	8	96
Grant revenue	-	-	51,428
Housing rental subsidies	9,408	-	9,408
Rental revenue	8,281	194	8,475
Other revenue	94	34	1,181
Total Operating Revenues	18,980	339	71,806
OPERATING EXPENSES			
Interest	-	-	-
Mortgage and loan costs	104	-	104
Bond financing expenses	-	-	-
Provision for loan loss	(20)	10	38
Operations and administration	11,253	171	19,909
Rental housing operating expenses	10,226	-	10,226
Grant expense	-	-	52,515
Total Operating Expenses	21,563	181	82,792
Operating Income (Loss)	(2,583)	158	(10,986)
NON-OPERATING EXPENSES AND TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	1,138	-	12,433
Change in Net Position	(1,445)	158	1,447
Net position at beginning of year	145,127	22,001	180,636
Net Position at End of Period	\$ 143,682	\$ 22,159	\$ 182,083

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ 3,842	\$ 6,830	\$ 22,434	\$ 1,669
Principal payments received on mortgages and loans	5,371	21,551	57,780	4,654
Disbursements to fund mortgages and loans	(422,532)	-	-	-
Receipt (payment) for loan transfers between funds	215,260	(7,858)	(47,580)	(43,475)
Mortgage and loan proceeds	309,209	-	-	-
Payment of mortgage and loan proceeds to funds	(306,539)	-	-	-
Payments to employees and other payroll disbursements	(17,452)	-	-	-
Payments for goods and services	(14,032)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(4,797)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	31,169	-	-	-
Other operating cash payments	(7)	-	-	-
Net cash provided by (used for) operating activities	(200,508)	20,523	32,634	(37,152)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	60,880
Principal paid on bonds	-	(10,630)	(3,485)	(640)
Payment of bond issuance costs	(50)	-	-	(479)
Interest paid	-	(3,261)	(8,797)	(588)
Proceeds from issuance of short term debt	131,999	-	-	-
Payment of short term debt	(162,048)	-	-	-
Contributions to the State of Alaska or other State agencies	(64)	-	-	-
Transfers (to) from other funds	157,268	(2,493)	(1,180)	871
Other cash payments	(119)	-	-	-
Net cash provided by (used for) noncapital financing activities	126,986	(16,384)	(13,462)	60,044
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(7)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	(7)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(1,611,008)	(54,052)	(146,746)	(32,344)
Proceeds from maturity of investments	1,682,102	49,592	126,625	9,392
Interest received from investments	6,709	321	949	60
Net cash provided by (used for) investing activities	77,803	(4,139)	(19,172)	(22,892)
Net Increase (decrease) in cash	4,274	-	-	-
Cash at the beginning of year	29,902	-	-	-
Cash at the end of period	\$ 34,176	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 1,458	\$ 3,037	\$ 8,444	\$ (212)
<i>Adjustments:</i>				
Depreciation expense	810	-	-	-
Provision for loan losses	325	(1,119)	(1,506)	501
Net change in the fair value of investments	503	64	154	10
Transfers between funds for operating activity	(25,354)	(1,872)	2,017	12,648
Interest received from investments	(6,709)	(321)	(949)	(60)
Interest paid	-	3,261	8,797	588
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	(24,346)	11,682	4,762	(49,666)
Net increase (decrease) in assets, liabilities and deferred resources	(147,195)	5,791	10,915	(961)
Net cash provided by (used for) operating activities	\$ (200,508)	\$ 20,523	\$ 32,634	\$ (37,152)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

Schedule 17

	Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ 15,781	\$ 45,337	\$ 1,018	\$ 96,911
Principal payments received on mortgages and loans	35,781	78,105	2,710	205,952
Disbursements to fund mortgages and loans	-	-	-	(422,532)
Receipt (payment) for loan transfers between funds	(47,549)	(66,330)	(2,468)	-
Mortgage and loan proceeds	-	-	-	309,209
Payment of mortgage and loan proceeds to funds	-	-	-	(306,539)
Payments to employees and other payroll disbursements	-	-	(10,501)	(27,953)
Payments for goods and services	-	-	(13,837)	(27,869)
Cash received for externally funded programs	-	-	40,909	40,909
Cash received for Federal HAP subsidies	-	-	30,221	30,221
Payments for Federal HAP subsidies	-	-	(26,842)	(26,842)
Interfund receipts (payments)	-	-	4,797	-
Grant payments to other agencies	-	-	(27,624)	(27,624)
Other operating cash receipts	-	143	5,266	36,578
Other operating cash payments	-	(161)	(136)	(304)
Net cash provided by (used for) operating activities	4,013	57,094	3,513	(119,883)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	175,526	160	-	236,566
Principal paid on bonds	(18,130)	(11,993)	-	(44,878)
Payment of bond issuance costs	(1,118)	(160)	-	(1,807)
Interest paid	(4,741)	(22,800)	-	(40,187)
Proceeds from issuance of short term debt	-	-	-	131,999
Payment of short term debt	-	-	-	(162,048)
Contributions to the State of Alaska or other State agencies	-	(4,494)	-	(4,558)
Transfers (to) from other funds	(144,899)	(9,567)	-	-
Other cash payments	-	-	-	(119)
Net cash provided by (used for) noncapital financing activities	6,638	(48,854)	-	114,968
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	(163)	(170)
Proceeds from the disposal of capital assets	-	-	89	89
Principal paid on capital notes	-	(5,807)	-	(5,807)
Interest paid on capital notes	-	(1,447)	-	(1,447)
Proceeds from direct financing leases	-	3,303	-	3,303
Net cash provided by (used for) capital financing activities	-	(3,951)	(74)	(4,032)
<u>Cash flows from investing activities:</u>				
Purchase of investments	(281,659)	(244,165)	(4,030)	(2,374,004)
Proceeds from maturity of investments	270,200	238,763	2,730	2,379,404
Interest received from investments	808	1,095	88	10,030
Net cash provided by (used for) investing activities	(10,651)	(4,307)	(1,212)	15,430
Net Increase (decrease) in cash	-	(18)	2,227	6,483
Cash at the beginning of year	-	161	39,546	69,609
Cash at the end of period	\$ -	\$ 143	\$ 41,773	\$ 76,092
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 3,441	\$ 22,846	\$ (10,986)	\$ 28,028
<i>Adjustments:</i>				
Depreciation expense	-	-	4,220	5,030
Provision for loan losses	376	(2,324)	38	(3,709)
Net change in the fair value of investments	167	(43)	-	855
Transfers between funds for operating activity	5,011	(4,886)	12,433	(3)
Interest received from investments	(808)	(1,095)	(88)	(10,030)
Interest paid	4,741	22,800	-	40,187
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	(158,836)	(124,665)	34	(341,035)
Net increase (decrease) in assets, liabilities and deferred resources	149,921	144,461	(2,138)	160,794
Net cash provided by (used for) operating activities	\$ 4,013	\$ 57,094	\$ 3,513	\$ (119,883)

ALASKA HOUSING FINANCE CORPORATION**Schedule 18**

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS**ADMINISTRATIVE FUND**

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Administrative Fund
<u>Cash flows from operating activities:</u>	
Interest income on mortgages and loans	\$ 3,842
Principal payments received on mortgages and loans	5,371
Disbursements to fund mortgages and loans	(422,532)
Receipt (payment) for loan transfers between funds	215,260
Mortgage and loan proceeds	309,209
Payment of mortgage and loan proceeds to funds	(306,539)
Payments to employees and other payroll disbursements	(17,452)
Payments for goods and services	(14,032)
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	(4,797)
Grant payments to other agencies	-
Other operating cash receipts	31,169
Other operating cash payments	(7)
Net cash provided by (used for) operating activities	(200,508)
<u>Cash flows from noncapital financing activities:</u>	
Proceeds from the issuance of bonds	-
Principal paid on bonds	-
Payment of bond issuance costs	(50)
Interest paid	-
Proceeds from issuance of short term debt	131,999
Payment of short term debt	(162,048)
Contributions to the State of Alaska or other State agencies	(64)
Transfers (to) from other funds	157,268
Other cash payments	(119)
Net cash provided by (used for) noncapital financing activities	126,986
<u>Cash flows from capital financing activities:</u>	
Acquisition of capital assets	(7)
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	(7)
<u>Cash flows from investing activities:</u>	
Purchase of investments	(1,611,008)
Proceeds from maturity of investments	1,682,102
Interest received from investments	6,709
Net cash provided by (used for) investing activities	77,803
Net Increase (decrease) in cash	4,274
Cash at the beginning of year	29,902
Cash at the end of period	\$ 34,176
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating Income (Loss)	1,458
<i>Adjustments:</i>	
Depreciation	810
Net change in the fair value of investments	503
Provision for loan loss	325
Transfers - Internal	(25,354)
Interest received from investments	(6,709)
Interest paid	-
<i>Changes in assets, liabilities and deferred resources:</i>	
For Nine Months Ended March 31, 2019	(24,346)
Net increase (decrease) in assets, liabilities and deferred resources	(147,195)
Net cash provided by (used for) operating activities	\$ (200,508)

ALASKA HOUSING FINANCE CORPORATION
Schedule 19

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	\$ 2,990	\$ 3,840	\$ 6,830
Principal payments received on mortgages and loans	8,570	12,981	21,551
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(4,684)	(3,174)	(7,858)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	6,876	13,647	20,523
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(2,685)	(7,945)	(10,630)
Payment of bond issuance costs	-	-	-
Interest paid	(1,750)	(1,511)	(3,261)
Proceeds from issuance of short term debt	-	-	-
Payment of short term debt	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers (to) from other funds	(1,035)	(1,458)	(2,493)
Net cash provided by (used for) noncapital financing activities	(5,470)	(10,914)	(16,384)
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
<u>Cash flows from investing activities:</u>			
Purchase of investments	(21,279)	(32,773)	(54,052)
Proceeds from maturity of investments	19,732	29,860	49,592
Interest received from investments	141	180	321
Net cash provided by (used for) investing activities	(1,406)	(2,733)	(4,139)
Net Increase (decrease) in cash	-	-	-
Cash at the beginning of year	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	799	2,238	\$ 3,037
<i>Adjustments:</i>			
Depreciation	-	-	-
Provision for loan loss	(451)	(668)	(1,119)
Net change in the fair value of investments	28	36	64
Transfers - Internal	(664)	(1,208)	(1,872)
Interest received from investments	(141)	(180)	(321)
Interest paid	1,750	1,511	3,261
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	3,001	8,681	11,682
Net increase (decrease) in assets, liabilities and deferred resources	2,554	3,237	5,791
Net cash provided by (used for) operating activities	\$ 6,876	\$ 13,647	\$ 20,523

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ 2,739	\$ 2,576	\$ 2,584	\$ 3,392
Principal payments received on mortgages and loans	8,661	5,348	6,168	10,437
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(4,906)	(3,307)	(4,457)	(8,868)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	6,494	4,617	4,295	4,961
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(830)	(830)	(830)	(995)
Payment of bond issuance costs	-	-	-	-
Interest paid	(510)	(1,271)	(1,271)	(1,503)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(379)	(127)	(125)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(1,719)	(2,228)	(2,226)	(2,498)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(26,179)	(14,421)	(15,735)	(24,044)
Proceeds from maturity of investments	21,244	11,942	13,567	21,424
Interest received from investments	160	90	99	157
Net cash provided by (used for) investing activities	(4,775)	(2,389)	(2,069)	(2,463)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 2,035	\$ 539	\$ 514	\$ 1,051
<i>Adjustments:</i>				
Depreciation	-	-	-	-
Provision for loan loss	(316)	(156)	(130)	(244)
Net change in the fair value of investments	52	13	13	17
Transfers - Internal	(61)	244	242	487
Interest received from investments	(160)	(90)	(99)	(157)
Interest paid	510	1,271	1,271	1,503
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	2,548	1,314	1,032	539
Net increase (decrease) in assets, liabilities and deferred resources	1,886	1,482	1,452	1,765
Net cash provided by (used for) operating activities	\$ 6,494	\$ 4,617	\$ 4,295	\$ 4,961

ALASKA HOUSING FINANCE CORPORATION
Schedule 20

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ 3,411	\$ 3,689	\$ 4,043	\$ 22,434
Principal payments received on mortgages and loans	8,416	9,142	9,608	57,780
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(7,642)	(8,436)	(9,964)	(47,580)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	4,185	4,395	3,687	32,634
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	(3,485)
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,411)	(1,411)	(1,420)	(8,797)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(97)	(373)	(79)	(1,180)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(1,508)	(1,784)	(1,499)	(13,462)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(19,904)	(22,779)	(23,684)	(146,746)
Proceeds from maturity of investments	17,093	20,017	21,338	126,625
Interest received from investments	134	151	158	949
Net cash provided by (used for) investing activities	(2,677)	(2,611)	(2,188)	(19,172)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 1,094	\$ 1,279	\$ 1,932	\$ 8,444
<i>Adjustments:</i>				
Depreciation	-	-	-	-
Provision for loan loss	(142)	(170)	(348)	(1,506)
Net change in the fair value of investments	18	20	21	154
Transfers - Internal	482	122	501	2,017
Interest received from investments	(134)	(151)	(158)	(949)
Interest paid	1,411	1,411	1,420	8,797
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	909	(267)	(1,313)	4,762
Net increase (decrease) in assets, liabilities and deferred resources	547	2,151	1,632	10,915
Net cash provided by (used for) operating activities	\$ 4,185	\$ 4,395	\$ 3,687	\$ 32,634

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For Nine Months Ended March 31, 2019

(in thousands of dollars)

Schedule 21

	Collateralized Bonds 2016 First & Second Series	Collateralized Bonds 2019 First & Second Series	Collateralized Bonds 2016 & 2019 First & Second Series
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	\$ 1,669	\$ -	\$ 1,669
Principal payments received on mortgages and loans	4,654	-	4,654
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(3,209)	(40,266)	(43,475)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	3,114	(40,266)	(37,152)
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	60,880	60,880
Principal paid on bonds	(640)	-	(640)
Payment of bond issuance costs	-	(479)	(479)
Interest paid	(588)	-	(588)
Proceeds from issuance of short term debt	-	-	-
Payment of short term debt	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers (to) from other funds	(721)	1,592	871
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	(1,949)	61,993	60,044
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
<u>Cash flows from investing activities:</u>			
Purchase of investments	(10,617)	(21,727)	(32,344)
Proceeds from maturity of investments	9,392	-	9,392
Interest received from investments	60	-	60
Net cash provided by (used for) investing activities	(1,165)	(21,727)	(22,892)
Net Increase (decrease) in cash	-	-	-
Cash at the beginning of year	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 832	\$ (1,044)	\$ (212)
Adjustments:			
Depreciation	-	-	-
Provision for loan loss	(14)	515	501
Net change in the fair value of investments	11	(1)	10
Transfers - Internal	(845)	13,493	12,648
Interest received from investments	(60)	-	(60)
Interest paid	588	-	588
Changes in assets, liabilities and deferred resources:			
Net (increase) decrease in mortgages and loans	1,344	(51,010)	(49,666)
Net increase (decrease) in assets, liabilities and deferred resources	1,258	(2,219)	(961)
Net cash provided by (used for) operating activities	\$ 3,114	\$ (40,266)	\$ (37,152)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

Schedule 22

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
<u>Cash flows from operating activities:</u>						
Interest income on mortgages and loans	\$ 4,404	\$ 2,237	\$ 3,885	\$ 574	\$ 4,681	\$ 15,781
Principal payments received on mortgages and loans	8,677	3,902	5,947	1,098	16,157	35,781
Disbursements to fund mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,272)	(900)	(28,269)	-	(13,108)	(47,549)
Mortgage and loan proceeds	-	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-	-
Payments for goods and services	-	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-	-
Other operating cash payments	-	-	-	-	-	-
Net cash provided by (used for) operating activities	7,809	5,239	(18,437)	1,672	7,730	4,013
<u>Cash flows from noncapital financing activities:</u>						
Proceeds from the issuance of bonds	-	-	175,526	-	-	175,526
Principal paid on bonds	(11,800)	(2,915)	(385)	-	(3,030)	(18,130)
Payment of bond issuance costs	-	-	(1,118)	-	-	(1,118)
Interest paid	(1,801)	(1,165)	(4)	(156)	(1,615)	(4,741)
Proceeds from issuance of short term debt	-	-	-	-	-	-
Payment of short term debt	-	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-
Transfers (to) from other funds	11	-	(144,910)	-	-	(144,899)
Other cash payments	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(13,590)	(4,080)	29,109	(156)	(4,645)	6,638
<u>Cash flows from capital financing activities:</u>						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-	-	-
<u>Cash flows from investing activities:</u>						
Purchase of investments	(19,822)	(11,375)	(194,580)	(5,108)	(50,774)	(281,659)
Proceeds from maturity of investments	25,444	10,143	183,681	3,558	47,374	270,200
Interest received from investments	159	73	227	34	315	808
Net cash provided by (used for) investing activities	5,781	(1,159)	(10,672)	(1,516)	(3,085)	(10,651)
Net Increase (decrease) in cash	-	-	-	-	-	-
Cash at the beginning of year	-	-	-	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	\$ 2,315	\$ 597	\$ (2,426)	\$ 333	\$ 2,622	\$ 3,441
<i>Adjustments:</i>						
Depreciation	-	-	-	-	-	-
Provision for loan loss	(964)	(35)	1,873	-	(498)	376
Net change in the fair value of investments	29	17	43	15	63	167
Transfers - Internal	(18,033)	129	22,810	19	86	5,011
Interest received from investments	(159)	(73)	(227)	(34)	(315)	(808)
Interest paid	1,801	1,165	4	156	1,615	4,741
<i>Changes in assets, liabilities and deferred resources:</i>						
Net (increase) decrease in mortgages and loans	20,100	3,454	(185,468)	1,099	1,979	(158,836)
Net increase (decrease) in assets, liabilities and deferred resources	2,720	(15)	144,954	84	2,178	149,921
Net cash provided by (used for) operating activities	\$ 7,809	\$ 5,239	\$ (18,437)	\$ 1,672	\$ 7,730	\$ 4,013

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
NON-HOUSING BONDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D
<u>Cash flows from operating activities:</u>						
Interest income on mortgages and loans	\$ 1,096	\$ 301	\$ 2,053	\$ 2,941	\$ 4,338	\$ 6,676
Principal payments received on mortgages and loans	5,140	462	3,348	3,296	9,776	15,485
Disbursements to fund mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	(950)	(4,612)	(15,061)
Mortgage and loan proceeds	-	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-	-
Payments for goods and services	-	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-	-
Other operating cash payments	-	-	-	-	-	-
Net cash provided by (used for) operating activities	6,236	763	5,401	5,287	9,502	7,100
<u>Cash flows from noncapital financing activities:</u>						
Proceeds from the issuance of bonds	-	-	-	-	-	-
Principal paid on bonds	(420)	(1,483)	(2,255)	(1,755)	(3,305)	(60)
Payment of bond issuance costs	-	-	-	-	-	-
Interest paid	(107)	(136)	(972)	(1,459)	(2,719)	(3,821)
Proceeds from issuance of short term debt	-	-	-	-	-	-
Payment of short term debt	-	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	(4,494)	-	-	-	-	-
Transfers (to) from other funds	700	804	-	(804)	(2,660)	1,172
Other cash payments	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(4,321)	(815)	(3,227)	(4,018)	(8,684)	(2,709)
<u>Cash flows from capital financing activities:</u>						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Principal paid on capital notes	(5,585)	(222)	-	-	-	-
Interest paid on capital notes	(1,427)	(20)	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-	-
Net cash provided by (used for) capital financing activities	(7,012)	(242)	-	-	-	-
<u>Cash flows from investing activities:</u>						
Purchase of investments	(10,954)	(3,199)	(5,897)	(6,609)	(14,449)	(31,871)
Proceeds from maturity of investments	15,982	3,480	3,685	5,286	13,528	27,359
Interest received from investments	69	13	38	54	103	121
Net cash provided by (used for) investing activities	5,097	294	(2,174)	(1,269)	(818)	(4,391)
Net Increase (decrease) in cash	-	-	-	-	-	-
Cash at the beginning of year	-	-	-	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	\$ 14	\$ 235	\$ 1,577	\$ 1,931	\$ 2,077	\$ 2,992
Adjustments:						
Depreciation	-	-	-	-	-	-
Provision for loan loss	(139)	(113)	(496)	(472)	(459)	(212)
Net change in the fair value of investments	-	-	-	(1)	-	(1)
Transfers - Internal	541	820	(54)	(1,397)	53	(826)
Interest received from investments	(69)	(13)	(38)	(54)	(103)	(121)
Interest paid	107	136	972	1,459	2,719	3,821
Changes in assets, liabilities and deferred resources:						
Net (increase) decrease in mortgages and loans	4,960	(141,766)	3,463	1,896	6,757	10,648
Net increase (decrease) in assets, liabilities and deferred resources	822	141,464	(23)	1,925	(1,542)	(9,201)
Net cash provided by (used for) operating activities	\$ 6,236	\$ 763	\$ 5,401	\$ 5,287	\$ 9,502	\$ 7,100

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
NON-HOUSING BONDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C
<u>Cash flows from operating activities:</u>						
Interest income on mortgages and loans	\$ 4,050	\$ 3,726	\$ 2,095	\$ 7,228	\$ 5,020	\$ 1,970
Principal payments received on mortgages and loans	9,104	8,300	4,493	930	9,626	3,248
Disbursements to fund mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(4,761)	(5,003)	(1,801)	(4,448)	(9,391)	(2,358)
Mortgage and loan proceeds	-	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-	-
Payments for goods and services	-	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-	-
Other operating cash receipts	-	-	-	143	-	-
Other operating cash payments	-	-	-	(161)	-	-
Net cash provided by (used for) operating activities	8,393	7,023	4,787	3,692	5,255	2,860
<u>Cash flows from noncapital financing activities:</u>						
Proceeds from the issuance of bonds	-	-	-	-	-	-
Principal paid on bonds	(1,595)	-	-	(1,120)	-	-
Payment of bond issuance costs	-	-	-	-	-	-
Interest paid	(2,311)	(2,056)	(1,229)	(3,444)	(1,572)	(1,096)
Proceeds from issuance of short term debt	-	-	-	-	-	-
Payment of short term debt	-	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-
Transfers (to) from other funds	-	-	-	-	-	789
Other cash payments	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(3,906)	(2,056)	(1,229)	(4,564)	(1,572)	(307)
<u>Cash flows from capital financing activities:</u>						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	3,303	-	-
Net cash provided by (used for) capital financing activities	-	-	-	3,303	-	-
<u>Cash flows from investing activities:</u>						
Purchase of investments	(12,400)	(12,199)	(13,769)	(10,513)	(12,768)	(11,481)
Proceeds from maturity of investments	7,843	7,164	10,158	8,007	9,011	8,894
Interest received from investments	70	68	53	57	74	34
Net cash provided by (used for) investing activities	(4,487)	(4,967)	(3,558)	(2,449)	(3,683)	(2,553)
Net Increase (decrease) in cash	-	-	-	(18)	-	-
Cash at the beginning of year	-	-	-	161	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ 143	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	\$ 1,875	\$ 1,279	\$ 872	\$ 5,023	\$ 2,631	\$ 1,051
Adjustments:						
Depreciation	-	-	-	-	-	-
Provision for loan loss	(238)	(56)	(36)	89	(362)	(8)
Net change in the fair value of investments	(1)	-	-	-	(1)	-
Transfers - Internal	(5)	(130)	9	37	327	(196)
Interest received from investments	(70)	(68)	(53)	(57)	(74)	(34)
Interest paid	2,311	2,056	1,229	3,444	1,572	1,096
Changes in assets, liabilities and deferred resources:						
Net (increase) decrease in mortgages and loans	4,382	3,229	2,493	(3,420)	(416)	760
Net increase (decrease) in assets, liabilities and deferred resources	139	713	273	(1,424)	1,578	191
Net cash provided by (used for) operating activities	\$ 8,393	\$ 7,023	\$ 4,787	\$ 3,692	\$ 5,255	\$ 2,860

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS**NON-HOUSING BONDS**

For Nine Months Ended March 31, 2019

(in thousands of dollars)

Schedule 23

	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
<u>Cash flows from operating activities:</u>		
Interest income on mortgages and loans	\$ 3,843	\$ 45,337
Principal payments received on mortgages and loans	4,897	78,105
Disbursements to fund mortgages and loans	-	-
Receipt (payment) for loan transfers between funds	(17,945)	(66,330)
Mortgage and loan proceeds	-	-
Payment of mortgage and loan proceeds to funds	-	-
Payments to employees and other payroll disbursements	-	-
Payments for goods and services	-	-
Cash received for externally funded programs	-	-
Cash received for Federal HAP subsidies	-	-
Payments for Federal HAP subsidies	-	-
Interfund receipts (payments)	-	-
Grant payments to other agencies	-	-
Other operating cash receipts	-	143
Other operating cash payments	-	(161)
Net cash provided by (used for) operating activities	(9,205)	57,094
<u>Cash flows from noncapital financing activities:</u>		
Proceeds from the issuance of bonds	160	160
Principal paid on bonds	-	(11,993)
Payment of bond issuance costs	(160)	(160)
Interest paid	(1,878)	(22,800)
Proceeds from issuance of short term debt	-	-
Payment of short term debt	-	-
Contributions to the State of Alaska or other State agencies	-	(4,494)
Transfers (to) from other funds	(9,568)	(9,567)
Other cash payments	-	-
Net cash provided by (used for) noncapital financing activities	(11,446)	(48,854)
<u>Cash flows from capital financing activities:</u>		
Acquisition of capital assets	-	-
Proceeds from the disposal of capital assets	-	-
Principal paid on capital notes	-	(5,807)
Interest paid on capital notes	-	(1,447)
Proceeds from direct financing leases	-	3,303
Net cash provided by (used for) capital financing activities	-	(3,951)
<u>Cash flows from investing activities:</u>		
Purchase of investments	(98,056)	(244,165)
Proceeds from maturity of investments	118,366	238,763
Interest received from investments	341	1,095
Net cash provided by (used for) investing activities	20,651	(4,307)
Net Increase (decrease) in cash	-	(18)
Cash at the beginning of year	-	161
Cash at the end of period	\$ -	\$ 143
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	\$ 1,289	\$ 22,846
Adjustments:		
Depreciation	-	-
Provision for loan loss	178	(2,324)
Net change in the fair value of investments	(39)	(43)
Transfers - Internal	(4,065)	(4,886)
Interest received from investments	(341)	(1,095)
Interest paid	1,878	22,800
Changes in assets, liabilities and deferred resources:		
Net (increase) decrease in mortgages and loans	(17,651)	(124,665)
Net increase (decrease) in assets, liabilities and deferred resources	9,546	144,461
Net cash provided by (used for) operating activities	\$ (9,205)	\$ 57,094

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ -	\$ -	\$ -	\$ -
Principal payments received on mortgages and loans	-	-	-	-
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	(253)	(2,824)	(554)	(3,631)
Payments for goods and services	(535)	(245)	(675)	(1,455)
Cash received for externally funded programs	10,427	4,058	16,672	31,157
Cash received for Federal HAP subsidies	-	30,221	-	30,221
Payments for Federal HAP subsidies	-	(26,842)	-	(26,842)
Interfund receipts (payments)	(1,498)	(2,144)	2,347	(1,295)
Grant payments to other agencies	(8,140)	(606)	(18,878)	(27,624)
Other operating cash receipts	-	33	1,095	1,128
Other operating cash payments	-	(33)	(7)	(40)
Net cash provided by (used for) operating activities	1	1,618	-	1,619
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	(22)	-	(22)
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	(22)	-	(22)
<u>Cash flows from investing activities:</u>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	-	5	-	5
Net cash provided by (used for) investing activities	-	5	-	5
Net Increase (decrease) in cash	1	1,601	-	1,602
Cash at the beginning of year	975	4,813	3	5,791
Cash at the end of period	\$ 976	\$ 6,414	\$ 3	\$ 7,393
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating Income (Loss)	\$ (1,958)	\$ 2,604	\$ (9,207)	\$ (8,561)
<i>Adjustments:</i>				
Depreciation expense	-	11	-	11
Provision for loan loss	-	-	48	48
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,677	122	8,496	11,295
Interest received from investments	-	(5)	-	(5)
Interest paid	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	-	-	39	39
Net increase (decrease) in assets, liabilities and deferred resources	(718)	(1,114)	624	(1,208)
Net cash provided by (used for) operating activities	\$ 1	\$ 1,618	\$ -	\$ 1,619

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
<u>Cash flows from operating activities:</u>					
Interest income on mortgages and loans	\$ -	\$ -	\$ 196	\$ 822	\$ 1,018
Principal payments received on mortgages and loans	-	-	684	2,026	2,710
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	262	(2,730)	(2,468)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	(5,532)	(1,234)	-	-	(6,766)
Payments for goods and services	(10,310)	(2,025)	-	-	(12,335)
Cash received for externally funded programs	8,077	1,675	-	-	9,752
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	5,906	183	-	-	6,089
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	2,040	1,753	-	-	3,793
Other operating cash payments	(49)	(23)	-	-	(72)
Net cash provided by (used for) operating activities	132	329	1,142	118	1,721
<u>Cash flows from noncapital financing activities:</u>					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	-	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers (to) from other funds	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-	-
<u>Cash flows from capital financing activities:</u>					
Acquisition of capital assets	(141)	-	-	-	(141)
Proceeds from the disposal of capital assets	89	-	-	-	89
Principal paid on capital notes	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash provided by (used for) capital financing activities	(52)	-	-	-	(52)
<u>Cash flows from investing activities:</u>					
Purchase of investments	-	-	(1,154)	(2,876)	(4,030)
Proceeds from maturity of investments	-	-	-	2,730	2,730
Interest received from investments	18	16	12	28	74
Net cash provided by (used for) investing activities	18	16	(1,142)	(118)	(1,226)
Net Increase (decrease) in cash	98	345	-	-	443
Cash at the beginning of year	14,013	12,415	-	-	26,428
Cash at the end of period	\$ 14,111	\$ 12,760	\$ -	\$ -	\$ 26,871
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating Income (Loss)	\$ (3,186)	\$ (435)	\$ 212	\$ 826	\$ (2,583)
<i>Adjustments:</i>					
Depreciation expense	3,297	912	-	-	4,209
Provision for loan loss	-	-	(9)	(11)	(20)
Net change in the fair value of investments	-	-	-	-	-
Transfers between funds for operating activity	959	126	10	43	1,138
Interest received from investments	(18)	(16)	(12)	(28)	(74)
Interest paid	-	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	-	-	920	(824)	96
Net increase (decrease) in assets, liabilities and deferred resources	(920)	(258)	21	112	(1,045)
Net cash provided by (used for) operating activities	\$ 132	\$ 329	\$ 1,142	\$ 118	\$ 1,721

ALASKA HOUSING FINANCE CORPORATION

Schedule 24

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
<u>Cash flows from operating activities:</u>		
Interest income on mortgages and loans	\$ -	\$ 1,018
Principal payments received on mortgages and loans	-	2,710
Disbursements to fund mortgages and loans	-	-
Receipt (payment) for loan transfers between funds	-	(2,468)
Mortgage and loan proceeds	-	-
Payment of mortgage and loan proceeds to funds	-	-
Payments to employees and other payroll disbursements	(104)	(10,501)
Payments for goods and services	(47)	(13,837)
Cash received for externally funded programs	-	40,909
Cash received for Federal HAP subsidies	-	30,221
Payments for Federal HAP subsidies	-	(26,842)
Interfund receipts (payments)	3	4,797
Grant payments to other agencies	-	(27,624)
Other operating cash receipts	345	5,266
Other operating cash payments	(24)	(136)
Net cash provided by (used for) operating activities	173	3,513
<u>Cash flows from noncapital financing activities:</u>		
Proceeds from the issuance of bonds	-	-
Principal paid on bonds	-	-
Payment of bond issuance costs	-	-
Interest paid	-	-
Proceeds from issuance of short term debt	-	-
Payment of short term debt	-	-
Contributions to the State of Alaska or other State agencies	-	-
Transfers (to) from other funds	-	-
Net cash provided by (used for) noncapital financing activities	-	-
<u>Cash flows from capital financing activities:</u>		
Acquisition of capital assets	-	(163)
Proceeds from the disposal of capital assets	-	89
Principal paid on capital notes	-	-
Interest paid on capital notes	-	-
Proceeds from direct financing leases	-	-
Net cash provided by (used for) capital financing activities	-	(74)
<u>Cash flows from investing activities:</u>		
Purchase of investments	-	(4,030)
Proceeds from maturity of investments	-	2,730
Interest received from investments	9	88
Net cash provided by (used for) investing activities	9	(1,212)
Net Increase (decrease) in cash	182	2,227
Cash at the beginning of year	7,327	39,546
Cash at the end of period	\$ 7,509	\$ 41,773
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating Income (Loss)	\$ 158	\$ (10,986)
<i>Adjustments:</i>		
Depreciation expense	-	4,220
Provision for loan loss	10	38
Net change in the fair value of investments	-	-
Transfers between funds for operating activity	-	12,433
Interest received from investments	(9)	(88)
Interest paid	-	-
<i>Changes in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	(101)	34
Net increase (decrease) in assets, liabilities and deferred resources	115	(2,138)
Net cash provided by (used for) operating activities	\$ 173	\$ 3,513



a component unit of the State of Alaska

Financial Statements

And Independent Auditor's Report

June 30, 2018

**With Summarized Financial Information for
June 30, 2017**

Table of Contents

FINANCIAL STATEMENTS		PAGE NUMBER
	Independent Auditor's Report.....	1 – 2
	Management's Discussion and Analysis [MD & A].....	3 – 9
EXHIBITS		
A	Statement of Net Position.....	10 – 11
B	Statement of Revenues, Expenses, and Changes in Net Position.....	12 – 13
C	Statement of Cash Flows.....	14 – 15
	Notes to the Financial Statements.....	16 – 46
Required Supplemental Information		
	Schedule of AHFC's Proportionate Share of the Net Pension Liability.....	47
	Schedule of AHFC's Contributions to the Pension Plan.....	48
	Schedule of AHFC's Proportionate Share of the Net OPEB Liability.....	49
	Schedule of AHFC's Contributions to the OPEB Plan.....	50
Supplemental Information		
SCHEDULES		
	Statement of Net Position	
1	All Funds.....	51 – 52
2	Administrative Fund.....	53
3	Mortgage Revenue Bonds.....	54
4	Home Mortgage Revenue Bonds.....	55 – 56
5	Veterans Mortgage Program Bonds.....	57
6	Other Housing Bonds.....	58
7	Non-Housing Bonds.....	59 – 60
8	Other Program Funds.....	61 – 62
	Statement of Revenues, Expenses, and Changes in Net Position	
9	All Funds.....	63 – 64
10	Administrative Fund.....	65
11	Mortgage Revenue Bonds.....	66
12	Home Mortgage Revenue Bonds.....	67 – 68
13	Veterans Mortgage Program Bonds.....	69
14	Other Housing Bonds.....	70
15	Non-Housing Bonds.....	71 – 72
16	Other Program Funds.....	73 – 74
	Statement of Cash Flows	
17	All Funds.....	75 – 76
18	Administrative Fund.....	77
19	Mortgage Revenue Bonds.....	78
20	Home Mortgage Revenue Bonds.....	79 – 80
21	Veterans Mortgage Program Bonds.....	81
22	Other Housing Bonds.....	82
23	Non-Housing Bonds.....	83 – 84
24	Other Program Funds.....	85 – 86

Table of Contents

This publication of Alaska Housing Finance Corporation. For comments or questions
Website: <https://www.ahfc.us/pros/investors/financials-history/> or
E-Mail: nmeyers@ahfc.us



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Board of Directors
Alaska Housing Finance Corporation
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying statements of net position, revenues, expenses and change in net position and cash flows of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation (Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 23 to the financial statements, in 2018 the Corporation adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement Number 75. Accounting and Financial Reporting for Employment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 9 and the schedules of net pension liability, net OPEB liability, pension contributions and OPEB contributions on pages 47 and 50 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alaska Housing Finance Corporation's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2018 on our consideration of the Alaska Housing Finance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Alaska Housing Finance Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alaska Housing Finance Corporation's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 2, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation (the "Corporation") consists of three sections: Management's Discussion and Analysis, the Basic Financial Statements, and Supplementary Schedules. The Corporation's operations are business-type activities and follow enterprise fund accounting rules. The Corporation is a component unit of the State of Alaska (the "State") and is discretely presented in the State's financial statements. The Corporation's Basic Financial Statements include: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows, and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and grouped by program or function. Summarized financial information for fiscal year 2018 is also presented in Management's Discussion and Analysis to facilitate and enhance the understanding of the Corporation's financial position and the results of operations for the current fiscal year in comparison to the prior fiscal year.

Management's Discussion and Analysis

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations for the fiscal year ended June 30, 2018. This information is presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

Basic Financial Statements

The *Statement of Net Position (Exhibit A)* helps answer the question: "How is the Corporation's financial health at the end of the year?" The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Corporation, both financial and capital, short-term and long-term. It uses the accrual basis of accounting and economic resources measurement focus. The accrual basis of accounting is used by most private-sector companies. The resulting net position presented in the Statement of Net Position is characterized as restricted or unrestricted. Assets are restricted when their use is subject to external limits or rules such as bond resolutions, legal agreements, or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or declining.

The *Statement of Revenues, Expenses and Changes in Net Position (Exhibit B)* measures the activities of the Corporation's operations over the past year and presents the operating income or (loss) and change in net position. It can be used to determine whether the Corporation has successfully recovered all of its expenses through mortgage and loan interest, investment interest, externally funded programs and other revenue sources. The Statement of Revenues, Expenses and Changes in Net Position helps answer the question: "Is the Corporation as a whole better or worse off as a result of the year's activities?"

The primary purpose of the *Statement of Cash Flows (Exhibit C)* is to provide information about the sources and uses of the Corporation's cash and the components of the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operations, non-capital and capital financing and investing activities. It provides answers to such questions as: "Where did cash come from?"; "What was cash used for?" and "What was the change in the cash balance during the reporting period?"

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements. The *Notes to Financial Statements* follow *Exhibit C*.

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

For fiscal year 2018, the Corporation reports the following major funds:

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Administrative Fund* is the main operating fund of the Corporation. It represents all of the Corporation's activity not presented in other funds. The resources in this fund:

- provide for general working capital requirements of the Corporation;
- fund program requirements;
- are available to meet outstanding obligations and to fund continuing appropriations;
- are available to absorb future loan foreclosure losses; and
- are the source of legislatively authorized transfers to and from the State of Alaska and debt service payments for debt issued on behalf of the State.

As of June 30, 2018, the Administrative Fund reported a net position of \$549.8 million, a decrease of \$20.3 million from June 30, 2017. The decrease in net position is the result of net internal transfers out to other funds of \$13.1 million and the \$8.4 million cumulative effect of an accounting change required by the Government Accounting Standards Board ("GASB") Statement No. 75. GASB Statement No. 75 requires government entities to record the net liability associated with Other Post-Employment Benefits ("OPEB") included in their pension plan. When recording the Net OPEB Liability ("NOL"), governments are required to restate prior year financial results, hence the adjustment to net position. Transfers were made from the Administrative Fund to the Grant Programs in the amount of \$34.8 million; the Mortgage or Bond Funds of \$605.0 million; and to Other Funds or Programs of \$15.3 million. The \$605.0 million transferred from the Administrative Fund to the Mortgage or Bond Funds was used to fund mortgage loans and includes bond proceeds from new bond issuances. See Financial Highlights for more on the 2018 bond issuances. Approximately \$20.5 million, or 3.7%, of the Administrative Fund's net position is invested in capital assets; \$73.1 million, or 13.3% of the total net position, is restricted by contractual or statutory agreements; and \$456.1 million, or 83.0%, is unrestricted, and may be used for operations and to meet the continuing obligations of the Corporation. The change in unrestricted net position represents a decrease of 3.6% from unrestricted net position as of June 30, 2017.

The *Grant Programs* include resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families and to assist in improving the energy efficiency of Alaskan homes, as well as tenant-based rental assistance programs for families in the private market that are administered by the Corporation under contract with HUD. These programs include the Energy Programs, the Section 8 Voucher Programs, and Other Grants. As of June 30, 2018, the net position for these three programs combined was \$13.5 million, an increase of \$4.6 million from June 30, 2017.

The *Mortgage and Bond Funds* include resources used to assist in the financing of loan programs or to fund legislative appropriations. This fund includes the First Time Homebuyer Program Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, and Non-Housing Bonds.

As of June 30, 2018, the Mortgage and Bond Funds reported a net position of \$808.3 million, an increase of \$45.7 million from the prior year. Net operating income was \$41.3 million, the primary reason for the increase in net position. In fiscal year 2017, the net operating income was \$40.6 million, and there were transfers from the Administrative Fund of \$121.2 million to fund mortgages and investments that contributed to the increase in net position in 2017. In 2018, mortgage loans increased by \$302.5 million and in 2017, the increase was \$177.9 million. Approximately \$611.2 million, or 75.6%, of the fund's net position is restricted by bond resolutions, compared to \$579.0 million and 75.9% in 2017. Unrestricted net position increased by \$13.4 million in fiscal year 2018.

The *Other Funds and Programs* include AHFC-owned housing for low income families that is managed under contract with HUD as well as other programs that are not specifically grants or bond funds. These programs include the Low Rent Program, the Market Rate Rental Housing Program, the Home Ownership Fund and the Senior Housing Revolving Loan Fund. Between fiscal year 2018 and fiscal year 2017, operating results were essentially the same with no significant changes in net position. Overall, the fund had an operating loss of \$3.6 million and received transfers from the Administrative Fund of \$15.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Alaska Corporation for Affordable Housing* ("ACAH") is a non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major blended component unit for the benefit of users of the financial statements. ACAH's net position at June 30, 2018, was \$22.0 million, a \$227,000 increase from June 30, 2017. ACAH had an operating income of \$227,000 for fiscal year 2018. The net income is the product of rental income on both housing and non-housing properties.

FINANCIAL HIGHLIGHTS

- Operating income for the Corporation for fiscal year 2018 was \$33.6 million, an increase over fiscal year 2017 of \$19.3 million.
- The Corporation's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2018, by \$1.54 billion (net position), an increase over 2017 of \$25.0 million.
- During the fiscal year ended June 30, 2018, the investment portfolio earned approximately 1.25% overall, as compared with 0.69% for the fiscal year ended June 30, 2017.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2018, the mortgage loan portfolio increased by 7.6%, and the bond portfolio used to finance the loans increased by 9.6%.
- On September 6, 2017, the Corporation issued \$143,955,000 in State Capital Project Bonds II, 2017 Series A. Net proceeds of the bonds totaled \$167,578,000, including a premium of \$23,975,000. Proceeds were used to refund \$38,423,000 of the Corporation's outstanding State Capital Project Bonds, 2007 Series A and 2007 Series B, and other outstanding State Capital Project Bonds, as well as a portion of the interest due on December 1, 2017. Additional proceeds were used to defease \$63,100,000 of the Corporation's outstanding State Capital Project Bonds, 2011 Series A bonds, to pay \$40,475,000 of Commercial Paper, and to pay \$17,980,000 for certain capital expenditures. The bonds are general obligations of the Corporation, tax-exempt and bear interest at fixed rates between 2.0% and 5.0%, payable on each June 1 and December 1 with a final maturity of December 1, 2032.
- On December 7, 2017, the Corporation issued \$150,000,000 in State Capital Project Bonds II, 2017 Series B, which were used to refund \$50,000,000 of State Capital Project Bonds II, 2013 Series B. The remainder of the proceeds were for other authorized purposes of the Corporation. The Bonds are general obligations of the Corporation and are taxable. The Bonds bear interest at variable rates, with a final maturity date of December 1, 2047.
- On December 21, 2017, the Corporation issued \$43,855,000 in State Capital Project Bonds II, 2017 Series C. Bond proceeds included a premium of \$8,421,000. Proceeds were used to defease \$29,795,000 of State Capital Project Bonds II, 2012 Series A and \$16,345,000 of 2013 Series A bonds. The bonds are general obligations of the Corporation, tax-exempt and bear interest at the fixed rate of 5.0%, payable on each June 1 and December 1 with a final maturity date of December 1, 2032.
- On May 22, 2018, the Corporation issued \$125,570,000 in State Capital Project Bonds II, 2018 Series A and 2018 Series B. Net proceeds of the bonds totaled \$129,806,000 including a premium of \$4,428,000. The bonds are general obligations of the Corporation. The 2018 Series A bonds are taxable and bear interest at variable rates, with a final maturity of December 1, 2043. The 2018 Series B bonds are tax-exempt and bear interest at fixed rates between 3.125% and 5.0%, payable on each June 1 and December 1 with a final maturity of December 1, 2038.
- As of June 30, 2018, the weighted average interest rate on the mortgage portfolio was 4.54% and the weighted average interest rate on the bond portfolio was 3.65%, yielding a net interest margin of 0.89%.
- Governmental Accounting Standards Board ("GASB") Statement No. 75 was effective beginning fiscal year 2018. The Statement changes how governmental employers report other post-employment benefits

MANAGEMENT'S DISCUSSION AND ANALYSIS

("OPEB") liability and expense. GASB required the Corporation to report the cumulative effect on prior periods as the result of the application of GASB Statement No. 75. Beginning net position of the Corporation was reduced by \$8.4 million accordingly. Other effects included the increase of deferred outflows of \$1.2 million, the increase of deferred inflows of \$3.1 million, and the increase in liabilities of \$5.8 million.

CONDENSED STATEMENT OF NET POSITION

The following table presents condensed information about the financial position of the Corporation as of June 30, 2018 and 2017, and changes in the balances during the fiscal year ended June 30, 2018 (in thousands):

Condensed Statement of Net Position

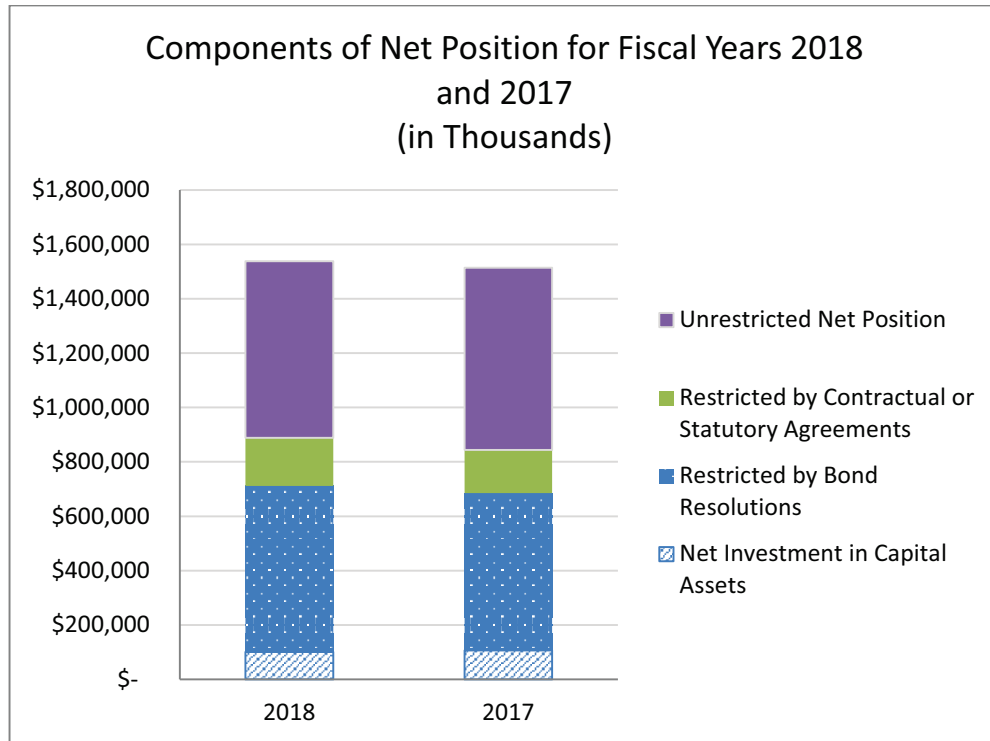
	2018	2017	Increase/(Decrease)	
Cash and investments	\$ 665,742	\$ 684,887	\$ (19,145)	-2.8%
Mortgage loans, notes and other loans, net	3,132,437	2,910,332	222,105	7.6%
Capital assets, net	100,472	106,762	(6,290)	-5.9%
Other assets	69,802	65,084	4,718	7.2%
Total Assets	3,968,453	3,767,065	201,388	5.3%
Deferred outflow of resources	133,107	172,676	(39,569)	-22.9%
Bonds and notes payable, net	2,328,487	2,124,637	203,850	9.6%
Short term debt	53,269	82,526	(29,257)	-35.5%
Accrued interest payable	9,984	9,622	362	3.8%
Derivatives	104,674	144,903	(40,229)	-27.8%
Pension and OPEB liabilities	41,425	47,645	(6,220)	-13.1%
Other liabilities	17,443	16,249	1,194	7.3%
Total liabilities	2,555,282	2,425,582	129,700	5.3%
Deferred inflow of resources	7,582	531	7,051	1327.9%
Total net position	\$ 1,538,696	\$ 1,513,628	\$ 25,068	1.7%

The increase in total assets during FY 2018 can be attributed primarily to an increase in mortgage loans due to competitive mortgage rates, expanded loan parameters and increased outreach to our industry partners. The increase in mortgage loans was made possible by the additional capital from the increase in the bond portfolio. The fair value of the derivative portfolio also increased substantially due to the rise in interest rates, which resulted in a decrease to deferred outflows.

Total liabilities increased by \$129.7 million. See the description of new bond issuances in fiscal year 2018 in the Financial Highlights section of this report. Total net pension liability as of June 30, 2018, included in other liabilities above, decreased by \$12.0 million in 2018 and totaled \$35.7 million as of June 30, 2018. The pension liability was determined by actuarial valuation. Short-term debt decreased by \$29.3 million. The major factor in the increase of total liabilities was the increase in bonds payable. See the Debt Administration section of this report for more information on the bonds and notes payable.

The chart on the next page shows the various components of net position in fiscal years 2018 and 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS



CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table presents condensed information about the revenues, expenses and changes in net position for the fiscal years ended June 30, 2018 and 2017, and the variances from the prior fiscal year (in thousands):

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2018	2017	Increase/(Decrease)	
Mortgage and loan revenue	\$ 135,055	\$ 130,538	\$ 4,517	3.5%
Investment interest income	6,273	4,727	1,546	32.7%
Net change in fair value of investments	3,727	1,899	1,828	96.3%
Externally funded programs	86,844	96,081	(9,237)	-9.6%
Rental and other revenue	14,381	16,234	(1,853)	-11.4%
Total operating revenue	246,280	249,479	(3,199)	-1.3%
Interest expense	71,246	69,890	1,356	1.9%
Mortgage and loan costs	6,892	5,259	1,633	31.1%
Bond financing expenses	5,027	4,512	515	11.4%
Operations and administration	46,127	56,867	(10,740)	-18.9%
Housing grants and subsidies	83,405	98,606	(15,201)	-15.4%
Total operating expense	212,697	235,134	(22,437)	-9.5%
Operating income(loss)	33,583	14,345	19,238	134.1%
Contributions to the State of Alaska	(125)	(250)	125	-50.0%
Cumulative effect of accounting change	(8,390)	-	(8,390)	
Change in net position	\$ 25,068	\$ 14,095	\$ 10,973	77.9%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$3.2 million, or 1.3%, during fiscal year 2018 due primarily to decreases in externally funded program revenue.

Total decrease in operating expenses in fiscal year 2018 was \$22.4 million, or 9.5%, due primarily to decreases in administrative and grant expenses.

As shown in the table on the preceding page, the net effect of changes in operating revenues and expenses was very different in fiscal years 2018 and 2017. In 2018 there was a net increase in operating income of \$19.2 million, or 134.1%. This was largely due to both an increase in mortgage revenue and investment income, and a decrease in administrative expenses and grant expenses. Government funding for many grants has been decreasing over the past several years.

In fiscal year 2018, the Corporation continued its series of annual transfers to the State of Alaska and State agencies. Contributions to the State for fiscal year 2018 were \$125,000 compared to those of fiscal year 2017 of \$250,000. See Footnote No. 18 for more details about the Transfer Plan.

As stated in the Financial Highlights, the application of GASB Statement No. 75 required the Corporation to restate beginning net position. The result was a decrease in beginning net position of \$8.4 million.

DEBT ADMINISTRATION

As of June 30, 2018, the Corporation had \$2.3 billion in outstanding bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's general obligation is rated by three major rating agencies as follows.

Rating Category	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Long Term	AA+	Aa2	AA+
Short Term	F1+	P-1	A-1+

Significant debt activity during the year included the following:

- Issued \$463.4 million of bonds;
- Redeemed bonds through special redemption provisions of their respective indentures in the amount of \$144.4 million.

Additional information on the Corporation's long-term debt can be found in the Notes to Financial Statements.

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

The primary business activity of the Corporation is providing a secondary market for the purchase of single-family and multi-family mortgage loans. The Corporation's mortgage financing activities are sensitive to changes in interest rates, the spread between the rate on the Corporation's loans and those available in the conventional mortgage markets, and the availability of affordable housing in the State. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities.

The Corporation's main sources of revenue include mortgage loan activity, investment interest income and externally funded grants and subsidies. Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates fall, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses these prepayments to redeem higher rate bonds, thus lowering the interest expense incurred on the Corporation's overall portfolio, or to recycle mortgages to obtain the maximum allowable spread.

Large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives during the periods reported. For inquiries about this report or to request additional financial information please call (907) 330-8322 or email finance@ahfc.us.

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

As of June 30, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
ASSETS				
Current				
Cash	\$ 29,902	\$ 5,791	\$ 161	\$ 26,428
Investments	500,382	-	94,613	1,125
Accrued interest receivable	3,373	-	10,563	113
Inter-fund due to/from	(27,714)	(9,815)	38,441	(878)
Mortgage loans, notes and other loans	3,449	68	81,813	1,254
Net investment in direct financing lease	-	-	2,223	-
Other assets	3,814	4,738	-	769
Intergovernmental receivable	208	13,341	-	514
Total Current	513,414	14,123	227,814	29,325
Non Current				
Investments	13	-	-	-
Inter-fund due to/from	-	1,425	-	-
Mortgage loans, notes and other loans	121,867	1,145	2,869,048	41,359
Net investment in direct financing lease	-	-	24,780	-
Capital assets - non-depreciable	2,917	-	-	13,663
Capital assets - depreciable, net	17,626	32	-	62,567
Other assets	4,521	-	447	-
Total Non Current	146,944	2,602	2,894,275	117,589
Total Assets	660,358	16,725	3,122,089	146,914
DEFERRED OUTFLOW OF RESOURCES				
	5,226	-	127,881	-
LIABILITIES				
Current				
Bonds payable	-	-	65,355	-
Short term debt	53,269	-	-	-
Accrued interest payable	2,473	-	7,511	-
Other liabilities	8,810	3,218	841	1,361
Intergovernmental payable	-	-	161	424
Total Current	64,552	3,218	73,868	1,785
Non Current				
Bonds payable	-	-	2,263,132	-
Other liabilities	2,262	-	-	-
Derivative instrument - interest rate swaps	-	-	104,674	-
Pension and OPEB liability	41,425	-	-	-
Total Non Current	43,687	-	2,367,806	-
Total Liabilities	108,239	3,218	2,441,674	1,785
DEFERRED INFLOW OF RESOURCES				
	7,582	-	-	-
NET POSITION				
Net investment in capital assets	20,543	32	-	76,230
Restricted by bond resolutions	-	-	611,237	-
Restricted by contractual or statutory agreements	73,121	16,386	-	69,438
Unrestricted or (deficit)	456,099	(2,911)	197,059	(539)
Total Net Position	\$ 549,763	\$ 13,507	\$ 808,296	\$ 145,129

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
\$ 62,282	\$ 7,327	\$ 69,609
596,120	-	596,120
14,049	66	14,115
34	(34)	-
86,584	-	86,584
2,223	-	2,223
9,321	331	9,652
14,063	-	14,063
784,676	7,690	792,366
13	-	13
1,425	(1,425)	-
3,033,419	12,434	3,045,853
24,780	-	24,780
16,580	3,667	20,247
80,225	-	80,225
4,968	1	4,969
3,161,410	14,677	3,176,087
3,946,086	22,367	3,968,453
133,107	-	133,107
65,355	-	65,355
53,269	-	53,269
9,984	-	9,984
14,230	5	14,235
585	-	585
143,423	5	143,428
2,263,132	-	2,263,132
2,262	361	2,623
104,674	-	104,674
41,425	-	41,425
2,411,493	361	2,411,854
2,554,916	366	2,555,282
7,582	-	7,582
96,805	3,667	100,472
611,237	-	611,237
158,945	18,363	177,308
649,708	(29)	649,679
\$ 1,516,695	\$ 22,001	\$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
OPERATING REVENUES				
Mortgage and loans revenue	\$ 10,934	\$ -	\$ 122,426	\$ 1,558
Investment interest	1,854	7	4,347	55
Net change in the fair value of investments	3,023	-	(56)	-
Net change of hedge termination	-	-	760	-
Total Investment Revenue	4,877	7	5,051	55
Grant revenue	-	72,781	-	-
Housing rental subsidies	-	-	-	14,063
Rental revenue	456	-	-	10,590
Other revenue	2,005	758	223	22
Total Operating Revenues	18,272	73,546	127,700	26,288
OPERATING EXPENSES				
Interest	931	-	70,314	1
Mortgage and loan costs	1,688	-	9,617	147
Bond financing expenses	467	-	4,560	-
Provision for loan loss	(1,019)	(1,212)	(2,298)	(21)
Operations and administration	14,214	12,035	4,230	15,391
Rental housing operating expenses	724	-	-	14,367
Grant expense	-	68,314	-	-
Total Operating Expenses	17,005	79,137	86,423	29,885
Operating Income (Loss)	1,267	(5,591)	41,277	(3,597)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(125)	-	-	-
Transfers - Internal	(13,055)	10,163	4,389	(1,497)
Change in Net Position	(11,913)	4,572	45,666	(5,094)
Net position at beginning of year	570,066	8,935	762,630	150,223
Cumulative effect of accounting change	(8,390)	-	-	-
Revised net position at beginning of year	561,676	8,935	762,630	150,223
Net Position at End of Period	\$ 549,763	\$ 13,507	\$ 808,296	\$ 145,129

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
\$ 134,918	\$ 137	\$ 135,055
6,263	10	6,273
2,967	-	2,967
760	-	760
9,990	10	10,000
72,781	-	72,781
14,063	-	14,063
11,046	259	11,305
3,008	68	3,076
245,806	474	246,280
71,246	-	71,246
11,452	-	11,452
5,027	-	5,027
(4,550)	(10)	(4,560)
45,870	257	46,127
15,091	-	15,091
68,314	-	68,314
212,450	247	212,697
33,356	227	33,583
(125)	-	(125)
-	-	-
33,231	227	33,458
1,491,854	21,774	1,513,628
(8,390)	-	(8,390)
1,483,464	21,774	1,505,238
\$ 1,516,695	\$ 22,001	\$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
Cash flows from operating activities:				
Interest income on mortgages and loans	\$ 7,109	\$ -	\$ 112,830	\$ 1,422
Principal payments received on mortgages and loans	11,175	-	295,054	3,400
Disbursements to fund mortgages and loans	(564,200)	-	-	-
Receipt (payment) for loan transfers between funds	326,828	-	(322,741)	(4,087)
Mortgage and loan proceeds	442,112	-	-	-
Payment of mortgage and loan proceeds to funds	(431,945)	-	-	-
Payments to employees and other payroll disbursements	(21,148)	(5,617)	-	(10,029)
Payments for goods and services	(10,482)	(1,986)	-	(11,124)
Cash received for externally funded programs	-	32,126	-	13,562
Cash received for Federal HAP subsidies	-	37,846	-	-
Payments for Federal HAP subsidies	-	(36,140)	-	-
Interfund receipts (payments)	(7,757)	8,364	-	(554)
Grant payments to other agencies	-	(33,643)	-	-
Other operating cash receipts	30,722	2,036	161	10,485
Other operating cash payments	(5)	(1,398)	(478)	(1,175)
Net cash provided by (used for) operating activities	(217,591)	1,588	84,826	1,900
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	450,838	-
Principal paid on bonds	-	-	(113,593)	-
Payment to defease bonds	(676)	-	(122,459)	-
Payment of bond issuance costs	-	-	(1,412)	-
Interest paid	-	-	(76,116)	-
Proceeds from issuance of short term debt	437,453	-	-	-
Payment of short term debt	(467,214)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	279,287	-	(277,759)	(1,528)
Net cash provided by (used for) noncapital financing activities	248,743	-	(140,501)	(1,528)
Cash flows from capital financing activities:				
Acquisition of capital assets	(330)	-	-	(119)
Proceeds from the disposal of capital assets	-	4	-	18
Principal paid on capital notes	-	-	(5,663)	-
Interest paid on capital notes	-	-	(1,743)	-
Proceeds from direct financing leases	-	-	3,304	-
Net cash provided by (used for) capital financing activities	(330)	4	(4,102)	(101)
Cash flows from investing activities:				
Purchase of investments	(7,099,040)	-	(1,316,675)	(6,165)
Proceeds from maturity of investments	7,067,601	-	1,372,737	6,926
Interest received from investments	1,676	7	3,114	54
Net cash provided by (used for) investing activities	(29,763)	7	59,176	815
Net Increase (decrease) in cash	1,059	1,599	(601)	1,086
Cash at the beginning of year	28,843	4,192	762	25,342
Cash at the end of period	\$ 29,902	\$ 5,791	\$ 161	\$ 26,428
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 1,267	\$ (5,591)	\$ 41,277	\$ (3,597)
<i>Adjustments:</i>				
Depreciation expense	1,087	15	-	5,649
Provision for loan losses	(1,019)	(1,212)	(2,298)	(21)
Net change in the fair value of investments	(3,023)	-	56	-
Transfers between funds for operating activity	(13,055)	10,163	4,389	(1,514)
Interest received from investments	(1,676)	(7)	(3,114)	(54)
Interest paid	-	-	76,116	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	81,919	-	(248,595)	(459)
Net increase (decrease) in assets, liabilities, and deferred resources	(283,091)	(1,780)	216,995	1,896
Net cash provided by (used for) operating activities	\$ (217,591)	\$ 1,588	\$ 84,826	\$ 1,900
Noncash investing, capital and financing activities:				
Deferred outflow of resources-derivatives			39,468	
Derivative instruments liability			40,229	
Net change of hedge termination			1,746	

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds		Alaska Corporation for Affordable Housing	Total June 30, 2018
\$	121,361	\$ 23	\$ 121,384
	309,629	164	309,793
	(564,200)	-	(564,200)
	-	-	-
	442,112	-	442,112
	(431,945)	-	(431,945)
	(36,794)	(157)	(36,951)
	(23,592)	(59)	(23,651)
	45,688	-	45,688
	37,846	-	37,846
	(36,140)	-	(36,140)
	53	(53)	-
	(33,643)	-	(33,643)
	43,404	194	43,598
	(3,056)	-	(3,056)
	(129,277)	112	(129,165)
	450,838	-	450,838
	(113,593)	-	(113,593)
	(123,135)	-	(123,135)
	(1,412)	-	(1,412)
	(76,116)	-	(76,116)
	437,453	-	437,453
	(467,214)	-	(467,214)
	(107)	-	(107)
	-	-	-
	106,714	-	106,714
	(449)	-	(449)
	22	-	22
	(5,663)	-	(5,663)
	(1,743)	-	(1,743)
	3,304	-	3,304
	(4,529)	-	(4,529)
	(8,421,880)	-	(8,421,880)
	8,447,264	-	8,447,264
	4,851	11	4,862
	30,235	11	30,246
	3,143	123	3,266
	59,139	7,204	66,343
\$	62,282	\$ 7,327	\$ 69,609
\$	33,356	\$ 227	\$ 33,583
	-	-	-
	6,751	-	6,751
	(4,550)	(10)	(4,560)
	(2,967)	-	(2,967)
	(17)	-	(17)
	(4,851)	(11)	(4,862)
	76,116	-	76,116
	-	-	-
	(167,135)	104	(167,031)
	(65,980)	(198)	(66,178)
\$	(129,277)	\$ 112	\$ (129,165)

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

NOTE DISCLOSURES INDEX

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number</u>
1	Authorizing Legislation and Funding	8
2	Summary of Significant Accounting Policies	8
3	Cash and Investments	11
4	Interfund Receivable/Payable	15
5	Mortgage Loans, Notes and Other Loans	15
6	Insurance Agreements.....	16
7	Direct Financing Lease	16
8	Capital Assets	17
9	Deferred Outflows of Resources	17
10	Bonds Payable.....	17
11	Derivatives	21
12	Long Term Liabilities.....	24
13	Short Term Debt	24
14	Deferred Inflows of Resources	24
15	Transfers.....	24
16	Other Credit Arrangements.....	25
17	Yield Restriction and Arbitrage Rebate	25
18	State Authorizations and Commitments	25
19	Housing Grants and Subsidies Expenses	26
20	Pension and Post-Employment Healthcare Plans.....	26
21	Other Commitments and Contingencies.....	35
22	Risk Management.....	36
23	Cumulative Effect of Accounting Change	36
24	Five Year Financial Information	37

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED JUNE 30, 2018

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation") or ("AHFC"), a public corporation and government instrumentality of the State of Alaska (the "State"), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (the "Legislature") to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development ("HUD"), Energy ("DOE"), and Health and Human Services ("HHS"), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has subsidiaries incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Each subsidiary issues annual audited financial statements. Copies may be found at the following links, or please contact AHFC to obtain a copy. The subsidiaries are as follows:

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ntsc/ntsc-financial-statements/>
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill No. 232 of the 2006 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ahcc/ahcc-financial-statements/>
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill No. 119 of the 2011 Legislature. <https://www.ahfc.us/about-us/subsidiaries/alaska-corporation-affordable-housing-acah/acah-financial-statements/>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of AHFC and the blended component unit ACAH. The entities are closely related and financially integrated. The board of directors for AHFC and ACAH are the same and both entities have similar mission statements. ACAH is a legally separate entity from AHFC but is considered a blended component unit of AHFC due to AHFC's operational responsibility for ACAH and the potential financial benefit or financial burden between AHFC and ACAH. AHFC is financially accountable for ACAH.

The other subsidiaries of AHFC are not closely related, nor financially integrated with AHFC. There is no financial accountability for the other subsidiaries by AHFC. They are not component units of AHFC, thus not included in these financial statements. Those subsidiaries are component units of the State.

Neither AHFC nor the State is liable for any debt issued by the subsidiaries of AHFC. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

Basis of Accounting

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Basis of Presentation

The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Cash Flow Statement (Exhibit C) and the accompanying note disclosures. The supplemental section contains combining financial statements by program, purpose, or bond indenture.

The basic financial statements include a Total Funds and Programs column representing an aggregate of AHFC amounts and a Total column for the financial reporting entity, an aggregation of both AHFC and ACAH amounts.

Major Funds and Component Unit

The basic fund financial statements present the major funds of AHFC and the major component unit ACAH.

Administrative Fund: This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation not accounted for in other funds.

Grant Programs: Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families, to assist in improving the energy efficiency of Alaska homes, and to provide tenant-based rental assistance programs for families in the private market (administered by the Corporation under contract with HUD).

Mortgage or Bond Funds: Provides resources to assist in the financing of loan programs or to fund Legislature appropriations.

Other Funds or Programs: Includes the Low Rent program and other affordable housing for low income families managed under contract with HUD, owned by AHFC. Also includes the Home Ownership Fund and the Senior Housing Revolving Loan Fund.

Component unit ACAH: A non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major component unit for the benefit of users of the financial statements.

Restricted Net Position

The restricted net position of the Administrative Fund consists of the Corporation's remaining commitments to the State (refer to Footnote No. 18 State Authorizations and Commitments for further details) and resources of the Affordable Housing Development Program. The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond indentures, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net position balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The major estimate for the Corporation is the allowance for loan losses.

Investments

All investments are stated at fair value, except for nonparticipating investment agreements, which are stated at cost.

Accrued Interest Receivable on Loans and Real Estate Owned

Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Once monies have been disbursed the mortgage loans are recorded.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate Owned

Real estate owned consists principally of properties acquired through foreclosure or repossession and is carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation

Depreciation and amortization of buildings, equipment, and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization threshold is \$5,000.

Bonds

The Corporation issues bonds to provide capital for its mortgage programs and other uses consistent with its mission. The bonds are recorded at cost plus accreted interest and premiums, less discounts. Discounts and premiums are amortized using the straight-line method.

Deferred Debt Refunding Expenses

Deferred debt refunding expenses occur when new debt is issued to replace existing debt. The differences between the carrying value of the old debt and the resources used to redeem it are called deferred debt refunding expenses. The unamortized balances of these expenses are recorded as deferred outflows of resources. These expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/from the PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Based on the amount of unamortized discount or premium from the original bond issue, the net effect of the change is immaterial to the financial statements.

Other Post-Employment Benefits

Information about the Other Post-Employment Benefits ("OPEB") fiduciary net position of the PERS plans has been determined on the same basis as reported by PERS. The PERS information includes the valuation of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Derivative Instruments-Interest Rate Swaps

The Corporation's Fiscal Policies allow, with certain restrictions, the Corporation to enter into certain derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into these swaps with various counter-parties to achieve a lower overall cost of funds for certain bond issuances. These agreements can be negotiated whereby the Corporation pays the counter-party a fixed interest rate in exchange for a variable interest rate payment from the counter-party, or vice-versa. The swap agreements are negotiated to achieve the financing objectives of the Corporation. The swaps are stated at fair value. The change in the fair value of the swaps is recorded as deferred inflows of resources or deferred outflows of resources or as investment revenue.

Operating Revenues and Expenses

The Corporation was created with the authority to issue bonds to the investing public in order to create a flow of private capital through the Corporation into mortgage loans to qualified housing sponsors and to certain individuals. The Corporation's primary purpose is to borrow funds in the bond market and to use those funds to make single-family and multi-family mortgages and loans. Its primary operating revenue is derived from the interest income and fees from those mortgages and loans and on the invested proceeds from the bond issues. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

Income Taxes

The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits, and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	June 30, 2018	
Restricted cash	\$	50,855
Unrestricted		18,754
Carrying amount	\$	69,609
Bank Balance	\$	70,038

Investment Valuation

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

AHFC measures its investments using quoted market prices (Level 1 inputs).

Investment Maturities

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Investment Maturities (In Years)					June 30, 2018
	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years		
Securities of U. S. Government agencies and corporations	\$ 16,000	\$ 13	\$ -	\$ -	\$	16,013
Commercial paper & medium-term notes	399,219	-	-	-		399,219
Corporate Certificate of Deposit	9,166	-				9,166
Money market funds	170,310		-	-		170,310
Subtotal	\$ 594,695	\$ 13	\$ -	\$ -	\$	594,708
GeFONSI Pool						1,425
Total AHFC Investment Portfolio					\$	596,133

Restricted Investments

A large portion of the Corporation's investments, \$95,800,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$500,333,000, is unrestricted.

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments included in the table below takes into account all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Ending unrealized holding gain	\$	2,395
Beginning unrealized holding gain		32,528
Net change in unrealized holding gain		(30,133)
FV of investments transferred from GeFONSI to US Bank		33,158
Net realized gain (loss)		(58)
Net increase (decrease) in fair value	\$	2,967

Deposit and Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

The following securities are eligible for investment under the Corporation's Fiscal Policies:

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises ("GSEs") and federal agencies not backed by the full faith and credit of the United States;
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAmmf" by Fitch;
- Banker's acceptances and negotiable certificates of deposit of any bank, the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements ("repos") where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least "A" by S&P or "A" by Moody's or "A" by Fitch or a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation's agent has possession of the collateral and holds such collateral in the Corporation's name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association ("SIFMA"); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Fixed and floating-rate notes and bonds, other than commercial paper, issued by corporate or municipal obligors and rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year, or at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities, other than asset-backed commercial paper, rated at least "AA+" by S&P or "Aa1" by Moody's or "AA+" by Fitch; and

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments ("GeFONSI") pool.

Credit Risk

Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation's investments as of June 30, 2018, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies and corporations:	AA+	Aaa	\$ 16,013
Commercial paper, medium-term notes and Certificates of Deposit:	AAA	Aaa	249
	AA	Aa1	252
	AA	Aa2	250
	AA-	Aa2	501
	AA-	Aa3	900
	AA-	A1	612
	A+	A1	755
	A+	A2	623
	A+	Aa2	402
	A+	Aa3	501
	A	A1	747
	A	A2	1,999
	A-	A2	250
	A-1+	P-1	190,155
	A-1	P-1	209,343
	A-2	P-1	250
	NA	P-1	345
	NA	NA	250
			408,384
Money market funds:	AAAm	--	170,310
			594,707

Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's Fiscal Policies. Under certain conditions, the Fiscal Policies permit investments in excess of these limits. For more information, please see the Corporation's Fiscal Policies at: <http://www.ahfc.us/pros/investors/fiscal-policies>

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. Government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

Investment Holdings Greater than Five Percent of Total Portfolio

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of June 30, 2018, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
Goldman Sachs	\$ 170,310	28.57%
The Toronto Dominion Bank	\$ 73,801	12.38%

Custodial Credit Risk

The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. The Corporation has not established a formal custodial credit risk policy for its investments.

Of the Corporation's \$70,038,000 bank balance at June 30, 2018, cash deposits in the amount of \$559,000 were uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are at the end of this footnote.

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands, net of GeFONSI holdings) with their modified duration as of June 30, 2018:

	Investment Fair Value	Modified Duration
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	\$ 16,013	0.771
Certificate of deposit	9,166	0.266
Commercial paper & medium-term notes:		
Commercial paper discounts	391,678	0.339
Medium-term notes	7,540	0.460
Money market funds	170,310	0.000
Portfolio modified duration	<u>\$ 594,707</u>	0.253

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Investment in GeFONSI Pool

The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFONSI pool in which the Corporation participates is itself comprised of investment shares of the State's Short-term Fixed Income, Short-term Liquidity Fixed Income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State's investment pools is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

The accrual basis of accounting is used for the 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 the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool is \$1,425,000.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at:
<http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx>.

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance as of June 30, 2018, is shown below (in thousands):

		Due From				
Due To		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing
						Total
Administrative Fund		\$ -	\$ 9,815	\$ -	\$ 1,568	\$ 34
Grant Programs		-	-	-	-	1,425
Mortgage or Bond Programs		38,441	-	-	-	-
Other Funds or Programs		690	-	-	-	-
Alaska Corporation for Affordable Housing		-	-	-	-	-
Total		\$ 39,131	\$ 9,815	\$ -	\$ 1,568	\$ 1,459
						\$ 51,973

The balance due to the Mortgage or Bond programs from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance due to the Administrative Fund from Grant Programs, Other Funds or Programs, and ACAH resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, as well as an allocation of management and bookkeeping fees mandated by HUD.

The balance due from ACAH to the Grant Programs is the result of a repayable grant to ACAH for the purchase of land.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans is shown below (in thousands):

	June 30, 2018
Mortgage loans	\$ 2,629,496
Multifamily loans	468,158
Other notes receivable	89,039
	3,186,693
Less:	
Allowance for losses	(54,256)
Net Mortgages, Notes & other	\$ 3,132,437

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Of the \$3,186,693,000 mortgage loans, notes, and other loans, \$86,584,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies remaining unexpended by grant recipients, and notes receivable due to ACAH of \$13,664,000. Included in the allowance for losses is \$1,230,000 for ACAH's notes receivable bringing ACAH's net notes receivable to \$12,434,000.

Other supplemental loan information is summarized in the following table (in thousands):

		June 30, 2018
<u>Loans Delinquent 30 days or more</u>	\$	105,712
Foreclosures during reporting period		10,524
Loans in foreclosure process		14,048
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	\$	142,774

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 DIRECT FINANCING LEASE

In July 1997, the Corporation purchased an office building (the "Atwood Office Building") in downtown Anchorage for approximately \$26 million. The Atwood Office Building was originally purchased with proceeds from the issuance of the Corporation's State Building Lease Bonds Series 1999, which were refunded by General Housing Purpose Bonds 2005 Series C, which were subsequently refunded in March 2015, by its State Capital Project Bonds II, 2015 Series A. The Atwood Office Building was part of the Corporation's State Building Lease Program and was leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The lease of the building to the State was recorded as a direct financing lease. The lease expired on June 1, 2017. The State exercised the option to purchase the Atwood Office Building and associated land, identified as Block 79, with an assessed value of \$70.5 million, for \$1 and ownership transferred from the Corporation to the State on December 15, 2017. Block 102, containing lots the State is not currently transferring but may take ownership of at a later date, was booked as a Corporation asset at the assessed value of \$4,175,000, and identified as Property for Resale pending potential future transfers.

In fiscal year 2007, the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage was \$44,000,000, and it was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage for \$1 after December 1, 2027, which is the end of the lease. In June and December 2015, the Corporation issued its State Capital Project Bonds II, 2015 Series B and C, respectively, to partially refund its State Capital Project Bonds, 2007 Series A, which were originally issued in September 2007 to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

The following table lists the components of the net investment in direct financing lease and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

Future Minimum Payments Due	
Year Ending June 30,	Parking Garage
2018	\$ 3,304
2019	3,304
2020	3,304
2021	3,304
2022	3,304
Thereafter	16,515
Gross payments due	33,035
Less: Unearned revenue	(6,031)
Net investment in direct financing lease	\$ 27,003

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

8 CAPITAL ASSETS

Capital assets activity for the twelve months ended June 30, 2018, and a summary of balances is shown below (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018
Non-Depreciable Capital Assets:				
Land	\$ 20,247	\$ -	\$ -	\$ 20,247
Total Non-Depreciable	20,247	-	-	20,247
Depreciable Capital Assets:				
Buildings	246,070	16	-	246,086
Computers & Equipment	2,356	335	-	2,691
Vehicles	2,296	110	(142)	2,264
Less: Accumulated depreciation				
Buildings	(160,259)	(6,404)	-	(166,663)
Computers & Equipment	(2,088)	(203)	-	(2,291)
Vehicles	(1,860)	(144)	142	(1,862)
Total Depreciable, Net	86,515	(6,290)	-	80,225
Total Capital Assets, Net	\$ 106,762	\$ (6,290)	\$ -	\$ 100,472

The above capital assets include \$3,667,000 of land and land improvements that belong to ACAH.

Depreciation expense charged by the Corporation was \$6,751,000 for the twelve months ended June 30, 2018.

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was \$7,373,000 at June 30, 2018.

9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at June 30, 2018, were interest rate swap derivatives of \$103,394,000, deferred debt refunding expense of \$24,487,000, pension deferred outflows of \$4,034,000, and other post employment benefits deferred outflows of \$1,192,000.

10 BONDS PAYABLE

All of the bonds are general obligations of the Corporation for which its full faith and credit are pledged. All of the bonds are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation's obligations are not a debt of the State, and the State is not directly liable thereon except for the Veterans Mortgage Program Bonds. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. In the event that the Corporation cannot make the Veterans Mortgage Program Bond payments, the State will pay the principal and interest payments.

Bonds outstanding as of June 30, 2018, are shown on the next two pages (in thousands):

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	Original Amount	June 30, 2018
First-Time Home Buyer Program:		
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 41,400
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	73,340
• 2010 Series A; 2.75%-4.00%, due 2018-2027	43,130	25,585
Unamortized discount		(104)
• 2010 Series B; 2.75% to 4.625%, due 2018-2040	35,680	29,840
• 2011 Series B; 2.80% to 4.05%, due 2018-2026	71,360	38,315
Total Mortgage Revenue Bonds	343,270	208,376
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2002 Series A; Floating Rate*; 1.61% at June 30, 2018, due 2032-2036	170,000	35,940
Unamortized swap termination penalty		(2,057)
• 2007 Series A; Floating Rate*; 1.50% at June 30, 2018, due 2018-2041	75,000	72,645
• 2007 Series B; Floating Rate*; 1.50% at June 30, 2018, due 2018-2041	75,000	72,645
• 2007 Series D; Floating Rate*; 1.47% at June 30, 2018, due 2018-2041	89,370	86,535
• 2009 Series A; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	508,338
Veterans Mortgage Program Bonds:		
<i>Collateralized State Guaranteed Bonds, Tax-Exempt:</i>		
• 2016 First and Second Series; 0.90% to 3.20%, due 2018-2046	50,000	48,120
Other Housing Bonds:		
<i>General Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2012 Series A; 1.95%-4.25%, due 2018-2040	145,890	107,105
Unamortized discount		(525)
Unamortized premium		124
• 2016 Series A; 0.75%-3.50%, due 2018-2046	100,000	93,915
Unamortized premium		926
<i>Governmental Purpose Bonds, Tax-Exempt:</i>		
• 1997 Series A; Floating Rate*, monthly payments, 1.47% at June 30, 2018 due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 1.47% at June 30, 2018, due 2018-0	76,580	43,505
Unamortized swap termination penalty		(4,527)
• 2001 Series B; Floating Rate*; 1.46% at June 30, 2018, due 2018-0	93,590	53,165
Total Other Housing Bonds	\$ 449,060	\$ 308,288

Note: Debt service payments on the above-mentioned bonds are semi-annual unless otherwise mentioned.

*Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

**Interest rates on the indexed floating rate bonds are established monthly based on an index and a prescribed spread in the underlying bond documents.

	Original Amount	June 30, 2018
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
• 2002 Series C; Floating Rate*; 1.47% at June 30, 2018, due 2018-2022	\$ 60,250	\$ 29,160
• 2011 Series A; 5.00%, due 2018- 2020	105,185	6,235
Unamortized premium		84
• 2012 Series A; 3.25% to 5.00%, due 2018-2032	99,360	44,765
Unamortized discount		(92)
Unamortized premium		2,232
• 2013 Series A; 4.00% to 5.00%, due 2018-2032	86,765	64,140
Unamortized premium		4,024
• 2014 Series A; 4.00% to 5.00%, due 2018-2033	95,115	84,375
Unamortized discount		(53)
Unamortized premium		4,597
• 2014 Series B; 5.00%, due 2018-2029	29,285	25,245
Unamortized premium		2,387
• 2014 Series D; 3.00% to 5.00%, due 2018-2029	78,105	77,830
Unamortized premium		9,026
• 2015 Series A; 3.00% to 5.00%, due 2018-2030	111,535	101,530
Unamortized premium		11,422
• 2015 Series B; 3.00% to 5.00%, due 2019-2036	93,365	91,145
Unamortized discount		(196)
Unamortized premium		5,873
• 2015 Series C; 5.00%, due 2019-2035	55,620	49,155
Unamortized premium		6,264
• 2017 Series A; 2.00% to 5.00%, due 2018-2032	143,955	142,955
Unamortized premium		21,525
• 2017 Series C; 5.00%, due 2024-2032	43,855	43,855
Unamortized premium		7,935
• 2018 Series B; 3.125% to 5.00%, due 2019-2038	35,570	35,570
Unamortized discount		(82)
Unamortized premium		4,459
State Capital Project Bonds, Taxable:		
• 2014 Series C; Indexed Floating Rate**, 2.482% at June 30, 2018, due 2029	140,000	140,000
• 2017 Series B; Floating Rate*; 2.03% at June 30, 2018, due 2047	150,000	150,000
• 2018 Series A; Floating Rate*; 2.00% at June 30, 2018, due 2031-2043	90,000	90,000
Total Non-Housing Bonds	1,417,965	1,255,365
Total Bonds Payable	\$ 2,912,295	\$ 2,328,487

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Redemption Provisions

The bonds are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt, pursuant to the provisions of the related agreements which permit surplus revenues, resulting primarily from mortgage loan prepayments, to be used to retire the obligations at par. The Corporation also issues new debt whose proceeds are used to redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt are classified as a deferred outflow of resources and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once the outstanding amount falls below 15% of the total issuance.

During the twelve months ended June 30, 2018, the Corporation made special revenue redemptions in the amount of \$144,425,000.

Advance Refundings

In the twelve months ending June 30, 2018, the Corporation effected advanced refundings where the proceeds of issued bonds were used to defease outstanding debt of the Corporation.

A summary of all defeased debt, as of June 30, 2018, follows (in thousands):

	Date Defeased	June, 2018
State Capital Project Bonds, 2011 Series A	September 2017	\$ 63,705
State Capital Project Bonds, 2012 Series A	December 2017	29,795
State Capital Project Bonds, 2013 Series A	December 2017	16,345
		<u>\$ 109,845</u>

Debt Service Requirements**

For all bonds in the preceding schedules, the Corporation's debt service requirements through 2023 and in five year increments thereafter to maturity are shown below (in thousands):

Year Ended June 30, 2018	Total Debt Service		
	Principal	Interest*	Total
2019	\$ 65,355	\$ 81,960	\$ 147,315
2020	80,835	79,309	160,144
2021	91,760	75,875	167,635
2022	95,200	72,062	167,262
2023	92,345	68,002	160,347
2024-2028	522,095	277,342	799,437
2029-2033	651,710	156,756	808,466
2034-2038	267,900	76,547	344,447
2039-2043	142,035	34,937	176,972
2044-2048	246,010	14,972	260,982
	<u>\$ 2,255,245</u>	<u>\$ 937,762</u>	<u>\$ 3,193,007</u>

* Interest requirements have been computed for hedged variable rate bonds using the associated fixed swap rates and for unhedged variable rate bonds using interest rates in effect at June 30, 2018.

** Also see Note 11 – Derivatives

Conduit Debt

From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

A summary of all conduit debt as of June 30, 2018, follows (in thousands):

	Maximum Issue Amount	Balance at June 30, 2018
Revenue Bonds, 2016 (Muldoon Garden Project)	\$ 3,920	\$ 3,916
Revenue Bonds, 2017 (Grass Creek North II LP)	\$ 8,200	\$ 6,972

11 DERIVATIVES

The Corporation entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether or not the derivatives constitute effective hedges. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Position, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. These measurements are Level 2 inputs. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risks, position size, transaction and financing costs, and the use of capital profit. The fair value represents the current price to settle swap assets or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to "BBB+/Baa1", the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2018, the Corporation had not posted any collateral and was not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2018, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
GP01A ¹	12/01/08	2.4530%	67% of 1M LIBOR ⁴	12/01/30	BBB+/A3
GP01B	08/02/01	4.1427%	67% of 1M LIBOR	12/01/30	AA/Aa3
E021A ^{1,2}	10/09/08	2.9800%	70% of 3M LIBOR ⁵	06/01/32	AA-/Aa2
SC02C ³	12/05/02	4.3030%	SIFMA ⁶ + 0.115%	07/01/22	A+/Aa2
E071AB	05/31/07	3.7345%	70% of 3M LIBOR	12/01/41	AA-/Aa2
E071BD	05/31/07	3.7200%	70% of 3M LIBOR	12/01/41	A+/Aa2
E091A	05/28/09	3.7610%	70% of 3M LIBOR	12/01/40	A+/Aa1
E091B	05/28/09	3.7610%	70% of 3M LIBOR	12/01/40	AA-/Aa2
E091ABD	05/28/09	3.7400%	70% of 3M LIBOR	12/01/40	A+/Aa2

1. Governmental Purpose Bonds

2. Home Mortgage Revenue Bonds

3. State Capital Project Bonds

4. London Interbank Offered Rate ("LIBOR") 1 month

5. London Interbank Offered Rate 3 month

6. Securities Industry and Financial Markets Municipal Swap Index

7. Standard & Poor's/Moody's

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of June 30, 2018, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			June 30, 2018	June 30, 2017	
GP01A	\$ 43,505	\$ 45,082	\$ (1,577)	\$ (3,267)	\$ 1,690
GP01B	53,165	60,691	(7,526)	(10,488)	2,962
E021A1	35,940	38,379	(2,439)	(4,153)	1,714
SC02C	29,160	30,502	(1,342)	(2,545)	1,203
E071AB	139,095	165,543	(26,448)	(35,626)	9,178
E071AD	92,730	110,103	(17,373)	(23,509)	6,136
E091A	72,789	87,161	(14,372)	(19,228)	4,856
E091B	72,789	86,786	(13,997)	(18,810)	4,813
E091ABD	97,052	115,373	(18,321)	(24,748)	6,427
Total	\$ 636,225	\$ 739,620	\$ (103,395)	\$ (142,374)	\$ 38,979

As of June 30, 2018, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2019	19,140	9,321	13,067	41,528
2020	23,310	9,058	12,648	45,016
2021	27,780	8,709	12,102	48,591
2022	29,230	8,293	11,494	49,017
2023	27,175	7,853	10,856	45,884
2024-2028	135,915	33,454	46,424	215,793
2029-2033	141,590	22,608	31,866	196,064
2034-2038	134,850	12,884	18,333	166,067
2039-2043	97,235	2,613	3,709	103,557
	\$ 636,225	\$ 114,793	\$ 160,499	\$ 911,517

Credit Risk

As of June 30, 2018, the Corporation was not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The Corporation currently has swap agreements with five separate counterparties. Approximately 39% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34.4% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa2". Of the remaining swaps, one counterparty are rated "A+/Aa1", "AA/Aa3", and "BBB+/A3", approximating 11.4%, 8.4%, and 6.8% respectively, of the total notional amount of the swaps.

Interest Rate Risk

The Corporation is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, the Corporation's net payment on the swaps increases.

Basis Risk

All of the Corporation's variable-rate bond interest payments related to interest rate swaps are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2018, SIFMA was 1.51%

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

and 1-month LIBOR was 2.09%, resulting in a SIFMA/LIBOR ratio of 72.24%. The 3-month LIBOR was 2.34%, resulting in a SIFMA/LIBOR ratio of 64.65%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in the Corporation making termination payments totaling \$22,181,000 to the counterparties. The Corporation replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps. An additional payment of \$150,000 was made to a former counterparty in fiscal year 2013 as settlement of any and all claims relating to that counterparty's swap termination. This payment was expensed as insurance and financing expense in fiscal year 2013.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The Home Mortgage Revenue Bonds, 2002 Series A swaps were set up in several tranches of various sizes that could be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the Governmental Purpose Bonds, 2001 Series A and B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the un-swapped portion of the debt.

Investment Derivative

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap is no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of the Corporation's investment derivative as of June 30, 2018, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.7700%	70% of 1M LIBOR	07/01/24	A+/Aa2

The change in fair value of the investment derivatives as of June 30, 2018, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			June 30, 2018	June 30, 2017	
SC02B	\$ 14,555	\$ 15,835	\$ (1,280)	\$ (2,040)	\$ 760

Credit Risk

As of June 30, 2018, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The counterparty on this swap is rated "A+/Aa2".

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

12 LONG TERM LIABILITIES

The activity for the twelve months ended June 30, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
Total bonds and notes payable	\$ 2,124,637	\$ 500,008	\$ (296,158)	\$ 2,328,487	\$ 65,355
Pension liability	47,645	-	(11,985)	35,660	-
OPEB liability	-	5,765	-	5,765	-
Compensated absences	4,184	2,837	(2,758)	4,263	2,002
Other liabilities	-	51	(51)	-	-
Total long-term liabilities	\$ 2,176,466	\$ 508,661	\$ (310,952)	\$ 2,374,175	\$ 67,357

13 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is \$150,000,000. The lowest yield during the twelve months ended June 30, 2018, was 1.17% and the highest, 2.30%.

Short term debt activity for the twelve months ended June 30, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018
Commercial paper	\$ 82,600	\$ 437,991	\$ (467,214)	\$ 53,377
Unamortized discount	\$ (74)	\$ (906)	\$ 872	\$ (108)
Commercial paper, net	\$ 82,526	\$ 437,085	\$ (466,342)	\$ 53,269

14 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. AHFC's pension deferred inflows of resources at June 30, 2018, totaling \$4,467,000, represent the difference between projected and actual investment earnings in the State of Alaska's PERS Defined Benefit Retirement Plan. AHFC's OPEB deferred inflows of resources at June 30, 2018, represent the difference between expected and actual experience, the difference between projected and actual investment earnings, and changes in proportion and differences between employer contributions in the OPEB plan of \$3,115,000.

15 TRANSFERS

Transfers for the twelve months ended June 30, 2018, are summarized in the following schedule (in thousands):

		From					
		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
To	Administrative Fund	\$ -	\$ 24,591	\$ 600,580	\$ 16,763	\$ 174	\$ 642,108
	Grant Programs	34,754	-	-	-	-	34,754
	Mortgage or Bond Programs	604,969	-	-	-	-	604,969
	Other Funds or Programs	15,266	-	-	-	-	15,266
	Alaska Corporation for Affordable Housing	174	-	-	-	-	174
	Total	\$ 655,163	\$ 24,591	\$ 600,580	\$ 16,763	\$ 174	\$ 1,297,271

Transfers are used to:

- (1) move cash between the Administrative Fund and the Mortgage or Bond Programs to subsidize debt service payments or satisfy bond indenture requirements;
- (2) move mortgages between the Administrative Fund and the Mortgage or Bond Programs;
- (3) record expenditures paid on behalf of the Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund;

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

- (4) move cash and mortgages between various Mortgage or Bond Programs; or
- (5) record any non-reimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH.

16 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations with which it has entered into standby bond purchase agreements to provide liquidity in the event of un-remarked tenders and/or bond insurance contracts to guarantee the payment of debt service. Furthermore, the Corporation entered into a separate revolving credit facility in 2017 with the Industrial and Commercial Bank of China LTD, New York Branch, to provide up to \$300,000,000 of additional liquidity for the Corporation's State Capital Project Bonds and State Capital Project Bonds II indentures, and the Commercial Paper Notes program. At June 30, 2018, the Corporation had unused standby bond purchase agreements of \$510,395,000 and revolving credit of \$300,000,000.

17 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds.

Non-mortgage investments made under the Corporation's tax-exempt mortgage revenue bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. As investment rates change over time, it is sometimes possible to recoup previous rebate payments. With respect to the Corporation's Governmental Purpose Bonds, 2001 Series A and B, prior payments totaled \$1,318,000, but rebate liability as of June 30, 2018, was \$870,000, resulting in \$448,000 due to the Corporation.

18 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995.

"The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year."

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". Following are the details of AHFC's dividend to the State as of June 30, 2018, (in thousands):

	Dividend Due to State	Expenditures	Remaining Commitments
State General Fund Transfers	\$ 794,648	\$ (788,948)	\$ 5,700
State Capital Projects Debt Service	458,877	(446,871)	12,006
State of Alaska Capital Projects	255,761	(249,534)	6,227
AHFC Capital Projects	509,792	(469,752)	38,040
Total	\$ 2,019,078	\$ (1,955,105)	\$ 61,973

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to \$224,000,000 in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation 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 bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The 2000 Legislature adopted legislation 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 authorized the issuance of capital project bonds for the renovation and deferred

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation 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 bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Twenty-Third Legislature in 2003 enacted SCS HB 256 (the "2003 Act") which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of the adjusted change in net position for the fiscal year two years prior to the current fiscal year or \$103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

19 HOUSING GRANTS AND SUBSIDIES EXPENSES

The grant programs are funded from HUD, federal, State and Corporate proceeds. The Corporation paid grants to third parties for the following programs (in thousands):

	June 30, 2018
Beneficiaries and Special Needs Housing	\$ 1,698
Continuum of Care Homeless Assistance	2,200
Domestic Violence	1,298
Discharge Incentive grant	176
Drug Elimination	50
Emergency Shelter Grant (ESG)	234
Energy Efficiency Monitoring Research	986
Energy Efficient Home Program	1,954
HOME Investment Partnership	2,850
Homeless Assistance Program	6,825
Housing Choice Vouchers	32,161
Housing Loan Program	1,471
Housing Opportunities for Persons with AIDS	587
Low Income Weatherization Assistance	7,858
Low Income Home Energy Assistance	750
Non-Elderly Disabled (NED)	274
Parolees (TBRA)	453
Section 8 Project-based Grants	-
Section 8 Rehabilitation	488
Senior Citizen Housing Development Grant	1,535
Supplemental Housing Grant	2,326
Technical Assistance Grant	19
Utility Allowance Payments for Low Rent	-
Veterans Affairs Supportive Housing	1,992
Youth (TBRA)	129
Total Housing Grants and Subsidies Expenses	\$ 68,314

In addition to grant payments made, the Corporation had advanced grant funds of \$4,329,000 and committed to third parties a sum of \$15,164,000 in grant awards as of June 30, 2018.

20 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of June 30, 2018, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Employees' Retirement System Defined Benefit Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan, which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees.

PERS audited financial statements are available at www.doa.alaska.gov/drb.

Defined Benefit ("DB") Pension and Post-Employment Healthcare Plans (*Employees hired prior to July 1, 2006*)

Employee Benefits:

Employees hired prior to July 1, 1986, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and provides death and disability benefits.

Employees hired between July 1, 1986, and June 30, 1996, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired between July 1, 1996, and June 30, 2006, with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

This plan was closed to new entrants as of June 30, 2006.

The Defined Benefit Pension and Post-Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Funding Policy:

Under State law, covered employees are required to contribute 6.75% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan.

Under State law, the Corporation is required to contribute 22.00% of annual covered salary. For fiscal year 2018, 17.12% of covered salary is for the pension plan and 4.88% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 3.01%, the difference between the actuarial required contribution of 25.01% for fiscal year 2018 and the employer rate of 22.00%.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the twelve months ended June 30, 2018, totaled \$613,000, and for the years ended June 30, 2017, and June 30, 2016, totaled \$973,000 and \$1,334,000, respectively.

Pension Liabilities:

At June 30, 2018, the Corporation reported a liability for its proportionate share to the net pension liability of \$35,660,000. This amount reflected State pension support provided to the Corporation of \$13,285,000. The total net pension liability associated with the Corporation was \$48,945,000.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017.

Pension Expense:

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018, the Corporation recognized pension expense of \$769,000 and revenue of \$651,000 for support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

As of June 30, 2018, the Corporation's deferred outflows of resources related to pension expense of \$4,034,000 were due to a change in its proportionate share of contributions to the pension plan of \$145,000, a difference between projected and actual investment earnings of \$957,000 and contributions to the pension plan subsequent to the measurement date of \$2,932,000. The Corporation's deferred inflows of resources related to pension of \$4,467,000 were due to a difference between expected and actual experience of \$641,000 and changes in proportion and differences between employer contributions of \$3,826,000.

The amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2019	\$ (206)	\$ (1,116)	\$ (1,322)
2020	2,113	(1,117)	996
2021	1,564	(1,117)	447
2022	563	(1,117)	(554)
	<u>\$ 4,034</u>	<u>\$ (4,467)</u>	<u>\$ (433)</u>

Pension Actuarial Assumptions: The total pension liability for the fiscal year ending June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The valuation was prepared assuming an inflation rate of 3.12%. Salary increases were determined by grading by age and service to range from 4.34% to 8.55%. The investment rate of return was calculated at 8.00%, net of pension plan investment expenses, based on an average inflation rate of 3.12% and a real rate of return of 4.88%.

Mortality rates were based on the RP-2000 table, 2000 Base Year projected to 2018 with Projection scale BB.

The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009, to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic Equity	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Pension Discount rate:

The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB Statement No. 67.

Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1% lower (7%) or 1% higher (9%), (in thousands).

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net pension liability	\$46,843	\$35,660	\$26,217

Defined Contribution ("DC") Pension and Post-Employment Healthcare Plans (*Employees hired on or after July 1, 2006*):

Employee Benefits

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan ("ODD"), and the Retiree Medical Plan ("RM"). Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employee's contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service.

Funding Policy

Under State law, covered employees are required to contribute 8% of their annual covered salary to the pension plan and are not required to contribute to the post-employment healthcare plan. Employer contribution rates for the year ended June 30, 2018, were as follows:

	Other Tier IV
Retiree medical plan	1.03%
Occupational death and disability benefits	0.16%
Total Contribution Rates	1.19%

Under State law the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2018, 6.19% of covered salary is split between 5.16% for the pension plan and 1.03% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,084.16, representing 3% of total annual covered compensation in the Plan for each full-time employee, and \$1.34 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement ("HRA") Account for each covered employee per AS 39.30.370.

Additionally, if the total amount that the Corporation has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll after the HRA contributions, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the twelve months ended June 30, 2018, the Corporation paid additional contributions of \$1,002,000 and for June 30, 2017, \$900,000. These contributions equal \$780,000 for the defined benefit pension as of June 30, 2018, and \$612,000

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

as of June 30, 2017, and \$222,000 and \$288,000 for the defined benefit post-employment healthcare plans as of June 30, 2018 June 30, 2017, respectively.

The contributions to the pension plan for the twelve months ended June 30, 2018, by the employees totaled \$644,000 and by the Corporation totaled \$415,000. The contributions to the pension plan for the twelve months ended June 30, 2017, by the employees totaled \$585,000, and by the Corporation, \$378,000.

The Corporation contributed \$354,000 to a Health Reimbursement Arrangement for the twelve months ended June 30, 2018, and \$332,000 as of June 30, 2017.

The Defined Contribution Pension and Post Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Other Post-Employment Benefits (“OPEB”) Defined Benefit and Defined Contribution Plans

OPEB Employer Contribution Rate:

In 2018, the Corporation was credited with the following contributions to the OPEB plan:

	Measurement Period Corporation FY17	Corporation FY16
Employer contributions DB	\$ 1,261,000	\$ 1,634,000
Employer contributions DC RM	86,000	107,000
Employer contributions DC ODD	12,000	14,000
Nonemployer contributions (on-behalf)	-	-
Total Contributions	\$ 1,359,000	\$ 1,755,000

Changes in Benefit Provisions Since the Prior Valuation of OPEB:

There have been no changes in the benefit provisions effective since the prior valuation for the Defined Benefit OPEB plan.

OPEB healthcare cost trend rates:

Healthcare Reform legislation passed on March 23, 2010. There is no change due to this legislation, because the State plan is retiree-only. Actuaries determined the impact to be less than \$775,000 (0.01%) of the projected June 30, 2016 healthcare actuarial accrued liability for the defined benefit plans due to cost plan excise tax (Cadillac tax). Impact on Healthcare Cost Rate Data Source or Assumption Change from 2016 to 2015 is negligible due to: claim lag specific to medical and prescription experience, individual claims level data, explicit TPA fees, actual RDS payments received; as well as a loss due to aggregate claims data and a small gain due to updated census data.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka “Obamacare.” Healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

Key Elements of OPEB formula:

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability are amortized over a closed 25-year period (established June 30, 2014) as a level percentage of payroll amount. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for pension benefits (constant dollar amount for healthcare benefits) from the assumed entry age to the assumed retirement age, were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate that is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members, and disabled members not yet receiving benefits, was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members. The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Post-employment healthcare benefits:

Major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986, (Tier 1) and disabled retirees. Employees hired after June 30, 1986, (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996, (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 Members with less than five years of credited service are not eligible for post-employment healthcare benefits. Tier 2 Members, who are receiving a conditional benefit and are age eligible, are eligible for post-employment healthcare benefits. Employees and their surviving spouses with thirty years of membership service, and any disabled member, receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Of those benefit recipients who are eligible for the COLA, 70% are assumed to remain in Alaska and receive COLA. 50%-75% of assumed inflation, or 1.56% and 2.24% respectively, is valued for the annual automatic Post-Retirement Pension Adjustment (PRPA).

OPEB Liabilities:

At June 30, 2018, the total net OPEB liability associated with the Corporation was \$5,765,000.

At June 30, 2018, the Corporation reported a liability for its proportionate share of the net OPEB liabilities ("NOL") that reflected a reduction for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

	2018
Corporation's proportionate share of NOL – DB	\$ 5,828,000
Corporation's proportionate share of NOL – DC RM	37,000
Corporation's proportionate share of NOL – DC ODD	(100,000)
State's proportionate share of the NOL associated with the Corporation	-
Total Net OPEB Liabilities	\$ 5,765,000

The net OPEB liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The Corporation's proportion of the net OPEB liabilities were based on a projection of the Corporation's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2016 Measurement Date Employer Proportion	June 30, 2017 Measurement Date Employer Proportion	Change
Corporation's proportionate share of the net OPEB liabilities:			
DB	0.85265%	0.68992%	-0.16273%
DC RM	0.66252%	0.70310%	0.04058%
DC ODD	0.66252%	0.70310%	0.04058%

Changes in Benefit Provisions Since Prior Valuation of OPEB:

For Defined Contribution Retiree Medical OPEB ("DC RM") and Defined Contribution - Occupational Death & Disability ("DC ODD") plans there were the following updates: actuaries updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible; and updated factors used to adjust the defined benefit plan costs to reflect adopted DCR plan design.

OPEB Expense:

For the year ended June 30, 2018, the Corporation recognized negative pension expense of \$704,000 and no support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2018, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (317)
Difference between projected and actual investment earnings	-	(1,850)
Changes in proportion and difference between employer contributions	3	(948)
Total Deferred Inflows/Outflows	\$ 3	\$ (3,115)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Total
2019	\$ (1,161)
2020	(1,021)
2021	(463)
2022	(463)
2023	(1)
Thereafter	(3)
	\$ (3,112)

OPEB Actuarial Assumptions:

The total OPEB liability for the year ended June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009, to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Actuarial cost method	Entry age normal; level percentage of payroll.
Inflation	3.12%
Salary increases	Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039.
Investment Return / Discount Rate	8.00%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time for others. Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017, are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic Equity	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

OPEB Discount rate:

The discount rate used to ensure the total OPEB liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

Sensitivity of the Corporation's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1-percentage-point (7%) lower or 1-percentage-point higher (9%), (in thousands).

	Proportional Share	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net OPEB liabilities:				
DB plan	0.68992%	\$ 12,473	\$ 5,828	\$ 239
DC RM plan	0.70310%	\$ 172	\$ 37	\$ (69)
DC ODD plan	0.70310%	\$ (90)	\$ 100	\$ (108)

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:

The following presents the Corporation's net OPEB liability using current healthcare cost trend rates and comparing to a 1% increase and a 1% decrease of current healthcare costs trend rates, (in thousands).

	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
Corporation's proportionate share of the net OPEB liabilities:				
DB plan	0.68992%	\$ (647)	\$ 5,828	\$ 13,612
DC RM plan	0.70310%	\$ (91)	\$ 37	\$ 207
DC ODD plan	0.70310%	n/a	\$ 100	n/a

OPEB plan's fiduciary net position:

All information regarding the Plan's assets, deferred outflow/inflow of resources, liabilities and fiduciary net position can be found in the PERS financial statements that are available to the public on the SOA website: alaska.gov/drb/employer/resources/gasb.html

Healthcare cost trend rates:

Conduent determined the impact to be less than \$350,000 (0.50%) on DC RM liability due to the high cost plan excise tax (Cadillac tax). Due to the lack of experience, from actuarial perspective, for the DC RM and DC ODD retiree health plans, base claims costs are based on those described in the actuarial valuation as of June 30, 2016, for the Defined Benefit (DB) retiree healthcare plan. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DC medical plans and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, upcoming FY17 claims costs were reduced 3.1% for medical and 11.2% for prescription drugs. In addition, to account for the difference in Medicare coordination, upcoming FY17 medical claims costs for Medicare eligible retirees were further reduced 33.75%. The health care trend rate used for the DB health benefits was reduced 0.2% each year for the DC health benefits to reflect the fact that the retiree healthcare benefits to be offered to DC members will have annual indexing of member cost sharing features.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." The healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

Key Elements of OPEB formula:

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for retiree medical benefits, from the assumed entry age to the last age with a future benefit were

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

applied to the projected benefits to determine the normal cost (the portion of the total cost of the Plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total DC RM Plan payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the Plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for beneficiaries and disability members currently receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Post-employment healthcare benefits:

Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service. No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's and any covered dependent premium is 100% until the member is Medicare eligible. Upon the member's Medicare-eligibility, the required contribution will follow the service based schedule. Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements. The medical plan's coverage is supplemental to Medicare. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to that amount. Starting in 2018, the prescription drug coverage is a Medicare Part D Employer Group Waiver Plan (EGWP) arrangement. The premium for Medicare-eligible retirees will be based on the member's years of service. The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost. Members have a separate defined contribution HRA account that can be used to pay for premiums or other medical expenses. Coverage will continue for surviving spouses of covered retired members.

Annual Postemployment Healthcare Cost

In 2018, the Corporation recognized \$354,000 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

Presentation of Transition for OPEB for Defined Benefit and Defined Contributions Plans:

Beginning deferred outflows for DB and both DC plans were zero. The restatement of all prior periods is not practical and the data is not available from the State of Alaska actuary, therefore only the cumulative effect is reported as a restatement of beginning net position of \$8,392,000, the total cumulative effect for all three plans. By plan it was \$8,516,000 for DB, negative \$25,000 for DC RM, and negative \$99,000 for DC ODD. There have been no changes in the benefit provisions effective since the prior valuation.

21 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to \$175,000 per employee per year. The Corporation has provided for an estimate of the Incurred but Not Reported ("IBNR") liability in the amount of \$4,902,000 as of June 30, 2018.

Lease Obligations

The Corporation leases the land at its Anchorage Family Investment Center located at 440 E. Benson Blvd., Anchorage, AK for \$7,000 per month. Lease expense for the twelve months ended June 30, 2018, totaled \$84,000.

Litigation

The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation's financial statements.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

Subsequent Events

The Corporation delivered its \$167,780,000 General Mortgage Revenue Bonds II, 2018 Series A and B, on August 28, 2018. The Series A Bonds are \$109,260,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2048. The Series B Bonds are \$58,520,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2035. Interest on the Series A and B Bonds is payable each June 1 and December 1 at fixed rates ranging from 1.55% to 5.00%. Proceeds of the Series A and B Bonds will be used to finance mortgage loans, to refund certain outstanding obligations of the Corporation, to finance additional authorized activities of the Corporation, and to pay certain costs of issuance of the Bonds.

In August of 2018, the Corporation closed a \$5,000,000 conduit bond issuance for Marina and Karina Park Project, a 21-unit multi-family rental facility in Anchorage, Alaska. The conduit bonds will not constitute an indebtedness of the Corporation or the State of Alaska, but will instead be payable solely by the borrower.

22 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party with which the Corporation is doing business. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first-in-line in case of a loss. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage during the past three years.

23 CUMULATIVE EFFECT OF ACCOUNTING CHANGE

The AHFC participates in a multi-employer defined benefit plan: The Alaska Public Retirement System (PERS) plan. In 2018, AHFC adopted the provisions of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which, among other accounting and reporting criteria, requires AHFC to recognize its proportional share of the Net OPEB Liability (and related deferred inflow/outflow accounts), as of the beginning of AHFC's fiscal year. As a result of the implementation of this statement, AHFC has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening net position, as originally presented	Change in accounting principle adjustment	Opening net position, as restated
Administrative Fund	\$ 570,066	\$ (8,390)	\$ 561,676

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

24 FIVE YEAR FINANCIAL INFORMATION

Entity-wide amounts at year-end are presented below for informational purposes (in thousands):

	2018	2017	June 30, 2016	2015	2014
Assets					
Cash	\$ 69,609	\$ 66,343	\$ 70,104	\$ 50,348	\$ 77,026
Investments	596,133	618,544	615,588	816,244	1,063,200
Accrued interest receivable	14,115	12,771	12,325	11,606	12,357
Mortgage loans, notes and other loans	3,132,437	2,910,332	2,817,494	2,662,893	2,536,596
Net investment in direct financing lease	27,003	29,142	34,555	39,732	44,664
Unamortized bond issuance costs	-	-	-	-	0
Capital assets, net	100,472	106,762	109,821	116,057	120,248
Other assets	28,684	23,171	35,746	47,982	44,533
Derivative instrument - interest rate swaps	-	-	-	-	-
Total Assets	3,968,453	3,767,065	3,695,633	3,744,862	3,898,624
Deferred Outflow of Resources	133,107	172,676	234,921	171,440	156,579
Liabilities					
Bonds and notes payable	2,328,487	2,124,637	2,083,582	2,201,527	2,308,710
Short term debt	53,269	82,526	71,589	16,899	64,993
Accrued interest payable	9,984	9,622	9,628	9,397	10,147
Other liabilities	58,868	63,894	55,009	49,522	21,079
Derivative instrument - interest rate swaps	104,674	144,903	210,543	150,199	140,366
Total Liabilities	2,555,282	2,425,582	2,430,351	2,427,544	2,545,295
Deferred Inflow of Resources	7,582	531	670	3,277	-
Total Net Position	\$ 1,538,696	\$ 1,513,628	\$ 1,499,533	\$ 1,485,481	\$ 1,509,908
Operating Revenues					
Mortgage and loans revenue	\$ 135,055	\$ 130,538	\$ 128,942	\$ 126,140	\$ 120,740
Investment interest	6,273	4,727	3,595	4,388	6,532
Net change in fair value of investments	2,967	1,899	2,754	1,627	2,450
Net change of hedge termination	760	1,028	(552)	11	37
Total Investment Revenue	10,000	7,654	5,797	6,026	9,019
Externally funded programs	86,844	96,081	123,782	146,236	163,739
Rental	11,305	11,155	10,707	9,342	8,951
Other	3,076	4,051	4,952	2,355	5,637
Total Operating Revenues	246,280	249,479	274,180	290,099	308,086
Operating Expenses					
Interest	71,246	69,890	70,357	75,349	81,184
Mortgage and loan costs	11,452	10,843	10,836	11,327	9,442
Operations and administration	5,027	4,512	58,373	53,287	58,771
Financing expenses	(4,560)	(5,584)	3,556	5,064	4,415
Provision for loan loss	46,127	56,867	(5,831)	(5,741)	(5,688)
Housing grants and subsidies	15,091	14,296	107,054	125,222	149,188
Rental housing operating expenses	68,314	84,310	15,634	17,086	14,159
Total Operating Expenses	212,697	235,134	259,979	281,594	311,471
Operating Income (Loss)	33,583	14,345	14,201	8,505	(3,385)
Non-Operating & Special Item					
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
Special item	-	-	-	-	-
Change in Net Position	\$ 33,458	\$ 14,095	\$ 14,052	\$ 4,680	\$ (4,765)

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

**Schedule of the Corporation's Proportionate Share
of the Net Pension Liability (in thousands):**

	2018	2017	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.689820%	0.852380%	0.780600%	0.608214%	0.598696%
The Corporation's proportionate share of the net pension liability (asset)	\$ 35,660	\$ 47,645	\$ 37,859	\$ 28,368	\$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	13,285	6,003	10,856	22,644	26,434
Total	\$ 48,945	\$ 53,648	\$ 48,715	\$ 51,012	\$ 57,874
The Corporation's covered employee payroll	\$ 13,817	\$ 15,252	\$ 16,314	\$ 17,189	\$ 17,815
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	258.10%	312.39%	232.06%	165.04%	176.48%
Plan fiduciary net position as a percentage of the total pension liability	63.37%	59.55%	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

NOTE DISCLOSURES
 TO THE FINANCIAL STATEMENTS

Schedule of the Corporation's Contributions (in thousands)

	2018	2017	2016	2015	2014
Contractually required contributions	\$ 2,932	\$ 2,679	\$ 2,475	\$ 2,403	\$ 2,128
Contributions in relation to the contractually required contributions	2,932	2,679	2,475	2,403	2,128
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
The Corporation's covered employee payroll	12,583	13,817	15,252	16,314	17,189
Contributions as a percentage of covered-employee payroll	23.30%	19.39%	16.23%	14.73%	12.38%

This table reports the Corporation's pension contributions to PERS during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Schedule of the Corporation's Proportionate Share of the Net OPEB Liability (in thousands):

	2018	2017
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.68992000%	0.85265000%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plans)	0.70310000%	0.66252000%
The Corporation's proportionate share of the net OPEB liability (asset)	\$ 5,765	\$ 9,752
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	2,173	-
Total	<u>\$ 7,939</u>	<u>\$ 9,752</u>
The Corporation's covered employee payroll	\$ 21,133	\$ 21,629
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	27.28%	45.09%
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	89.68%	85.45%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	93.98%	86.82%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	212.97%	245.29%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Schedule of the Corporation's Contributions (in thousands)

		2018	2017
Contractually required contributions	\$	1,189	\$ 1,593
Contributions in relation to the contractually required contributions	\$	1,189	\$ 1,593
Contribution deficiency (excess)		-	-
The Corporation's covered employee payroll		20,629	21,133
Contributions as a percentage of covered-employee payroll		5.76%	7.54%

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

This OPEB table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Current				
Cash	\$ 29,902	\$ -	\$ -	\$ -
Investments	500,382	12,306	18,796	2,099
Accrued interest receivable	3,373	812	2,675	210
Inter-fund due to/from	(27,714)	3,369	12,603	753
Mortgage loans, notes and other loans	3,449	6,237	21,139	1,846
Net investment in direct financing lease	-	-	-	-
Other assets	3,814	-	-	-
Intergovernmental receivable	208	-	-	-
Total Current	513,414	22,724	55,213	4,908
Non Current				
Investments	13	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	121,867	243,704	744,745	59,672
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	17,626	-	-	-
Other assets	4,521	-	-	-
Total Non Current	146,944	243,704	744,745	59,672
Total Assets	660,358	266,428	799,958	64,580
DEFERRED OUTFLOW OF RESOURCES				
	5,226	-	100,090	-
LIABILITIES				
Current				
Bonds payable	-	8,655	5,360	1,280
Short term debt	53,269	-	-	-
Accrued interest payable	2,473	548	1,405	98
Other liabilities	8,810	76	236	19
Intergovernmental payable	-	-	-	-
Total Current	64,552	9,279	7,001	1,397
Non Current				
Bonds payable	-	199,721	502,978	46,840
Other liabilities	2,262	-	-	-
Derivative instrument - interest rate swaps	-	-	92,950	-
Pension and OPEB liability	41,425	-	-	-
Total Non Current	43,687	199,721	595,928	46,840
Total Liabilities	108,239	209,000	602,929	48,237
DEFERRED INFLOW OF RESOURCES				
	7,582	-	-	-
NET POSITION				
Net investment in capital assets	20,543	-	-	-
Restricted by bond resolutions	-	57,428	297,119	16,343
Restricted by contractual or statutory agreements	73,121	-	-	-
Unrestricted or (deficit)	456,099	-	-	-
Total Net Position	\$ 549,763	\$ 57,428	\$ 297,119	\$ 16,343

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ -	\$ 161	\$ 39,546	\$ 69,609
29,853	31,559	1,125	596,120
1,485	5,381	179	14,115
6,085	15,631	(10,727)	-
14,606	37,985	1,322	86,584
-	2,223	-	2,223
-	-	5,838	9,652
-	-	13,855	14,063
52,029	92,940	51,138	792,366
-	-	-	13
-	-	-	-
496,033	1,324,894	54,938	3,045,853
-	24,780	-	24,780
-	-	17,330	20,247
-	-	62,599	80,225
447	-	1	4,969
496,480	1,349,674	134,868	3,176,087
548,509	1,442,614	186,006	3,968,453
10,245	17,546	-	133,107
14,100	35,960	-	65,355
-	-	-	53,269
836	4,624	-	9,984
181	329	4,584	14,235
-	161	424	585
15,117	41,074	5,008	143,428
294,188	1,219,405	-	2,263,132
-	-	361	2,623
9,102	2,622	-	104,674
-	-	-	41,425
303,290	1,222,027	361	2,411,854
318,407	1,263,101	5,369	2,555,282
-	-	-	7,582
-	-	79,929	100,472
240,347	-	-	611,237
-	-	104,187	177,308
-	197,059	(3,479)	649,679
\$ 240,347	\$ 197,059	\$ 180,637	\$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION**ADMINISTRATIVE FUND**

As of June 30, 2018

(in thousands of dollars)

	<u>Administrative Fund</u>
ASSETS	
Current	
Cash	\$ 29,902
Investments	500,382
Accrued interest receivable	3,373
Inter-fund due to/from	(27,714)
Mortgage loans, notes and other loans	3,449
Net investment in direct financing lease	-
Other assets	3,814
Intergovernmental receivable	208
Total Current	<u>513,414</u>
Non Current	
Investments	13
Inter-fund due to/from	-
Mortgage loans, notes and other loans	121,867
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	17,626
Other assets	4,521
Total Non Current	<u>146,944</u>
Total Assets	<u>660,358</u>
DEFERRED OUTFLOW OF RESOURCES	<u>5,226</u>
LIABILITIES	
Current	
Bonds payable	-
Short term debt	53,269
Accrued interest payable	2,473
Other liabilities	8,810
Intergovernmental payable	-
Total Current	<u>64,552</u>
Non Current	
Bonds payable	-
Other liabilities	2,262
Derivative instrument - interest rate swaps	-
Pension and OPEB liability	41,425
Total Non Current	<u>43,687</u>
Total Liabilities	<u>108,239</u>
DEFERRED INFLOW OF RESOURCES	<u>7,582</u>
NET POSITION	
Net investment in capital assets	20,543
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	73,121
Unrestricted or (deficit)	456,099
Total Net Position	<u>\$ 549,763</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 3

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
ASSETS			
Current			
Cash	\$ -	\$ -	\$ -
Investments	5,426	6,880	12,306
Accrued interest receivable	349	463	812
Inter-fund due to/from	1,446	1,923	3,369
Mortgage loans, notes and other loans	2,507	3,730	6,237
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	9,728	12,996	22,724
Non Current			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	98,721	144,983	243,704
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Total Non Current	98,721	144,983	243,704
Total Assets	108,449	157,979	266,428
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Current			
Bonds payable	3,410	5,245	8,655
Short term debt	-	-	-
Accrued interest payable	292	256	548
Other liabilities	32	44	76
Intergovernmental payable	-	-	-
Total Current	3,734	5,545	9,279
Non Current			
Bonds payable	93,311	106,410	199,721
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension and OPEB liability	-	-	-
Total Non Current	93,311	106,410	199,721
Total Liabilities	97,045	111,955	209,000
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,404	46,024	57,428
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	\$ 11,404	\$ 46,024	\$ 57,428

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
ASSETS				
Current				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	5,068	1,784	1,811	2,271
Accrued interest receivable	304	297	292	417
Inter-fund due to/from	1,842	1,367	1,562	2,445
Mortgage loans, notes and other loans	2,085	2,444	2,380	3,073
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	9,299	5,892	6,045	8,206
Non Current				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	79,602	85,001	81,973	109,396
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Total Non Current	79,602	85,001	81,973	109,396
Total Assets	88,901	90,893	88,018	117,602
DEFERRED OUTFLOW OF RESOURCES	2,439	15,083	15,066	17,769
LIABILITIES				
Current				
Bonds payable	-	1,680	1,680	2,000
Short term debt	-	-	-	-
Accrued interest payable	81	202	202	240
Other liabilities	26	28	26	38
Intergovernmental payable	-	-	-	-
Total Current	107	1,910	1,908	2,278
Non Current				
Bonds payable	33,883	70,965	70,965	84,535
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	2,439	13,813	13,796	16,212
Pension and OPEB liability	-	-	-	-
Total Non Current	36,322	84,778	84,761	100,747
Total Liabilities	36,429	86,688	86,669	103,025
DEFERRED INFLOW OF RESOURCES	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	54,911	19,288	16,415	32,346
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	\$ 54,911	\$ 19,288	\$ 16,415	\$ 32,346

Schedule 4

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ -	\$ -	\$ -	\$ -
2,445	2,587	2,830	18,796
426	441	498	2,675
1,414	2,087	1,886	12,603
3,593	3,796	3,768	21,139
-	-	-	-
-	-	-	-
-	-	-	-
7,878	8,911	8,982	55,213
-	-	-	-
-	-	-	-
121,751	129,994	137,028	744,745
-	-	-	-
-	-	-	-
-	-	-	-
121,751	129,994	137,028	744,745
129,629	138,905	146,010	799,958
16,926	16,552	16,255	100,090
-	-	-	5,360
-	-	-	-
290	99	291	1,405
37	38	43	236
-	-	-	-
327	137	334	7,001
80,880	80,880	80,870	502,978
-	-	-	-
15,899	15,525	15,266	92,950
-	-	-	-
96,779	96,405	96,136	595,928
97,106	96,542	96,470	602,929
-	-	-	-
-	-	-	-
49,449	58,915	65,795	297,119
-	-	-	-
-	-	-	-
\$ 49,449	\$ 58,915	\$ 65,795	# \$ 297,119

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

Schedule 5**STATEMENT OF NET POSITION****VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED**

As of June 30, 2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
ASSETS	
Current	
Cash	\$ -
Investments	2,099
Accrued interest receivable	210
Inter-fund due to/from	753
Mortgage loans, notes and other loans	1,846
Net investment in direct financing lease	-
Other assets	-
Intergovernmental receivable	-
Total Current	<u>4,908</u>
Non Current	
Investments	-
Inter-fund due to/from	-
Mortgage loans, notes and other loans	59,672
Net investment in direct financing lease	-
Capital assets - non-depreciable	-
Capital assets - depreciable, net	-
Other assets	-
Total Non Current	<u>59,672</u>
Total Assets	<u>64,580</u>
DEFERRED OUTFLOW OF RESOURCES	<u>-</u>
LIABILITIES	
Current	
Bonds payable	1,280
Short term debt	-
Accrued interest payable	98
Other liabilities	19
Intergovernmental payable	-
Total Current	<u>1,397</u>
Non Current	
Bonds payable	46,840
Other liabilities	-
Derivative instrument - interest rate swaps	-
Pension and OPEB liability	-
Total Non Current	<u>46,840</u>
Total Liabilities	<u>48,237</u>
DEFERRED INFLOW OF RESOURCES	<u>-</u>
NET POSITION	
Net investment in capital assets	-
Restricted by bond resolutions	16,343
Restricted by contractual or statutory agreements	-
Unrestricted or (deficit)	-
Total Net Position	<u>\$ 16,343</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 6

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION
OTHER HOUSING BONDS

As of June 30, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
ASSETS					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	14,083	2,764	1,545	11,461	29,853
Accrued interest receivable	450	236	221	578	1,485
Inter-fund due to/from	2,412	463	-	3,210	6,085
Mortgage loans, notes and other loans	5,405	2,834	655	5,712	14,606
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	22,350	6,297	2,421	20,961	52,029
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	178,433	91,640	21,170	204,790	496,033
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	6	441	447
Total Non Current	178,433	91,640	21,176	205,231	496,480
Total Assets	200,783	97,937	23,597	226,192	548,509
DEFERRED OUTFLOW OF RESOURCES	1,144	-	-	9,101	10,245
LIABILITIES					
Current					
Bonds payable	3,860	4,140	-	6,100	14,100
Short term debt	-	-	-	-	-
Accrued interest payable	325	194	15	302	836
Other liabilities	107	25	-	49	181
Intergovernmental payable	-	-	-	-	-
Total Current	4,292	4,359	15	6,451	15,117
Non Current					
Bonds payable	102,844	90,701	14,600	86,043	294,188
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	9,102	9,102
Pension and OPEB liability	-	-	-	-	-
Total Non Current	102,844	90,701	14,600	95,145	303,290
Total Liabilities	107,136	95,060	14,615	101,596	318,407
DEFERRED INFLOW OF RESOURCES	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	94,791	2,877	8,982	133,697	240,347
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total Net Position	\$ 94,791	\$ 2,877	\$ 8,982	\$ 133,697	\$ 240,347

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

NON-HOUSING BONDS

As of June 30, 2018

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
ASSETS					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,226	-	567	461	1,066
Accrued interest receivable	206	-	37	225	362
Inter-fund due to/from	638	-	105	384	1,393
Mortgage loans, notes and other loans	939	-	75	1,066	1,746
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	5,009	-	784	2,136	4,567
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	34,127	-	7,055	53,835	75,492
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total Non Current	34,127	-	7,055	53,835	75,492
Total Assets	39,136	-	7,839	55,971	80,059
DEFERRED OUTFLOW OF RESOURCES					
	1,342	-	-	-	-
LIABILITIES					
Current					
Bonds payable	6,005	-	1,705	4,620	3,505
Short term debt	-	-	-	-	-
Accrued interest payable	820	-	26	162	243
Other liabilities	15	-	2	13	18
Intergovernmental payable	-	-	-	-	-
Total Current	6,840	-	1,733	4,795	3,766
Non Current					
Bonds payable	23,155	-	4,615	42,285	64,659
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	2,622	-	-	-	-
Pension and OPEB liability	-	-	-	-	-
Total Non Current	25,777	-	4,615	42,285	64,659
Total Liabilities	32,617	-	6,348	47,080	68,425
DEFERRED INFLOW OF RESOURCES					
	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	7,861	-	1,491	8,891	11,634
Total Net Position	\$ 7,861	\$ -	\$ 1,491	\$ 8,891	\$ 11,634

Schedule 7

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non- Housing Bonds Combined Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161	\$ -	\$ -	\$ -	\$ 161
1,743	984	124	112	132	177	160	136	22,671	31,559
554	827	470	438	273	799	505	306	379	5,381
2,324	2,799	1,795	1,365	766	866	1,834	712	650	15,631
3,355	7,621	3,392	3,208	1,768	4,277	5,047	1,621	3,870	37,985
-	-	-	-	-	2,223	-	-	-	2,223
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7,976	12,231	5,781	5,123	2,939	8,503	7,546	2,775	27,570	92,940
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,057	253,815	117,781	104,699	57,611	138,305	178,607	52,410	125,100	1,324,894
-	-	-	-	-	24,780	-	-	-	24,780
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,057	253,815	117,781	104,699	57,611	163,085	178,607	52,410	125,100	1,349,674
134,033	266,046	123,562	109,822	60,550	171,588	186,153	55,185	152,670	1,442,614
-	-	4,460	4,225	1,622	5,728	-	169	-	17,546
6,695	120	3,790	3,015	2,795	3,170	-	-	540	35,960
-	-	-	-	-	-	-	-	-	-
453	614	385	343	205	574	238	182	379	4,624
37	70	37	30	17	-	47	14	29	329
-	-	-	-	-	161	-	-	-	161
7,185	804	4,212	3,388	3,017	3,905	285	196	948	41,074
109,855	226,736	109,162	93,808	52,624	161,310	150,000	51,789	129,407	1,219,405
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	2,622
-	-	-	-	-	-	-	-	-	-
109,855	226,736	109,162	93,808	52,624	161,310	150,000	51,789	129,407	1,222,027
117,040	227,540	113,374	97,196	55,641	165,215	150,285	51,985	130,355	1,263,101
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
16,993	38,506	14,648	16,851	6,531	12,101	35,868	3,369	22,315	197,059
\$ 16,993	\$ 38,506	\$ 14,648	\$ 16,851	\$ 6,531	\$ 12,101	\$ 35,868	\$ 3,369	\$ 22,315	\$ 197,059

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal	Low Rent Program
ASSETS					
Current					
Cash	\$ 975	\$ 4,813	\$ 3	\$ 5,791	\$ 14,013
Investments	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Inter-fund due to/from	(2,854)	(3,923)	(3,038)	(9,815)	(1,127)
Mortgage loans, notes and other loans	-	-	68	68	-
Net investment in direct financing lease	-	-	-	-	-
Other assets	516	410	3,812	4,738	700
Intergovernmental receivable	5,029	265	8,047	13,341	515
Total Current	3,666	1,565	8,892	14,123	14,101
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	1,425	1,425	-
Mortgage loans, notes and other loans	-	-	1,145	1,145	-
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	12,533
Capital assets - depreciable, net	-	32	-	32	46,768
Other assets	-	-	-	-	-
Total Non Current	-	32	2,570	2,602	59,301
Total Assets	3,666	1,597	11,462	16,725	73,402
DEFERRED OUTFLOW OF RESOURCES					
	-	-	-	-	-
LIABILITIES					
Current					
Bonds payable	-	-	-	-	-
Short term debt	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Other liabilities	1,539	11	1,668	3,218	1,049
Intergovernmental payable	-	-	-	-	424
Total Current	1,539	11	1,668	3,218	1,473
Non Current					
Bonds payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension and OPEB liability	-	-	-	-	-
Total Non Current	-	-	-	-	-
Total Liabilities	1,539	11	1,668	3,218	1,473
DEFERRED INFLOW OF RESOURCES					
	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	32	-	32	59,301
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	3,692	2,399	10,295	16,386	13,167
Unrestricted or (deficit)	(1,565)	(845)	(501)	(2,911)	(539)
Total Net Position	\$ 2,127	\$ 1,586	\$ 9,794	\$ 13,507	\$ 71,929

Schedule 8

Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
\$ 12,415	\$ -	\$ -	\$ 26,428	\$ 7,327	\$ 39,546
-	2	1,123	1,125	-	1,125
-	33	80	113	66	179
(442)	60	631	(878)	(34)	(10,727)
-	369	885	1,254	-	1,322
-	-	-	-	-	-
69	-	-	769	331	5,838
(1)	-	-	514	-	13,855
12,041	464	2,719	29,325	7,690	51,138
-	-	-	-	-	-
-	-	-	-	(1,425)	-
-	11,927	29,432	41,359	12,434	54,938
-	-	-	-	-	-
1,130	-	-	13,663	3,667	17,330
15,799	-	-	62,567	-	62,599
-	-	-	-	1	1
16,929	11,927	29,432	117,589	14,677	134,868
28,970	12,391	32,151	146,914	22,367	186,006
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
301	4	7	1,361	5	4,584
-	-	-	424	-	424
301	4	7	1,785	5	5,008
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	361	361
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	361	361
301	4	7	1,785	366	5,369
-	-	-	-	-	-
16,929	-	-	76,230	3,667	79,929
-	-	-	-	-	-
11,740	12,387	32,144	69,438	18,363	104,187
-	-	-	(539)	(29)	(3,479)
\$ 28,669	\$ 12,387	\$ 32,144	\$ 145,129	\$ 22,001	\$ 180,637

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED - ALL FUNDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
OPERATING REVENUES				
Mortgage and loans revenue	\$ 10,934	\$ 10,536	\$ 32,693	\$ 2,333
Investment interest	1,854	410	890	168
Net change in the fair value of investments	3,023	1	13	(3)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	4,877	411	903	165
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	456	-	-	-
Other revenue	2,005	-	-	-
Total Operating Revenues	18,272	10,947	33,596	2,498
OPERATING EXPENSES				
Interest	931	6,897	20,287	1,184
Mortgage and loan costs	1,688	1,010	3,011	204
Bond financing expenses	467	32	2,820	8
Provision for loan loss	(1,019)	(1,452)	(1,596)	169
Operations and administration	14,214	526	1,315	75
Rental housing operating expenses	724	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	17,005	7,013	25,837	1,640
Operating Income (Loss)	1,267	3,934	7,759	858
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(125)	-	-	-
Transfers - Internal	(13,055)	(5,488)	13,925	2,402
Change in Net Position	(11,913)	(1,554)	21,684	3,260
Net position at beginning of year	570,066	58,982	275,435	13,083
Cumulative effect of accounting change	(8,390)	-	-	-
Revised net position at beginning of year	561,676	58,982	275,435	13,083
Net Position at End of Period	\$ 549,763	\$ 57,428	\$ 297,119	\$ 16,343

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 17,105	\$ 59,759	\$ 1,695	\$ 135,055
932	1,947	72	6,273
(102)	35	-	2,967
-	760	-	760
830	2,742	72	10,000
-	-	72,781	72,781
-	-	14,063	14,063
-	-	10,849	11,305
223	-	848	3,076
18,158	62,501	100,308	246,280
10,591	31,355	1	71,246
1,517	3,875	147	11,452
152	1,548	-	5,027
(284)	865	(1,243)	(4,560)
685	1,629	27,683	46,127
-	-	14,367	15,091
-	-	68,314	68,314
12,661	39,272	109,269	212,697
5,497	23,229	(8,961)	33,583
-	-	-	(125)
3,396	(9,846)	8,666	-
8,893	13,383	(295)	33,458
231,454	183,676	180,932	1,513,628
-	-	-	(8,390)
231,454	183,676	180,932	1,505,238
\$ 240,347	\$ 197,059	\$ 180,637	\$ 1,538,696

ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**ADMINISTRATIVE FUND**

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund
OPERATING REVENUES	
Mortgage and loans revenue	\$ 10,934
Investment interest	1,854
Net change in the fair value of investments	3,023
Net change of hedge termination	-
Total Investment Revenue	4,877
Grant revenue	-
Housing rental subsidies	-
Rental revenue	456
Other revenue	2,005
Total Operating Revenues	18,272
OPERATING EXPENSES	
Interest	931
Mortgage and loan costs	1,688
Bond financing expenses	467
Provision for loan loss	(1,019)
Operations and administration	14,214
Rental housing operating expenses	724
Grant expense	-
Total Operating Expenses	17,005
Operating Income (Loss)	1,267
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS	
Contributions to the State of Alaska or other State agencies	(125)
Transfers - Internal	(13,055)
Change in Net Position	(11,913)
Net position at beginning of year	570,066
Cumulative effect of accounting change	(8,390)
Revised net position at beginning of year	561,676
Net Position at End of Period	\$ 549,763

ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	\$ 4,572	\$ 5,964	\$ 10,536
Investment interest	160	250	410
Net change in the fair value of investments	2	(1)	1
Net change of hedge termination	-	-	-
Total Investment Revenue	162	249	411
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
Total Operating Revenues	4,734	6,213	10,947
OPERATING EXPENSES			
Interest	3,635	3,262	6,897
Mortgage and loan costs	427	583	1,010
Bond financing expenses	13	19	32
Provision for loan loss	(606)	(846)	(1,452)
Operations and administration	207	319	526
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
Total Operating Expenses	3,676	3,337	7,013
Operating Income (Loss)	1,058	2,876	3,934
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(1,354)	(4,134)	(5,488)
Change in Net Position	(296)	(1,258)	(1,554)
Net position at beginning of year	11,700	47,282	58,982
Cumulative effect of accounting change	-	-	-
Revised net position at beginning of year	11,700	47,282	58,982
Net Position at End of Period	\$ 11,404	\$ 46,024	\$ 57,428

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
OPERATING REVENUES				
Mortgage and loans revenue	\$ 4,312	\$ 3,769	\$ 3,773	\$ 4,976
Investment interest	96	116	113	132
Net change in the fair value of investments	3	1	1	2
Net change of hedge termination	-	-	-	-
Total Investment Revenue	99	117	114	134
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	4,411	3,886	3,887	5,110
OPERATING EXPENSES				
Interest	2,291	2,784	2,784	3,308
Mortgage and loan costs	392	368	346	457
Bond financing expenses	549	292	281	333
Provision for loan loss	(450)	(148)	(146)	(240)
Operations and administration	223	157	145	194
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	3,005	3,453	3,410	4,052
Operating Income (Loss)	1,406	433	477	1,058
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	10,691	663	(243)	649
Change in Net Position	12,097	1,096	234	1,707
Net position at beginning of year	42,814	18,192	16,181	30,639
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	42,814	18,192	16,181	30,639
Net Position at End of Period	\$ 54,911	\$ 19,288	\$ 16,415	\$ 32,346

Schedule 12

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 4,865	\$ 5,211	\$ 5,787	\$ 32,693
141	147	145	890
2	2	2	13
-	-	-	-
143	149	147	903
-	-	-	-
-	-	-	-
-	-	-	-
5,008	5,360	5,934	33,596
3,099	2,908	3,113	20,287
442	477	529	3,011
468	385	512	2,820
(75)	(138)	(399)	(1,596)
178	197	221	1,315
-	-	-	-
-	-	-	-
4,112	3,829	3,976	25,837
896	1,531	1,958	7,759
-	-	-	-
782	512	871	13,925
1,678	2,043	2,829	21,684
47,771	56,872	62,966	275,435
-	-	-	-
47,771	56,872	62,966	275,435
\$ 49,449	\$ 58,915	\$ 65,795	\$ 297,119

ALASKA HOUSING FINANCE CORPORATION

Schedule 13

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2018

(in thousands of dollars)

**Collateralized
Bonds 2016 First
& Second Series****OPERATING REVENUES**

Mortgage and loans revenue	\$ 2,333
Investment interest	168
Net change in the fair value of investments	(3)
Net change of hedge termination	-
Total Investment Revenue	165
Grant revenue	-
Housing rental subsidies	-
Rental revenue	-
Other revenue	-
Total Operating Revenues	2,498

OPERATING EXPENSES

Interest	1,184
Mortgage and loan costs	204
Bond financing expenses	8
Provision for loan loss	169
Operations and administration	75
Rental housing operating expenses	-
Grant expense	-
Total Operating Expenses	1,640
Operating Income (Loss)	858

NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS

Contributions to the State of Alaska or other State agencies	-
Transfers - Internal	2,402
Change in Net Position	3,260
Net position at beginning of year	13,083
Cumulative effect of accounting change	-
Revised net position at beginning of year	13,083
Net Position at End of Period	\$ 16,343

ALASKA HOUSING FINANCE CORPORATION

Schedule 14

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OTHER HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
OPERATING REVENUES					
Mortgage and loans revenue	\$ 6,330	\$ 3,305	\$ 584	\$ 6,886	\$ 17,105
Investment interest	233	276	54	369	932
Net change in the fair value of investments	1	(108)	3	2	(102)
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	234	168	57	371	830
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	6	217	223
Total Operating Revenues	6,564	3,473	647	7,474	18,158
OPERATING EXPENSES					
Interest	4,030	2,243	160	4,158	10,591
Mortgage and loan costs	544	346	-	627	1,517
Bond financing expenses	9	12	14	117	152
Provision for loan loss	351	166	(173)	(628)	(284)
Operations and administration	237	160	2	286	685
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total Operating Expenses	5,171	2,927	3	4,560	12,661
Operating Income (Loss)	1,393	546	644	2,914	5,497
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	3,563	243	(122)	(288)	3,396
Change in Net Position	4,956	789	522	2,626	8,893
Net position at beginning of year	89,835	2,088	8,460	131,071	231,454
Cumulative effect of accounting change	-	-	-	-	-
Revised net position at beginning of year	89,835	2,088	8,460	131,071	231,454
Net Position at End of Period	\$ 94,791	\$ 2,877	\$ 8,982	\$ 133,697	\$ 240,347

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

NON-HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B
OPERATING REVENUES						
Mortgage and loans revenue	\$ 1,853	\$ 150	\$ 1,362	\$ 4,012	\$ 5,710	\$ 6,767
Investment interest	36	1,171	25	37	55	88
Net change in the fair value of investments	(1)	-	-	-	-	-
Net change of hedge termination	760	-	-	-	-	-
Total Investment Revenue	795	1,171	25	37	55	88
Grant revenue	-	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Operating Revenues	2,648	1,321	1,387	4,049	5,765	6,855
OPERATING EXPENSES						
Interest	1,649	1,141	879	1,937	2,711	4,024
Mortgage and loan costs	151	11	92	229	371	482
Bond financing expenses	39	1	3	4	6	7
Provision for loan loss	(166)	(303)	(930)	(1,013)	(1,397)	(626)
Operations and administration	86	3	22	64	93	178
Rental housing operating expenses	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-
Total Operating Expenses	1,759	853	66	1,221	1,784	4,065
Operating Income (Loss)	889	468	1,321	2,828	3,981	2,790
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS						
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-
Transfers - Internal	354	(6,527)	(13,125)	(3,823)	(9,820)	122
Change in Net Position	1,243	(6,059)	(11,804)	(995)	(5,839)	2,912
Net position at beginning of year	6,618	6,059	13,295	9,886	17,473	14,081
Cumulative effect of accounting change	-	-	-	-	-	-
Revised net position at beginning of year	6,618	6,059	13,295	9,886	17,473	14,081
Net Position at End of Period	\$ 7,861	\$ -	\$ 1,491	\$ 8,891	\$ 11,634	\$ 16,993

Schedule 15

State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
\$ 12,037	\$ 5,920	\$ 5,382	\$ 3,104	\$ 7,399	\$ 3,919	\$ 1,500	\$ 644	\$ 59,759
125	63	60	46	163	34	19	25	1,947
-	-	-	-	-	-	-	36	35
-	-	-	-	-	-	-	-	760
125	63	60	46	163	34	19	61	2,742
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,162	5,983	5,442	3,150	7,562	3,953	1,519	705	62,501
5,136	3,029	3,207	1,652	3,533	1,449	681	327	31,355
928	477	389	215	17	375	84	54	3,875
12	6	5	3	586	417	208	251	1,548
(711)	(284)	(32)	(34)	2,891	1,621	546	1,303	865
397	215	189	119	11	182	38	32	1,629
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,762	3,443	3,758	1,955	7,038	4,044	1,557	1,967	39,272
6,400	2,540	1,684	1,195	524	(91)	(38)	(1,262)	23,229
-	-	-	-	-	-	-	-	-
(50,908)	47	(860)	174	11,577	35,959	3,407	23,577	(9,846)
(44,508)	2,587	824	1,369	12,101	35,868	3,369	22,315	13,383
83,014	12,061	16,027	5,162	-	-	-	-	183,676
-	-	-	-	-	-	-	-	-
83,014	12,061	16,027	5,162	-	-	-	-	183,676
\$ 38,506	\$ 14,648	\$ 16,851	\$ 6,531	\$ 12,101	\$ 35,868	\$ 3,369	\$ 22,315	\$ 197,059

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
OPERATING REVENUES				
Mortgage and loans revenue	\$ -	\$ -	\$ -	\$ -
Investment interest	1	6	-	7
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	6	-	7
Grant revenue	11,902	43,938	16,941	72,781
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	13	745	758
Total Operating Revenues	11,903	43,957	17,686	73,546
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	(1,212)	(1,212)
Operations and administration	3,152	5,689	3,194	12,035
Rental housing operating expenses	-	-	-	-
Grant expense	11,549	36,794	19,971	68,314
Total Operating Expenses	14,701	42,483	21,953	79,137
Operating Income (Loss)	(2,798)	1,474	(4,267)	(5,591)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,412	(751)	8,502	10,163
Change in Net Position	(386)	723	4,235	4,572
Net position at beginning of year	2,513	863	5,559	8,935
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	2,513	863	5,559	8,935
Net Position at End of Period	\$ 2,127	\$ 1,586	\$ 9,794	\$ 13,507

Schedule 16

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
\$ -	\$ -	\$ 332	\$ 1,226	\$ 1,558	\$ 137	\$ 1,695
12	11	14	18	55	10	72
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12	11	14	18	55	10	72
-	-	-	-	-	-	72,781
11,809	2,254	-	-	14,063	-	14,063
8,317	2,273	-	-	10,590	259	10,849
16	6	-	-	22	68	848
20,154	4,544	346	1,244	26,288	474	100,308
1	-	-	-	1	-	1
-	-	32	115	147	-	147
-	-	-	-	-	-	-
-	-	7	(28)	(21)	(10)	(1,243)
12,284	3,053	14	40	15,391	257	27,683
12,157	2,210	-	-	14,367	-	14,367
-	-	-	-	-	-	68,314
24,442	5,263	53	127	29,885	247	109,269
(4,288)	(719)	293	1,117	(3,597)	227	(8,961)
-	-	-	-	-	-	-
(39)	17	14	(1,489)	(1,497)	-	8,666
(4,327)	(702)	307	(372)	(5,094)	227	(295)
76,256	29,371	12,080	32,516	150,223	21,774	180,932
-	-	-	-	-	-	-
76,256	29,371	12,080	32,516	150,223	21,774	180,932
\$ 71,929	\$ 28,669	\$ 12,387	\$ 32,144	\$ 145,129	\$ 22,001	\$ 180,637

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
Cash flows from operating activities:				
Interest income on mortgages and loans	\$ 7,109	\$ 9,595	\$ 30,042	\$ 2,175
Principal payments received on mortgages and loans	11,175	30,601	93,618	8,354
Disbursements to fund mortgages and loans	(564,200)	-	-	-
Receipt (payment) for loan transfers between funds	326,828	(16,867)	(126,548)	(21,718)
Mortgage and loan proceeds	442,112	-	-	-
Payment of mortgage and loan proceeds to funds	(431,945)	-	-	-
Payments to employees and other payroll disbursements	(21,148)	-	-	-
Payments for goods and services	(10,482)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(7,757)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	30,722	-	-	-
Other operating cash payments	(5)	-	(326)	-
Net cash provided by (used for) operating activities	(217,591)	23,329	(3,214)	(11,189)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(18,325)	(22,980)	(1,280)
Payment to defease bonds	(676)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(6,918)	(19,049)	(1,184)
Proceeds from issuance of short term debt	437,453	-	-	-
Payment of short term debt	(467,214)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	279,287	(5,940)	6,831	-
Net cash provided by (used for) noncapital financing activities	248,743	(31,183)	(35,198)	(2,464)
Cash flows from capital financing activities:				
Acquisition of capital assets	(330)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	(330)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(7,099,040)	(156,270)	(368,547)	(57,079)
Proceeds from maturity of investments	7,067,601	163,335	406,067	70,551
Interest received from investments	1,676	407	862	181
Net cash provided by (used for) investing activities	(29,763)	7,472	38,382	13,653
Net Increase (decrease) in cash	1,059	(382)	(30)	-
Cash at the beginning of year	28,843	382	30	-
Cash at the end of period	\$ 29,902	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 1,267	\$ 3,934	\$ 7,759	\$ 858
<i>Adjustments:</i>				
Depreciation expense	1,087	-	-	-
Provision for loan losses	(1,019)	(1,452)	(1,596)	169
Net change in the fair value of investments	(3,023)	(1)	(13)	3
Transfers between funds for operating activity	(13,055)	(5,488)	13,925	2,402
Interest received from investments	(1,676)	(407)	(862)	(181)
Interest paid	-	6,918	19,049	1,184
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	81,919	11,645	(34,522)	(16,422)
Net increase (decrease) in assets, liabilities and deferred resources	(283,091)	8,180	(6,954)	798
Net cash provided by (used for) operating activities	\$ (217,591)	\$ 23,329	\$ (3,214)	\$ (11,189)

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 15,557	\$ 55,461	\$ 1,445	\$ 121,384
51,333	111,148	3,564	309,793
-	-	-	(564,200)
(65,899)	(91,709)	(4,087)	-
-	-	-	442,112
-	-	-	(431,945)
-	-	(15,803)	(36,951)
-	-	(13,169)	(23,651)
-	-	45,688	45,688
-	-	37,846	37,846
-	-	(36,140)	(36,140)
-	-	7,757	-
-	-	(33,643)	(33,643)
-	161	12,715	43,598
-	(152)	(2,573)	(3,056)
991	74,909	3,600	(129,165)
-	450,838	-	450,838
(17,575)	(53,433)	-	(113,593)
-	(122,459)	-	(123,135)
-	(1,412)	-	(1,412)
(10,068)	(38,897)	-	(76,116)
-	-	-	437,453
-	-	-	(467,214)
-	-	-	(107)
248	(278,898)	(1,528)	-
(27,395)	(44,261)	(1,528)	106,714
-	-	(119)	(449)
-	-	22	22
-	(5,663)	-	(5,663)
-	(1,743)	-	(1,743)
-	3,304	-	3,304
-	(4,102)	(97)	(4,529)
(319,638)	(415,141)	(6,165)	(8,421,880)
344,938	387,846	6,926	8,447,264
906	758	72	4,862
26,206	(26,537)	833	30,246
(198)	9	2,808	3,266
198	152	36,738	66,343
\$ -	\$ 161	\$ 39,546	\$ 69,609
\$ 5,497	\$ 23,229	\$ (8,961)	\$ 33,583
-	-	5,664	6,751
(284)	865	(1,243)	(4,560)
102	(35)	-	(2,967)
3,396	(9,846)	8,649	(17)
(906)	(758)	(72)	(4,862)
10,068	38,897	-	76,116
-	-	-	-
(17,518)	(191,778)	(355)	(167,031)
636	214,335	(82)	(66,178)
\$ 991	\$ 74,909	\$ 3,600	\$ (129,165)

ALASKA HOUSING FINANCE CORPORATION**Schedule 18**

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS**ADMINISTRATIVE FUND**

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund
<u>Cash flows from operating activities:</u>	
Interest income on mortgages and loans	\$ 7,109
Principal payments received on mortgages and loans	11,175
Disbursements to fund mortgages and loans	(564,200)
Receipt (payment) for loan transfers between funds	326,828
Mortgage and loan proceeds	442,112
Payment of mortgage and loan proceeds to funds	(431,945)
Payments to employees and other payroll disbursements	(21,148)
Payments for goods and services	(10,482)
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	(7,757)
Grant payments to other agencies	-
Other operating cash receipts	30,722
Other operating cash payments	(5)
Net cash provided by (used for) operating activities	(217,591)
<u>Cash flows from noncapital financing activities:</u>	
Proceeds from the issuance of bonds	-
Principal paid on bonds	-
Payment to defease bonds	(676)
Payment of bond issuance costs	-
Interest paid	-
Proceeds from issuance of short term debt	437,453
Payment of short term debt	(467,214)
Contributions to the State of Alaska or other State agencies	(107)
Transfers (to) from other funds	279,287
Net cash provided by (used for) noncapital financing activities	248,743
<u>Cash flows from capital financing activities:</u>	
Acquisition of capital assets	(330)
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	(330)
<u>Cash flows from investing activities:</u>	
Purchase of investments	(7,099,040)
Proceeds from maturity of investments	7,067,601
Interest received from investments	1,676
Net cash provided by (used for) investing activities	(29,763)
Net Increase (decrease) in cash	1,059
Cash at the beginning of year	28,843
Cash at the end of period	\$ 29,902
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 1,267
<i>Adjustments:</i>	
Depreciation expense	1,087
Provision for loan losses	(1,019)
Net change in the fair value of investments	(3,023)
Transfers between funds for operating activity	(13,055)
Interest received from investments	(1,676)
<i>Changes in assets, liabilities and deferred resources:</i>	
For the Year Ended June 30, 2018	81,919
Net increase (decrease) in assets, liabilities and deferred resources	(283,091)
Net cash provided by (used for) operating activities	\$ (217,591)

ALASKA HOUSING FINANCE CORPORATION
Schedule 19

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	\$ 4,160	\$ 5,435	\$ 9,595
Principal payments received on mortgages and loans	10,994	19,607	30,601
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(5,897)	(10,970)	(16,867)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	9,257	14,072	23,329
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(6,340)	(11,985)	(18,325)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(3,631)	(3,287)	(6,918)
Proceeds from issuance of short term debt	-	-	-
Payment of short term debt	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers (to) from other funds	(1,421)	(4,519)	(5,940)
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	(11,392)	(19,791)	(31,183)
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
<u>Cash flows from investing activities:</u>			
Purchase of investments	(60,542)	(95,728)	(156,270)
Proceeds from maturity of investments	62,518	100,817	163,335
Interest received from investments	159	248	407
Net cash provided by (used for) investing activities	2,135	5,337	7,472
Net Increase (decrease) in cash	-	(382)	(382)
Cash at the beginning of year	-	382	382
Cash at the end of period	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 1,058	\$ 2,876	\$ 3,934
Adjustments:			
Depreciation expense	-	-	-
Provision for loan losses	(606)	(846)	(1,452)
Net change in the fair value of investments	(2)	1	(1)
Transfers between funds for operating activity	(1,354)	(4,134)	(5,488)
Interest received from investments	(159)	(248)	(407)
Interest paid	3,631	3,287	6,918
Changes in assets, liabilities and deferred resources:			
Net (increase) decrease in mortgages and loans	4,451	7,194	11,645
Net increase (decrease) in assets, liabilities and deferred resources	2,238	5,942	8,180
Net cash provided by (used for) operating activities	\$ 9,257	\$ 14,072	\$ 23,329

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ 3,983	\$ 3,442	\$ 3,476	\$ 4,585
Principal payments received on mortgages and loans	11,617	11,539	10,610	14,086
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,577)	(15,635)	(12,334)	(20,407)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	(326)	-	-	-
Net cash provided by (used for) operating activities	9,697	(654)	1,752	(1,736)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(17,890)	(1,590)	(1,590)	(1,910)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,261)	(2,744)	(2,745)	(3,254)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	10,147	(244)	(1,016)	(682)
Net cash provided by (used for) noncapital financing activities	(9,004)	(4,578)	(5,351)	(5,846)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(40,434)	(51,058)	(47,536)	(56,018)
Proceeds from maturity of investments	39,620	56,176	51,026	63,468
Interest received from investments	91	114	109	132
Net cash provided by (used for) investing activities	(723)	5,232	3,599	7,582
Net Increase (decrease) in cash	(30)	-	-	-
Cash at the beginning of year	30	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ -
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>				
Operating income (loss)	\$ 1,406	\$ 433	\$ 477	\$ 1,058
<u>Adjustments:</u>				
Depreciation expense	-	-	-	-
Provision for loan losses	(450)	(148)	(146)	(240)
Net change in the fair value of investments	(3)	(1)	(1)	(2)
Transfers between funds for operating activity	10,691	663	(243)	649
Interest received from investments	(91)	(114)	(109)	(132)
Interest paid	1,261	2,744	2,745	3,254
<u>Changes in assets, liabilities and deferred resources:</u>				
Net (increase) decrease in mortgages and loans	6,258	(4,152)	(1,356)	(7,780)
Net increase (decrease) in assets, liabilities and deferred resources	(9,375)	(79)	385	1,457
Net cash provided by (used for) operating activities	\$ 9,697	\$ (654)	\$ 1,752	\$ (1,736)

Schedule 20

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 4,489	\$ 4,780	\$ 5,287	\$ 30,042
14,373	16,405	14,988	93,618
-	-	-	-
(24,399)	(25,116)	(23,080)	(126,548)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	(326)
(5,537)	(3,931)	(2,805)	(3,214)
-	-	-	-
-	-	-	(22,980)
-	-	-	-
-	-	-	-
(3,010)	(3,010)	(3,025)	(19,049)
-	-	-	-
-	-	-	-
-	-	-	-
(308)	(870)	(196)	6,831
(3,318)	(3,880)	(3,221)	(35,198)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(52,321)	(60,976)	(60,204)	(368,547)
61,043	68,644	66,090	406,067
133	143	140	862
8,855	7,811	6,026	38,382
-	-	-	(30)
-	-	-	30
\$ -	\$ -	\$ -	\$ -
\$ 896	\$ 1,531	\$ 1,958	\$ 7,759
-	-	-	-
(75)	(138)	(399)	(1,596)
(2)	(2)	(2)	(13)
782	512	871	13,925
(133)	(143)	(140)	(862)
3,010	3,010	3,025	19,049
(10,169)	(9,125)	(8,198)	(34,522)
154	424	80	(6,954)
\$ (5,537)	\$ (3,931)	\$ (2,805)	\$ (3,214)

ALASKA HOUSING FINANCE CORPORATION**Schedule 21**

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2018

(in thousands of dollars)

**Collateralized Bonds
2016 First & Second
Series**

<u>Cash flows from operating activities:</u>	
Interest income on mortgages and loans	\$ 2,175
Principal payments received on mortgages and loans	8,354
Disbursements to fund mortgages and loans	-
Receipt (payment) for loan transfers between funds	(21,718)
Mortgage and loan proceeds	-
Payment of mortgage and loan proceeds to funds	-
Payments to employees and other payroll disbursements	-
Payments for goods and services	-
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	-
Grant payments to other agencies	-
Other operating cash receipts	-
Other operating cash payments	-
Net cash provided by (used for) operating activities	(11,189)
<u>Cash flows from noncapital financing activities:</u>	
Proceeds from the issuance of bonds	-
Principal paid on bonds	(1,280)
Payment to defease bonds	-
Payment of bond issuance costs	-
Interest paid	(1,184)
Proceeds from issuance of short term debt	-
Payment of short term debt	-
Contributions to the State of Alaska or other State agencies	-
Transfers (to) from other funds	-
Net cash provided by (used for) noncapital financing activities	(2,464)
<u>Cash flows from capital financing activities:</u>	
Acquisition of capital assets	-
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	-
<u>Cash flows from investing activities:</u>	
Purchase of investments	(57,079)
Proceeds from maturity of investments	70,551
Interest received from investments	181
Net cash provided by (used for) investing activities	13,653
Net Increase (decrease) in cash	-
Cash at the beginning of year	-
Cash at the end of period	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ 858
<i>Adjustments:</i>	
Depreciation expense	-
Provision for loan losses	169
Net change in the fair value of investments	3
Transfers between funds for operating activity	2,402
Interest received from investments	(181)
Interest paid	1,184.00
<i>Changes in assets, liabilities and deferred resources:</i>	
Net (increase) decrease in mortgages and loans	(16,422)
Net increase (decrease) in assets, liabilities and deferred resources	798
Net cash provided by (used for) operating activities	\$ (11,189)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
OTHER HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

Schedule 22

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
Cash flows from operating activities:					
Interest income on mortgages and loans	\$ 5,663	\$ 2,959	\$ 595	\$ 6,340	\$ 15,557
Principal payments received on mortgages and loans	19,353	4,351	1,077	26,552	51,333
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(11,071)	(20,401)	(5,794)	(28,633)	(65,899)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-
Other operating cash payments	-	-	-	-	-
Net cash provided by (used for) operating activities	13,945	(13,091)	(4,122)	4,259	991
Cash flows from noncapital financing activities:					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(7,150)	(4,560)	-	(5,865)	(17,575)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(4,049)	(2,380)	(155)	(3,484)	(10,068)
Proceeds from issuance of short term debt	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers (to) from other funds	248	-	-	-	248
Net cash provided by (used for) noncapital financing activities	(10,951)	(6,940)	(155)	(9,349)	(27,395)
Cash flows from capital financing activities:					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-	-
Cash flows from investing activities:					
Purchase of investments	(85,016)	(82,030)	(12,539)	(140,053)	(319,638)
Proceeds from maturity of investments	81,800	101,626	16,761	144,751	344,938
Interest received from investments	222	277	55	352	906
Net cash provided by (used for) investing activities	(2,994)	19,873	4,277	5,050	26,206
Net Increase (decrease) in cash	-	(158)	-	(40)	(198)
Cash at the beginning of year	-	158	-	40	198
Cash at the end of period	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 1,393	\$ 546	\$ 644	\$ 2,914	\$ 5,497
Adjustments:					
Depreciation expense	-	-	-	-	-
Provision for loan losses	351	166	(173)	(628)	(284)
Net change in the fair value of investments	(1)	108	(3)	(2)	102
Transfers between funds for operating activity	3,563	243	(122)	(288)	3,396
Interest received from investments	(222)	(277)	(55)	(352)	(906)
Interest paid	4,049	2,380	155	3,484	10,068
Changes in assets, liabilities and deferred resources:					
Net (increase) decrease in mortgages and loans	4,601	(16,390)	(4,747)	(982)	(17,518)
Net increase (decrease) in assets, liabilities and deferred resources	211	133	179	113	636
Net cash provided by (used for) operating activities	\$ 13,945	\$ (13,091)	\$ (4,122)	\$ 4,259	\$ 991

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

NON-HOUSING BONDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
<u>Cash flows from operating activities:</u>					
Interest income on mortgages and loans	\$ 1,717	\$ (17)	\$ 1,326	\$ 3,943	\$ 5,020
Principal payments received on mortgages and loans	4,764	480	3,767	6,288	9,884
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	(1,762)	(2,646)	(6,452)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	-	83	-	-	-
Other operating cash payments	-	(152)	-	-	-
Net cash provided by (used for) operating activities	6,481	394	3,331	7,585	8,452
<u>Cash flows from noncapital financing activities:</u>					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(403)	(28,475)	(2,110)	(4,420)	(3,225)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(70)	(672)	(344)	(2,834)	(3,966)
Proceeds from issuance of short term debt	-	-	-	-	-
Payment of short term debt	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers (to) from other funds	226	25,286	-	78	(372)
Net cash provided by (used for) noncapital financing activities	(247)	(3,861)	(2,454)	(7,176)	(7,563)
<u>Cash flows from capital financing activities:</u>					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	(5,348)	-	(315)	-	-
Interest paid on capital notes	(1,715)	-	(28)	-	-
Proceeds from direct financing leases	-	3,304	-	-	-
Net cash provided by (used for) capital financing activities	(7,063)	3,304	(343)	-	-
<u>Cash flows from investing activities:</u>					
Purchase of investments	(13,362)	(4,452)	(13,644)	(16,580)	(27,692)
Proceeds from maturity of investments	14,156	4,458	13,084	16,134	26,747
Interest received from investments	35	5	26	37	56
Net cash provided by (used for) investing activities	829	11	(534)	(409)	(889)
Net Increase (decrease) in cash	-	(152)	-	-	-
Cash at the beginning of year	-	152	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 889	\$ 468	\$ 1,321	\$ 2,828	\$ 3,981
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan losses	(166)	(303)	(930)	(1,013)	(1,397)
Net change in the fair value of investments	1	-	-	-	-
Transfers between funds for operating activity	354	(6,527)	(13,125)	(3,823)	(9,820)
Interest received from investments	(35)	(5)	(26)	(37)	(56)
Interest paid	70	672	344	2,834	3,966
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	4,604	4,845	77,546	39,437	78,551
Net increase (decrease) in assets, liabilities and deferred resources	764	1,244	(61,799)	(32,641)	(66,773)
Net cash provided by (used for) operating activities	\$ 6,481	\$ 394	\$ 3,331	\$ 7,585	\$ 8,452

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
\$ 6,336	\$ 11,295	\$ 5,485	\$ 5,048	\$ 2,913	\$ 6,745	\$ 3,921	\$ 1,273	\$ 456	\$ 55,461
16,629	25,493	11,896	12,362	7,691	1,367	6,287	3,152	1,088	111,148
-	-	-	-	-	-	-	-	-	-
(10,192)	(29,190)	(9,094)	(12,485)	(4,919)	(3,889)	(6,359)	(3,330)	(1,391)	(91,709)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	78	-	-	-	161
-	-	-	-	-	-	-	-	-	(152)
12,773	7,598	8,287	4,925	5,685	4,301	3,849	1,095	153	74,909
-	-	-	-	-	168,153	100,259	52,374	130,052	450,838
(6,390)	(115)	(3,530)	(730)	(3,035)	(1,000)	-	-	-	(53,433)
-	-	-	-	-	(70,496)	-	(51,963)	-	(122,459)
-	-	-	-	-	(575)	(385)	(205)	(247)	(1,412)
(5,667)	(6,635)	(4,709)	(4,149)	(2,579)	(5,086)	(1,211)	(975)	-	(38,897)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
931	-	-	-	-	(95,121)	(102,383)	(207)	(107,336)	(278,898)
(11,126)	(6,750)	(8,239)	(4,879)	(5,614)	(4,125)	(3,720)	(976)	22,469	(44,261)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(5,663)
-	-	-	-	-	-	-	-	-	(1,743)
-	-	-	-	-	-	-	-	-	3,304
-	-	-	-	-	-	-	-	-	(4,102)
(42,324)	(56,823)	(30,502)	(29,394)	(20,760)	(101,609)	(14,580)	(7,137)	(36,282)	(415,141)
40,589	55,857	30,391	29,288	20,643	101,432	14,418	7,001	13,648	387,846
88	118	63	60	46	162	33	17	12	758
(1,647)	(848)	(48)	(46)	(71)	(15)	(129)	(119)	(22,622)	(26,537)
-	-	-	-	-	161	-	-	-	9
-	-	-	-	-	-	-	-	-	152
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161	\$ -	\$ -	\$ -	\$ 161
\$ 2,790	\$ 6,400	\$ 2,540	\$ 1,684	\$ 1,195	\$ 524	\$ (91)	\$ (38)	\$ (1,262)	\$ 23,229
-	-	-	-	-	-	-	-	-	-
(626)	(711)	(284)	(32)	(34)	2,891	1,621	546	1,303	865
-	-	-	-	-	-	-	-	(36)	(35)
122	(50,908)	47	(860)	174	11,577	35,959	3,407	23,577	(9,846)
(88)	(118)	(63)	(60)	(46)	(162)	(33)	(17)	(12)	(758)
5,667	6,635	4,709	4,149	2,579	5,086	1,211	975	-	38,897
13,552	94,170	2,596	119	2,039	(142,582)	(183,654)	(54,031)	(128,970)	(191,778)
(8,644)	(47,870)	(1,258)	(75)	(222)	126,967	148,836	50,253	105,553	214,335
\$ 12,773	\$ 7,598	\$ 8,287	\$ 4,925	\$ 5,685	\$ 4,301	\$ 3,849	\$ 1,095	\$ 153	\$ 74,909

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ -	\$ -	\$ -	\$ -
Principal payments received on mortgages and loans	-	-	-	-
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	(653)	(4,038)	(926)	(5,617)
Payments for goods and services	(793)	(354)	(839)	(1,986)
Cash received for externally funded programs	11,987	6,131	14,008	32,126
Cash received for Federal HAP subsidies	-	37,846	-	37,846
Payments for Federal HAP subsidies	-	(36,140)	-	(36,140)
Interfund receipts (payments)	1,047	(789)	8,106	8,364
Grant payments to other agencies	(11,602)	(851)	(21,190)	(33,643)
Other operating cash receipts	9	1,282	745	2,036
Other operating cash payments	-	(1,398)	-	(1,398)
Net cash provided by (used for) operating activities	(5)	1,689	(96)	1,588
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	4	-	4
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	4	-	4
<u>Cash flows from investing activities:</u>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	1	6	-	7
Net cash provided by (used for) investing activities	1	6	-	7
Net Increase (decrease) in cash	(4)	1,699	(96)	1,599
Cash at the beginning of year	979	3,114	99	4,192
Cash at the end of period	\$ 975	\$ 4,813	\$ 3	\$ 5,791
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (2,798)	\$ 1,474	\$ (4,267)	\$ (5,591)
Adjustments:				
Depreciation expense	-	15	-	15
Provision for loan losses	-	-	(1,212)	(1,212)
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,412	(751)	8,502	10,163
Interest received from investments	(1)	(6)	-	(7)
Interest paid	-	-	-	-
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	-	-	-	-
Net increase (decrease) in assets, liabilities and deferred resources	382	957	(3,119)	(1,780)
Net cash provided by (used for) operating activities	\$ (5)	\$ 1,689	\$ (96)	\$ 1,588

Schedule 24

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
\$ -	\$ -	\$ 301	\$ 1,121	\$ 1,422	\$ 23	\$ 1,445
-	-	1,456	1,944	3,400	164	3,564
-	-	-	-	-	-	-
-	-	(2,127)	(1,960)	(4,087)	-	(4,087)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(8,268)	(1,761)	-	-	(10,029)	(157)	(15,803)
(9,395)	(1,729)	-	-	(11,124)	(59)	(13,169)
11,308	2,254	-	-	13,562	-	45,688
-	-	-	-	-	-	37,846
-	-	-	-	-	-	(36,140)
(188)	(366)	-	-	(554)	(53)	7,757
-	-	-	-	-	-	(33,643)
8,206	2,279	-	-	10,485	194	12,715
(1,153)	(22)	-	-	(1,175)	-	(2,573)
510	655	(370)	1,105	1,900	112	3,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,528)
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,528)
(119)	-	-	-	(119)	-	(119)
12	6	-	-	18	-	22
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(107)	6	-	-	(101)	-	(97)
-	-	(1,727)	(4,438)	(6,165)	-	(6,165)
-	-	2,083	4,843	6,926	-	6,926
11	11	14	18	54	11	72
11	11	370	423	815	11	833
414	672	-	-	1,086	123	2,808
13,599	11,743	-	-	25,342	7,204	36,738
\$ 14,013	\$ 12,415	\$ -	\$ -	\$ 26,428	\$ 7,327	\$ 39,546
\$ (4,288)	\$ (719)	\$ 293	\$ 1,117	\$ (3,597)	\$ 227	\$ (8,961)
4,433	1,216	-	-	5,649	-	5,664
-	-	7	(28)	(21)	(10)	(1,243)
-	-	-	-	-	-	-
(39)	-	14	(1,489)	(1,514)	-	8,649
(11)	(11)	(14)	(18)	(54)	(11)	(72)
-	-	-	-	-	-	-
-	-	(651)	192	(459)	104	(355)
415	169	(19)	1,331	1,896	(198)	(82)
\$ 510	\$ 655	\$ (370)	\$ 1,105	\$ 1,900	\$ 112	\$ 3,600

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FORMS OF OPINIONS OF CO-BOND COUNSEL

On the date of issuance of the 2019 Series A Bonds, Co-Bond Counsel propose to issue approving opinions in substantially the following form:

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alaska (the “State”) and a record of proceedings relating to the issuance of \$140,000,000 aggregate principal amount of State Capital Project Bonds II, 2019 Series A (the “2019 Series A Bonds”), of the Alaska Housing Finance Corporation (the “Corporation”), a public corporation and government instrumentality of the State created by and existing under Alaska Statutes 18.55 and 18.56, as amended (the “Act”).

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The 2019 Series A Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted May 29, 2019, and are issued pursuant to the Indenture by and between the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”), dated as of October 1, 2012, and the 2019 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of July 1, 2019, executed pursuant to said Indenture (together, the “Indenture”).

The 2019 Series A Bonds mature and are subject to redemption as provided in the Indenture.

Capitalized terms used herein and not defined herein are used as defined in the Indenture.

As to any facts material to our opinion, we have relied upon various statements and representations of officers and other representatives of the Corporation including without limitation those contained in the Indenture and the certified proceedings and other certifications of public officials and certifications by officers of the Corporation furnished to us (which are material to the opinion expressed below) without undertaking to verify the same by independent investigation.

Subject to the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the State of Alaska (the “State”), the Corporation has been duly created, organized, and validly exists as a public corporation and

government instrumentality in good standing under the laws of the State, performing an essential public function with full corporate power and authority under the Act, among other things, to enter into, and to perform its obligations under the terms and conditions of, the Indenture.

2. The Indenture has been duly authorized, executed and delivered, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect).

3. The 2019 Series A Bonds have been duly and validly authorized, sold and issued by the Corporation in accordance with the Indenture and Constitution and laws of the State, including the Act and, pursuant to the Act, are issued by a public corporation and government instrumentality of the State for an essential public and governmental purpose.

4. Subject to agreements heretofore or hereafter made with the holders of any notes or other bonds of the Corporation pledging any particular revenues or assets not pledged under the Indenture and the exclusion by the Act of a pledge of funds in the Housing Development Fund (as described in the Act), the 2019 Series A Bonds are valid and legally binding general obligations of the Corporation for the payment of which, in accordance with their terms, the full faith and credit of the Corporation have been legally and validly pledged, are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

5. The 2019 Series A Bonds are secured by a pledge in the manner and to the extent set forth in the Indenture. The Indenture creates a valid pledge of a lien on all funds established by the Indenture and moneys and securities therein which the Indenture purports to create, to the extent and on the terms provided therein.

6. Interest on the 2019 Series A Bonds is *included* in gross income for Federal income tax purposes. We express no opinion regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the 2019 Series A Bonds.

7. Under existing laws, interest on the 2019 Series A Bonds is free from taxation of every kind by the State, and by municipalities and all other political subdivisions of the State (except that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

Very truly yours,

On the date of issuance of the 2019 Series B Bonds, Co-Bond Counsel propose to issue approving opinions in substantially the following form:

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alaska (the “State”) and a record of proceedings relating to the issuance of \$60,000,000 aggregate principal amount of State Capital Project Bonds II, 2019 Series B (the “2019 Series B Bonds”), of the Alaska Housing Finance Corporation (the “Corporation”), a public corporation and government instrumentality of the State created by and existing under Alaska Statutes 18.55 and 18.56, as amended (the “Act”).

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The 2019 Series B Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted May 29, 2019, and are issued pursuant to the Indenture by and between the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”), dated as of October 1, 2012, and the 2019 Series B Supplemental Indenture by and between the Corporation and the Trustee, dated as of July 1, 2019, executed pursuant to said Indenture (together, the “Indenture”).

The 2019 Series B Bonds mature and are subject to redemption as provided in the Indenture.

Capitalized terms used herein and not defined herein are used as defined in the Indenture.

Applicable Federal tax law establishes certain requirements that must be met subsequent to the issuance of the 2019 Series B Bonds in order for interest on the 2019 Series B Bonds not to be included in gross income for Federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The Corporation has covenanted that it will comply with such requirements and that it will do all things permitted by law and necessary or desirable to ensure that interest on the 2019 Series B Bonds will be, and remain, not included in gross income for Federal income tax purposes, under Section 103 of the Code. We have examined the program documentation adopted by the Corporation, which, in our opinion, establishes procedures and covenants under which, if followed, such requirements can be met. In rendering this opinion, we have assumed compliance with, and enforcement of, the provisions of such program procedures and covenants.

As to any facts material to our opinion, we have relied upon, and assumed compliance with, various statements, representations and covenants of officers and other representatives of the Corporation including without limitation those contained in the Indenture, the Corporation’s

Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 as to matters affecting the tax-exempt status of the 2019 Series B Bonds and the certified proceedings and other certifications of public officials and certifications by officers of the Corporation furnished to us (which are material to the opinion expressed below) without undertaking to verify the same by independent investigation.

Subject to the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the State of Alaska (the “State”), the Corporation has been duly created, organized, and validly exists as a public corporation and government instrumentality in good standing under the laws of the State, performing an essential public function with full corporate power and authority under the Act, among other things, to enter into, and to perform its obligations under the terms and conditions of, the Indenture.

2. The Indenture has been duly authorized, executed and delivered, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors’ rights generally from time to time in effect).

3. The 2019 Series B Bonds have been duly and validly authorized, sold and issued by the Corporation in accordance with the Indenture and Constitution and laws of the State, including the Act and, pursuant to the Act, are issued by a public corporation and government instrumentality of the State for an essential public and governmental purpose.

4. Subject to agreements heretofore or hereafter made with the holders of any notes or other bonds of the Corporation pledging any particular revenues or assets not pledged under the Indenture and the exclusion by the Act of a pledge of funds in the Housing Development Fund (as described in the Act), the 2019 Series B Bonds are valid and legally binding general obligations of the Corporation for the payment of which, in accordance with their terms, the full faith and credit of the Corporation have been legally and validly pledged, are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

5. The 2019 Series B Bonds are secured by a pledge in the manner and to the extent set forth in the Indenture. The Indenture creates a valid pledge of a lien on all funds established by the Indenture and moneys and securities therein which the Indenture purports to create, to the extent and on the terms provided therein.

6. Under existing statutes, regulations, rulings and court decisions, interest on the 2019 Series B Bonds (including any original issue discount properly allocable to the owner of a 2019 Series B Bond) is excluded from gross income for Federal income tax purposes.

7. Interest on the 2019 Series B Bonds is not a specific preference item for purposes of the alternative minimum tax imposed under the Code. We express no opinion regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the 2019 Series B Bonds.

8. Under existing laws, interest on the 2019 Series B Bonds is free from taxation of every kind by the State, and by municipalities and all other political subdivisions of the State (except that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

9. Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, upon the advice or with the opinion of counsel. Except to the extent of our concurrence therewith, we express no opinion as to any 2019 Series B Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other counsel.

Very truly yours,

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CERTAIN DEFINITIONS WITH RESPECT TO THE 2019 SERIES A BONDS

“Alternate Liquidity Facility” means any standby bond purchase agreement or similar agreement (not including a Non-Conforming Liquidity Facility or Self Liquidity) providing liquidity for the 2019 Series A Bonds, or any portion thereof, delivered by the Corporation in substitution for an existing 2019 Liquidity Facility pursuant to the terms of the 2019 Series A Supplemental Indenture. This Official Statement is intended to describe 2019 Series A Bonds only when they are covered by the Initial Liquidity Facility.

“Conversion Date” means the Business Day on which any of the 2019 Series A Bonds are Converted to Fixed Interest Rates or an Indexed Rate.

“Convert”, “Converted” or “Conversion”, as appropriate, means the conversion of the interest rate on the 2019 Series A Bonds to Fixed Interest Rates or an Indexed Rate as described in the 2019 Series A Supplemental Indenture.

“Effective Rate” means the rate of interest, which rate shall be less than or equal to the Maximum Rate, payable on the 2019 Series A Bonds prior to Conversion, determined for each Effective Rate Period applicable to such 2019 Series A Bonds.

“Effective Rate Date” means the date on which the 2019 Series A Bonds begin to bear interest at the Effective Rate.

“Effective Rate Period” means the period during which interest accrues under a particular Mode from one Effective Rate Date to and including the day preceding the next Effective Rate Date for such Mode.

“Fixed Interest Rates” means long-term interest rates fixed to maturity of a 2019 Series A Bond, established in accordance with the 2019 Series A Supplemental Indenture. This Official Statement is not intended to describe the 2019 Series A Bonds following a Conversion to Fixed Interest Rates.

“Indexed Rate” means a per annum index-based variable rate determined in accordance with the 2019 Series A Supplemental Indenture. This Official Statement is not intended to describe the 2019 Series A Bonds following a Conversion to an Indexed Rate.

“Maximum Rate” means, with respect to 2019 Series A Bonds bearing interest at a Weekly Rate, 12% per annum.

“Mode” means the manner in which the interest rate on the 2019 Series A Bonds is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate or Semiannual Rate. This Official Statement is not intended to describe 2019 Series A Bonds bearing interest at other than a Weekly Rate.

“Mode Change” means a change in Mode Period.

“Mode Change Date” means the effective date of a Mode Change.

“Mode Period” means each period beginning on the first Effective Rate Date for the 2019 Series A Bonds, or the first Effective Rate Date following a change from one Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next such change in Mode.

“Notice Parties” means the Corporation, the Remarketing Agent, the Tender Agent, and the Trustee.

“Rate Determination Date” means the date on which the Effective Rate for the Effective Rate Period following each such Rate Determination Date is determined, which, with respect to an Effective Rate Period during which the 2019 Series A Bonds are to bear interest at a Weekly Rate, is the first Business Day preceding the related Effective Rate Date.

“Remarketing Agent” means Raymond James & Associates, Inc. and its successors and assigns, unless another remarketing agent shall be duly appointed in accordance with the Indenture.

“Seven Day LIBOR” means, with respect to any Effective Rate Period, the per annum rate (rounded, if necessary, to the nearest one-hundredth of one percent) for deposits in United States dollars for seven days that appears on the Official LIBOR Page as of 11:00 a.m., London, England time, on the second Business Day immediately preceding the Effective Rate Date; provided that if such rate does not appear on the Official LIBOR Page or if fewer than two offered rates appear thereon, then Seven Day LIBOR means the rate determined by the Trustee to be the arithmetic mean (rounded, if necessary, to the nearest one-hundredth of one percent) of two or more quotations, requested and received by the Trustee from the principal London, England office of at least two major banks that are engaged in transactions in the London, England interbank market, for United States dollar deposits for seven days to prime banks in the London, England interbank market as of 11:00 a.m., London, England time, on the date such quotations are requested and received; and provided, further, that if on such date fewer than two quotations are received, Seven Day LIBOR means the arithmetic mean (rounded, if necessary, to the nearest one-hundredth of one percent) of the offered rates that one or more leading banks in New York, New York (other than the Trustee or a bank owned by or affiliated with the Trustee) are quoting, as of 11:00 a.m., Eastern time, on such date, to leading European banks for United States dollar deposits for seven days; and provided, further, that if such New York banks are not quoting such rates, Seven Day LIBOR means the Seven Day LIBOR applicable to the immediately preceding Effective Rate Period. If Seven Day LIBOR is not available, the Corporation will select a comparable rate index in good faith from such sources as it shall determine to be comparable to Seven Day LIBOR, and the Trustee shall calculate the rate based on such index.

“Tender Agent” means U.S. Bank National Association, organized and existing under the laws of the United States of America, and its successors and assigns.

“2019 Liquidity Facility” means, as applicable, the Initial Liquidity Facility or any Alternate Liquidity Facility, Non-Conforming Liquidity Facility, or Self Liquidity.

FORM OF CONTINUING DISCLOSURE CERTIFICATES

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Alaska Housing Finance Corporation (the “Corporation”) in connection with the issuance of \$_____ aggregate principal amount of its State Capital Project Bonds II, 2019 Series __ (the “Subject Bonds”). The Subject Bonds are being issued pursuant to an Indenture by and between the Corporation and U.S. Bank National Association, as trustee (the “Trustee”), dated as of October 1, 2012 (the “Master Indenture”), and a 2019 Series __ Supplemental Indenture, dated as of July 1, 2019, by and between the Corporation and the Trustee (together with the Master Indenture, the “Indenture”). The Corporation covenants and agrees with the registered owners and the beneficial owners of the Subject Bonds as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Corporation for the sole and exclusive benefit of the registered owners and beneficial owners of the Subject Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Corporation pursuant to, and as described in, Sections 3 and 4 of this Certificate.

“Disclosure Representative” shall mean the Executive Director/Chief Executive Officer of the Corporation or his or her designee.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“Fiscal Year” shall mean any twelve-month period ending on June 30 or on such other date as the Corporation may designate from time to time.

“Listed Events” shall mean any of the events listed in Section 5 of this Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

“Official Statement” shall mean the Corporation’s final Official Statement with respect to the Subject Bonds, dated June 6, 2019.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports. The Corporation shall provide to the MSRB an Annual Report for the preceding Fiscal Year (commencing with the Fiscal Year ending June 30, 2019) which is consistent with the requirements of Section 4 of this Certificate. The Annual Report shall be provided not later than 180 days after the Fiscal Year to which it relates. The Annual Report may be submitted as a single document or as separate documents constituting a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Corporation may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date. The Corporation shall, in a timely manner, file notice with the MSRB of any failure to file an Annual Report by the date specified in this Section 3. Such notice shall be in the form attached as Exhibit A to this Certificate, subject to Section 9 of this Certificate.

SECTION 4. Content of Annual Reports. The Corporation’s Annual Report shall include (i) the Corporation’s audited financial statements for the Fiscal Year ended on the previous June 30, prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board, if available, or unaudited financial statements for such Fiscal Year, (ii) an update of the financial information and operating data contained in the Official Statement under the caption “The Corporation,” (iii) the amount and type of the investments (and cash) in the accounts and subaccounts established in the Indenture, (iv) the outstanding principal balances of each maturity of Subject Bonds and the sinking fund installment amounts as applicable, and (v) financial information and operating data with respect to any other series of Bonds.

If not provided as part of the Annual Report by the date required (as described above under “Provision of Annual Reports”), the Corporation shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be incorporated by specific reference to other documents (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

SECTION 5. Reporting of Significant Events.

This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies on the Subject Bonds or any other bonds of the Corporation;
2. Non-payment related defaults under the Indenture and any Supplemental Indenture, if material;
3. Unscheduled draws on debt service reserve reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Subject Bonds, or other material events affecting the tax status of the Subject Bonds;
7. Modifications to rights of Subject Bondholders, if material;
8. Subject Bond calls, if material, and tender offers;
9. Defeasances of Subject Bonds;
10. Release, substitution or sale of property securing repayment of the Subject Bonds, if material;
11. Rating changes for the Subject Bonds;
12. Bankruptcy, insolvency, receivership or similar event[†] of the Corporation;
13. The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Corporation, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Corporation, any of which reflect financial difficulties.

Upon the occurrence of a Listed Event, the Corporation shall file a notice of such occurrence with the MSRB and the Trustee in a timely manner not in excess of ten (10) business

[†] Note to Paragraph 12: For the purposes of the event identified in Paragraph 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

days after the occurrence of such Listed Event. Each notice of a Listed Event hereunder shall indicate that it is a notice of a Listed Event.

SECTION 6. Termination of Reporting Obligation. The Corporation's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Subject Bonds.

SECTION 7. Dissemination Agent. The Corporation may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Corporation under this Certificate, and revoke or modify any such designation.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the Corporation may amend this Certificate if the following conditions are met:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof or a change in the identity, nature or status of the Corporation or the type of business conducted thereby;

(b) The Certificate, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Subject Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Subject Bonds as determined either by a party unaffiliated with the Corporation (such as Bond Counsel) or by approving vote of the registered owners of a majority in principal amount of the Subject Bonds pursuant to the terms of the Indenture.

The Corporation shall deliver a copy of any such amendment to the MSRB.

To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first annual financial information provided thereafter will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Default. *Except* as described in this paragraph, the provisions of this Certificate will create no rights in any other person or entity. The obligation of the Corporation to comply with the provisions of this Certificate are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any beneficial owner of Outstanding Subject Bonds, or by the Trustee on behalf of the registered owners of Outstanding Subject Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on

behalf of the registered owners of Outstanding Subject Bonds; *provided, however*, that the Trustee shall not be required to take any enforcement action *except* at the direction of the registered owners of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the Corporation or the Trustee to comply with this Certificate shall be an action to compel performance.

SECTION 11. Governing Law. This Certificate shall be construed and interpreted in accordance with the laws of the State of Alaska, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State, *provided* that, to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Corporation, and the registered owners and beneficial owners from time to time of the Subject Bonds, and shall create no rights in any other person or entity.

Date: July 11, 2019

ALASKA HOUSING FINANCE CORPORATION

By: _____

Exhibit A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alaska Housing Finance Corporation (the “Corporation”)

Name of Bond Issue: \$_____ State Capital Project Bonds II,
2019 Series __

Date of Issuance: July 11, 2019

NOTICE IS HEREBY GIVEN that the Corporation has not provided an Annual Report with respect to the above-named bond issue as required by the certificate of the Corporation.

Dated: _____

ALASKA HOUSING FINANCE CORPORATION

By: _____



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