

ALASKA HOUSING FINANCE CORPORATION
BOARD OF DIRECTORS
REGULAR BOD MEETING IN ANCHORAGE

January 21, 2015

10:00 a.m.

Anchorage/Fairbanks/Juneau

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. MINUTES: November 25, 2014
Next Resolution: #15-01
- IV. PUBLIC COMMENTS
- V. OLD BUSINESS:
- VI. NEW BUSINESS:
 - A. Consideration of a term loan request in the amount of \$3,836,150 for the long term financing of a proposed 49 unit affordable multifamily project with commercial uses to be known as “Creekview Plaza 49 Apartments” and located in Anchorage, Alaska.
 - B. Consideration of a term loan request in the amount of \$3,709,250 for the long term financing of energy efficiency improvements under the Alaska Energy Efficiency Revolving Loan Program for various buildings in the northern region of Alaska.
 - C. Consideration of a resolution of the Alaska Housing Finance Corporation authorizing the issuance of up to \$130 million State Capital Project Bonds II, 2015 Series A.
- VII. REPORT OF THE CHAIR
- VIII. BOARD COMMITTEE REPORTS: NONE
- IX. REPORT OF THE EXECUTIVE DIRECTOR
- X. ANY OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD
- X. Monthly Reports – Finance, Mortgage, R2D2, PHD, GRPA, Meeting Schedule

The Chair may announce changes in the Order of Business during the meeting.

ALASKA HOUSING FINANCE CORPORATION
BOARD OF DIRECTORS

REGULAR MEETING

November 25, 2014

10:00 a.m.

Juneau/Anchorage/Fairbanks

The Board of Directors of Alaska Housing Finance Corporation met November 25, 2014 at the Dimond Center Hotel in Anchorage at 700 E Dimond Blvd, Anchorage, AK 99515 at 10:00 a.m. Board members present were:

FRANK ROPPEL

Via teleconference

CHAIR

Member of the Board

CLAI PORTER

Anchorage

VICE CHAIR

Member of the Board

MARTY SHURAVLOFF

Via teleconference

Member of the Board

BRENT LEVALLEY

Anchorage

Member of the Board

JARED KOSIN

Anchorage

Designee for Commissioner

Department of Revenue

Member of the Board

WILLIAM STREUR

Anchorage

Commissioner

Department of Health

& Social Services

Member of the Board

JON BITTNER

Anchorage

Designee for Commissioner

Department of Commerce,

Community & Economic

Development

Member of the Board

I. **ROLL CALL.** A quorum was declared present and the meeting was duly and properly convened for the transaction of business.

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

III. **MINUTES OF OCTOBER 29, 2014.** VICE CHAIR PORTER asked for revisions or acceptance of the minutes. WILLIAM STREUR made a motion to accept the minutes as presented. BRENT LEVALLEY seconded the motion. Seeing and hearing no objection, the minutes were approved as presented.

IV. **PUBLIC COMMENTS.** In Anchorage: no public were present. In Fairbanks: no public were present. In Juneau: no public were present.

V. **OLD BUSINESS.** No Old Business to discuss with the Board.

VI. A. **CONSIDERATION OF A REQUEST FOR TERM LOAN FINANCING IN THE AMOUNT OF \$1,760,000 FOR THE ACQUISITION OF A 31 UNIT APARTMENT COMPLEX KNOWN AS "SHERWOOD ARMS" AND LOCATED IN EAGLE RIVER, ALASKA.** BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that Hollinger's Investment, LLC. has applied for term financing for the acquisition of a thirty-one unit multi-family apartment complex located at 12332 End Street in Eagle River, Alaska. The loan is believed to be an acceptable risk in consideration of the following: The excellent debt service coverage ratio of 1.42; the loan to value of 80%; and the borrower has other sources of income that could be used to support the project should there be a reduction in income from the property. Discussion followed. BRENT LEVALLEY made a motion to approve Resolution 2014-47. JARED KOSIN seconded the motion. The resolution was unanimously approved. (7-0).

RESOLUTION #2014-47

RESOLUTION APPROVING TERM FINANCING FOR A MULTI-FAMILY HOUSING PROJECT LOCATED AT 12332 END STREET IN EAGLE RIVER, ALASKA

VI. B. **CONSIDERATION OF A LOAN REQUEST IN THE AMOUNT OF \$625,000 FROM HABITAT FOR HUMANITY ANCHORAGE UNDER THE LOANS TO SPONSORS PROGRAM.** BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that Habitat for Humanity Anchorage (HFHA) has applied for \$625,000 in sponsor funds for the purpose of continuing their loan program for first and second mortgages and/or down payment and closing costs for borrowers, whose income does not generally exceed 60% of median income for the area, adjusted for family size. Discussion followed. BRENT LEVALLEY made a motion to approve Resolution 2014-48. BILL STREUR seconded the motion. The resolution was unanimously approved. (7-0)

RESOLUTION #2014-48

**RESOLUTION APPROVING A \$625,000 LOAN
TO PROVIDE FUNDS UNDER THE LOANS TO
SPONSORS PROGRAM.**

C. AN UPDATE REPORT FROM THE RESIDENT ADVISORY BOARD TO THE AHFC BOARD OF DIRECTORS. BRYAN BUTCHER introduced the item and CATHY STONE presented. Ms. Stone gave an overview of the Resident Advisory Board of Directors meeting that was held in October. Discussion followed. No action was requested nor required of the Board.

VII. REPORT OF THE CHAIR. CHAIR ROPPEL stated that the Board Workshop has been rescheduled for March 10, 2015 beginning at 1:00pm at the Crowne Plaza Hotel in Anchorage.

VIII. BOARD COMMITTEE REPORTS. There were no Committee reports to present to the Board.

IX. REPORT OF THE EXECUTIVE DIRECTOR. BRYAN BUTCHER reported on: 1.) Energy Efficiency Revolving Loan Fund (Mon, 11/03); 2.) National Council on State Housing (NCSHA) Boards appointed our Vice Chair Clai Porter as Secretary/Treasurer; 3.) Anchorage Economic Development Corporation's Live, Work, Play housing Meetings (Wed, 11/12 and Wed, 12/10-30); 4.) Chugach View and Chugach Manor meet and greet with residents (Mon, 11/17 and Wed, 11/19); 5.) Interior Builders Meeting in Fairbanks (Tue, 11/18); 6.) Resource Development Council Conference (Wed & Thurs, 11/19 & 11/20); 7.) Sustainable Northern Communities Meeting (Tue, 12/02); 8.) Energy Efficiency meeting with builders and lenders in Juneau (Wed, 12/03); 9.) AHFC Holiday party at the Crowne Plaza in Anchorage (Fri, 12/12); 10.) AHCC Annual BOD Meeting and AHFC Regular BOD Meeting January 21, 2015 at the Crowne Plaza Hotel in Anchorage; 11.) Construction continues on the AHFC building in Anchorage 1st floor remodel; 12.) Bob Brean, Director of Research and Rural Development, retires from AHFC after 30 years (Fri, 11/21).

X. **OTHER MATTERS.** VICE CHAIR PORTER asked if there were any other matters to properly come before the board.

1. **Monthly Loan Reports.** Finance, Mortgage, R2D2 and Public Housing reports were presented for discussion and review.
2. **Schedule of Board Meetings:**

AHCC Annual BOD Meeting	January 21, 2015	9:00 am	Anchorage
AHFC BOD Meeting	January 21, 2015	10:00am	Anchorage

X. **OTHER MATTERS.** VICE CHAIR PORTER asked if there were any other matters to properly come before the board. BRENT LEVALLEY made a motion to adjourn. Seeing and hearing no objections, the meeting was adjourned at 10:35 a.m.

ATTESTED:

Frank Roppel
Board Chair

Bryan Butcher
CEO/Executive Director

BOARD CONSIDERATION MEMORANDUM

Date: January 21, 2015

Staff: Eric A. Havelock

Item: Multi-family Loan Request

BORROWER: Creekview Plaza 49 Limited Partnership

PURPOSE: Term loan financing of a proposed affordable multifamily apartment complex for the elderly consisting of 49 units named "Creekview Plaza 49" and containing non-residential space to be located southwest of the intersection of Muldoon Road and DeBarr Road in Anchorage, Alaska.

PROPOSAL OVERVIEW:

Loan Amount:

First Deed of Trust:	\$ 3,047,300
Second Deed of Trust:	<u>\$ 788,850</u>
Total	\$ 3,836,150

Project's Market Value: \$6,500,000 Appraised by Brian Z. Bethard, MAI of Black-Smith, Bethard & Carlson. **See Appendix I.**

Loan-to-Value Ratio:

First Deed of Trust:	47%
First & Second Combined:	59%

Loan Terms:

First Deed of Trust:	30 years amortizing fixed monthly payments.
Second Deed of Trust:	Soft Second 30 years (please see Secondary Financing Section).

Interest Rate:

First Deed of Trust:	4.75%* (rate of 5.75% with 1% buydown)
Second Deed of Trust:	1.50%**

*Rate is determined at the time of underwriting based on what AHFC believes would be the cost of thirty (30) year tax-exempt bond plus administrative and anticipated servicing costs, subject to the receipt of a \$217,120.13 interest rate buydown fee for the 1% rate reduction, if it sold bonds at that time.

**Please see secondary financing section for more detail



Debt Service Coverage Ratio:

First Deed of Trust:	1.41
First & Second:	N/A

(A debt service coverage ratio is the net income available after paying expenses divided by the loan payment and is used as a profitability indicator for the project)

Development Costs:

See Appendix II for detailed breakdown.

Total Costs:	\$ 16,770,149
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Sources:

LIHTC Proceeds (cash)	\$ 4,324,892
AHFC's First DOT:	\$ 3,047,300
AHFC's Second DOT:	\$ 788,850
SCHDF Grant:	\$ 2,333,333
Supplemental Grant (AHFC):	\$ 1,890,000
FHLB AHP Grant*:	\$ 976,842
CIHA NAHASDA Loan:	\$ 1,461,958
Alternative Energy Tax Credit:	\$ 146,235
Deferred Developer fee:	\$ 400,739
Rasmuson Grant:	<u>\$ 1,400,000</u>
Total	\$ 16,770,149

*Note: The Federal Home Loan Bank did not award the anticipated grant in their last award round. The developer intends to apply again, and has pledged their own funds to the project should the grant award not be provided by the Federal Home Loan Bank.

STRUCTURING OF PROJECT FUNDING:

It is expected that Wells Fargo Bank or Northrim Bank will provide construction financing and an as yet to be determined tax credit investor will provide \$4,324,892 from the purchase of tax credits based on an anticipated price of 96.5 cents on the dollar. AHFC is providing \$2,333,333 from the Senior Citizen Housing Development Grant Program, and an additional \$1,890,000 from the Supplemental Grant Program. The developer is deferring \$400,739 from the developer's fee that will be secured in third position. \$1,461,958 is being provided through the CIHA NAHASDA loan to be secured in fourth position. The Rasmuson Foundation is providing a \$1,400,000 grant to CIHA that will then be contributed to the borrower. The project anticipates receiving the benefit of a \$146,235 alternative energy tax credit for the use of solar voltaic and geothermal energy, and \$976,842 from the Federal Home Loan Bank as a grant.

Recourse to General or Limited Partner: **No**

Non-recourse to the limited partnership is requested in consideration of the following:

For an investor the attractiveness of investing/purchasing tax credits is twofold in that they receive benefits over a ten-year period from tax credit deductions against their tax liability, and they also receive the benefit of taxable losses in excess of their actual investment. If a loan is non-recourse, the investor is allowed to deduct taxable losses in excess of their actual investment. On the other hand, a taxable loss to a partner, which is attributable to recourse financing, will not be allowed unless that partner is obligated to contribute additional capital. To an investor the tax credit is obviously much more attractive and beneficial to them, if the transaction is without recourse, as they receive additional taxable losses without being obligated to make capital contributions. If any of the partners of the limited partnership are obligated on a recourse basis, it could potentially cause a reallocation of taxable losses and the tax credits. Non-recourse financing provides the degree of certainty that is necessary to satisfy the concerns of prospective tax credit investors regarding partnership allocations. With this in mind, tax credit investors are particular in selecting the tax credits they purchase. Historically, permanent financing has been available for tax credit projects on a non-recourse basis.

CORPORATE STRUCTURE:

An entity that owns a project that has been funded, all or in part, by tax credit proceeds is generally structured as a limited partnership or a limited liability company (LLC) where two entities complement each other in achieving their objective. The partnership or LLC consists of a limited partner and a general partner. The limited partner's role is limited to the purchase of the tax credits, which provide cash for the project. The general partner, on the other hand, is usually the facilitator of the project and oversees the project's daily activities on behalf of the partnership. Additionally, the general partner, if qualified, may function as the developer during the project's development.

Principals:

The tax credit limited partnership is Creekview Plaza 49 Limited Partnership. Cook Inlet Housing Authority is the general partner, and Ne'Vut Development Corporation is the initial limited partner which will be replaced by an as yet to be identified tax credit investor as the tax credit limited partner.

General Partner:

Cook Inlet Housing Authority is a non-profit housing authority established in 1974 by a regional association, Cook Inlet Tribal Council, in accordance with AS 18.55.995-996. Regional Housing Authorities were established as public corporations and instrumentalities of the State of Alaska. As such, regional housing authorities are considered governmental entities and exempt from federal taxes and filing of returns. CIHA's President and CEO is Carol Gore and their Executive Vice President of Real Estate is Jeff Judd.

Initial Limited Partner:

Ne'Vut Development Corporation (NDC) is a non-profit subsidiary wholly owned by Cook Inlet Housing Authority. NDC was created for the purpose of developing affordable housing. An amended and restated partnership agreement will be executed at the closing of the construction loan which will replace NDC with the as yet to be identified tax credit investor.

Developer:

Cook Inlet Housing Authority (CIHA) will be the developer. Over the last 30 years, CIHA has developed 1039 units of affordable housing and independent senior housing, with an additional 166 units under construction, and 67 family units for homeownership located in Anchorage, Eagle River, Wasilla, Palmer, Kenai, Seldovia, and Ninilchik. The general contractor for the project will be determined by competitive procurement process as will the project architect, and it is anticipated that the request for proposals will be issued in late March. Staff is of the opinion that the development team as assembled through a competitive procurement process has the necessary skills and experience to successfully develop the subject project.

Financial:

The tax credit limited partnership's purpose is to own and operate the apartments. As such, the primary asset will be the project. The project is valued at \$6,500,000 and will have approximately \$5,698,846 in debt against it, which consists of AHFC's first and second deeds of trust, the CIHA NAHASDA loan, and the deferred developer fee.

Credit:

A recent credit report for Creekview Plaza 49 Limited Partnership and Cook Inlet Housing Authority reflects acceptable credit with no derogatory references. The tax credit limited partnership does not have any loans with AHFC. CIHA has two loans with AHFC carrying a balance of \$458,698 that are paying as agreed; a Loans to Sponsors Loan authorizing up to \$625,000 in lending that has not been utilized; The general partner's board also oversees Cook Inlet Lending Center, Inc. (CILC) a 501(c)3 entity that provides lending services and products for low and moderate income families, individual and minorities. CILC has a \$2,999,527 Loans to Sponsor Program loan. CIHA is also the managing general partner on 519 units of low-income housing tax credit limited partnerships that carry AHFC financing.

PROJECT CHARACTERISTICS:

Location and Site Description:

The subject is located approximately five miles east of the of Anchorage central business district on the west side of Muldoon Road just south of the DeBarr Road intersection. The area enjoys mixed uses of residential development with commercial uses along the arterials. Access is from Muldoon Road, with secondary access from Grass Creek Road. The site is comprised of two lots, known as Tract 8 and Tract 9, which contains a total of 97,495 square feet, is level and cleared, enjoys Chester Creek along the northern boundary, and is level with the street grade. The subject site is

served by all available public utilities including water, sewer, electricity, and natural gas. See Appendix IV.

Project Overview:

The proposed improvements will consist of two, three-story buildings containing a total of 49 units and 6,613 square feet of non-residential space. Buildings will be wood-framed construction with concrete foundations and covered with a combination of wood/vinyl/metal siding and a flat, membrane roof. Each building will have an elevator, interior stairwells, a secure entrance accessed via card readers, and will be fully sprinklered. Heating will be provided by a gas-fired forced air system in each building's mechanical room providing individual in-unit controls which will be augmented by a geothermal heat pump system. Building amenities include residential storage and a residential common area on each floor of the residential space. Parking will be provided by 100 open, paved parking spaces which is considered adequate for a project of this size and intended use. When the project is complete, it will be a legal conforming use of the site with an economic life as estimated by the appraiser of 50 years.

Residential Space: Each unit will have individual interior access from a common hallway, and will be finished with painted, textured gypsum board and carpet/vinyl floor coverings. The normal assortment of appliances will be offered including dishwashers. Tract 8 will be entirely residential in nature and will have a 23 unit building containing 17, one-bedroom, one-bath units each containing 640 square feet and renting between \$745 and \$843 per unit, per month; and, six, two-bedroom, one-bath units each containing 792 square feet and renting for \$1,050 per month. Tract 9 will be mixed-use in nature and will have a 26 unit building containing 26, one-bedroom, one-bath units each containing 640 square feet and renting between \$745 and \$843 per unit, per month. This building will also contain the non-residential space on the first floor.

Non-residential space: Approximately 6,613 square feet will be finished as a shell consisting of drywall finishings with the tenant completing the interior build out to meet sub-tenant requirements. The space is intended to accommodate up to four retail establishments, and is pre-leased at \$1.95 per square foot.

Note: While the rental units will be leased subject to the low income housing tax credit guidelines, the non-residential space is pre-leased with a five year, triple-net lease paying \$1.95 per square foot that includes five year renewable options with a 3% inflation factor. The tenant is CVP Land, LLC which was created in 2014 and is jointly owned by Cook Inlet Housing Authority and Muldoon Community Improvement LLC each enjoying a 50% interest. Muldoon Community Improvement LLC was created in 2001 and is jointly owned by Gerald Neeser Revocable Trust and Mark Pfeffer Revocable Trust each respectively enjoying a 61% and a 39% membership interest. The appraisal report considers the lease rate to be comparable to market lease rates considering the triple-net nature of the lease allowing the tenant to accommodate the space for sub-tenant improvements and to cover any vacancy. The triple-net lease pays a monthly payment regardless of occupancy.

Soil Conditions:

No soil deficiencies were noted by the appraiser. Evidence that the soils are suitable for the project and/or that the project was properly constructed to compensate for any soil deficiencies will be made a condition of the commitment.

Environmental Assessments:

A Phase One Environmental Assessment report was not provided with the GOAL application, and an environmental report acceptable to AHFC is being made a condition of commitment.

Health and Safety Inspection Report:

As new construction, an unconditional certificate of occupancy issued by the Municipality of Anchorage is being made a condition of this commitment. The subject project will be monitored annually by AHFC's internal audit as a tax credit project. Based on the aforementioned, staff determined a health and safety inspection report was not required.

PROJECT OPERATIONS:

Pro-Forma Statement: Staff reviewed the application, the historical operating history, and the appraisal in developing the pro-forma operating budget and believes it fairly depicts the expected performance of the project. Based on data provided by the Appraiser and Borrower it is anticipated that this property will maintain a high occupancy rate due to the desirable building location being close to retail and other employment opportunities. Staff concurs with this assessment noting the high demand for affordable units in the Anchorage area and the supporting amenities offered by the retail space. The lease rate of \$1.95 per square foot is noted to be below the market rate of \$2.75 per square foot but is considered to be reasonable based on the triple net nature of the lease. The Appraiser utilized a 4% vacancy and credit loss factor for the residential space which was adjusted by staff to 7% for underwriting purposes. Staff notes the appraiser also utilized a 10% vacancy for the retail space even though the long term, triple net lease indicates a vacancy factor may not be necessary. **See Appendix VI.**

Debt Service Coverage Ratio:

The 1.41 debt service coverage ratio on the repayment of the first deed of trust loan indicates that in addition to the 7% residential vacancy factor, income could fall by 13% or expenses could increase by 24% or some combination of both and there would still be sufficient funds to continue to pay the first mortgage. Stated another way, the project would break-even at a 20% vacancy rate. The ratio, by industry standards, is considered to be an excellent ratio.

Unit Set-Asides:

Borrower will restrict the occupancy of the units for residents meeting the federal definition of elderly under the Fair Housing Act utilizing the 55 and older option. The borrower further proposes that rents will be restricted on 30 of the 49 units for tenants earning 50% of the area median income or less; and, rents will be restricted on 19 of the 49 unit for tenants earning 60% of the area median income or less. Non-residential rents will be established by the market and collateralized through the assignment of a triple-net lease. Anticipated rents are set out in the pro-forma.

SECONDARY FINANCING STRUCTURING:

Second Deed of Trust:

- a. Amount: \$788,850
- b. Interest Rate: 1.50% calculated on a simple interest basis.
- b. Payments to be made annually based on the lesser of a \$32,847.07 scheduled annual installments; or, 80% of the available cash flow after consideration of all expenses, as approved by AHFC, required reserves, payment of the first mortgage, and payment of scheduled arrears. Should the scheduled payment not be made, interest will continue to accrue and be due with the next scheduled installment;
- d. Payments to be applied first to outstanding fees, accrued interest and then to principal with deficient interest, if any, continuing to accrue.
- e. Final payment of principal and interest, if any, due on the same date as the final payment on the loan secured by the first deed of trust. It is anticipated that the loan and interest will be paid off by year thirty (30).

Note: A second deed of trust loan is necessary in consideration that if the total requested debt of \$3,836,150 was structured as one loan at a tax-exempt rate of 5.75% and amortized over a 30 year period, the forecasted debt service ratio becomes 1.0 which reflects an annual cash flow of \$323 indicating that the income minus the expenses do not leave sufficient funds to make the loan payment should there be any decrease in income or increase in expenses. This proposal provides a blended interest rate of 5.373% before the interest rate buydown.

COMMUNITY SUPPORT:

Letters of support are included in Appendix VIII

COMMUNITY OPPOSITION:

Neither AHFC nor the borrower is aware of any community opposition.

PROPERTY MANAGEMENT:

The property will be managed by Cook Inlet Housing Authority. They have over 30 years in property management experience and oversee 1,039 existing units in Alaska. Staff concludes that they have sufficient experience to successfully manage the subject property, noting they manage eleven other projects financed by AHFC that contain 619 units of affordable housing. Further assurance is contained in the Deed of Trust which allows AHFC to replace the property manager if necessary. See Appendix IX.

JOB TRAINING:

As part of the competitive procurement process, the as yet to be selected general contractor and Cook Inlet Housing Authority have agreed to provide four construction apprentice positions sponsored by the Alaska Craftsman Home Program during the development of the project. See Appendix X

RECOMMENDATION:

Creekview Plaza 49 Limited Partnership has presented the corporation with an opportunity to assist in the development of the subject property allowing them to provide additional safe and needed affordable elderly housing in the Anchorage area.

The request falls within the parameters of the Multi-Family Housing Loan Program; it is reasonable to expect that the loans will be repaid; and it is considered to be an acceptable risk; therefore, Staff recommends approval of the request subject to the conditions noted below.

COMMITMENT CONDITIONS:

1. Alaska Housing Finance Corporation (AHFC) to provide long term financing in an amount not to exceed \$3,836,150, distributed as follows:
 - a. First deed of trust in the amount of \$3,047,300 amortized over thirty (30) years with monthly payments. Interest to be 4.75% at AHFC's thirty 30 year tax-exempt cost of funds including administrative and servicing costs;
 - c. Second deed of trust in the amount of \$788,850. The term shall be thirty (30) years at a simple interest rate of 1.50% with repayment on the second to be the lesser of a \$32,847.07 scheduled annual installments; or, 80% of the available cash flow after consideration of all expenses, as approved by AHFC, required reserves, payment of the first mortgage, and payment of scheduled arrears. Should the scheduled payment not be made, interest will continue to accrue and be due with the next scheduled installment;
2. A security position in the appropriate personal property, fixtures, furniture, and contracts, etc. will be taken;
 - a. If the costs, (as determined and certified by a qualified preparer), including the rent-up are less than projected, at the discretion of AHFC, the reduction in costs will be applied to reduce the second deed of trust loan. The qualified preparer and the form of the cost certification must be acceptable to AHFC;
 - b. If the tax credit proceeds exceed the projected amount, at the discretion of AHFC, they may be applied first to any unanticipated development expenses; or to reduce the second deed of trust loan; or a combination of the aforementioned;
3. Borrower to be Creekview Plaza 49 Limited Partnership;

4. Commitment to expire January 21, 2017. If necessary, an extension may be considered by staff subject to extension guideline criteria and extension fees;
5. AHFC may fund the loan from working capital or from its selection of a bond market placement or other sources which are the most attractive to it. The committed interest rate is a fixed rate and not subject to adjustment in the event AHFC elects to fund the first deed of trust loan from a source of funds that has an effective rate, as computed by AHFC, that varies from the committed rate;
6. A loan prepayment limitation will be imposed in accordance with AHFC's financing requirements;
7. Loan Agreement to include covenants which require the Borrower, at a minimum, to restrict the occupancy of the units for residents meeting the federal definition of elderly under the Fair Housing Act utilizing the 55 and older option. The borrower further proposes that rents will be restricted on 30 of the 49 units for tenants earning 50% of the area median income or less; and, rents will be restricted on 19 of the 49 unit for tenants earning 60% of the area median income or less. Non-residential rents will be established by the market and collateralized through the assignment of a triple-net lease;
8. Acceptance by AHFC of the following:
 - a. the project developer;
 - b. the project general contractor;
 - c. the project architect;
 - d. the project engineer; and
 - e. the property management entity;
9. Receipt and acceptance by AHFC of the following:
 - a. a Phase I environmental data report acceptable to AHFC;
 - b. copies of the plans and specifications;
 - c. evidence that the soils are suitable for the project and/or that the project was properly constructed to compensate for any soil deficiencies;
 - d. the general contractor's warranty which at a minimum is for one (1) year for all work performed and materials provided as part of the construction contract;

- e. an executed "Summary of Building Inspection" (AHFC Form PUR-102) or an unconditional Certificate of Occupancy unless otherwise approved by AHFC;
- f. evidence that the construction of the project was in compliance with the thermal and lighting energy standards as required by AS 46.11.040 and the building and energy efficiency standards of AHFC's regulations delineated in 15 AAC 155.010 - 155.030; in the form of a duly completed Building Energy Efficiency Standards (BEES) Certification (AHFC Form PUR-101);
- g. a final appraisal inspection and certification that the project was built substantially in accordance with the accepted plans and specifications as identified in the original appraisal report, subject to any AHFC approved change orders;
- h. a certification by the project architect which states that:
 - (i) the project was constructed substantially in accordance with the accepted plans, specifications and approved change orders;
 - (ii) that the project was constructed in accordance with applicable building codes and regulations; and
 - (iii) the project is suitable for occupancy.
- i. a detailed breakdown of final development costs as adjusted by change orders;
- j. an accountant's (or another source acceptable to AHFC) written certification verifying the final total development cost of the project;
- k. ALTA title policy with applicable endorsements;
- l. an as-built survey;
- m. all required certificates and/or binders of insurance to be no less than \$3,000,000 aggregate liability coverage with a \$10,000 deductible;
- n. an assignment of the triple-net lease on the non-residential space for collateral purposes;
- o. a \$217,120.13 interest rate buydown fee; and,
- p. a letter of opinion from the borrower's legal counsel verifying such matters as their legal entity, ability to enter into closing documentation, zoning compliance, permitting and licensing requirements, etc.

10. The establishment of a rent-up reserve in the amount of \$50,000; to be jointly controlled by AHFC and the borrower and funded at closing;
11. The establishment of an operating reserve in the amount of \$259,285; to be jointly controlled by AHFC and the borrower and funded at closing;
12. Monthly loan payment to include funds, as determined by AHFC, for (i) principal and interest, (ii) reserves for real property taxes, (iii) reserves for insurance, and property replacement reserves of \$1,225 per month;
13. Borrower to pay appropriate cost associated with the loan, including but not limited to recording, title insurance, escrow closing fee, loan fee, and legal fee for documentation preparation and review;
14. The payment of a \$31,271.13 loan fee payable at closing or upon the expiration of the commitment;
15. A commitment fee of \$15,635.57 will be required upon acceptance of the commitment with said amount being credited against the loan fee at the time of closing. Payment of the commitment fee must be made within 30 days from the date of the commitment letter; and
16. Other conditions that may arise as determined by AHFC.

Reviewed and accepted by Senior staff as substantively stated in this memorandum, subject to Board Approval:


Bryan D. Butcher
CEO/Executive Director


Michael Buller
Deputy Executive Director


Michael S. Strand
Chief Financial Officer

Date: 1-9-15

Date: 1/9/15

Date: 1/9/15

**ALASKA HOUSING FINANCE CORPORATION
RESOLUTION NO. 2015-01**

RESOLUTION APPROVING A MODIFICATION TO
THE TERM FINANCING FOR A MULTI-FAMILY
HOUSING PROJECT TO CREEKVIEW PLAZA 49
LIMITED PARTNERSHIP

BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation as follows:

I. Findings:

- A. There is need to provide safe, quality and affordable housing;
- B. Creekview Plaza 49 Limited Partnership has applied to Alaska Housing Finance Corporation to receive funds under its Multi-Family Special Needs and Congregate Housing Loan Program for the term financing of a senior housing facility with commercial uses located in Anchorage, Alaska;
- C. The proposed financing falls within the established program regulations; and,
- D. The proposed financing is found to be an acceptable risk to the Alaska Housing Finance Corporation.

II. Conclusion:

Pursuant to the foregoing findings, the Board hereby approves the request substantively as stated in the January 21, 2015 Board Consideration Memorandum prepared in support of the application.

This resolution shall take effect immediately.

DATED THIS 21st Day of January, 2015

Frank Roppel
Chair

ALASKA HOUSING FINANCE CORPORATION

RESOLUTION NO. 2015-02

RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION EXPRESSING OFFICIAL INTENT TO ISSUE BONDS TO FINANCE THE FACILITIES DESCRIBED HEREIN AND DETERMINING RELATED MATTERS.

BE IT RESOLVED BY THE ALASKA HOUSING FINANCE CORPORATION AS FOLLOWS:

Section 1. Identification of Borrower and Project. The Alaska Housing Finance Corporation (the "Corporation") is adopting this Resolution with respect to the project described in Exhibit A (the "Project") at the request of the individual or entity described in Exhibit A (the "Borrower").

Section 2. Official Intent. The Corporation is adopting this Resolution to satisfy the "official intent" requirements of Section 1.150-2 of the regulations adopted under the authority of the Internal Revenue Code of 1986, as amended, (the "Code") with respect to the Project. For this purpose, Exhibit A includes a general description of the Project and a statement of the maximum principal amount of bonds the Corporation reasonably expects to issue to finance costs of the Project (the "Bonds"). The Corporation intends to use the proceeds of the Bonds to make a loan (or to reimburse the Corporation for making a loan) to finance costs of the Project, and certain other costs, which are eligible under the Code for financing with proceeds of tax-exempt bonds (the "Eligible Costs"). This Resolution is adopted on the date set forth below, and the Eligible Costs incurred up to 60 days before that date will be eligible for reimbursement with proceeds of the Bonds. As of the date set forth below, the Corporation reasonably expects that it will issue the Bonds and use the proceeds of the Bonds as described in this section.

DATED at Anchorage, Alaska, this 21st day of January, 2015.

ALASKA HOUSING FINANCE CORPORATION

FRANK C. ROPPEL
Chair

EXHIBIT A

PROJECT DESCRIPTION

PROJECT DESCRIPTION: The development of a 49-unit elderly multi-family housing project containing 47,480 square feet and designed to address the housing needs of low-income individuals. The project is located at Tract 8 and Tract 9, The Alaska Village Subdivision in Anchorage, Alaska.

BORROWER: Creekview Plaza 49 Limited Partnership.
The borrower is a limited partnership organized under the laws of the State of Alaska.

MAXIMUM PRINCIPAL AMOUNT OF BONDS EXPECTED TO BE ISSUED: \$9,000,000.

BLACK-SMITH, BETHARD & CARLSON, LLC

September 26, 2014

Client: Alaska Housing Finance Corporation
 4300 Boniface Parkway
 Anchorage, Alaska 99504
 Attn: Mr. Eric Havelock

RE: Creekside Plaza
 A Proposed 49-Unit Rent Restricted Housing & Commercial Project
 Located on the west side of Muldoon Drive, in Anchorage, Alaska

Dear Mr. Havelock:

In fulfillment of our agreement as outlined in the letter of engagement, we submit our *appraisal report* of the estimated market value of the fee simple estate in the above referenced property. As instructed, we have appraised the property "As Complete" and "At Stabilized Occupancy". The appraisal process includes an appraisal of the property "At Stabilized Occupancy" by each relevant approach. An analysis and conclusion of value for the subject "As Complete" and "As Is" is included at the end of the report.

Based on an inspection of the property and the investigation and analyses undertaken, we have formed the opinion, subject to the definitions, certifications, and limiting conditions set forth in the attached report, that the property appraised has the following market values:

Prospective Market Value "At Market Rent" ¹	Date of Value	Value Conclusion
"At Stabilized Occupancy"	January 1, 2017	\$6,500,000
Prospective Market Value		
"At Completion"	August 1, 2016	\$6,398,000
Market Value "As Is"		
'As Is'	August 5, 2014	\$1,780,000
Prospective Market Value "Encumbered by LIHTC Restrictions"		
Total Market Value "At Stabilized Occupancy"	January 1, 2017	\$4,600,000
Prospective Market Value "Encumbered by LIHTC Restrictions"		
Total Market Value "At Completion"	August 1, 2016	\$4,494,000

This report was prepared for and our professional fee was billed to Alaska Housing Finance Corporation. It is intended for use by your internal management, your auditor and appropriate regulatory authorities.

¹ Based on the Hypothetical Condition that the property is unencumbered and at market rent.

There are several extraordinary assumptions and limiting conditions that may impact the value conclusions in this appraisal. We specifically call your attention to Page 15 in this report.

In addition to Alaska Housing Finance Corporation, the following values were also requested:

Value of the Tax Credits

Value of the Tax Credits	\$3,913,000
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Insurable Replacement Cost

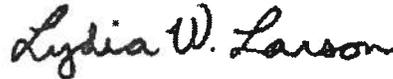
Insurable Replacement Cost	\$6,800,000
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The narrative appraisal report that follows sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, the results of the investigation and analyses, and the reasoning leading to the conclusions reached. This report was prepared in accordance with the standards and regulations as set forth in USPAP AND FIRREA.

Sincerely,
BLACK-SMITH, BETHARD & CARLSON, LLC.



Brian Z. Bethard, MAI
General Real Estate Appraiser (Cert #281)



Lydia W. Larson, Appraiser
General Real Estate Appraiser (Cert. #657)

CREEKVIEW PLAZA 49
49 UNITS - PROPOSED DEVELOPMENT COSTS

TOTAL DEVELOPMENT COSTS:

Land Acquisition*	\$ -0-
Construction Costs	\$ 12,726,593
Construction Financing	\$ 202,395
Term Loan Closing Costs	\$ 87,771
Interest Rate Buydown fee	\$ 217,120
Tax-exempt Bond Issuance fee	\$ 25,000
Related Soft Costs**	\$ 1,115,997
Syndication costs	\$ 30,250
Developer Fees	\$ 2,055,738
Operating Reserves	\$ 259,285
Rent-up Reserve***	<u>\$ 50,000</u>
Total Costs	\$ 16,770,149

* Land is being leased from Cook Inlet Housing Authority for one dollar per year

** Includes \$75,000 capitalized credit investor's asset management fee

** Rent up reserves may be used for authorized rent up expenses incurred prior to funding and may be paid at the closing of the term loan

Carol A. Gore

3510 Spenard Road, Suite, 100, Anchorage, AK 99503
Phone (907) 793-3000 ~ Email cgore@cookinlethousing.org

EDUCATION

University of Alaska/Anchorage

EXPERIENCE

8/2000 - Present

Cook Inlet Housing Authority, *President/CEO*

Responsible for planning and implementation of an annual operating budget of approximately \$35 million, ~\$15 million of which comes in the form of an annual grant for affordable housing activities provided through Native American Housing Assistance and Self Determination Act (NAHASDA) distributed through the US Department of Housing and Urban Development. Current affordable housing activities include ownership and management of approximately \$205 million in real estate, just shy of 1000 units, primarily senior rentals and single family homes in Anchorage. Responsible for development of approximately 587 units of family and senior rentals in the last twelve years, developed through access to Low Income Housing Tax Credits, NAHASDA and other private and Public Housing funds – more than doubling CIHA's total housing stock. Other activities include support of a variety of affordable housing programs and development including homeless, transitional housing, rental and home ownership programs provided through grants and other funding mechanisms.

8/90 – 9/2000

Cook Inlet Region, Inc., *Vice President of Income Properties*

Responsible for management of the performance, acquisition and disposition of a national real estate portfolio valued at more than \$200 million and consisting of multi-family, office and industrial properties located in Anchorage, Fairbanks, Seattle, Phoenix, Dallas, Austin, Albuquerque, Santa Fe, Las Vegas, and San Diego. Responsibilities included development, management and analysis of budgets and five (5) year business and capital plans, conducting financial measurements and audits, physical inspections, commercial lease negotiations, management of third party property managers and brokers and other related activities.

11/89 - 7/90

Cook Inlet Investment Management, Inc., *Assistant Vice President, Marketing*

Responsibilities included providing an orientation for an emerging money management company, as well as both fixed income and equity products targeting large institutional, pension and corporate funds. Accomplishments included initial development of a plan for an Alaska Native Mutual Pool Fund for Alaska Native corporations.

6/83 - 11/89

Huffman Hills Development & Prosser Construction Company, *Comptroller*

Financial management for seven companies involved in real estate development, construction, engineering, commercial fishing and other investments.

AFFILIATIONS

- 1/11 - Present Bean's Café
Serves as a Board member for Anchorage's soup kitchen which provides nutritious meals and a safe day shelter along with social service outreach programs for the homeless.
- 3/06 - Present Anchorage Community Land Trust
Serve as a Board member of Anchorage's first land trust focused on revitalization of commercial properties to promote an arts and cultural district in Mountain View, Anchorage's oldest neighborhood.
- 2/06 - Present Homelessness Task Force
Appointed by the governor to advise on issues related to long and short term homelessness and strategies to solve housing shortages.
- 1/04 - Present Federal Home Loan Bank - Affordable Housing Council Vice Chair
The council works with the FHLB Board of Directors on issues of affordable housing and economic development.
- 1/02 - Present Pacific Northwest Regional Council - National Association of Housing and Redevelopment Officials (NAHRO) Commissioner
NAHRO is one of the leading housing and community development advocates for the provision of adequate and affordable housing. Received President's Award for innovation in 2004.
- 9/01 - 2003 Housing and Neighborhood Development Commission, Commissioner
Appointed by the Mayor to advise on issues related to long and short term housing and community development needs, and strategies to effect revitalization of lower income and at-risk neighborhoods.
- 1/90 - Present Cook Inlet Housing Development Corporation, Director
This organization manages the management of a 90 bed critical care project and development of other affordable housing projects within a campus of senior housing.
- 1/90 - 1/98 Cook Inlet Housing Authority, Commissioner
This included oversight of modernization of existing housing, loan subsidies for purchase of single family homes, and development and management of senior low rent housing. Served as Secretary.
- 12/87 - 11/89 Cook Inlet Region, Inc., Director
Served as Assistant Secretary and as a member of the Planning, Compensation and Executive Committees. A for-profit corporation created by Congress to represent 7,200 Alaska Native shareholders.
- 9/85 - 2001 The CIRI Foundation, Director
Served as Assistant Secretary and as a member of the Scholarship and Planning Committees. The CIRI Foundation is responsible for distribution of educational scholarships, career upgrade grants, and cultural enhancement grants for Alaska Native individuals from a \$50 million endowment.

- 4/82 - 2002 Ninilchik Native Association, Inc., Director
Served seventeen (17) years as a director. A for-profit village corporation created by Congress to represent Alaska Native shareholders.
- 3/98 - 2001 Public Facilities Commission, Commissioner
A mayoral appointee providing public service support to managing operations and management of publicly owned facilities.
- 3/95 - 2001 Anchorage Historic Properties, Inc., Director
A Mayoral appointee providing community support for preservation of historical properties. Served as head of the Finance Committee.

EXPERIENCE

LIHTC

Strawberry Village (SV), Anchorage, AK- President and CEO managing SV development, operations and management. SV has 60 units all at ≤60% AMI.

Kenaitze Pointe (KP) Anchorage, AK - President and CEO managing KP development, operations and management. KP has 53 units. 31 at ≤60% AMI and 22 at ≤50% AMI. One unit is PBRA.

Tyonek Terrace (TT) - President and CEO managing TT development, operations and management. TT has 40 units. 16 units are ≤60% AMI, 20 units are ≤50% AMI, and 4 units are market rate.

Mountain View I (MVI) Anchorage, AK -- President and CEO managing MVI development, operations and management. MVI has 28 units; all units are ≤60% AMI. 8 units are PBRA.

Mountain View II (MVII) Anchorage, AK -- President and CEO managing MVII development, operations and management. MVII has 47 units. 23 units are ≤60% AMI and 24 units are ≤50% AMI. 4 units are PBRA.

Mountain View III (MVIII) Anchorage, AK -- President and CEO managing MVIII development, operations and management. MVIII has 38 units. 30 units are ≤60% AMI and 8 units are ≤50% AMI.

Mountain View IV (MVIV) Anchorage, AK -- President and CEO managing MVIV development, operations and management. MVIV has 34 units. 4 units at ≤ 50% AMI and 30 units at ≤ 60% AMI.

Grass Creek Village (GCV) Anchorage, AK -- President and CEO managing GCV development, operations and management. GCV has 80 units with 8 units at ≤50% AMI, 48 units at ≤60% AMI and 24 market rate units.

Eklutna Estates (EE) Anchorage AK -- President and CEO managing EE development, operations and management. EE has 59 units with 47 units ≤60% AMI, 12 units ≤50% AMI and 8 market rate units.

Loussac Place (LP) Anchorage, AK -- President and CEO managing LP development and operations. LP has 120 units with 46 units ≤50% AMI, 29 units ≤30% AMI and 44 workforce housing units.

RECOGNITION/ACCOLADES

YWCA Women of Achievement Award (2004), Pacific Northwest Council National Association of Housing and Redevelopment Officials (PNRC) President's Award (2004), Soroptimist International of Anchorage "Advancing the Status of Women" Award (2006), Anchorage Chamber of Commerce Athena Award (2009), 2011 National Association of Housing and Redevelopment Officials (NAHRO) M. Justin Herman Award, 2012 National American Indian Housing Council (NAIHC) Virginia Kizer Award.

JEFF K. JUDD

2051 S. Carr Street, Wasilla, Alaska 99654 – (907) 376-6590

PROFESSIONAL EXPERIENCE:

2001 – Present **Cook Inlet Housing Authority, Anchorage, AK**
Executive Vice-President, Real Estate, 2010 - Current
Vice-President, Development & Construction, 2004 - 2010
Director of Operations & Asset Management, 2001 - 2004

Responsible for development planning, finance, construction, rehabilitation, and weatherization programs on behalf of the housing authority, including the efficient and effective management and administration of construction, project management, and development finance departments. As a member of the executive management team, assists the President/CEO with development policy and program development, implementation and compliance with development strategies and initiatives in support of the strategic goals and objectives.

- Responsible for budget preparation and management.
- Responsible for implementation of new development initiatives.
- Responsible for effective, efficient operation and regulatory compliance of development activities.
- Responsible for development finance, including construction and permanent loans, and gap financing.

1998 – 2001 **Anchorage Mutual Housing Association, Anchorage, AK**
Executive Director

Responsible to Board of Directors for development and management of multi-million dollar non-profit housing and resident service provider, including organizational leadership, asset management, fiscal management, property management, program development, fund raising, staff motivation and direction, goal setting and performance assessment.

Encouraged a team approach to organizational management, problem solving, team member communication, and knowledge of organizational goals and objectives. Actively engaged AMHA Board members in organizational matters, including organizational performance, successes, obstacles, and future visioning. Re-established communication with organizational partners such as AHFC, HUD, and the Municipality regarding AMHA's contribution to the community, as well as critical AMHA/ANHS concerns. Developed and implemented management information systems, including work order tracking, collections, turnover rates, turnaround and make-ready time reporting. Assessed reasonableness of property operating expenses, including primary responsibility for property tax appeal process, review of asset painting process and cost – resulting in a cost reduction of 23%, and elimination of non-cost effective services.

1994 – 1998 **Alaska Housing Finance Corporation, Anchorage, AK**
Planner

Exempt level position responsible for management of State of Alaska's HOME Investment Partnerships Program, Senior Citizen's Housing Development Fund Program, Comprehensive (Modernization) Grant Program, with co-management responsibility of the Low Income Housing Tax Credit Program. Responsibilities included assessment and prioritization of state housing needs, \$12 million annual budget preparation, development of program policies, procedures and application requirements, coordination of application review and award process, program assessment and monitoring. Responsibilities required routine interaction with AHFC Board of Directors, non-profit organization directors and Board members, Federal and State agencies, elected representatives, for-profit individuals and other constituents.

Developed and managed the State's GOAL Program (rental development – rehabilitation and new construction), Tenant-Based Rental Assistance Program, Owner-Occupied Rehabilitation Program, HOME Opportunity Program (homebuyer assistance), Emergency Reconstruction Program ("Miller's Reach" fire reconstruction), and Operating Expense Assistance Program for Community Housing Development Organizations (CHDO). Coordinated the efforts of program staff persons in daily program

operations, including the award, grant and loan management, and monitoring of over \$32 million in AHFC housing development funds related to these programs. Provided project analysis, financial feasibility review and assessment, application of funding mechanisms and requirements, and project and program compliance instruction and monitoring review.

1991 – 1994 Alaska Housing Finance Corporation, Anchorage, AK
Mortgage Project Specialist

Responsible for multi-family, special needs, and congregate loan processing and underwriting from receipt of application through loan package preparation and presentation to executive loan committee and Board of Directors. Position required high degree of analytical ability, financial analysis, writing skills, problem solving capability and inter-personal skills with a wide range of clientele, AHFC staff and other related parties.

Also responsible for assisting in the development and implementation of new lending programs, including the initial development of AHFC's Affordable Housing Enhanced Loan Program (AHHELP). AHHELP is designed to assist lower income families in becoming homeowners by providing primary financing under modified terms, with secondary financing being provided by other participating partners.

1989 – 1991 Alaska Housing Finance Corporation, Anchorage, AK
Mortgage Loan Underwriter

Responsibilities included mortgage loan review, including credit, financial and collateral analysis. Other duties included AHFC representation at FHA/VA/Lender liaison and Alaska Mortgage Bankers Association meetings, lender education workshops and daily communication with lenders and public constituents.

EDUCATION:

B.S., Financial Management, College of Business Administration, University of Oregon, Eugene, Oregon. Graduation – June 1983.

PROFESSIONAL DEVELOPMENT:

Accredited Residential Manager, Institute of Real Estate Management, 1998.
Senior Housing Specialist Certification, Natl. Center for Housing Management, 1998.
Certified Credit Compliance Professional Certification, Spectrum Seminars, 1998.
Single Family Homeownership Development, Alaska Regional Training Institute, 1997.
Housing Specialist Certification – Section 8 Housing Quality Standards, Nan McKay, 1996.
Developing and Implementing a Section 3 Plan, Borrell Technology, Inc., 1996.
Mastering the Comprehensive Grant Program, National Association of Housing Redevelopment Organizations, 1994.
Introduction to Income Property Finance, Mortgage Bankers Association, 1991.
Establishing Quality Control, Mortgage Bankers Association, 1990.
Financial Statement Analysis, Dun and Bradstreet, 1990.

EXPERIENCE

LIHTC PROJECTS - DEVELOPMENT

Strawberry Village Cottages (Strawberry Rose, LP, aka SVC) Anchorage, AK – Director of Operations with responsibility for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as Operational Property Management upon construction completion.

Kenaitze Pointe Limited Partnership (KP) Anchorage, AK - Director of Operations with responsibility for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as Operational Property Management upon construction completion.

Tyonek Terrace Limited Partnership (TT) Anchorage, AK – Vice President, Development and Construction responsible for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as all predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Mountain View Village I Limited Partnership (MVVI) Anchorage, AK – Vice President, Development and Construction responsible for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as all predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Mountain View Village II Limited Partnership (MVVID) Anchorage, AK – Vice President, Development and Construction responsible for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as all predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Mountain View Village III Limited Partnership (MVVIII) Anchorage, AK – Vice President, Development and Construction responsible for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as all predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Grass Creek Village (GCV) Anchorage, AK – Vice President, Development and Construction responsible for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as all predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Chugach Colony Estates Palmer, AK – Vice President, CIHA Development and Construction responsible for third party development relationship with the Palmer Senior Citizens Center, Inc., including project development finance (construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing), predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Eklutna Estates (EE) Anchorage, AK – Vice President, Development and Construction responsible for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as all predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Hooper Bay Limited Partnership Hooper Bay, AK - Vice President, CIHA Development and Construction responsible for third party development relationship with the AVCP Regional Housing Authority, including project development finance (construction financing, grant and LIHTC [1602 Exchange] funding and reporting, and permanent financing), full design completion, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Mountain View Village IV Limited Partnership (MVVIV) Anchorage, AK - Vice President, Development and Construction responsible for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as all predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

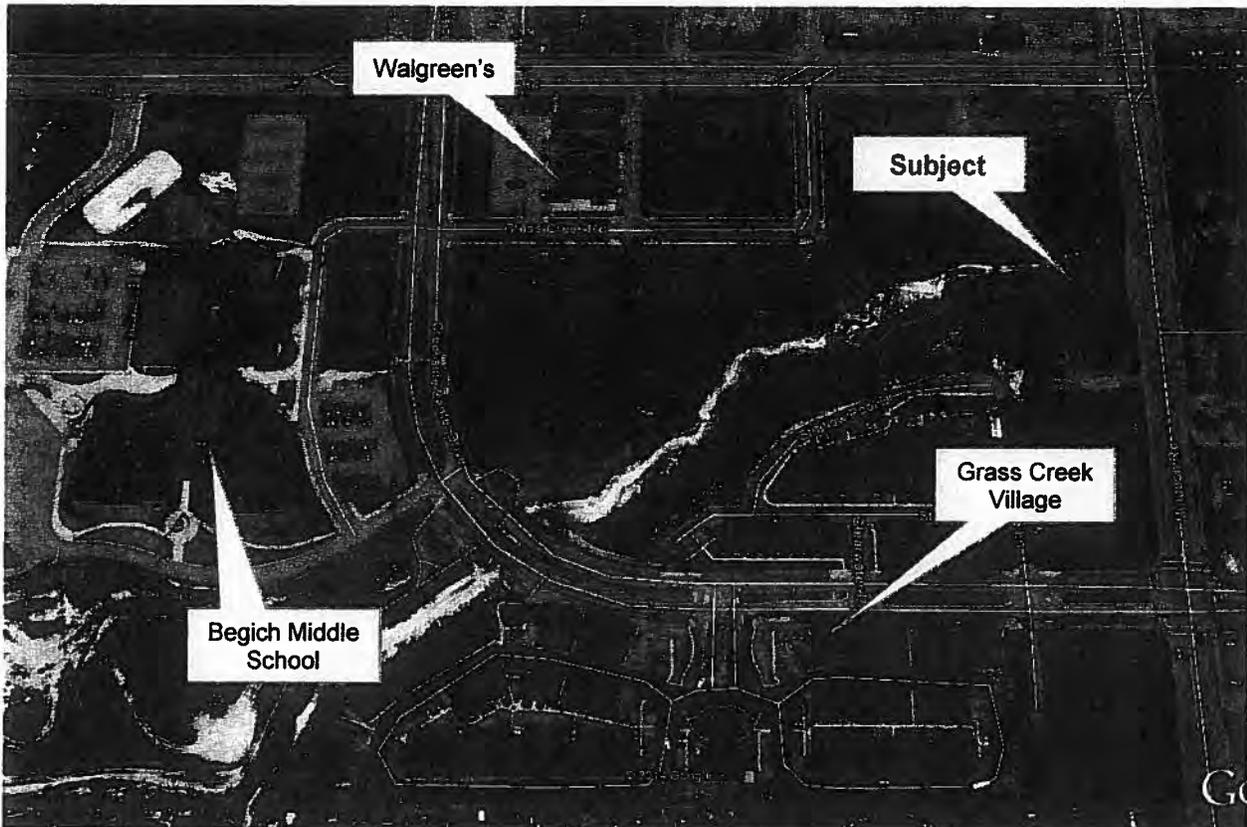
Loussac Place Anchorage, AK - Vice President, Development and Construction responsible for project development finance, including construction financing, grant and LIHTC funding and reporting, LIHTC equity partnership, and permanent financing, as well as all predevelopment site planning, concept design, full design, contracting, construction project management processes, job training and apprenticeship programs, and compliance with all federal standards.

Muldoon, Anchorage, Alaska



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NEIGHBORHOOD DESCRIPTION



General Neighborhood

The subject is located in East Anchorage approximately 5 miles east of Anchorage's CBD. It is bounded on the north by the Glenn Highway, on the east by Joint Base Elmondorf-Richardson, on the south by Tudor Road and on the west by Boniface Parkway.

Access

Access via a network of major arterials and secondary feeders is adequate.

Utilities

Natural gas, water, sewer, electricity and telephone.

Services

Police, fire protection and road maintenance are provided by the Municipality of Anchorage. Public transportation and refuse service is also available.

Land Development	Mixed-use district with commercial along arterials and residential development on the non-fronting lands. Major developments in the area include Wal-Mart, Fred Meyer, Muldoon and DeBarr Roads, and the Tikahtnu Commons retail development near the intersection of the Glenn Highway and Muldoon Road. Recent development around the Wal-Mart has included the addition of Creekside Center Drive and E. 10 th Avenue in the immediate neighborhood.
% Developed	90±%.
Life Cycle	Stable.
Externalities	There are no significant externalities noted. New investment and development positively influences the neighborhood.
Summary	In summary, commercial business interests are situated on Muldoon and DeBarr Roads with residential neighborhoods situated on the non-arterial fronting areas. The neighborhood is suitable for both users and investors.

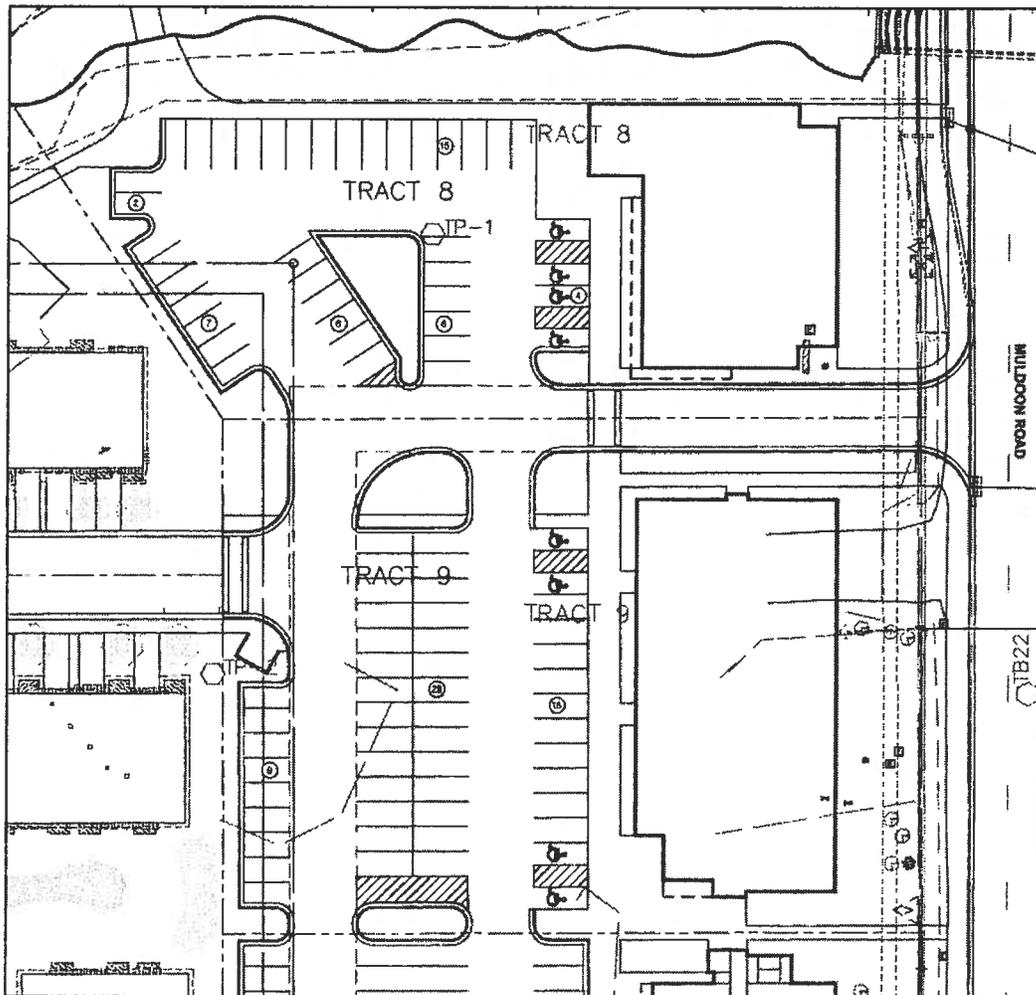
SITE DESCRIPTION

Location

The site is on the west side of Muldoon Road, near the between Debarr Road and Creekside Center Drive, in Anchorage, Alaska. The legal description is Tracts 8 and 9, The Alaska Village Subdivision.

Site Area and Dimensions

Tract	8	9	Total
Size	50,088 SF (1.15 AC)	47,407 SF (1.09 AC)	97,495 SF (2.24 AC)
Shape	Irregular	Rectangular	



Utilities

All public utilities are available.

Topography and Soils

The site is generally level, cleared, and at grade of Muldoon Road. The site is located outside designated wetlands¹¹ and floodplains.¹² Chester Creek runs along the northern boundary of Tract 8. The immediate vicinity is described as having "moderate low ground failure susceptibility".¹³ The entire region is classified as a "seismic zone 4". Most permitting departments in south-central Alaska recognize this zone in applications of the Uniform Building Code. A soils report was not provided, and it is assumed that the soils are adequate to support development, as evidenced by other improvements in the area.

Access and Frontage

The site fronts on Muldoon Road. The most recent (2012) Alaska DOT traffic data for this location indicates an average daily count of approximately 30,347 vehicles per day on Muldoon Road. The South Fork Chester Creek borders Tract 8 to the north.

The subject has direct access via a shared common driveway from Muldoon Road. There will also be access from Shallow Pool Drive to the west. Overall, access is considered adequate.

Easements

A title report was not provided and recorded plat is not available. The following easements are noted on Plat map #2006-169:

- 30' landscaping buffer easement along Muldoon Road
- 10' telephone & electric easement along Muldoon Road
- 100' development setback along the north boundary Tract 8
- 40' sewer and water easement along the west boundary
- 24' access easement between Tracts 8 and 9 and along the west boundary

Based on the site plan 'as proposed', the existing easements appear to be incorporated into a site plan without limiting utility.

Environmental

We were not provided with an environmental report. We developed our opinion of value according to the extraordinary assumption that the site is not affected by environmental issues and is considered to be clean.

Zoning

The property is zoned B-3SL (*General Business District – Special Limitations*) - The B-3 district is intended "for general commercial uses in areas exposed to heavy automobile traffic. The district specifically is intended for areas at or surrounding major arterial intersections where personal and administrative services, convenience and shopping goods, and automobile-related services are desirable and appropriate land uses." A minimum of 12 dwelling units per acre are permitted in the B-3 zone.

¹¹ Anchorage Bowl Wetlands Map No. 25 (last updated 2/20/08).

¹² FEMA Flood Insurance Rate Map No. 0200050778D, Panel 778 of 1975, dated September 25, 2009.

¹³ Harding-Lawson Associates 1979 Geotechnical Hazard Assessment Study.

Special Limitations – AO-2001-24S

The special limitations include:

- Prohibit some uses including gas stations and liquor stores.
- Requires a 100-foot riparian buffer from Chester Creek with the final design acceptable to natural resources and permitting agencies.
- Individual lots shall not have direct access onto Muldoon or Debarr Roads.
- The plan shall contain elements such as public gathering spaces, outdoor seating, landscaping, public art and accommodations for seasonal activities. It shall also be pedestrian oriented, accessible to public transit, and well connected to public open spaces and adjoining residential uses.
- Minimum 30-foot landscape buffer along Muldoon and DeBarr Roads.
- There shall be a public hearing site plan review for each phase of development.

The proposed use is a conforming, permitted use in regards to the proposed zoning regulations.

Suitability of the Site

The subject contains a total site area of 97,495 SF, or ±2.24 acres. A creek runs along the north boundary of the site, but it does not significantly limit development. The topography is favorable at grade, level area. Access is adequate and all utilities are available. Overall, the subject site and neighborhood is suited for multi-family, mixed-use development.

IMPROVEMENT DESCRIPTION

As-Proposed

As proposed, the subject will be constructed as a 49-unit senior and low-income apartment project consisting of two, 3-story buildings.

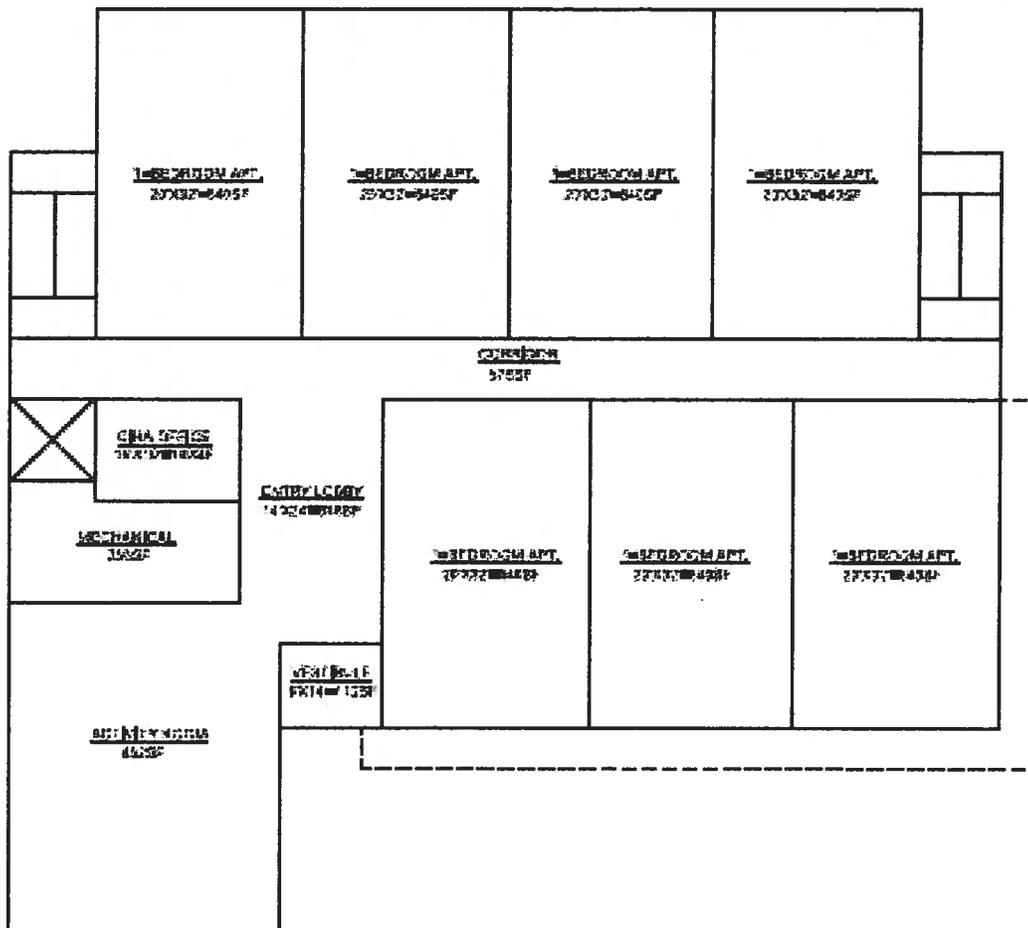
	Tract 8 – Senior	Tract 9 - LIHTC
Gross Building Area	18,504 SF	28,976 SF
Residential Units	17 – 1BR/1Bth – 640 SF 6 – 2BR/1Bth – 792 SF	22 – 1BR/1Bth – 640 SF 4 – 1BR/1Bth – 704 SF (ADA)
Total Units - GLA	23 – 15,632 SF	26 – 16,896 SF
Common Area	2,872 SF	5,008 SF
Commercial Area	N/A	7,072 SF

Construction Features

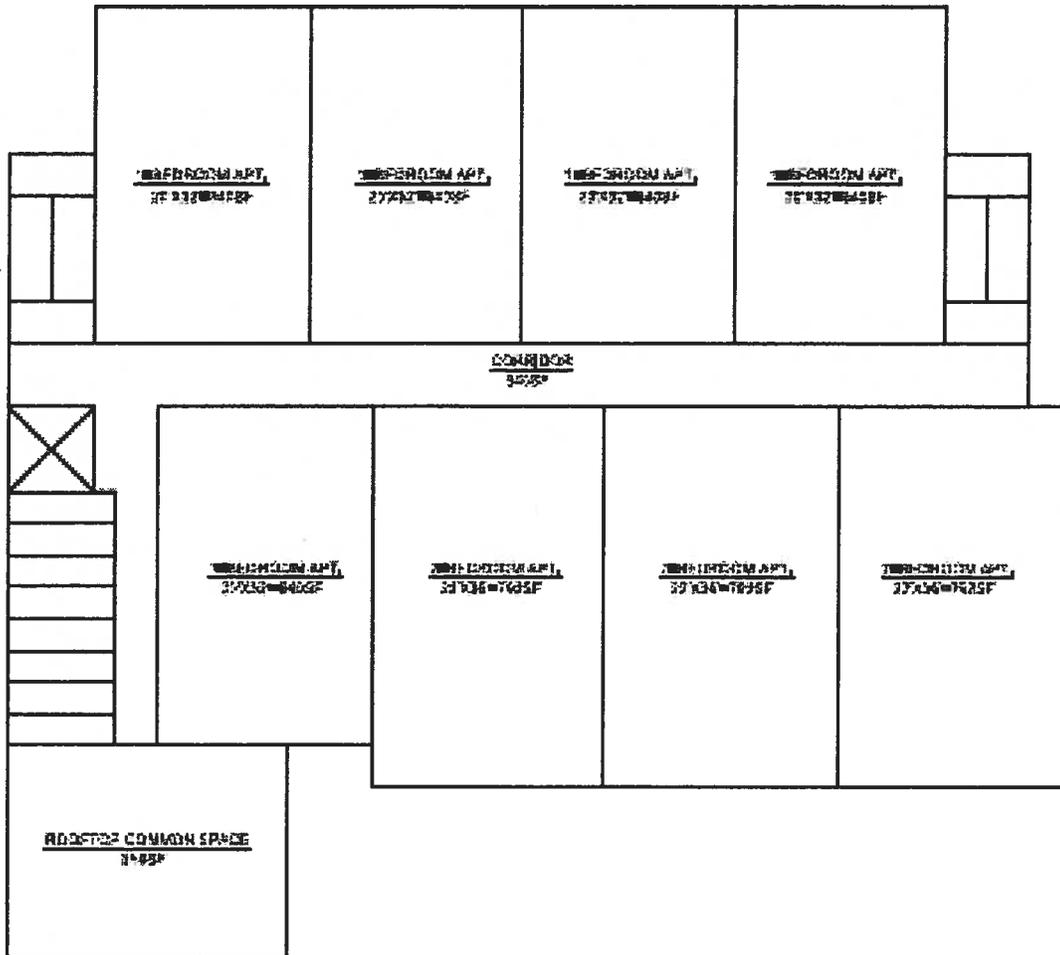
We were not provided with detailed building plans. The building description is presented as an overview of the basic construction features. The basic unit layouts are as follows:

	Tract 8 - Senior	Tract 9 - LIHTC
First Level	7 – 1BR Units Entry lobby, activity room, CIHA office	Commercial space (shell) Entry lobby, CIHA maintenance and residents storage
Second Level	5 – 1BR Units 3 – 2BR Units Rooftop common space	13 – 1BR Units Lobby, foyer/sun space
Third Level	5 – 1BR Units 3 – 2BR Units Storage spaces, sun room	13 – 1BR Units Lobby, foyer/sun space

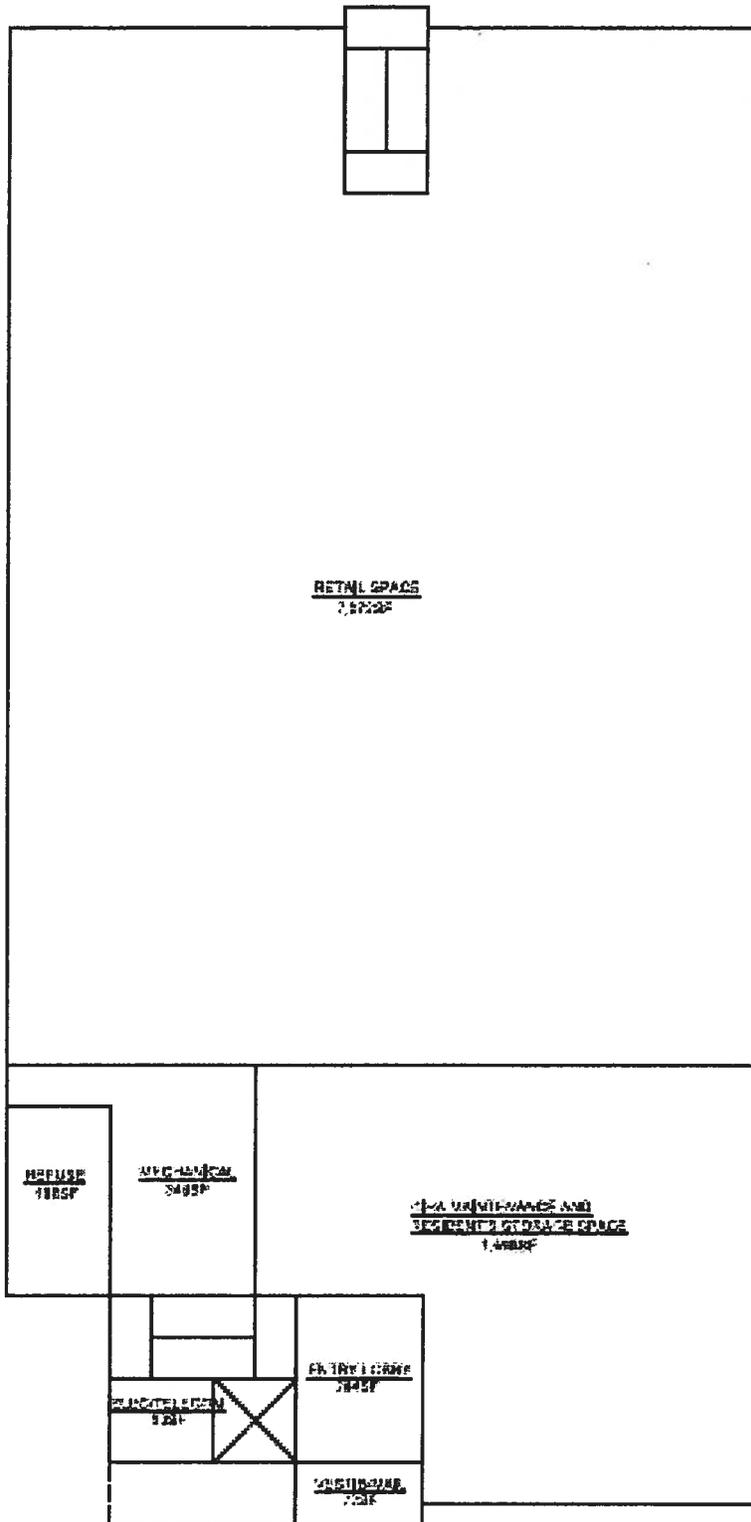
Each building will have one passenger elevator and interior stairwells.



TRACT 8 SENIOR HOUSING
 FIRST FLOOR DIAGRAM
 JUNE 23, 2014
 11089.35 - TAMAS DEAK

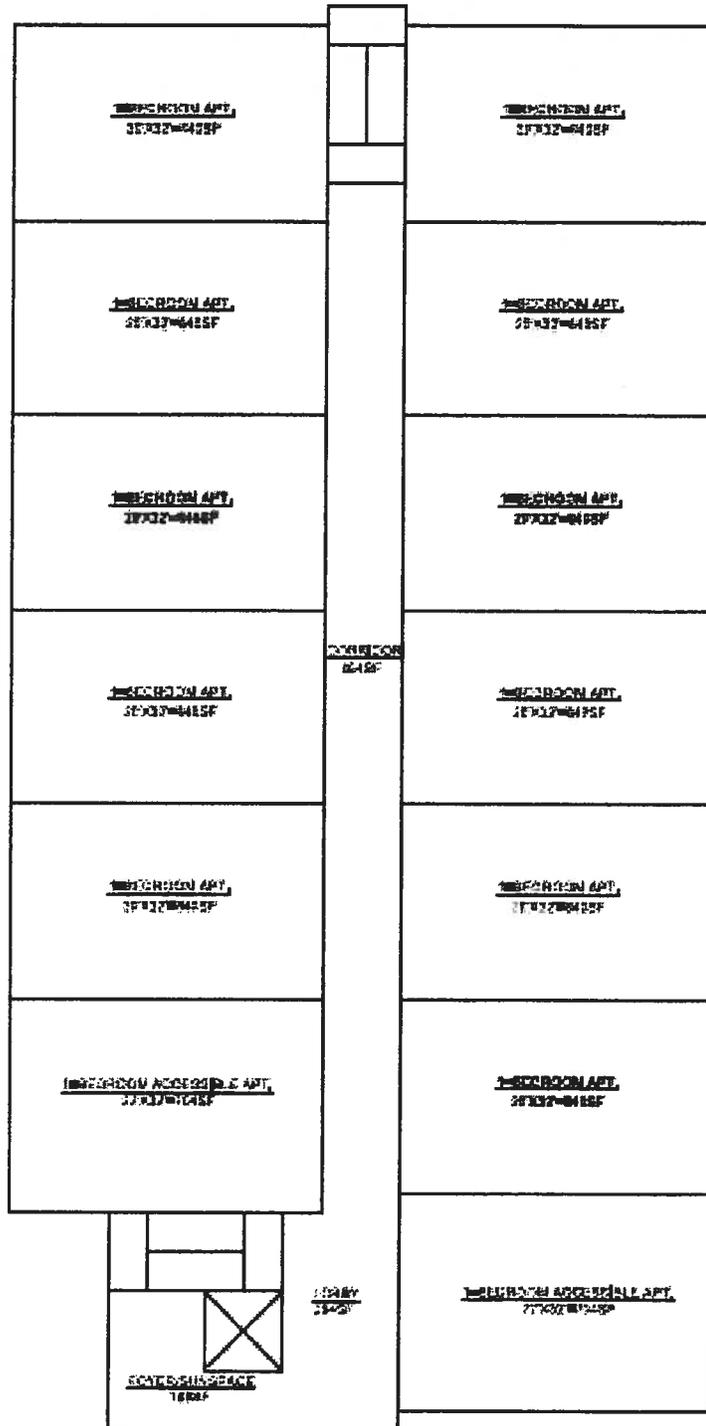


TRACT 8 SENIOR HOUSING
 SECOND FLOOR DIAGRAM
 JULY 22, 2014
 11089.05 - TAMAS DEAK



TRACT 9 MIXED-USE BUILDING
 FIRST FLOOR DIAGRAM
 JUNE 20, 2014
 11089.06 - TAMAS DEAK

SCALE 1/32" = 1'-0"
 NORTH IS UP



TRACT D MIXED-USE BUILDING
 SECOND AND THIRD FLOOR DIAGRAM
 JUNE 23, 2014
 11089,05 - TAMAS DEAK

SCALE: 3/32" = 1'-0"
 NORTH | 2 UP

Foundation

The foundation will be concrete.

Framing

The subject will consist of (2) three-story, wood-framed buildings totaling 49 units. Exterior walls will be covered with a combination of wood/vinyl and metal siding. Interior ceilings are ±9 feet for the ground and 2nd floors; 8 feet for the 3rd floors.

Floors

Floors are wood joist, which will be finished with plywood sheeting and average grade carpeting and pad, with tile or vinyl in wet areas.

Roof

Roofs will be a flat, membrane type.

Interior Finish

Walls and ceilings are to be sheet rocked, taped, textured and painted. Flooring will be carpet or vinyl, with wood or rubber base. In general, the interiors will be average-plus to good-quality finishes with quality workmanship. The commercial space will be a shell consisting of drywall walls/ceilings, with the tenant completing the interior build-out.

Insulation

All insulation is assumed to be adequate.

Mechanical, Plumbing, and Electrical

The buildings will be equipped with gas-fired, forced air furnaces and hot water tanks. Each unit will be individually controlled. Electrical and plumbing are assumed to be adequate and commensurate with the overall quality and condition of the project. Kitchens consist of a double sink, refrigerator, dishwasher, and an oven.

Appliances

The units will have full sized refrigerators, four burner stoves, and dishwashers. The senior units (23) will have in-unit washer/dryers. The restricted income units (26) will have shared common laundry facilities on each floor.

Site Improvements

The site will be improved with typical landscaping, paved walks, signage and building mounted exterior lighting and street lighting.

Americans with Disabilities Amendment

It is assumed that the subject will be constructed to current building code and will be ADA compliant. The building plans indicate that four units will be ADA accessible.

Additional Amenities

Each unit will have an interior storage unit within the building's common area. The subject will have access to the Clubhouse Building located at the adjacent community, Grass Creek Village.

Condition and Effective Age

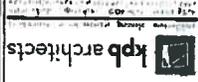
The subject will be in new condition when complete, with an effective age of zero. The estimated economic life is 50 years.

Functional Utility

Overall, functional utility is considered adequate for the intended use. The buildings are well situated on the site to allow adequate ingress/egress. Room sizes and layouts are also functional.

As proposed, the subject will be superior in quality and condition to the existing inventory of market rate and low-income housing alternatives in the immediate area.

30%
SUBMITTAL

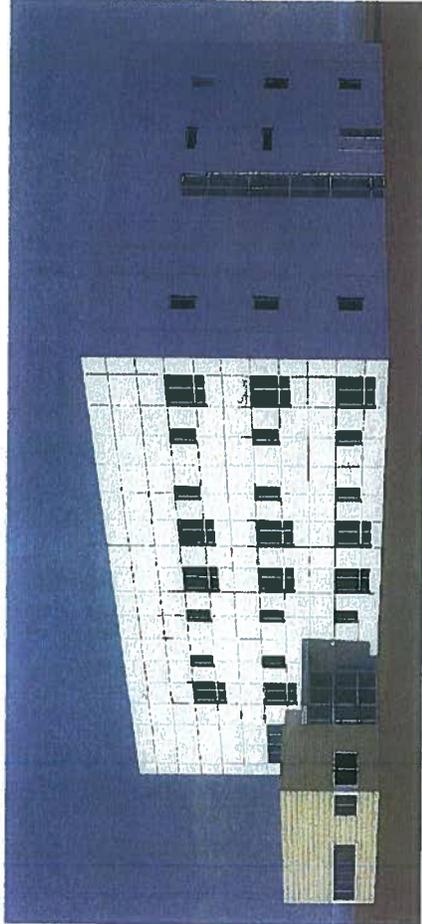


COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 8
ANCHORAGE, ALASKA

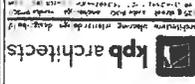
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PROJECT: COOK INLET HOUSING AUTHORITY
SHEET: A2.10
DATE: 10/10/14
SCALE: 1/8" = 1'-0"

A2.10



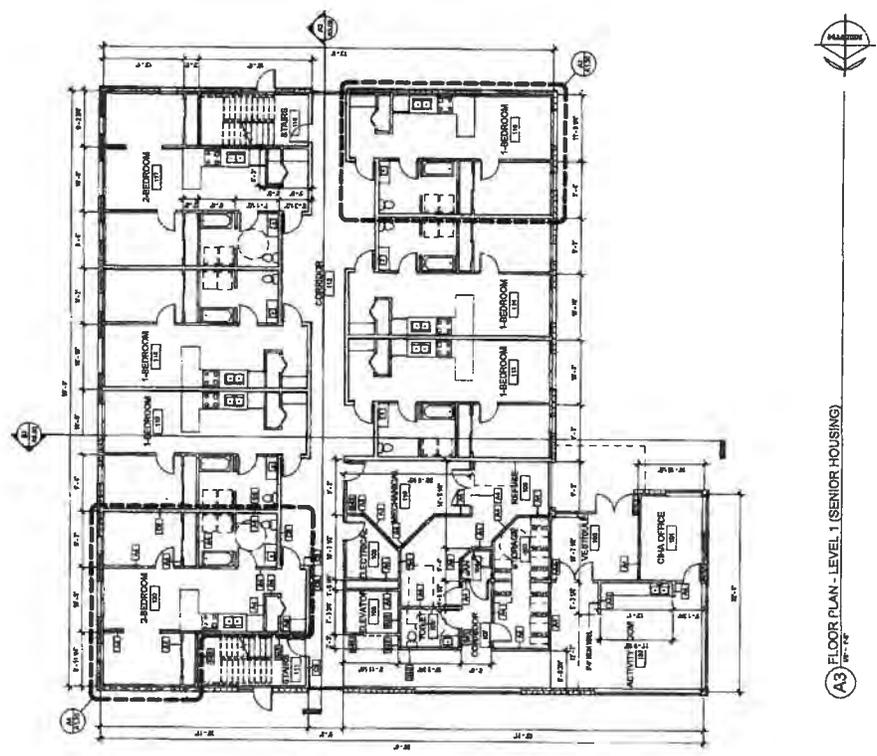
35%
SUBMITTAL



COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 8
ANCHORAGE, ALASKA

DATE	12/15/10
SCALE	AS SHOWN
PROJECT	COOK INLET HOUSING AUTHORITY
TRACT	TRACT 8
DATE	12/15/10

A1.00



A3 FLOOR PLAN - LEVEL 1 (SENIOR HOUSING)

35%
SUBMITTAL

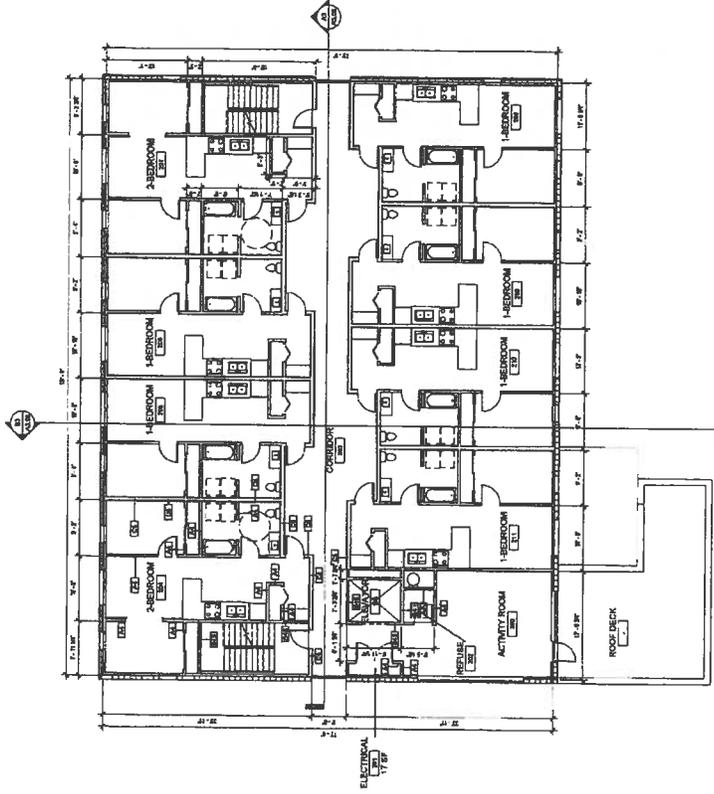
kpb architects
Architects - Interior Design - Landscape Architects
1075 East 14th Avenue, Suite 100
Anchorage, Alaska 99501
Tel: 907.562.1234

**COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 8
ANCHORAGE, ALASKA**

PROJECT NO.
DATE

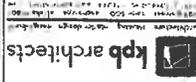
SCALE
DATE
REVISIONS
DRAWN BY
CHECKED BY
PROJECT MANAGER

A1.01



A3 FLOOR PLAN - LEVEL 2 (SENIOR HOUSING)
1/8" = 1'-0"

35%
SUBMITTAL

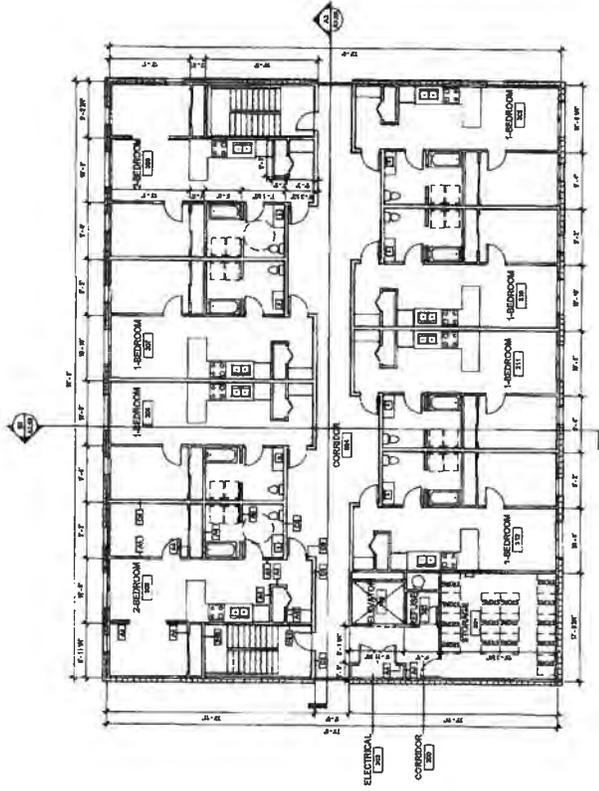


COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 8
ANCHORAGE, ALASKA

NOVEMBER 11, 2022

PROJECT NO.
SHEET NO.
DATE
DRAWN BY
CHECKED BY
PROJECT NAME
FLOOR PLAN

A1.02



(A3) FLOOR PLAN - LEVEL 3 (SENIOR HOUSING)

35%
SUBMITTAL

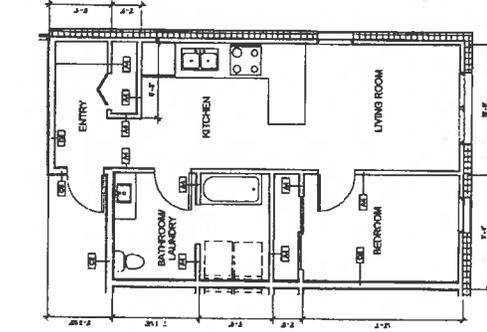
kpb architects
ARCHITECTS
1000 W. 10TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501
PHONE: 283-1111
FAX: 283-1112
WWW.KPBARCHITECTS.COM

COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 8
ANCHORAGE, ALASKA

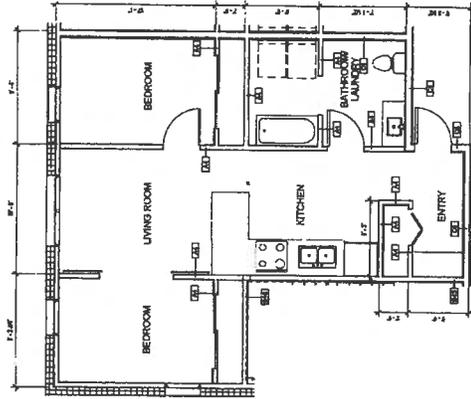
DATE: 10/20/2010
DRAWN BY: J. BROWN

SCALE: 1/8" = 1'-0"
SHEET NO. A1.30
PROJECT NO. 1000000000

A1.30



A2 ENLARGED PLAN - TYPICAL 1-BEDROOM UNIT
1/8" = 1'-0"



A4 ENLARGED PLAN - TYPICAL 2-BEDROOM UNIT
1/8" = 1'-0"



<p>PROJECT NO. A2.10</p>	<p>DATE: 10/15/2014 DRAWN BY: [Name] CHECKED BY: [Name]</p>	<p>COOK INLET HOUSING AUTHORITY CREEK VIEW PLAZA - TRACT 9 ANCHORAGE, ALASKA</p>	<p>kpb architects ARCHITECTS PLANNING ENGINEERS INTERIORS 1000 W. 11TH AVENUE, ANCHORAGE, ALASKA 99501 TEL: 907.562.1100 FAX: 907.562.1101</p>	<p>35% SUBMITTAL</p>
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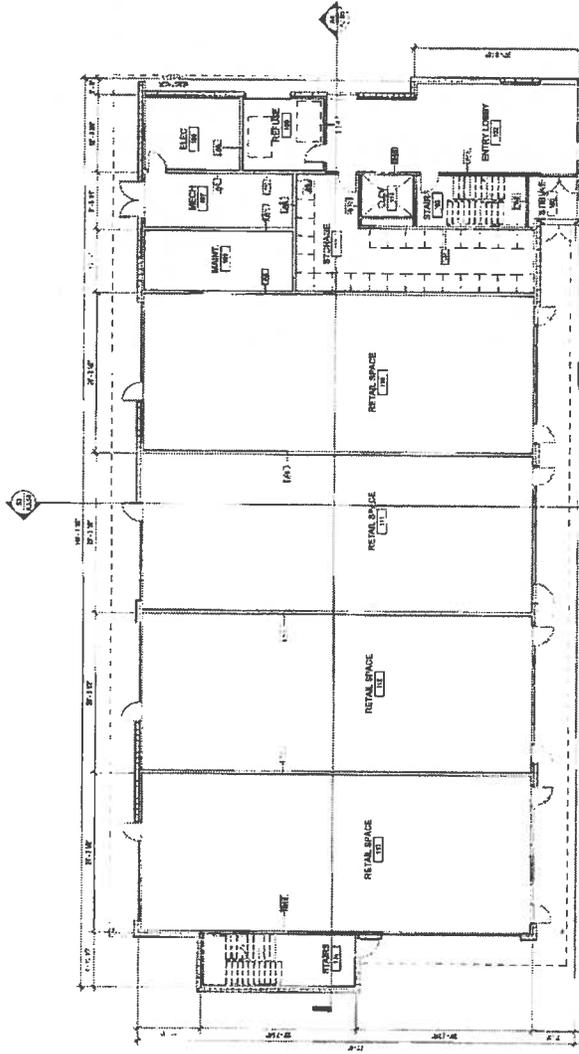
35%
SUBMITTAL

kp architects
ARCHITECTS
1000 W. 10TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501
PHONE: (907) 562-1234
WWW.KPARCHITECTS.COM

COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 9
ANCHORAGE, ALASKA

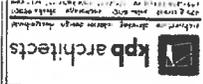
PROJECT: COOK INLET HOUSING AUTHORITY
DATE: 10/20/2010
DRAWN BY: J. HARRIS
CHECKED BY: J. HARRIS
SCALE: AS SHOWN

SHEET NO. A1.00



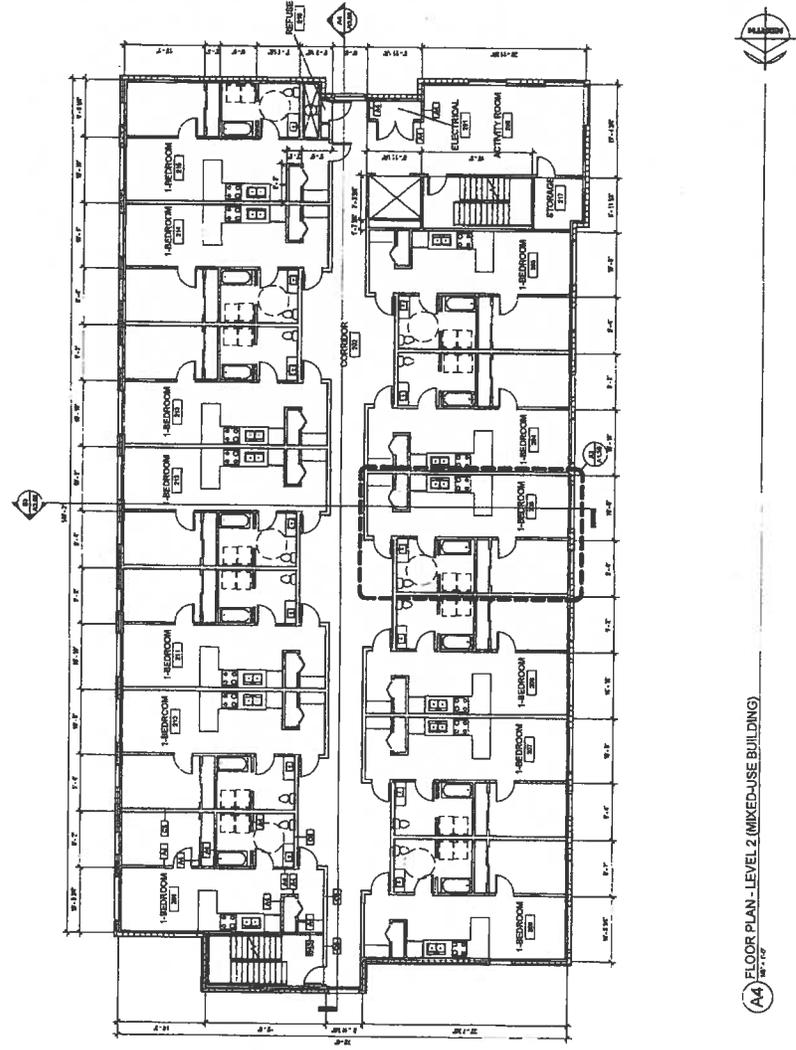
AA FLOOR PLAN - LEVEL 1 (MIXED-USE BUILDING)

35%
SUBMITTAL

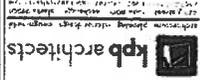


COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 9
ANCHORAGE, ALASKA

NO. 100000000
DATE: 10/11/11
PROJECT: COOK INLET HOUSING AUTHORITY
DRAWN BY: J. HARRIS
CHECKED BY: J. HARRIS
SCALE: AS SHOWN
SHEET NO. A1.01

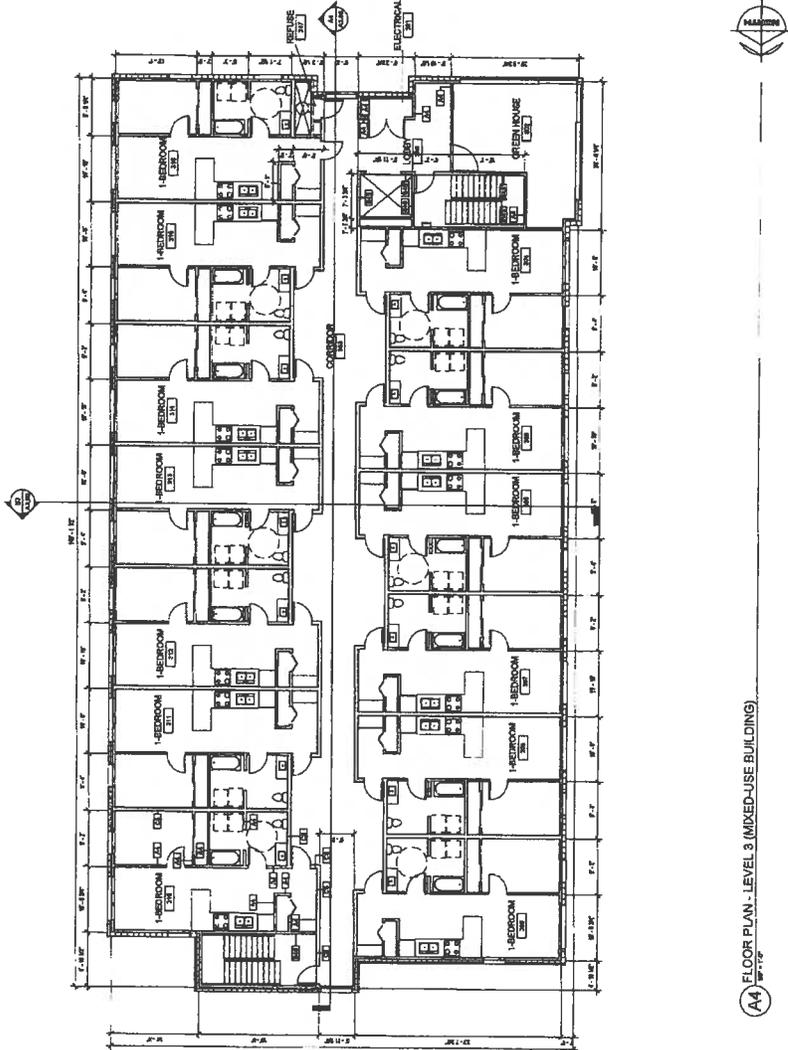


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SUBMITTAL



COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 9
ANCHORAGE, ALASKA

DATE:	NOV 14 2012
BY:	MARK HARRIS
CHECKED BY:	MARK HARRIS
PROJECT NO.:	120000000
DATE PLOTTED:	11/14/12 10:58 AM
SCALE:	AS SHOWN
PROJECT:	COOK INLET HOUSING AUTHORITY
SHEET NO.:	A1.02



A4 FLOOR PLAN - LEVEL 3 (MIXED-USE BUILDING)

35%
SUBMITTAL

kpb architects
ARCHITECTS
1000 W. 11TH AVENUE, SUITE 100
ANCHORAGE, ALASKA 99501
TEL: 907.562.1234
WWW.KPBARCHITECTS.COM

COOK INLET HOUSING AUTHORITY
CREEK VIEW PLAZA - TRACT 9
ANCHORAGE, ALASKA

PROJECT NO. 2018-001

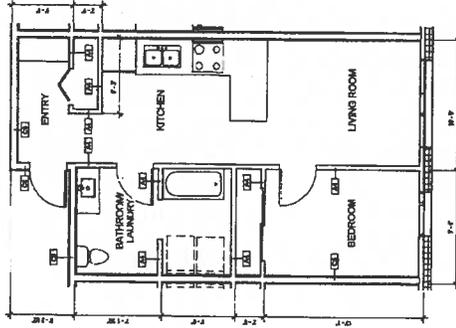
DATE: 10/15/18
DRAWN BY: J. BROWN
CHECKED BY: M. JONES

SCALE: 1/8" = 1'-0"

DATE: 10/15/18

PROJECT NO. 2018-001

FIGURE NO. A1.30



A2 ENLARGED PLAN - TYPICAL UNIT
1/8" = 1'-0"

Creekview Plaza
Pro Forma

<u>Rental In.</u>	<u>From</u>		<u># of Units</u>		
	Bedrooms	Sq.Ft.	Units	Unit Rent	Gross Annual
50% MFI	1	640	30	\$ 745.00	\$ 268,200.00
60% MFI	1	704	13	\$ 843.00	\$ 131,508.00
60% MFI	2	792	6	\$ 1,050.00	\$ 75,600.00
					\$ -
Total Rental Income		45143	49		\$ 475,308.00
Other Income - retail					\$ 171,938.00
					\$ 647,246.00
Retail vacancy & credit loss			10.0%		\$ 17,193.80
Less Vacancy & Credit Loss			7.0%		\$ 33,271.56
Effective Gross Income					\$ 596,780.64
Total Adjusted Income					\$ 596,780.64
EXPENSES					
Management		\$55,987	9.38%	%EGI	
Administration		\$22,033	3.69%	%EGI	
Insurance		\$20,350	\$415.31	per unit	
Taxes		\$25,185	\$513.98	per unit	
Utilities		\$81,762	\$1.81	per square foot	
Maintenance & Repairs		\$107,800	18.06%	%EGI	
Replacement/Reserves		<u>\$14,700</u>	\$ 300.00	per unit	
Total Expenses		\$327,817	\$6,690.14	per unit	
% of EGI		54.93%			
Net Operating Income		\$268,964			
Mortgage		\$190,754	\$3,047,300 @ 4.75% over 30 years		
DSCR		1.41			
Net Cash Flow		\$78,210			
Income Decrease=		13.11%			
Expense Increase=		23.86%			
Vacancy Increase=		19.88%			

EXECUTIVE SUMMARY

PROPERTY SUMMARY OF SUBJECT

Creekview Plaza is a development consisting of 49 units, of which 23 units will be restricted to seniors 55 years and older and 26 units will be for the general population. The property will offer affordable rental units restricted to households earning 50 and 60 percent of the Area Median Income (AMI) or less. Additionally, there will be approximately 7,072 square feet of leasable ground floor commercial space, which has also been analyzed at the request of the client (Section N). The Subject will be located on Muldoon Road, north of Creekside Center Drive, in Anchorage, Municipality of Anchorage, Alaska. The Subject will consist of two three-story, elevator-serviced buildings. The project will include a community room, central laundry rooms, a courtyard, elevator service, on-site management, and a rooftop deck. The Subject will feature free surface parking.

Proposed Rents and Unit Mix:

The following table details the Subject's proposed rents and unit mix. The proposed 50 percent AMI rent is set at the maximum allowable level, while the 60 percent AMI rents are set below the maximum allowable levels.

PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2014 LIHTC	HUD Fair
						Maximum Allowable Gross Rent	Market Rents
<i>50% AMI</i>							
1BR*	640	26	\$745	\$51	\$796	\$796	\$895
<i>60% AMI</i>							
1BR**	640	17	\$875	\$51	\$926	\$956	\$895
2BR**	792	6	\$1,050	\$63	\$1,113	\$1,147	\$1,146
Total		49					

Notes (1) Source of Utility Allowance AHFC for Anchorage Municipality, effective 9/2014

*Includes four fully accessible units that are 704 square feet

**Age-restricted units

Sponsor Contact:

We made first contact with the sponsor and developer, Cook Inlet Housing Authority (CIHA), on July 24, 2014. Contact was made on our first attempt.

Primary Market Area:

The primary market area (PMA) is defined as the area east of Knick Arm, south of Elmendorf Air force Base, west of Fort Richardson and north of Tudor Road. This area includes the neighborhoods of Mountain View, Muldoon, Spenard and Turnagain. Property managers in the Mountain View neighborhood reported mostly all of their tenants hail from these areas. Therefore, we believe the Subject will have limited leakage from outside the PMA. We have estimated that 10 percent of the tenants will come from outside these boundaries.

LIHTC Vacancy

The following table summarizes the overall vacancy rate for the comparable LIHTC properties.

LIHTC VACANCY

Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Eklutna Estates I	Senior LIHTC/Market	59	1	1.7%
Grass Creek Village	LIHTC/Market	80	2	2.5%
Hillpoint Park	LIHTC	24	1	4.2%
Loussac Place	LIHTC/Section 8/Market	120	0	0.0%
Lumen Park Senior	Senior LIHTC	20	0	0.0%
Mountain View Village III	LIHTC	38	0	0.0%
Southside Senior Apartments	Senior LIHTC	<u>48</u>	<u>2</u>	<u>4.2%</u>
Total		389	6	1.5%

The comparable LIHTC properties reported vacancy rates ranging from zero to 4.2 percent, with an overall average of 1.5 percent. We believe that the Subject will operate with a vacancy rate of 5.0 percent or less as a LIHTC property.

Market Rate Vacancy

The following table summarizes the overall vacancy rates for the comparable market rate properties.

MARKET RATE VACANCY

Property name	Rent Structure	Total Units	Vacant Units	Vacancy Rate
Admirals Cove Apartments	Market	150	3	2.0%
Conifer Grove	Market	112	2	1.8%
Creekside Condominiums	Market	42	0	0.0%
The Legacy West	Market	144	2	1.4%
Town Square Manor	Market	<u>90</u>	<u>1</u>	<u>1.1%</u>
Total		538	8	1.5%

All of the comparable market rate properties reported vacancy rates ranging from zero to 2.0 percent. We believe that the Subject will operate with a vacancy rate of 5.0 percent or less as a market rate property.

The following table illustrates historical vacancy information that was available for the comparable properties.

HISTORICAL VACANCY RATES						
Comparable Property	Type	Total Units	3Q TR 2012	3Q TR 2013	1Q TR 2014	3Q TR 2014
Eklutna Estates I	Senior LIHTC/Market	59	0.00%	0.00%	0.00%	1.70%
Grass Creek Village	LIHTC/Market	80	0.00%	0.00%	0.00%	2.50%
Hillpoint Park	LIHTC	24	0.00%	0.00%	4.20%	4.20%
Loussac Place	LIHTC/Section 8/Market	120	N/A	0.80%	0.00%	0.00%
Lumen Park Senior	Senior LIHTC	20	15.00%	10.00%	0.00%	0.00%
Mountain View Village III	LIHTC	38	2.60%	5.30%	2.60%	0.00%
Southside Senior Apartments	Senior LIHTC	48	2.10%	2.10%	4.20%	4.20%
Admirals Cove Apartments	Market	150	0.00%	3.30%	2.00%	2.00%
Conifer Grove	Market	112	3.90%	1.30%	1.80%	1.80%
Creekside Condominiums	Market	42	0.00%	2.40%	0.00%	0.00%
The Legacy West	Market	144	N/A	1.40%	N/A	1.40%
Town Square Manor	Market	90	0.00%	0.00%	1.10%	1.10%

Since 2012, vacancy rates in the market have generally remained stable.

Capture Rate

The demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation illustrates overall capture rates of 2.9 percent for general occupancy units at 50 percent AMI and 2.6 percent for age-restricted units at 60 percent AMI. These calculations are considered reasonable, especially since the current rental supply in the Subject's market is exhibiting low vacancy rates.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject's first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This is a subset of the income-eligible renter households used previously and yields a far more conservative annual capture rate. The annual capture rates for the general occupancy and age-restricted units are 3.4 and 6.0 percent, respectively, for the first year of operation. This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

Penetration Rate

After deductions for existing and proposed LIHTC units in the PMA, the resulting penetration rates are 0.6 and 1.8 percent for the general population and age-restricted units, respectively.

Seasonal Demand

Local property managers reported that developments experience strong occupancy rates during all seasons, especially during the winter months when there is little to no turnover. None of the comparable properties reported a large seasonal occupancy differential. Therefore, we do not believe that seasonal demand will negatively affect the Subject's affordable units moving forward.

Absorption Rate

Seven of the comparable properties surveyed provided absorption information. The following table details absorption data reported at properties located throughout the city of Anchorage.

ABSORPTION

Property name	Type	Tenancy	Year Built	Number of Units	Units Absorbed / Month
Trailside Heights II*	LIHTC	Family	2014	20	10
Trailside Heights I*	LIHTC	Family	2013	66	13
Loussac Place***	LIHTC	Family	2012	120	8
Mountain View Village IV (Bliss Street Village)	LIHTC	Family	2011	22	7
Mountain View Village IV (Mountain View Village Lofts)	LIHTC	Family	2011	12	6
Lumen Park Senior**	LIHTC	Senior	2011	20	7
Ekhutna Estates I**	LIHTC	Senior	2010	59	24
Grass Creek Village**	LIHTC	Family	2008	80	10
Mountain View Village III**	LIHTC	Family	2006	38	4
Mountain View Village II	LIHTC	Family	2005	47	5
Mountain View Village I	LIHTC	Family	2004	28	6

* Located outside PMA

** Utilized as comparable property

*** Average absorption of seven phases; utilized as comparable property

Absorption paces range from four to 24 units. Loussac Place, which was constructed in seven phases, is the newest development in the market. Detailed absorption information for Loussac Place is represented in the following table.

ABSORPTION - LOUSSAC PLACE

Leasing Phase	Type	Tenancy	Month Online	Number of Units	Units Absorbed / Month
Phase I	LIHTC	Family	12-Jun	8	4
Phase II	LIHTC	Family	12-Jul	12	12
Phase III	LIHTC	Family	12-Aug	22	11
Phase IV	LIHTC	Family	12-Sep	24	8
Phase V	LIHTC	Family	12-Oct	18	6
Phase VI	LIHTC	Family	12-Nov	24	12
Phase VII	LIHTC	Family	12-Dec	12	6
Average					8

The reported absorption pace for Loussac ranges from four to 12 units per month. It should be noted that the indicated absorption paces in the previous table are understated as the property experienced a much faster leasing pace upon initial market entry. For example, Phase V leased 17 units in October, no units in November and one unit in December resulting in an average absorption of six units per month. Overall, we believe that the Subject will experience an absorption pace of 10 units per month, which yields an absorption period of approximately five months to absorb all 49 of the Subject's units.

Proposed New Supply

According to the AHFC's 2009 through 2014 LIHTC Reservations lists, there were five properties in the PMA. Eklutna Estates was allocated in 2009 and is age-restricted. Mountain View Phase IV (Bliss Street Village and Mountain View Village Lofts) and Loussac Manor were allocated in 2010 and 2011, respectively. These are family developments that are stabilized and included as comparables. Mountain View Village Phase V, a 44-unit family development, and Eklutna Estates Phase II, a 34-unit senior development, were allocated in 2014 and both are under construction. We have deducted these 78 units from the general household annual demand and only the 34 age-restricted units in the senior annual demand.

RECENT LIHTC ALLOCATIONS

Property	Address	Tenancy	Number of Units	Allocation Year
Mountain View V	Scattered Sites	Family	44	2014
Eklutna Estates Phase II	8850 Centennial Circle	Senior	34	2014
Loussac Place	200 20th Avenue	Family	120	2011
Mountain View IV - Bliss Street Village	525 N. Bliss Street	Family	22	2010
Mountain View IV - Mountain View Village Lofts	4200 Mountain View Drive	Family	12	2010

We spoke with David Whitfield, Senior Planner for the Municipality of Anchorage. Mr. Whitfield reported that there are three large multifamily projects in the preliminary stages. However, no formal applications have been submitted, so Mr. Whitfield was unable to provide any details.

Market Conclusions

Average overall vacancy in the market is reasonable at 1.5 percent. The comparable LIHTC properties currently exhibit an average overall vacancy of 1.5 percent, and two are maintaining waiting lists. The Subject's proposed one-bedroom unit sizes are generally similar to the average of the comparables, while the proposed two-bedroom unit size is slightly smaller. All of the Subject's two-bedroom units will be age-restricted. Two age-restricted LIHTC comparables offer two-bedroom units. Eklutna Estates offers two-bedroom units sized well above the average at 1,155 square feet, while Lumen Park Senior offers a two-bedroom unit size of 775 square feet, similar to the Subject. Lumen Park Senior is fully occupied with a 23-household wait list. Overall, we believe that the Subject's unit sizes will be competitive in the market.

We believe that the Subject would be able to achieve the maximum allowable rents at all AMI levels. The Subject's proposed LIHTC rents offer a significant rent advantage over the market rents at the comparables in the market. Demand calculations for the Subject's units indicate ample demand for all unit types at all AMI levels including market rate units. The Subject's location in close proximity to shopping, restaurants, and other entertainment will have a positive impact on the Subject's marketability. In general, we believe that the proposed development will offer value in the market. However, the majority of the comparable properties offer a garbage disposal and in-unit washer/dryer. Although the Subject's age-restricted units will offer washer/dryer appliances, we recommend that the Subject offer these amenities for all units in order to enhance competitiveness in the market.

Furthermore, the Subject will offer approximately 7,072 square feet of leasable ground floor commercial space. We have concluded to a lease rate of \$36.00 per square foot per year, triple net, for the commercial space, which can be subdivided. We believe that the lease rate is appropriate and

will allow the property to be effectively marketed. In addition, we have estimated a five percent vacancy factor for the Subject based on the Subject area’s current vacancy rate, conversations with local brokers, as well as our general observations of the market area. The following table illustrates the potential annual revenue of the commercial space.

COMMERCIAL SPACE			
Achievable NNN Rent/SF/Year	Annual Potential Revenue	Vacancy Factor	Net Annual Revenue
\$36.00	\$254,592	5%	\$241,862

The net annual commercial space revenue exceeds the developer’s pro forma estimate of \$152,000 per year. Further, we believe that the proximity of ground level commercial space will have a positive impact on the Subject’s residential units, by providing convenient access to local retail to residents as well as the increased visibility of the property by other customers.

Long Term Impact on Existing LIHTC Properties in PMA

We do not believe that the Subject will negatively affect the existing affordable housing supply based on the following:

- 1) The comparable LIHTC properties are 98.5 percent occupied and two reported maintaining waiting lists.
- 2) The demand calculations indicate ample demand for the Subject’s proposed units. The penetration analysis in which proposed and existing competition was removed from the pool of income eligible renter households resulted in penetration rates of 0.6 and 1.8 percent for the general occupancy and age-restricted units, respectively, which are considered excellent.
- 3) The majority of local property managers reported that they believe there is demand for more affordable housing options in the market

FINAL RECOMMENDATION

In general, we believe that the Subject will be a positive addition to the existing housing inventory. The PMA’s general and senior populations and households are projected to increase and the LIHTC and market rate units are experiencing low vacancy rates. We believe that the Subject would be able to achieve the maximum allowable rents at all AMI levels. The Subject’s proposed LIHTC rents offer a significant rent advantage over the market rents at the comparables in the market. Demand calculations for the Subject’s units indicate ample demand for all unit types at all AMI levels including market rate units. The Subject’s location in close proximity to shopping, restaurants, and other entertainment will have a positive impact on the Subject’s marketability. However, the majority of the comparable properties offer a garbage disposal and in-unit washer/dryer. Although the Subject’s age-restricted units will offer washer/dryer appliances, we recommend that the Subject offer these amenities for all units in order to enhance competitiveness in the market.

Strengths

- The Subject has a marketing advantage over other properties as it offers an extensive common area amenities package.

- The Subject is located in walking distance to many of the local amenities, and is proximate to various commercial and retail uses.
- As calculated, the Subject's capture and penetration rates are low and considered excellent.

Weakness

- The Subject's weaknesses include its relatively limited unit amenities.
- The Subject's two-bedroom unit size is below the average of the comparables; however, it is similar to Lumen Park Senior, the most recently opened senior LIHTC property in Anchorage. Lumen Park Senior, which is achieving maximum allowable 50 and 60 percent AMI rents, is fully occupied with a wait list. Therefore, we believe the two-bedroom unit size is reasonable.

MUNICIPALITY OF ANCHORAGE

Community Development Department



Phone: 907-343-8101
Fax: 907-343-7927

Mayor Dan Sullivan

October 22, 2014

Mr. Daniel Delfino
Planner, Planning and Program Development
Alaska Housing Finance Corporation
P.O. Box 101020
Anchorage, AK 99510-1020

RE: Cook Inlet Housing Authority's Creekview Plaza

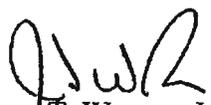
Dear Mr. Delfino:

The Municipality of Anchorage (MOA) Community Development Department is pleased to provide this letter supporting Cook Inlet Housing Authority's (CIHA) proposed Creekview Plaza (Creekview) project. The project, if funded, provides needed housing in Anchorage and supports the further development of the town center area in East Anchorage.

CIHA proposes to build two buildings on Tracts 8 and 9 of the Alaska Village Subdivision, located immediately south of Chester Creek along Muldoon Road. A 23-unit senior housing development will be developed on Tract 8, and a separate mixed-use building containing 26-units of housing and approximately 7,000 square feet of retail will be built on Tract 9. The multi-family housing and mixed-use development at this location will be consistent with the desire for town center development at the site, and consistent with numerous policies contained in the *Anchorage 2020—Anchorage Bowl Comprehensive Plan* and the soon-to-be-adopted *East Anchorage District Plan*.

The project helps contribute needed affordable housing units to the Anchorage rental market, and provides for another example of mixed-use development in Anchorage—something that we feel helps utilize land in an efficient manner and fosters the type of urban and neighborhood centers we desire.

Sincerely,


Jerry T. Weaver, Jr.
Director

cc: Tyler Robinson, Development Finance Manager, CIHA



Catholic Social Services

3710 East 20th Avenue, Anchorage, AK 99508 • (907) 222-7300 • Fax (907) 258-1091 • www.cssalaska.org

October 28, 2014

Brother Francis Shelter

Charlie Elder House

Clare House

Family Disability Services

Homeless Family Services

Pregnancy Support &
Adoption Services

Refugee Assistance &
Immigration Services

St. Francis House

Daniel Delfino
Planner, Planning and Program Development
Alaska Housing Finance Corporation
P.O. Box 101020
Anchorage, AK 99510-1020

Re: Cook Inlet Housing Authority's Creekview Plaza

Dear Mr. Delfino:

Catholic Social Services (CSS) is pleased to provide this letter supporting Cook Inlet Housing Authority's (CIHA) proposed Creekview Plaza (Creekview) project. The project, if funded, will provide 49 units of senior housing, all of which will be restricted to households at 60% of Area Median Income and under. Furthermore, the project commits to serving homeless and disabled households.

The proposed project provides needed quality and affordable housing in our community. CSS is pleased to continue to work with CIHA to help provide enriched services to the tenant population at Creekview Plaza.

Sincerely,

Susan Bomalaski, Ph.D., LPC
Executive Director





CIHA DEVELOPMENT AND MANAGEMENT PROFILE

Cook Inlet Housing Authority (CIHA) was created in 1974 by the Alaska Legislature to insure elders, individuals and families in the 36,000-square-mile area of Cook Inlet Region, Inc. (CIRI) would have access to quality, affordable housing. CIHA's mission is to provide quality housing that promotes healthy communities, economic development, independence and partnering. CIHA's housing programs are designed to empower clients and to encourage their transition toward self-sufficiency through homeownership or affordable rental housing.

Cook Inlet Housing employs more than 130 people who work as a team to offer housing programs and manages over 1000 units of rental housing located in Anchorage, Kenai, Seldovia and Ninilchik – 1104 units are owned by CIHA and 509 of these units are senior housing units. In addition to the owned and operated units, CIHA also manages an 80 unit development in Anchorage for a third party. We're a dynamic group, always working to improve our products and services, as well as developing new and better ways to address not just housing needs in Anchorage and the Cook Inlet region, but the housing needs of all Alaskans.

Cook Inlet Housing Authority has served Anchorage and the Cook Inlet Region as an affordable housing provider for 40 years. The organization has earned a long-standing reputation for excellent maintenance of our properties and, high quality service and care for our tenants.

CIHA has developed both single- and multi-family projects in Anchorage and rural Alaska. CIHA's development and management portfolio includes a total of 1184 rental units, including the addition of Coronado Park Senior Village and Coronado Park Work Force Townhomes, which came on line in Fall of 2014, with an additional 166 units currently under construction. CIHA has become one of the largest senior housing providers in the state.

CIHA also has successfully developed projects for/with other entities; Blood Bank (2012-2014), Covenant House (2012), Clare House (2012), AVCP-Hooper Bay (2010), Palmer Senior Citizens Center, Inc. (2010 and 2008), Native Village of Tyonek (2006), and Brother Francis Shelter (2005).

In addition, CIHA developed the Mary Conrad Center, now known as Prestige Care and Rehabilitation Center of Anchorage.

Furthermore, in addition to rental development, CIHA has also developed 81 single family homeownership units to date.

We believe that our hands-on approach to property management gives us an advantage in the development of new properties, as we can incorporate into design and construction our understanding of the way a facility is really utilized by its inhabitants and the value of incorporating high quality materials during a project's construction to save money over the long-term in maintenance and other operation's expenses.

CIHA has developed projects using various development approaches from traditional design-bid-construct to turnkey development. Our current staff - including our President/CEO, Carol Gore, Executive Vice President of Business Administration, Maria Tagliavento, and Executive Vice President of Real Estate, Jeff Judd - has extensive experience in developing and operating hundreds of affordable housing units and hundreds of millions of dollars in housing and commercial construction



projects. With this experience and the leadership of our Board, CIHA is committed to high quality, innovative and energy-efficient affordable housing development.

The following history highlights major CIHA project development efforts in the last 5 years.

- In 2010 CIHA completed construction of Eklutna Estates, a 59 unit mixed income senior housing project within CIHA's east Anchorage Centennial Village Community.
- In 2010 CIHA completed the redevelopment of 10 scattered sites in Mountain View constructing 20 duplex units as part of the Neighborhood Stabilization Program.
- In 2011 CIHA completed its Mountain View Village IV project consisting of 1) Mountain View Village Lofts, a mixed-use building, featuring four retail spaces and 12 residences in a three-story development; 2) Six scattered site duplexes for a total of 12 additional rentals; and 3) Bliss Street Townhomes, a redevelopment on the site of a former abandoned, dilapidated seven unit barracks style building with five new duplex buildings, creating 10 additional new units of housing.
- In 2012 CIHA completed the rehabilitation of (2) four-plex buildings in Mountain View, sustaining 8 rental units.
- In 2012 CIHA completed redevelopment of AHFC's Loussac Manor, creating 120 new units of rental housing in Anchorage. The development is now known as Loussac Place.
- In 2014 CIHA completed 56 units of senior housing in Eagle River, known as Coronado Park Senior Village and constructed 28 townhome units in Eagle River, known as Coronado Park Work Force Townhomes.
- CIHA is currently constructing 44 family rental units in Phase V of its Mountain View Village development, 34 units of senior housing at its Centennial Village senior campus in east Anchorage, and an additional 88 units of mixed family and senior units on 2 scattered sites in Anchorage.

In summary, CIHA has completed development of 938 units of independent senior and "family" rental housing units to date.

- 60 units of senior housing built in Anchorage in 1982 (Salamatof Heights)
- 60 units of senior housing built in Anchorage in 1983 (Salamatof Heights)
- 10 units of senior housing built in Ninilchik in 1983 (Ninilchik House)
- 24 units of senior housing built in Kenai in 1984 (Chuda House)
- 18 units of senior housing built in Seldovia in 1984 (Seldovia House)
- 75 units of senior housing built in Anchorage in 1995 (Chickaloon Landing)
- 20 units of senior housing in Anchorage in 1997 (Knik Corners)
- 60 units of family housing in Anchorage in 2002/03 (Strawberry Village Cottages)
- 53 units of senior housing in Anchorage in 2003 (Kenaitze Pointe)
- 40 units of senior housing in Anchorage in 2003/04 (Tyonek Terrace)
- 28 units of family housing in Anchorage in 2004 (Mountain View Village I)
- 47 units of family housing in Anchorage in 2005 (Mountain View Village II)



- 38 units of family housing in Anchorage in 2006 (Mountain View Village III)
- 80 units of family housing in Anchorage in 2008 (Grass Creek Village)
- 59 units of senior housing in Anchorage in 2009-10 (Eklutna Estates)
- 20 units of family housing in Anchorage in 2009-10 (Mt. View, NSP)
- 34 units of family housing in Anchorage in 2010-2011 (Mountain View Village IV)
- 8 units of family housing in Anchorage in 2012 (Flower Street 4-plex rehab)
- 120 units of family housing in Anchorage in 2012 (Loussac Place)
- 56 units of senior housing being developed in Eagle River in 2013 (Coronado Park)
- 28 units of family housing being developed in Eagle River in 2013 (Coronado Work Force)

CIHA has also completed development of 81 units of immediate homeownership housing.

- 18 units of for-sale homes in Anchorage in 2005/2006 (Mountain View HO)
- 7 units of for-sale homes in Anchorage in 2007 (Mountain View HO)
- 8 units of for-sale homes in Anchorage in 2008 (Mountain View HO)
- 6 units of for-sale homes in Anchorage in 2009 (Mountain View HO)
- 12 units of for-sale homes in Anchorage in 2010 (Mountain View HO)
- 5 units of for-sale homes in Wasilla in 2010 (Wasilla NSP)
- 5 units of for-sale homes in Palmer in 2010 (Fairfield Park)
- 7 units of for-sale homes in Anchorage in 2012 (Mountain View HO)
- 6 units of for-sale homes in Anchorage in 2013 (Fairfield Park)
- 7 units of for-sale homes in Anchorage in 2014 (scattered, Anchorage)

Job Training Program

The job training program must target low and moderate income families during the construction or rehabilitation of the planned project. The trainees must be prepared for meaningful employment opportunities after the program is completed. Apprenticeship training in a recognized trade union is one example.

No points will be awarded under this criteria without written commitments, a Memorandum of Understanding, and a detailed program summary which specifies the goals and objectives for the program, the number of training positions, the target group of people, how the program will be funded, the skills learned by the trainees, the duration of the training and what future employment opportunities will be available to trainees.

AHFC will recapture any reservation or funding commitment made from GOAL funds if the applicant fails to implement and complete the proposed training program.

- 1. Generally, please describe the Job Training Program you propose. Also, please specifically identify the skills that will be learned during the program and the future employment opportunities that will be available to trainees.**

Cook Inlet Housing Authority's proposed Job Training Program will be conducted in conjunction with Alaska Craftsman Home Program apprenticeship program, and the general contractor and its subcontractors. The goal of the Program is to provide job training, trade apprenticeship and employment opportunities to all participants. Ultimate responsibility for the program will rest with Cook Inlet Housing Authority (CIHA). The job training program will train at least 4 unskilled persons in either general carpentry, electrical, or plumbing work. Trainees will work 8 hours a day during construction. Most of the training will be in the field although at least 2 of the trainees will receive at least 20 hours of classroom education. The training will focus on basic job safety, math, construction drawing interpretation, and the proper use of common tools and materials. Trainees will earn apprentice wages. After completion of the project specific job training program, it is hoped that trainees will retain meaningful employment with the contractors working on the Creekview Plaza 49 project or comparable projects.

- 2. Please identify the duration and concisely describe the specific outcomes for the program:**

Duration: The Creekview Plaza 49 job training program will start at commencement of the vertical construction through completion of the project.

Outcomes: This job training program approach will enable participants to make informed choices and match capabilities with capacities. There should be fewer dropouts by participants who might be ill-suited to certain occupations or otherwise have made unwise career choices. The program will provide apprentices with training and support services such as basic education and life skills training, and will provide opportunities to gain meaningful employment and continue working in their chosen trade.

<p>3. Identify the names and relationships of all participating training partners, including who will be doing the actual training:</p>
<p>Name: Cook Inlet Housing Authority Relationship: Developer Will they be doing the actual Training? No</p>
<p>Name: Alaska Craftsman Home Program Relationship: Training Sponsor Will they be doing the actual Training? Yes</p>
<p>Name: Cornerstone General Contractors Relationship: General Contractor Will they be doing the actual Training? Yes</p>
<p>4. Identify how the program will be funded (include costs as separate line in Project Development Cost Table):</p> <p>The job training program cost will be paid by the general contractor, with an additional \$10,000 being paid by Cook Inlet Housing Authority for the cost of the classroom training. The \$10,000 is included as a development cost in the GOAL workbook.</p>
<p>5. Identify the number of training positions and the target group of people who will be trained:</p>
<p>Number of positions: 4 Position Type: carpentry, electrical or plumbing Target Group to be Trained: The job training program will target individuals from low and moderate-income families during the construction of the project.</p>
<p>6. Identify the number of hours that classroom training will be provided under this plan:</p>
<p>Number of classroom training hours: 20/hours per person minimum Number of persons receiving classroom training: at least 2 Target Group to be Trained: The job training program will target individuals from low and moderate-income families during the construction of the project.</p>

Once this page has been completed, please include a printed copy of this form with the rest of the documents scanned into the system in response to the documentation requirements under this category.

BOARD CONSIDERATION MEMORANDUM

Date: January 21, 2015

Staff: Eric A. Havelock

Item: Alaska Energy Efficiency Revolving Loan Request

BACKGROUND: The Alaska Energy Efficiency Revolving Loan Fund Program provides financing for permanent energy efficient improvements to buildings owned by regional educational attendance areas, by the University of Alaska, by the state, or by municipalities in the state. Borrowers obtain an energy audit as the basis for making cost-effective energy improvements, selecting from the list of identified energy upgrades included with the initial rating.

BORROWER: State of Alaska Department of Transportation and Public Facilities

FACILITY:

Chitina:	Maintenance shop and snow removal equipment building;
Ernestine:	Maintenance shop;
Gulkana:	Airport maintenance shops;
Nelchina:	Maintenance building;
Paxson:	Maintenance building;
Fairbanks:	Grader warm storage building, large vehicle warm storage buildings, statewide equipment fleet light duty shop and office, statewide equipment fleet motor room, warm storage building;
Slana:	Maintenance building;
St. Marys:	3-Bay shop, statewide equipment fleet shop, and snow removal equipment building; and,
Tazlina:	Maintenance building. (See Appendix I)

PROPOSAL OVERVIEW:

Loan Amount: \$ 3,709,250

Loan Terms: One year interest only commensurate to draw amounts converting to a 14 year amortizing loan with fixed monthly payments.

Interest Rate: 3.625%*

*Rate is determined at the time of underwriting based on what AHFC believes would be the cost of a fifteen (15) year tax-exempt bond plus administrative and anticipated servicing costs, if it sold bonds at that time.



Debt Service Coverage Ratio:

In consideration of the nature and the sources of income for this borrower, it is felt that it is more practical to view the analysis from an ability to pay basis, versus a debt service ratio or payment to income ratio policy. Staff's analysis of the projected savings anticipated from the energy efficiency improvements when compared to the monthly debt service for the loan indicates that the borrower will be able to pay the debt service as agreed.

Recourse to Borrower: No

While the loan will be made to the state of Alaska Department of Transportation and Public Facilities, the state does not have the authority to issue certificates of stock or distribute any part of its net assets to, or for the benefit of, its members, officers, or any other private person without legislative approval. There are no principal stockholders to act as personal guarantors for the loan. Recourse is therefore limited to the performance guaranty given by the investment grade auditing entity, Siemens Industry, Inc. Further assurance is provided in authorizing statutes that allows AHFC intercept rights for future state funds that are appropriated to the state Department of Transportation.

Sources and Uses of Funds:

Sources:

First Loan Amount:	\$ 3,709,250
Borrower's Funds:	<u>\$ 20,160</u>
Total Sources:	\$ 3,729,410

Uses:

Facility Improvement Measures:	\$ 3,385,980 (See Appendix II)
Energy Savings Guaranty Cost:	\$ 154,288
Commissioning/M&V Set-up Cost:	\$ 70,962
Investment Grade Audit Cost:	\$ 29,946
Contractor's Soft costs:	\$ 68,074
Loan fee and Closing Costs:	<u>\$ 20,160</u>
Total Uses:	\$ 3,729,410

BORROWER DESCRIPTION:

State of Alaska Department of Transportation and Public Facilities:

As a department for the state of Alaska, the Department of Transportation and Public Facilities (DOTPF) is responsible for the routine services and operations of the state's transportation infrastructure including capital improvements to Alaska's transportation system. Divisions within the department include the Alaska Marine Highway System, Aviation and Airports, maintenance and operations of Alaska's road system, and commercial vehicle standards enforcement. The department currently employs 3,801 employees.

Financial:

As a department within the state of Alaska, DOTPF does not have income. Operating and capital expenses are funded through annual legislative appropriation. Fiscal year 2015 reflects a Capital Budget of \$1,217,767,413 and an Operating Budget of 629,036,800.

Credit:

The state of Alaska Department of Transportation and Public facilities does not have any loans with AHFC.

FACILITY CHARACTERISTICS:

Location and Site Description:

- Chitina: The maintenance/snow removal equipment building was built in 2000 and contains 3,600 square feet;
- Ernestine: The maintenance shop construction date was not identified, and the building contains 4,800 square feet;
- Gulkana: The airport maintenance shop was built in 1950 and contains 1,380 square feet;
- Nelchina: The maintenance building was built in 1965 and contains 3,780 square feet;
- Paxson: The maintenance building was built in 1968 and contains 3,800 square feet;
- Fairbanks: The grader warm storage building was built in 1980 and contains 4,800 square feet; the large vehicle warm storage building was built in 1980 and contains 18,000 square feet; the statewide equipment fleet light duty shop and office was built in 1969 and contains 25,300 square feet; the statewide equipment fleet motor room was built as an addition to the statewide equipment fleet building and contains 6,495 square feet; and, the warm storage building was built in 1980 and contains 14,867 square feet;
- Slana: The maintenance building was built in 1958 and contains 4,704 square feet;
- St. Marys: The 3-Bay shop was built in 1964 and contains 2,720 square feet; the statewide equipment fleet shop was built in 1986 and contains 2,400 square feet; and, the snow removal equipment building was built in 1994 and contains 3,200 square feet.
- Tazlina: The maintenance building was built in 1971 and contains 11,200 square feet.

Energy Efficiency Improvement Overview:

An investment grade audit for the project that incorporates each building was completed by Siemens Industry Inc. in September, 2014, and approved by AHFC's Research and Rural Development Department. The report covers the proposed scope of work to be completed in order to achieve the energy efficiency upgrades to each facility. The borrower has elected to pursue upgrades as follows:

All facilities – interior and exterior lighting upgrades; weatherization, programmable thermostats (except Tazlina);

Chitina – replace electric baseboard heat with alternative heat source;

Ernestine – add pipe insulation;

Gulkana – window replacement on both buildings; window removal; add pipe insulation;

Nelchina – man door replacement; install exhaust fan timers/motion sensors;

Paxson – man door replacement; add pipe insulation; combined heat and power generations;

Fairbanks – window replacement/removal in grader building; overhead door replacement/removal in warm storage building; add pipe insulation and install exhaust fan timers/motion sensors to statewide equipment fleet and warm storage buildings; window replacement and new destratification fan installation and recommissioning of statewide equipment fleet building;

Slana – window replacement; add pipe insulation;

St. Marys – replace electric baseboard heat with alternative heat source in both buildings; man door replacement; window removal and infill; overhead door removal and infill; increase building insulation in all buildings; new fuel oil day tank;

Tazlina – direct digital control upgrade; heating system redesign and replacement; man door replacement; overhead door replacement; add engine block heater timers.

Note: The projected annual energy savings in the first year of operation is \$257,330, and the proposed annual mortgage payment is \$338,231; and, based on the loan interest rate and an energy cost escalation rate of 4% per annum, the cumulative net cash flow turns positive in year twelve indicating the projected energy savings supports the amount of debt service being incurred over the life of the loan. Should energy costs not increase over the life of the project, the project reaches a break-even point in year nineteen. (See Appendix III)

Environmental Assessments:

Typically, when real property is taken as collateral, an environmental assessment report is considered to be an appropriate form of due diligence to assure that the property is free from any contamination. The subject loan does not propose that real estate be taken as collateral, and therefore; staff determined that the environmental report and the associated expense is not warranted.

Health and Safety Inspection Report:

Typically, when real property is taken as collateral, a health and safety inspection report is considered to be an appropriate form of due diligence to assure that the property is free of any health and safety items that may restrict tenancy. The subject loan does not propose that real estate be taken as collateral, and therefore; staff determined that the health and safety inspection report and the associated expense is not warranted.

FACILITY OPERATIONS:

Staff concurs that the Department of Transportation and Public Facilities staff have the necessary experience to successfully oversee the various projects in order to realize the cost savings associated with the proposed energy efficiency improvements. Further consideration is given to the proposed commissioning process which provides staff training and operational expertise to ensure building performance.

STRUCTURING OF PROJECT FUNDING:

AHFC will remit capital advances commensurate to work performed for up to the first twelve months after the loan is closed. The loan will accrue interest at the stated rate from the date of the first disbursement, with the borrower remitting interest installments quarterly until loan proceeds are fully drawn. Phased funding is anticipated to begin shortly after the scheduled February 4th Notice to Proceed is published with all installation work to be completed by August 27, 2015. Actual Notice to Proceed and work completion may change dependent on when the loan is closed. The Department of Transportation and Public Facilities will keep AHFC informed of all schedule modifications.

*Note: Should the borrower elect to terminate the project at any time, the loan will convert to an amortizing loan payable over the remaining term.

RECOMMENDATION:

The state Department of Transportation and Public Facilities has presented the corporation with a unique opportunity to assist in the energy retrofitting of several state owned buildings in nine communities as authorized by AS 18.56.855. The request falls within the parameters of the Alaska Energy Efficiency Revolving Loan Program; it is reasonable to expect that the loans will be repaid; and it is considered to be an acceptable risk; therefore, Staff recommends approval of the request subject to the conditions noted below.

COMMITMENT CONDITIONS:

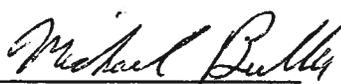
1. Borrower to be State of Alaska Department of Transportation and Public Facilities;
2. Alaska Housing Finance Corporation (AHFC) to provide long term financing in an amount not to exceed \$3,709,250, distributed as follows:
 - a. Funding draws commensurate to work performed up to \$3,709,250 for the first twelve months with quarterly payments of outstanding accrued interest; and
 - b. The final draw amount with an aggregate not to exceed \$3,709,250 amortized over fourteen (14) years with fixed monthly payments starting one year from loan closing. Interest to be 3.625% at AHFC's fifteen (15) year cost of funds including administrative and servicing costs
3. AHFC may fund the loan from working capital or from its selection of a bond market placement or other sources which are the most attractive to it. The committed interest rate is a fixed rate and not subject to adjustment in the event AHFC elects to fund the loan from a source of funds that has an effective rate, as computed by AHFC, that varies from the committed rate;

4. Commitment to expire April 21, 2015 and an extension may be considered by staff, subject to extension guideline criteria and applicable extension fees;
5. A security position will be taken with an assignment of the performance contract guaranty;
6. Receipt and acceptance by AHFC of the following:
 - a. the general contractor's warranty which at a minimum is for one (1) year for all work performed and materials provided as part of the construction contract;
 - b. an accountant's (or another source acceptable to AHFC) written certification verifying the final total development cost of the project;
 - c. a letter of opinion from the Borrower's legal counsel verifying such matters as their legal entity, ability to enter into closing documentation, zoning compliance, permitting and licensing requirements, etc.;
7. Quarterly loan payment to include funds, as determined by AHFC, for interest only during the draw period; with subsequent monthly payments to include funds, as determined by AHFC, for principal and interest over the remaining term;
8. Borrower to sign all necessary closing documentation, or provide any additional data, as determined necessary by AHFC, to effect the loan closing;
9. Borrower to pay appropriate cost associated with the loan, including but not limited to, the loan fee and legal fee for documentation preparation and review;
10. The payment of an \$18,546.25 loan fee due at the time of loan closing or upon expiration of this commitment;
11. A commitment fee of \$9,273.13 will be required upon acceptance of the commitment with said amount being credited against the loan fee at the time of closing. Payment of the commitment fee must be made within 30 days from the date of the commitment letter; and
12. Other conditions that may arise as determined by AHFC.

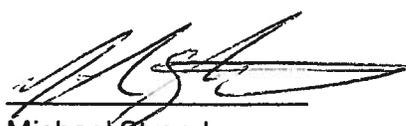
Reviewed and accepted by Senior Staff as substantively stated in this loan consideration memorandum, subject to Board approval:


 Bryan D. Butcher
 CEO, Executive Director

Date: 1-9-15


 Michael Buller
 Deputy Executive Director

Date: 1/9/15


 Michael Strand
 Chief Financial Officer

Date: 1/9/15

**ALASKA HOUSING FINANCE CORPORATION
RESOLUTION NO. 2015-03**

**RESOLUTION APPROVING INTERIM AND TERM
FINANCING FOR AN ENERGY EFFICIENCY
IMPROVEMENT PROJECT FOR THE STATE OF
ALASKA DEPARTMENT OF TRANSPORTATION AND
PUBLIC FACILITIES**

BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation as follows:

I. Findings:

- A. There is need to provide financing for energy efficiency improvements to public buildings in Alaska;
- B. The state of Alaska Department of Transportation and Public Facilities applied to Alaska Housing Finance Corporation to receive funds under its Alaska Energy Efficiency Revolving Loan Program for acquisition, installation and commissioning of energy efficiency measures to various public buildings owned by the state of Alaska;
- C. The purpose of the proposed financing is to implement energy efficiency measures in state owned buildings for the long term reduction of energy use in public buildings;
- D. The proposed financing falls within the established program regulations; and,
- E. The proposed financing is found to be an acceptable risk to the Alaska Housing Finance Corporation.

II. Conclusion:

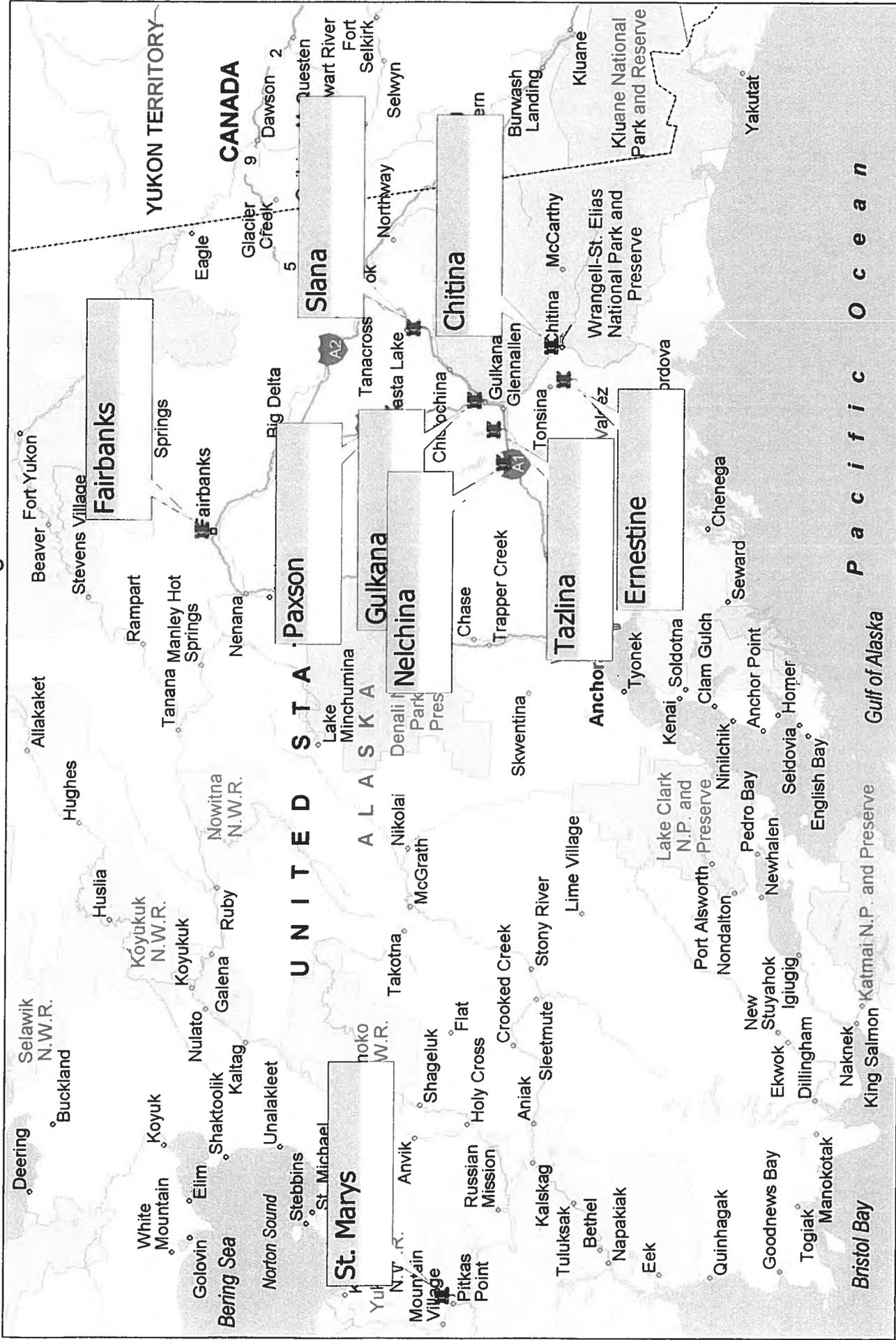
Pursuant to the foregoing findings, the Board hereby approves the request substantively as stated in the January 21, 2015 Board Consideration Memorandum prepared in support of the application.

This resolution shall take effect immediately.

DATED THIS 21st Day of January, 2015

Frank Roppel
Chair

DOTPF Northern Region



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**State of Alaska Department of Transportation and Public Facilities
Northern Region Energy Efficiency Measures**

St. Marys snow removal equipment building

- Replace door motors
- Repair overhead doors and their associated tracks
- Repair interior insulation where it has been damaged and is coming off
- Repair roof/stack leaks to prevent further insulation damage
- LED retrofit for interior and exterior lighting
- They have requested the water tank be replaced or cleaned

St. Marys statewide equipment fleet shop

- LED retrofit for interior and exterior lighting
- Replacement of man-doors, especially the one rusted through
- Replacement of overhead door motors
- Removal of some of the windows, infill with insulation and cover with wall panel
- Replace exterior electrical outlets
- Upgrade heating system, especially in the office area

St. Marys 3-Bay Shop

- Replace interior insulation
- LED replacement for interior and exterior lighting
- Repair weather-stripping around the overhead doors to prevent infiltration
- Removal of Bay 1 rear overhead door and infill with insulation and wall panel
- Provide used oil burner
- Replacement of window panel with insulated panel in all overhead doors

Chitina Maintenance Shop

- LED retrofit for interior lighting and LED replacement for exterior lighting
- Occupancy sensors
- New exterior building insulation
- Replacement of man-doors and new weather-stripping

Chitina snow removal equipment building

- LED lighting retrofit with occupancy sensors for interior lighting

Ernestine Maintenance Shop

- LED replacement for all lighting interior and exterior
- Replacement of man-doors with insulated doors
- LED lighting upgrades for lighting on Sand Storage Shed

Gulkana Airport Maintenance Building (Old Shop)

- Remove all but two windows, fill with insulation and cover with new siding
- Replace the two windows with new, efficient windows
- LED lighting retrofit for interior fixtures and LED replacement for exterior fixtures
- New exterior building insulation and siding

Gulkana Airport Maintenance Shop (New Shop)

- LED lighting replacement for interior and exterior fixtures
- Insulate piping
- Replace windows and framing

Nelchina Maintenance Building

- New exterior building insulation
- Replacement of man-doors with insulated doors
- LED lighting upgrades interior and exterior
- LED Lighting upgrades in Sign Storage Building, and exterior of Sand Storage Shed, Sign Storage Building, and Tire Storage Building

Paxson Maintenance Building

- Weather-stripping on overhead doors
- LED lighting upgrades for interior and exterior lighting
- New exterior building insulation
- Replacement of man-doors with insulated doors
- New seals on bottom of overhead doors

Slana Maintenance Building

- New exterior building insulation
- LED lighting upgrades for interior and exterior lighting
- LED lighting upgrades for lighting on Sand Storage Shed
- Energy efficient window replacement
- Replacement of weather-stripping and door seals on overhead doors

Tazlina Maintenance Building

- New exterior building insulation and siding
- Replacement of man-doors with insulated doors
- LED lighting upgrades for all interior and exterior lighting
- LED lighting upgrades for Sand Storage Shed lighting
- Installation of hydronic baseboard heat in Administrative Areas, replacing the forced air system
- Resize the boiler and replace with two units, instead of the one large unit
- Replace building DDC system that controls boilers, AHUs, space temperatures, CO alarms, and building pressure. Must integrate with Northern Region

Fairbanks Peger Road Facility

- Statewide equipment fleet light duty shop and office
 - LED lighting upgrades throughout facility, except in the Heavy Duty Shop
- Statewide equipment fleet motor room
 - LED lighting upgrades, including interior and exterior fixtures
- Warm storage building
 - LED lighting upgrades, including interior and exterior fixtures
- Grader warm storage building (Cat House)
 - LED lighting upgrades, including interior and exterior fixtures
- Large vehicle warm storage
 - LED lighting upgrades on the interior only



**EXHIBIT CS-1 ENERGY PERFORMANCE CONTRACT SCHEDULES
IMPLEMENTATION COST BY ENERGY EFFICIENCY MEASURE (EEM)**

X_ Proposed
___ Final

Facilities: DOT-NR ESCO Name: SIEMENS

CATEGORY NUMBER	EEM NUMBER	EEM DESCRIPTION	TOTAL IMPLEMENTATION COST	PROPOSED FIRST YEAR ANNUAL COST SAVINGS	SIMPLE PAYBACK (YEARS)	ROI (%)
1	1.01	Interior and Exterior Lighting Upgrade	\$1,101,469	\$ 85,626	12.9	8%
5	5.01	Direct Digital Control Upgrade	\$105,357	\$ 5,263	20.0	5%
5	5.02	Programmable Thermostats Installation	\$80,001	\$ 26,535	3.0	33%
6	6.01	Heating System Redesign and Replacement	\$379,907	\$ 13,177	28.8	3%
6	6.02	Replace Electric Baseboard Heat with Alternative Heat Source	\$40,115	\$ 11,099	3.6	28%
9	9.01	Weatherization	\$398,048	\$ 40,349	9.9	10%
9	9.02	Man Door Replacements	\$22,385	\$ 472	47.4	2%
9	9.03	Window Replacement	\$150,732	\$ 3,082	48.9	2%
9	9.04	Window Removal	\$20,583	\$ 982	21.0	5%
9	9.05	Overhead door replacement	\$87,773	\$ 2,481	35.4	3%
9	9.06	Overhead Door Removal	\$25,152	\$ 894	28.1	4%
9	9.07	Increase Building Insulation	\$199,097	\$ 16,588	12.0	8%
11	11.01	Pipe Insulation	\$31,148	\$ 3,512	8.9	11%
11	11.02	Exhaust Fan Timers/Motion Sensor	\$3,127	\$ 1,257	2.5	40%
11	11.03	Engine Block Heater Timers	\$16,684	\$ 2,144	7.8	13%
11	11.04	New FO Day Tank	\$85,211	\$ 5,500	16.0	6%
13	13.01	Combined Heat & Power Generation	\$568,429	\$ 31,886	17.8	6%
17	17.02	ReCx Study	\$52,598	\$ 3,954	13.3	8%
17	17.03	New Destratification Fans	\$15,164	\$ 2,531	6.0	17%
		Audit Cost	\$29,946			
		Commissioning / M&V Set-Up	\$70,962			
		SOA DOL Fee	\$5,000			
		Warranty	\$63,079			
		ESCO 3-Year Energy Savings Guarantee	\$154,288			
		TOTAL FOR ALL MEASURES:	\$3,709,255	\$ 257,330	14.4	7%
		Bonded Amount:	\$			

Notes:

- 1) Total Implementation Costs shall include only direct costs of EEMs.
- 2) Contractor shall identify direct costs for Investment Grade Audit/ Energy Services Proposal and Measurement & Verification fees as separate line items.
- 3) Contractor shall attach adequate supporting information detailing all total implementation expenses.

Project Cash Flow Analysis
DOT&PF Northern Region Energy Upgrades
4% Energy Cost Escalation

YEAR	Energy Savings	Operational Savings	Gross Savings	Principal & Interest	Ongoing Support	Program Costs	Annual Contribution	Annual Net Cashflow	Cumulative Net Cashflow
0	\$ 32,000	\$ -	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 32,000	\$ 32,000
1	\$ 257,330	\$ -	\$ 257,330	\$ (134,460)	\$ -	\$ (134,460)	\$ -	\$ 122,870	\$ 154,870
2	\$ 267,623	\$ -	\$ 267,623	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (70,608)	\$ 84,262
3	\$ 278,328	\$ -	\$ 278,328	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (59,903)	\$ 24,360
4	\$ 289,461	\$ -	\$ 289,461	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (48,770)	\$ (24,410)
5	\$ 301,040	\$ -	\$ 301,040	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (37,191)	\$ (61,601)
6	\$ 313,081	\$ -	\$ 313,081	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (25,150)	\$ (86,751)
7	\$ 325,605	\$ -	\$ 325,605	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (12,626)	\$ (99,377)
8	\$ 338,629	\$ -	\$ 338,629	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ 398	\$ (98,979)
9	\$ 352,174	\$ -	\$ 352,174	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ 13,943	\$ (85,036)
10	\$ 366,261	\$ -	\$ 366,261	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ 28,030	\$ (57,006)
11	\$ 380,911	\$ -	\$ 380,911	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ 42,680	\$ (14,326)
12	\$ 396,148	\$ -	\$ 396,148	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ 57,917	\$ 43,591
13	\$ 411,994	\$ -	\$ 411,994	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ 73,763	\$ 117,354
14	\$ 428,473	\$ -	\$ 428,473	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ 90,243	\$ 207,597
15	\$ 445,612	\$ -	\$ 445,612	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ 107,381	\$ 314,978
16	\$ 463,437	\$ -	\$ 463,437	\$ -	\$ -	\$ -	\$ -	\$ 463,437	\$ 778,415
17	\$ 481,974	\$ -	\$ 481,974	\$ -	\$ -	\$ -	\$ -	\$ 481,974	\$ 1,260,389
18	\$ 501,253	\$ -	\$ 501,253	\$ -	\$ -	\$ -	\$ -	\$ 501,253	\$ 1,761,642
19	\$ 521,303	\$ -	\$ 521,303	\$ -	\$ -	\$ -	\$ -	\$ 521,303	\$ 2,282,945
20	\$ 542,155	\$ -	\$ 542,155	\$ -	\$ -	\$ -	\$ -	\$ 542,155	\$ 2,825,101
	\$ 563,842	\$ -	\$ 563,842	\$ -	\$ -	\$ -	\$ -	\$ 563,842	\$ 3,388,943

Financial Summary	
Program Cost	\$ 3,709,255
Rebates	\$ -
Downpayment/Capital Contribution	\$ -
Amount Financed	\$ 3,709,255
Ongoing Support	\$ -
Annual Utility Savings	\$ 257,330
Annual Operational Savings	\$ -
Simple Payback (years)	14.4
Annual Interest Rate (AHFC Rate) =>	3.625%
Finance Period	14
Payments per Year	12
Total Interest Payments	\$ 1,025,977
Energy Escalation	4.0%
Operational Escalation	0.0%
Service Escalation	0.0%
Total Amount	\$ 4,735,232



Project Cash Flow Analysis DOT&PF Northern Region Energy Upgrades 0% Energy Cost Escalation

YEAR	Energy Savings	Operational Savings	Gross Savings	Principal & Interest	Ongoing Support	Program Costs	Annual Contribution	Annual Net Cashflow	Cumulative Net Cashflow
0	\$ 32,000	\$ -	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ 32,000	\$ 32,000
1	\$ 257,330	\$ -	\$ 257,330	\$ (134,460)	\$ -	\$ (134,460)	\$ -	\$ 122,870	\$ 154,870
2	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ 73,969
3	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (6,932)
4	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (87,833)
5	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (168,733)
6	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (249,634)
7	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (330,535)
8	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (411,436)
9	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (492,337)
10	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (573,238)
11	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (654,138)
12	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (735,039)
13	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (815,940)
14	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (896,841)
15	\$ 257,330	\$ -	\$ 257,330	\$ (338,231)	\$ -	\$ (338,231)	\$ -	\$ (80,901)	\$ (977,742)
16	\$ 257,330	\$ -	\$ 257,330	\$ -	\$ -	\$ -	\$ -	\$ 257,330	\$ (720,412)
17	\$ 257,330	\$ -	\$ 257,330	\$ -	\$ -	\$ -	\$ -	\$ 257,330	\$ (463,082)
18	\$ 257,330	\$ -	\$ 257,330	\$ -	\$ -	\$ -	\$ -	\$ 257,330	\$ (205,752)
19	\$ 257,330	\$ -	\$ 257,330	\$ -	\$ -	\$ -	\$ -	\$ 257,330	\$ 51,578
20	\$ 257,330	\$ -	\$ 257,330	\$ -	\$ -	\$ -	\$ -	\$ 257,330	\$ 308,908
									\$ 566,238

Financial Summary	
Program Cost	\$ 3,709,255
Rebates	\$ -
Downpayment/Capital Contribution	\$ -
Amount Financed	\$ 3,709,255
Ongoing Support	\$ -
Annual Utility Savings	\$ 257,330
Annual Operational Savings	\$ -
Simple Payback (years)	14.4
Annual Interest Rate (AHFC Rate) =>	3.625%
Finance Period	14
Payments per Year	12
Total Interest Payments	\$ 1,025,977
Energy Escalation	0.0%
Operational Escalation	0.0%
Service Escalation	0.0%
Total Amount	\$ 4,735,232

Date: January 21, 2015
To: AHFC Board of Directors
From: Mike Strand, CFO/Finance Director
RE: Proposed State Capital Project Bonds II, 2015 Series A

Staff is proposing the issuance of State Capital Project Bonds II, 2015 Series A (the “Bonds”), to refund certain outstanding debt obligations. The Bonds would be issued as tax-exempt, non-AMT, fixed-rate bonds and enable AHFC to achieve approximately \$21.5 million (NPV) debt service savings based on projected pricing cash flows using current market rates. This transaction would be structured very similar to the State Capital Project Bonds II, 2013 Series D, which AHFC issued in November 2014.

In accordance with our Fiscal Policies, prior to considering an underwriting group, a review of the transaction was performed by staff, with the assistance of AHFC’s financial advisor, First Southwest (“FSW”), to determine the most appropriate method-of-sale. Due to the volatility in the current markets and premium complexity of the proposed refunding transaction, it was concluded that a negotiated method of sale would achieve the optimal financing structure and lowest borrowing costs because the Bonds can be restructured and priced based on investor preferences. Risks will be minimized during the underwriting process as a result of timing flexibility and increased marketing to targeted buyers. The rating process will be facilitated by the use of the investment bank that prepares rating agency cash flows. Since AHFC uses a financial advisor together with a group of underwriters competing through a RFP, negotiated underwriting fees are ensured to be kept to a minimal spread.

In order to maximize economic benefits to AHFC, rather than assigning the transaction to the next firm on our Qualified Underwriter List, staff sent out an RFP to provide underwriting services for refunding bonds in December through FSW. We received responses from fifteen investment banks with some extremely aggressive proposals; over half of them with takedowns lower than our last transaction and much lower than the historical market average. A six-person evaluation committee from AHFC and FSW evaluated the responses based on structured savings, pricing spread, takedown costs, bank ranking, AHFC relationship and proposal quality. KeyBanc, which is on our Qualified Underwriter List, received the highest overall score of 75/90 with their proposal and was recommended for senior book-running manager by the evaluation committee. Bank of America Merrill Lynch was a very close second in scoring and thus was recommended as a co-senior manager. Based on the other scores, the committee also recommended that the following firms be included as co-managers to fill out the underwriting syndicate: Morgan Stanley, Goldman Sachs, JP Morgan and Citigroup. The evaluation committee’s scoresheet, detailing all of the firms’ scores, is available upon request.

In accordance with AHFC’s Fiscal Policies and subject to the Board’s concurrence with the above findings, staff, along with FSW, recommends structuring and marketing the bonds on a negotiated underwriting basis with KeyBanc serving as senior book-running manager.

Staff recommends Board approval of the attached Bond Resolution.

The proposed Bond transaction is summarized below:

- Issue Name: State Capital Project Bonds II, 2015 Series A
- Issue Size: \$130,000,000
- Proposed Structure: Tax-exempt, non-AMT, fixed-rate serial and term bonds
- Expected Ratings: AA+/AA+ (S&P/Fitch)
- Collateral: AHFC general obligation pledge only
- Tax Restrictions: Qualified GO refunding
- Loan Program: N/A

More details are available in the following Bond documents:

- Bond Resolution
- Preliminary Official Statement
- Supplemental Indenture
- Bond Purchase Agreement
- Continuing Disclosure Certificate

**ALASKA HOUSING FINANCE CORPORATION
RESOLUTION NO. 2015-04**

RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$130,000,000 STATE CAPITAL PROJECT BONDS II, 2015 SERIES A; AUTHORIZING THE EXECUTION AND DELIVERY OF A 2015 SERIES A SUPPLEMENTAL INDENTURE TO SECURE THE 2015 SERIES A BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT RELATING TO THE SALE OF THE 2015 SERIES A BONDS; A CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE SALE OF THE 2015 SERIES A BONDS; APPROVING THE FORM OF THE PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE 2015 SERIES A BONDS AND THE DISTRIBUTION OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE 2015 SERIES A BONDS; AND AUTHORIZING AND APPROVING RELATED MATTERS.

WHEREAS, the Corporation has determined to issue its State Capital Project Bonds II, 2015 Series A (the "2015 Bonds"); and

WHEREAS, the aggregate principal amount of the 2015 Bonds may not exceed \$130,000,000;

WHEREAS, the 2015 Bonds will be fixed rate tax-exempt bonds; and

WHEREAS, the 2015 Bonds will be issued under an Indenture entered into 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

WHEREAS, the 2015 Bonds will be issued pursuant to a 2015 Series A Supplemental Indenture substantially in the form presented at this meeting (the "Supplemental Indenture"); and

WHEREAS, provisions shall be made for the sale of the 2015 Bonds pursuant to a bond purchase agreement between KeyBanc Capital Markets Inc., representing itself and certain other underwriters identified therein (collectively, the "Underwriters"), and the Corporation (the "Bond Purchase Agreement"); and

WHEREAS, in accordance with the Securities and Exchange Commission's Rule 15c2-12(b)(5), the Corporation proposes to enter into a Continuing Disclosure Certificate or to execute a certificate embodying the same terms for the 2015 Bonds (the "Continuing Disclosure Certificate"), a form of which has been presented at this meeting; and

WHEREAS, there has been presented at this meeting the form of a Preliminary Official Statement to be distributed in connection with the 2015 Bonds (the "Preliminary Official Statement"), the final form of which shall be substantially in the same form and content as the form of Preliminary Official Statement presented at this meeting (collectively, the Preliminary Official Statement, the Supplemental Indenture, the Bond Purchase Agreement, and the Continuing Disclosure Certificate are herein referred to as the "Bond Documents"); and

WHEREAS, the final form of the Bond Documents shall be substantially in the same form and content as the form of Bond Documents presented at this meeting; and

WHEREAS, the final form of the 2015 Bonds shall be substantially in the same form and content as the forms set forth in the Supplemental Indenture; and

WHEREAS, all consents, proceedings, and approvals necessary for the authorization, sale, and delivery of the 2015 Bonds have been taken or received, or will have been taken or received as of the time of the sale and delivery of the 2015 Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ALASKA HOUSING FINANCE CORPORATION, AS FOLLOWS:

Section 1. The issuance of, and the performance by the Corporation of the obligations contained in, the 2015 Bonds are hereby authorized, approved, and confirmed, provided that (1) the 2015 Bonds are in an aggregate principal amount not exceeding \$130,000,000, (2) the 2015 Bonds bear interest at such rate or rates as shall be agreed to by an Authorized Officer, provided that no such rate shall exceed 8% per annum, and (3) the 2015 Bonds are in substantially the form and content set forth in the

Supplemental Indenture, subject to appropriate insertions and revisions as permitted by Section 2 hereof.

Section 2. The form and content of, and the performance by the Corporation of the obligations contained in, the Bond Documents presented at this meeting are in all respects authorized, approved, and confirmed. The Chief Executive Officer/Executive Director, the Deputy Executive Director, and the Chief Financial Officer/Finance Director (each, an "Authorized Officer" and, collectively, the "Authorized Officers") are severally authorized to approve, execute and deliver the final forms of the Bond Documents for and on behalf of the Corporation substantially in the form and content presented at this meeting. The Authorized Officers may each make or cause to be made any changes, modifications, additions, and deletions in the form or content of the Bond Documents as presented at this meeting as any Authorized Officer may consider necessary, desirable, or appropriate, and each such change, modification, addition, and deletion is hereby authorized, approved, and confirmed. The execution of any Bond Document by an Authorized Officer shall be conclusive evidence of approval of any and all changes, modifications, additions, or deletions to that Bond Document from the form or content that was presented at this meeting. After the execution and delivery of the Bond Documents, the Authorized Officers are each authorized, empowered, and directed to do all such acts and things and to execute all such documents, as may be necessary to carry out and comply with the provisions of the Bond Documents as executed.

Section 3. The Authorized Officers are severally authorized, empowered, and directed to approve the final form of the Preliminary Official Statement, and the final form of the Official Statement. The final form of the Preliminary Official Statement and the final form of the Official Statement shall each be in substantially the same form as the draft Preliminary Official Statement which has been presented at and is a part of the records of this meeting; however, the final form of the Preliminary Official Statement and the final form of the Official Statement may each contain such changes as the

Authorized Officers consider necessary or appropriate to fully disclose to purchasers of the 2015 Bonds all pertinent information relating to the 2015 Bonds. The distribution of the Preliminary Official Statement and the Official Statement, as completed by the Authorized Officers, to prospective purchasers and the use of the Preliminary Official Statement and the Official Statement by the Underwriters in connection with the offering of the 2015 Bonds are hereby ratified, confirmed, and approved.

Section 4. The Authorized Officers of the Corporation are each authorized to have the 2015 Bonds prepared and to execute and authorize the delivery of the 2015 Bonds to the Underwriters in accordance with the terms of the Bond Purchase Agreement and upon receipt of the purchase price for the 2015 Bonds plus accrued interest. The Authorized Officers are each authorized to do and perform all acts and things and execute any and all documents in the name of the Corporation necessary, useful, or convenient to the issuance and sale of the 2015 Bonds.

Section 5. The Authorized Officers are severally authorized, after execution of the 2015 Bonds, to deliver the 2015 Bonds to the Trustee for authentication under the Master Indenture and the Supplemental Indenture and, upon authentication and upon receipt of the balance of the purchase price of the 2015 Bonds, to deliver to the Trustee a written order in the name of the Corporation directing the Trustee to deliver the 2015 Bonds to the purchasers and to receive the proceeds of sale of the 2015 Bonds and related amounts and give a written receipt therefor on behalf of the Corporation, to apply said proceeds and related amounts in accordance with the terms of the Master Indenture and the Supplemental Indenture, and to do and perform or cause to be done and performed, for and on behalf of the Corporation, all acts and things (including, but not limited to, the transfer of money of the Corporation to the Trustee for deposit in, and application to the purposes of, such funds or accounts as may be required by the Master Indenture or the Supplemental Indenture) that constitute conditions precedent to the authentication and delivery of the 2015 Bonds or that are otherwise required or

convenient to be done and performed by or on behalf of the Corporation prior to or simultaneously with the delivery of the 2015 Bonds.

Section 6. The Authorized Officers are severally authorized for and on behalf of the Corporation to do or cause to be done all acts and things and execute any and all documents and agreements as they deem appropriate and necessary including, without limitation, any investment agreements for the proceeds of the 2015 Bonds, all in the name of the Corporation as may be required or desirable to be done by the Corporation (or any Authorized Officer of the Corporation) under and pursuant to the terms of the Master Indenture and the Supplemental Indenture and all acts and things required or desirable to be done by the Corporation in accordance with the terms and conditions of the Bond Documents and to provide for the issuance and sale of the 2015 Bonds.

Section 7. All Authorized Officers and the Corporation's agents and counsel are severally authorized to take all such further actions, to execute and deliver such further instruments and documents in the name and on behalf of the Corporation, or to otherwise pay all such expenses, as in their judgment, shall be necessary or advisable in order to fully carry out the purposes of this resolution.

Section 8. All actions previously taken or that will be taken by any Authorized Officer in connection with or related to the matters set forth in or reasonably contemplated by this resolution are, and each of them hereby is, adopted, ratified, confirmed and approved in all respects as the acts and deeds of the Corporation.

Section 9. This resolution shall take effect immediately.

Dated this 21st day of January 2015.

Chair

ALASKA HOUSING FINANCE CORPORATION

STATE CAPITAL PROJECT BONDS II

\$_____ 2015 Series A

Bond Purchase Agreement

January [29], 2015

This Bond Purchase Agreement (“Agreement”) is made as of the date above, by and between the Alaska Housing Finance Corporation (the “Corporation”), a public corporation and government instrumentality created and existing under the laws of the State of Alaska, and KeyBanc Capital Markets, Inc., as representative (the “Representative”) of the purchasers listed on Schedule I (the “Purchasers”). Terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture (defined below). The Corporation and the Purchasers agree as follows:

(A) Upon the terms and conditions and upon the basis of the representations set forth herein, the Purchasers hereby agree to purchase from the Corporation, and the Corporation hereby agrees to sell and to cause to be issued and to be delivered to The Depository Trust Company (“DTC”), New York, New York, which shall act as depository, for the account of the Purchasers, \$_____ aggregate principal amount of the Corporation’s State Capital Project Bonds II, 2015 Series A (the “Bonds”). The Bonds will be dated their date of delivery. The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth in Schedule II hereto. The aggregate purchase price of the Bonds shall be \$_____ (equal to the principal amount of the Bonds plus/less [net] original issue premium/discount of \$_____). Such amount shall be paid by the Purchasers to the Corporation in Federal Funds or other immediately available funds to the order of the Corporation by wire transfer or in such manner as shall be agreed upon by the Corporation and the Purchasers. The issuance and delivery of, and payment for, the Bonds pursuant to Section (G) hereof and the other actions contemplated hereby to take place at the time thereof is herein sometimes called the “Closing.” The Corporation hereby agrees to pay to the Purchasers on the date of the Closing an underwriting fee with respect to the Bonds in an amount equal to \$_____. Such fee shall be paid in Federal Funds or other immediately available funds to the order of KeyBanc Capital Markets, Inc., as Representative, by wire transfer or in such manner as shall be agreed upon by the Corporation and the Purchasers (but shall not in any event be subtracted from the purchase price of the Bonds).

(B) (1) Concurrently with the acceptance hereof by the Corporation, the Corporation will deliver to the Representative (i) two copies of each of the Indenture, the Supplemental Indenture and the Resolution (as each such term is defined below) and (ii) an agreed-upon procedures letter of BDO USA, LLP, dated the date hereof, in a form satisfactory to the Purchasers, pursuant to Section (H)(5)(i) of this Agreement.

(2) Within seven business days of the acceptance hereof by the Corporation, and in any event not less than two business days prior to Closing, the Corporation will deliver to the Representative the number of copies of the Official Statement with respect to the Bonds requested by the Representative (which shall be in the form attached hereto, with only such changes as may have been mutually agreed to by the Representative and the Corporation, and which, together with all appendices and exhibits thereto, and other reports or statements attached thereto or included therein, and as described in the Resolution defined herein, whether in printed or electronic format, is referred to herein as the “Official Statement”), and the Corporation hereby authorizes the Preliminary Official Statement (defined below) and the Official Statement and the information therein contained to be used in connection with the offering, sale and distribution of the Bonds by the Purchasers.

(3) In order to enable the Purchasers to comply with the requirements of paragraph (b)(5) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Corporation will undertake, pursuant to a Continuing Disclosure Certificate to be dated as of the Closing Date (the “Continuing Disclosure Certificate”), to provide annual reports and notices of certain events. A description of this undertaking and the form of the Continuing Disclosure Certificate is set forth in the Preliminary Official Statement dated January 21, 2015 with respect to the Bonds (which, whether in printed or electronic format, is referred to herein as the “Preliminary Official Statement”) and will be set forth in the Official Statement.

(C) The Bonds shall be as described in, and shall be issued and secured under, the provisions of an Indenture dated as of October 1, 2012 (the “Indenture”), by and between the Corporation and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented by the 2015 Series A Supplemental Indenture dated as of January 1, 2015, by and between the Corporation and the Trustee (the “Supplemental Indenture”), authorized by a resolution adopted by the Board of Directors of the Corporation on January 21, 2015, authorizing the issuance of the Bonds (the “Resolution”). The Bonds shall be payable, shall bear interest and shall be subject to redemption as provided in the Indenture and the Supplemental Indenture and as described in the Official Statement.

(D) It shall be a condition to the obligations of the Corporation to sell the Bonds to the Purchasers and to deliver the Bonds in the manner set forth in Section (G) hereof, and to the obligation of the Purchasers to pay for the Bonds, that the entire principal amount of the Bonds to be sold pursuant to this Agreement shall be sold and delivered by the Corporation, and purchased and paid for by the Purchasers, at the date of the Closing referred to below.

(E) The Corporation represents and warrants to, and agrees with, the Purchasers that:

(1) The Corporation is a public corporation and government instrumentality of the State of Alaska (the “State”) pursuant to Chapter 56 of Title 18 of the Alaska Statutes, as amended (the “Act”), and has, and at the date of Closing will have, full legal right, power and authority (i) to enter into this Agreement; (ii) to adopt the Resolution and to execute the Indenture, the Supplemental Indenture and the Continuing Disclosure Certificate; (iii) to issue, deliver and sell the Bonds, or to cause the Bonds to be issued,

delivered and sold pursuant to the Act, the Resolution, the Indenture and the Supplemental Indenture as provided in this Agreement; and (iv) to carry out and effectuate the transactions contemplated by this Agreement, the Resolution, the Indenture, the Supplemental Indenture and the Official Statement.

(2) The Corporation has complied, and will at the Closing be in compliance in all respects, with all applicable requirements of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (collectively, the “Code”), the Resolution, the Continuing Disclosure Certificate, the Indenture, the Supplemental Indenture and the Act.

(3) By official action of its Board of Directors prior to the acceptance hereof, the Corporation has duly adopted the Resolution and authorized the execution on behalf of the Corporation of the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate and this Agreement, has duly authorized and approved the Preliminary Official Statement and the Official Statement, has duly authorized and approved the execution and delivery of and the performance by the Corporation of the obligations contained in the Bonds and this Agreement and has duly authorized and approved the performance by the Corporation of its obligations contained in the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate and this Agreement and the effectuation by it of all other transactions contemplated by the Official Statement.

(4) The Corporation is not in breach of or default under, in any material or substantial way, any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof or of the United States or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Corporation is a party or is otherwise subject; and the execution and delivery of this Agreement, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate and the Bonds and compliance with the provisions of each thereof will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof or of the United States or any applicable judgment or decree or any loan agreement, note, resolution, indenture, supplemental indenture, certificate, agreement or other instrument to which the Corporation is a party or is otherwise subject.

(5) Every approval, authorization or order of, or filing, registration or declaration with, any court or governmental agency or body required for the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby has been obtained, except any action as may be required under the Blue Sky or other securities laws or regulations of any jurisdiction in connection with the offer and sale of the Bonds.

(6) The audited financial statements of the Corporation contained in the Official Statement, together with the report thereon of BDO USA, LLP, independent certified public accountants, fairly present the financial condition of the Corporation as of the dates and the results of operations for the periods therein set forth, and such financial

statements have been prepared in accordance with generally accepted accounting principles consistently applied; and the Corporation has no knowledge of any material adverse change in its financial position or results of operations from those set forth in the financial statements contained in the Official Statement.

(7) Between the date of this Agreement and the date of the Closing, the Corporation will not, without the prior written consent of the Purchasers and except as disclosed in the Official Statement, issue any bonds, notes or other obligations for borrowed money and, subsequent to the date as of which information is given in the Official Statement up to and including the date of Closing, the Corporation will not incur any material liabilities, direct or contingent, which will result in any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Corporation.

(8) At the time of the Corporation's acceptance hereof, no litigation is pending or, to the best knowledge of the Corporation, threatened in any court (i) in any way affecting the existence of the Corporation or the titles of its officers to their respective offices; (ii) seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues or assets of the Corporation pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate or this Agreement; (iv) contesting in any way the completeness, fairness or accuracy of the Official Statement; or (v) contesting the powers of the Corporation or its authority with respect to the Bonds, the Resolution, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate or this Agreement. As of the date hereof, there are no adjudications or pending suits adversely affecting the validity of the Bonds. The Corporation is not, and has not been at any time, in default as to principal or interest with respect to any obligation issued or guaranteed by the Corporation.

(9) The Corporation has not created or suffered to be created or agreed to create or suffer to be created any lien, encumbrance or charge upon the moneys and assets to be pledged under the Indenture except the pledge, lien and charge for the security of bonds issued thereunder.

(10) The Bonds, the Indenture, the Supplemental Indenture and the Continuing Disclosure Certificate conform, in all material respects, to the descriptions thereof contained in the Official Statement; and the Bonds, when issued, authenticated and delivered in accordance with the Indenture and sold to the Purchasers as provided herein, will be legal, validly issued and outstanding obligations of the Corporation entitled to the benefits of the Bonds, the Indenture and the Supplemental Indenture.

(11) The Preliminary Official Statement (except for any information permitted to be omitted by paragraph (b)(1) of Rule 15c2-12), as of its date and as of the date hereof did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(12) As of the date hereof and at all times subsequent thereto up to and including the date of Closing (unless an event occurs of the nature described in paragraph (14) of this Section (E)), the Official Statement does not or will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(13) If the Official Statement is supplemented or amended pursuant to paragraph (14) of this Section (E), at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date of the Closing, the Official Statement as so supplemented or amended will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(14) If after the date of this Agreement and until ninety (90) days, or twenty-five (25) days if the Official Statement is deposited with the Municipal Securities Rulemaking Board, after the end of the underwriting period, any event shall occur which would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Corporation shall notify the Representative thereof, and if in the opinion of the Corporation or the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Corporation will, at its expense, supplement or amend the Official Statement as the case may be, in a form and in a manner approved by the Representative, which approval shall not be unreasonably withheld. Unless otherwise notified in writing by the Representative by the date of Closing, the Corporation may assume that the “end of the underwriting period” shall be the date of Closing. In the event such notice is so given in writing by the Representative, the Representative agrees to notify the Corporation in writing following the occurrence of the “end of the underwriting period.” The “end of the underwriting period” as used in this Agreement shall mean the Closing date or such later date as to which notice is given by the Representative in accordance with the preceding sentence.

(15) The Preliminary Official Statement was deemed “final” as of its date within the meaning of paragraph (b)(1) of Rule 15c2-12.

(16) During the past five years, the Corporation has not failed to comply in any material respect with any previous undertaking with respect to paragraph (b)(5) of Rule 15c2-12 to provide annual financial information or required event notices.

(F) The Corporation represents, warrants and agrees that it has, and at the date of Closing will have, full legal right, power and authority, and (upon the issuance of the Bonds) will have taken all required action in order to enter into this Agreement and to sell the Bonds to the Purchasers as provided herein and to carry out and consummate all other transactions to be carried out by it pursuant to this Agreement.

(G) At 9:00 A.M., Anchorage, Alaska time, on March 19, 2015 or at such other time or date as may be mutually agreeable to the Representative and the Corporation, the Corporation will deliver, at a place mutually agreeable to the Representative and the Corporation, to the Representative certain documents hereinafter mentioned and, subject to the terms and conditions of this Agreement, the Representative will pay the purchase price for the Bonds by wire transfer in same day funds to the Corporation. Delivery of such documents and payment as aforesaid shall be made at such place as shall have been mutually agreed upon by the Corporation and the Representative. Simultaneously therewith, the Corporation will cause the Bonds to be delivered (as set forth in the Indenture) to U.S. Bank National Association, as agent of the Purchasers and DTC, for the account of the Representative. Pursuant to the terms of the Indenture, the Bonds shall be typed, printed or lithographed, shall be prepared and delivered to U.S. Bank National Association, as agent of DTC, as fully registered bonds in such authorized denominations and maturity amounts as the Representative may request and shall be registered in the name of Cede & Co. as the nominee of DTC.

(H) The Purchasers have entered into this Agreement in reliance upon the representations and warranties of the Corporation contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Corporation of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Purchasers' obligations under this Agreement to purchase and to pay for the Bonds shall be subject to the performance by the Corporation of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following conditions:

(1) The representations and warranties of the Corporation contained herein shall be true, complete and correct on the date hereof, and on and as of the date of Closing with the same effect as if made on the date of Closing.

(2) At the date of Closing, the Bonds, the Resolution, the Indenture, the Supplemental Indenture and the Continuing Disclosure Certificate shall be in full force and effect, and the Bonds, the Resolution, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate and the Official Statement shall not have been amended, modified or supplemented, except in each case as may have been agreed to by the Representative.

(3) The Corporation shall not have failed to pay principal or interest when due on any of its obligations, nor shall any other default have occurred with respect to any other outstanding obligation of the Corporation.

(4) The Representative shall have the right in its absolute discretion to terminate the Purchasers' obligations under this Agreement to purchase and to pay for the Bonds, by notifying the Corporation of its election to do so if, after execution hereof and prior to the Closing: (i) the marketability or the market price of the Bonds in the opinion of the Representative shall have been materially adversely affected by an amendment to the Constitution of the State or by any legislation enacted by the State or introduced in the legislature of the State or by any decision of any court of the State or by any ruling or regulation (final, temporary or proposed) of any authority of the State; (ii) the marketability or the market price of the Bonds in the opinion of the Representative shall

have been materially adversely affected by an amendment to the Constitution of the United States or by any legislation (A) enacted by the United States; (B) recommended to the Congress or otherwise endorsed for passage, by press release, other form of notice or otherwise, by the President of the United States, the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, a member of the United States Senate, the Treasury Department of the United States or the Internal Revenue Service; or (C) favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States, or any comparable legislative, judicial or administrative development affecting the Federal tax status of the Corporation, its property or income, or the interest on its bonds (including the Bonds); (iii) legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby; (iv) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Purchasers) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Corporation refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Purchasers to enforce contracts for the sale of the Bonds; (v) trading on the New York Stock Exchange or the American Stock Exchange shall have been suspended; (vi) the United States shall have become engaged in armed hostilities, or has issued a declaration of war or a national emergency or other calamity or crisis, the effect of such occurrence on the financial markets of the United States being such as, in the sole opinion of the Representative, to affect materially and adversely the ability of the Purchasers to market the Bonds; (vii) there shall have occurred the declaration of a general banking moratorium by any authority of the United States or the States of New York, Washington or Alaska; or (viii) there shall have been any downgrading, suspension or withdrawal, or any official statement as to a possible downgrading, suspension or withdrawal, of any rating by Moody's Investors Service, Standard & Poor's Ratings Services ("S&P") or Fitch Ratings ("Fitch") of the Corporation or of any obligation issued or guaranteed by the Corporation.

(5) At or prior to the Closing, the Representative shall have received each of the following documents:

(a) The Official Statement of the Corporation, together with any supplements or amendments thereto in the event that it shall have been supplemented or amended.

(b) The Indenture, the Supplemental Indenture and the Continuing Disclosure Certificate, certified by an Authorized Officer of the Corporation as having been duly executed, and as being in effect, with such amendments, modifications or supplements as may have been agreed to by the Purchasers, and a copy of the Resolution of the Corporation, authorizing the Corporation to execute and deliver, and to perform its respective obligations under, this Agreement.

(c) An opinion, dated the date of Closing and addressed to the Corporation, of the Law Office of Kenneth E. Vassar, LLC, Bond Counsel to the Corporation, in substantially the form included as Appendix B to the Official Statement, and a letter of such counsel, dated the date of Closing and addressed to the Purchasers, to the effect that such opinion addressed to the Corporation may be relied upon by the Purchasers to the same extent as if such opinion were addressed to them.

(d) (A) An opinion, dated the date of Closing and addressed to the Corporation, the Trustee and the Purchasers, of the Law Office of Kenneth E. Vassar, LLC, Bond Counsel to the Corporation, to the following effect: (i) the statements contained in the Official Statement under the captions “Introduction,” “Sources of Payment and Security for the Bonds,” “The Offered Bonds” (except under “—Book Entry Only”), “Summary of Certain Provisions of the Indenture,” “Tax Matters,” “Continuing Disclosure Under SEC Rule 15c2-12,” “State Not Liable on Bonds” and “Legality for Investment” and in Appendices B and D, insofar as such statements purport to summarize certain provisions of (1) the Bonds, the Indenture, the Supplemental Indenture or the Continuing Disclosure Certificate or (2) the law, including the Code, present a fair summary of such provisions; (ii) this Agreement, the Bonds, the Indenture, the Supplemental Indenture and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable in accordance with their respective terms; (iii) every consent, approval, authorization or order of any court or governmental agency or body required for the consummation of the transactions contemplated herein has been obtained, except such as may be required under the Blue Sky laws of any jurisdiction in connection with the offer and sale of the Bonds; (iv) neither the issuance and sale of the Bonds, nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, result in a breach of, or constitute a default under the enabling legislation or regulations of the Corporation; and the execution and delivery of this Agreement, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate and the Bonds and

compliance with the provisions of each of them will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof or of the United States or any applicable judgment or decree or any loan agreement, note, resolution, indenture, supplemental indenture, certificate, agreement or other instrument to which the Corporation is a party or is otherwise subject; and (v) such counsel has assumed (and accordingly, takes no responsibility for) the fairness, correctness and completeness of the statements and material set forth in the Official Statement (except as expressed in clause (i) of this paragraph); *however*, such counsel can and does advise that, based upon such counsel's participation in the preparation of the Official Statement as Bond Counsel, and without having undertaken to verify independently the accuracy of any of the statements or representations contained therein (except as expressed in clause (i) of this paragraph), nothing has come to the attention of such counsel that would lead such counsel to believe that the Official Statement as of its date contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or that the Official Statement as of the date of Closing contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that such counsel need express no opinion as to (1) the financial statements attached as Appendix A to the Official Statement and other financial, statistical and numerical information, forecasts, estimates, assumptions and expressions of opinion included therein and (2) statements with respect to DTC and the Bonds being available in book-entry form only and matters relating thereto. Such opinion may be subject, in respect of enforceability, to applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other laws affecting creditors' rights generally from time to time, to the application of equitable principles and to the exercise of judicial discretion, and shall contain such other matters as may be reasonably requested by the Representative. In rendering such opinion, such counsel may rely as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Corporation and public officials.

(B) A supplemental opinion, dated the date of Closing and addressed to the Corporation and the Purchasers, of the Law Office of Kenneth E. Vassar, LLC, Bond Counsel to the Corporation, to the effect that under the investment permission provided in AS 18.56.090(a)(23), the Corporation may invest amounts related to the Bonds in all of the investments (which shall be listed with specificity) made or entered into with respect to such amounts at or prior to the date of Closing.

(e) An opinion, dated the date of Closing and addressed to the Purchasers, of Hawkins Delafield & Wood LLP, counsel to the Purchasers, to the effect that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture and the Supplemental Indenture need not be qualified under the Trust Indenture Act of 1939, as

amended, and, in addition, such counsel shall state in its letter that such counsel has participated in the preparation of the Official Statement as counsel for the Purchasers and that based upon such participation, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in such Official Statement, such counsel has no reason to believe that the Official Statement as of its date contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or that the Official Statement as of the date of Closing contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except, in each case, for (1) the financial statements attached as Appendix A to the Official Statement and other financial, statistical and numerical information, forecasts, estimates, assumptions and expressions of opinion included therein, and (2) statements with respect to DTC and the Bonds being available in book-entry form only and matters relating thereto, as to which no opinion need be expressed).

(f) An opinion, dated the date of Closing and addressed to the Purchasers, of Hawkins Delafield & Wood LLP, counsel to the Purchasers, to the effect that the Continuing Disclosure Certificate contains the elements required for the written agreement or contract referenced in paragraphs (b)(5)(i), (b)(5)(ii) and (b)(5)(iv) of Rule 15c2-12.

(g) (i) An opinion, dated the date of Closing and addressed to the Corporation, of Kutak Rock LLP, Special Tax Counsel to the Corporation, in substantially the form included as Appendix C to the Official Statement; and (ii) a supplemental opinion, dated the date of Closing and addressed to the Corporation and the Purchasers, of Kutak Rock LLP, Special Tax Counsel, in substantially the form included as Exhibit A hereto.

(h) A certificate dated the date of Closing and signed by the Chair, Chief Executive Officer/Executive Director or Deputy Executive Director of the Corporation, to the following effect: (i) the representations and warranties of the Corporation contained herein are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of Closing; (ii) no litigation is pending or, to the best of the knowledge of the signer of such certificate, threatened in any court in any way affecting the existence of the Corporation or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the assets of the Corporation pledged or to be pledged to pay the principal of and interest on the Bonds or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate or this Agreement, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Corporation or its authority with respect to the Bonds, the Resolution, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate or this Agreement (but in lieu of or in conjunction with such

certificate, the Purchasers in their sole discretion, may accept certificates or opinions of the Law Office of Kenneth E. Vassar, LLC, Bond Counsel to the Corporation, in either case acceptable to the Purchasers, that in the opinion of such counsel the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); (iii) to the best of the knowledge of the signer of such certificate, no event affecting the Corporation has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may have been supplemented or amended, in order that the Official Statement shall not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iv) the Corporation has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing; (v) the Corporation is not, and has not been at any time, in default as to principal or interest with respect to any obligation issued or guaranteed by the Corporation; and (vi) no proceeding at law or in equity in any court, or before any administrative body is now pending or, to his knowledge, threatened which in any way questions or threatens the creation, organization or existence or the powers of the Corporation or the title of any of the present members or officers of the Corporation to their respective positions and which affects the due authorization or validity of the Bonds.

(i) Two letters from BDO USA, LLP, dated the date of this Agreement and the date of Closing, respectively, and addressed to the Purchasers, stating, as of the date of each such letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Official Statement, as of a date not more than five Business Days prior to the date of such letter), the conclusions and findings of such firm with respect to financial information and other matters as may be specified by the Purchasers; and the effect of the letter to be so delivered on the date of Closing shall be to confirm in all material respects the conclusions and findings set forth in the letter dated the date of this Agreement.

(j) Written confirmation from (i) S&P stating that it has issued an unconditional rating of “AA+” in respect of the Bonds; and (ii) Fitch stating that it has issued an unconditional rating of “AA+” in respect of the Bonds.

(k) A no-litigation certificate of the Attorney General of the State, dated the date of Closing, to the following effect: (i) the Attorney General has been designated by Alaska Statutes 18.56.055 as the legal advisor of the Corporation, a public corporation and government instrumentality, created and existing under Alaska Statutes 18.56, to advise the Corporation in legal matters and represent it in suits; (ii) no litigation is pending or, to his knowledge, threatened in any court in any way affecting the existence of the Corporation or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues or assets of the Corporation pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting

the validity or enforceability of the Bonds, the Resolution, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate or this Agreement, or contesting in any way the completeness, fairness or accuracy of the Official Statement, or contesting the powers of the Corporation or its authority with respect to the Bonds, the Resolution, the Indenture, the Supplemental Indenture, the Continuing Disclosure Certificate or this Agreement; (iii) no legislation has been enacted which in any way adversely affects the issuance or delivery of the Bonds, the application of their proceeds or the pledge of revenues and other amounts to the payment thereof or the creation, organization or existence of the Corporation or the title to office of any of the members or officers of the Corporation; and (iv) to the best of his knowledge after reasonable inquiry, the Corporation is not in breach of or default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof or of the United States of America or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Corporation is a party or is otherwise subject.

(l) One counterpart original of a transcript of all proceedings relating to the authorization and issuance of the Bonds.

(m) Such additional legal opinions or certificates as the Representative may reasonably require to evidence the truth and accuracy, as of the date hereof and as of the date of Closing, of the Corporation's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Corporation at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Corporation including, without limitation, documents relating to compliance of the terms of the Bonds with the Code.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Corporation shall be unable to satisfy the conditions to the obligations of the Purchasers to purchase and to pay for the Bonds contained in this Agreement, or if the obligations of the Purchasers shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Purchasers nor the Corporation shall be under further obligations hereunder, except that the respective obligations of the Corporation and the Purchasers under Sections (I) and (J) hereof shall continue in full force and effect.

(I) (1) The Purchasers shall be under no obligation to pay, and the Corporation shall pay, all expenses incident to the performance of the Corporation's obligations hereunder, including but not limited to (i) the cost of the preparation, printing and distribution of the Indenture, the Supplemental Indenture, the Preliminary Official Statement and the Official Statement (including any amendments or supplements to the Indenture and to the Official Statement); (ii) the cost of the preparation and printing of the Bonds; (iii) the fees and disbursements of the Law Office of Kenneth E. Vassar, LLC,

Bond Counsel to the Corporation; (iv) the fees and disbursements of Kutak Rock LLP, Special Tax Counsel to the Corporation; (v) the fees and disbursements of the Corporation's financial advisor and accountants and any other experts, attorneys or consultants retained by the Corporation; (vi) fees and disbursements, if any, of the Trustee and its counsel; and (vii) fees for ratings of the Bonds. The Corporation shall pay for expenses (included in the expense component of the underwriting fee set forth in Section (A) hereof) incurred on behalf of the Corporation's employees which are incidental to implementing this Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees.

(2) The Corporation shall be under no obligation to pay, and the Purchasers shall pay, as part of the expense component of the underwriting fee referred to in Section A, (i) the cost of preparation of this Agreement; (ii) the cost of preparation of the Preliminary Blue Sky Memorandum and the Final Blue Sky Memorandum; (iii) all advertising expenses in connection with the offering and selling of the Bonds; and (iv) all other expenses incurred by the Purchasers in connection with the offering and selling of the Bonds, including fees and disbursements of counsel retained by it.

(J) This Agreement is made solely for the benefit of the Corporation and the Purchasers (including the successors or assigns of the Purchasers), and no other person shall acquire or have any right hereunder or by virtue hereof. All the Corporation's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect regardless of (i) any investigations made by or on behalf of the Purchasers; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement. This Agreement shall be construed in accordance with, and governed by, the laws of the State of Alaska.

(K) The Corporation acknowledges and agrees that: (i) the Corporation is capable of evaluating and understanding, and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement; (ii) in connection with the issuance of the Bonds and the process leading to such issuance the Purchasers are, and have been, acting solely as principals and are not the agents or fiduciaries of the Corporation or any other party, and the Purchasers' engagement is as independent contractors and not in any other capacity; (iii) the Purchasers have financial and other interests that differ from those of the Corporation; (iv) the Purchasers have not assumed, nor will the Purchasers assume an advisory or fiduciary responsibility in favor of the Corporation with respect to the issuance of the Bonds or the process leading thereto (irrespective of whether the Purchasers have advised or are currently advising the Corporation on other matters) or any other obligation to the Corporation except the obligations expressly set forth in this Agreement; and (v) the Purchasers have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Corporation has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

(L) (1) This Agreement shall become effective upon the execution of the acceptance hereof by an authorized officer of the Corporation pursuant to the Resolution and by an authorized officer of the Representative, and shall be valid and enforceable as of the time of such acceptance.

(2) This Agreement may be executed in one or more counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

ALASKA HOUSING FINANCE CORPORATION

By: _____

**KEYBANC CAPITAL MARKETS, INC.
CITIGROUP GLOBAL MARKETS INC.
GOLDMAN, SACHS & CO.
J.P. MORGAN SECURITIES LLC
MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED
MORGAN STANLEY & CO. LLC**
as Purchasers

By: **KeyBanc Capital Markets, Inc.**
as Representative

By: _____

Geoff Urbina
Managing Director

**SCHEDULE I
THE PURCHASERS**

KeyBanc Capital Markets, Inc.
Citigroup Global Markets Inc.
Goldman, Sachs & Co.
J.P. Morgan Securities LLC
Merrill Lynch, Pierce, Fenner &
Smith Incorporated
Morgan Stanley & Co. LLC

**SCHEDULE II
MATURITY SCHEDULE**

Maturity <u>Date</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	Maturity <u>Date</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
	\$	%		\$	%

FORM OF SUPPLEMENTAL OPINION OF SPECIAL TAX COUNSEL

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, AK 99504

KeyBanc Capital Markets, Inc.
New York, New York
on behalf of the Purchasers
(the “Underwriters”) named in
the Bond Purchase Agreement
for the Bonds referred to below

Ladies and Gentlemen:

We have acted as Special Tax Counsel in connection with the issuance and sale by the Alaska Housing Finance Corporation (the “Corporation”) of \$_____ aggregate principal amount of its State Capital Project Bonds II, 2015 Series A (the “Bonds”). The Underwriters have agreed to purchase the Bonds from the Corporation in accordance with the terms of the Bond Purchase Agreement by and between the Corporation and the Underwriters dated as of January [29], 2015 (the “Bond Purchase Agreement”).

In the capacity as Special Tax Counsel, we have on this date delivered to the Corporation our principal opinion relating to the exemption from federal income taxation of interest paid on the Bonds, which opinion may be relied upon by the Underwriters to the same extent as if addressed to them.

In connection with the preparation of the Official Statement dated January [29], 2015 (the “Official Statement”), we have generally reviewed information furnished to us by, and have participated in conferences with, representatives of the Corporation, the Law Office of Kenneth E. Vassar, LLC (Bond Counsel), First Southwest Company (Financial Advisor to the Corporation), the Underwriters, and Hawkins Delafield & Wood LLP (counsel to the Underwriters). We have also reviewed such other opinions, documents, certificates and letters as we deem relevant and necessary in rendering this opinion.

The information contained under the caption “TAX MATTERS” in the Official Statement constitutes a fair and accurate summary of the federal tax matters related to the Bonds purported to be summarized therein.

We have considered the information contained under the caption “TAX MATTERS” in the Official Statement and based upon our review and discussions and in reliance upon the accuracy of the information contained in the aforementioned opinions, documents, certificates and letters, nothing has come to our attention which leads us to believe that the information contained under such caption “TAX MATTERS” in the Official Statement as of the

date of the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or that the information contained under such caption "TAX MATTERS" in the Official Statement as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading (in each case except for the second paragraph under "Opinions of Bond Counsel and Special Tax Counsel," as to which we express no opinion). We express no opinion and have made no independent examination of any other matters set forth in the Official Statement nor any of the appendices thereto (except Appendix C thereto, which is the form of our opinion with respect to tax exemption as described above).

Very truly yours,

CONTINUING DISCLOSURE CERTIFICATE

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, 2015 Series A (the "2015 Bonds"). The 2015 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 2015 Series A Supplemental Indenture thereto, by and between the Corporation and the Trustee dated as of January 1, 2015 (the "Supplemental Indenture") (together with the Master Indenture, the "Indenture"). The Corporation covenants and agrees with the registered owners and the beneficial owners of the 2015 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 2015 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.

"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 2015 Bonds, dated _____, 2015.

"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, 2015) which is consistent with the requirements of Section 4 of this Certificate. The Annual Report shall be provided not later than 135 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 2015 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 2015 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 2015 Bonds, or other material events affecting the tax status of the 2015 Bonds;

7. Modifications to rights of 2015 Bondholders, if material;
8. 2015 Bond calls, if material, and tender offers;
9. Defeasances of 2015 Bonds;
10. Release, substitution or sale of property securing repayment of the 2015 Bonds, if material;
11. Rating changes for the 2015 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; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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 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 2015 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

[†] 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.

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 2015 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 2015 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 2015 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 2015 Bonds, or by the Trustee on behalf of the registered owners of Outstanding 2015 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 2015 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 2015 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 2015 Bonds, and shall create no rights in any other person or entity.

Date: _____, 2015

ALASKA HOUSING FINANCE CORPORATION

By: _____
BRYAN D. BUTCHER
Chief Executive Officer/Executive Director

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, 2015 Series A

Date of Issuance: _____, 2015

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: _____

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 21, 2015

NEW ISSUE - 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.

\$108,680,000*

[AHFC LOGO] ALASKA HOUSING FINANCE CORPORATION
State Capital Project Bonds II
2015 Series A

<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 opinion of Bond Counsel and Special Tax Counsel, under existing laws, regulations, rulings and judicial decisions, (i) interest on the 2015 Series A Bonds described above (the "Offered Bonds") is excluded from gross income for Federal income tax purposes and (ii) interest on the Offered Bonds is not a specific preference item for purposes of the Federal alternative minimum tax, but such interest is included in adjusted current earnings of certain corporations for purposes of the Federal alternative minimum tax. In the opinion of Bond Counsel, under existing laws, interest on the Offered Bonds is free from taxation by the State of Alaska except for inheritance and estate taxes and taxes of transfers by or in anticipation of death. Bond Counsel and Special Tax 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 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 — Redemption."
<i>Interest Rates</i>	The Offered Bonds will bear interest at the rates set forth on the inside cover page.
<i>Security</i>	The Bonds are not secured by the pledge of any mortgage loans. 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 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, 2015.
<i>Denominations</i>	\$5,000 or any integral multiple thereof.
<i>Delivery Date</i>	March 19, 2015.
<i>Bond Counsel</i>	Law Office of Kenneth E. Vassar, LLC.
<i>Special Tax Counsel</i>	Kutak Rock LLP.
<i>Underwriters' Counsel</i>	Hawkins Delafield & Wood LLP.
<i>Trustee</i>	U.S. Bank National Association.
<i>Financial Advisor</i>	FirstSouthwest.
<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 Bond Counsel, and to the confirmation of certain tax matters by Bond Counsel and Special Tax Counsel, and to certain other conditions.

KeyBanc Capital Markets Inc. **BofA Merrill Lynch**
Citigroup **Goldman, Sachs & Co.** **J.P. Morgan** **Morgan Stanley**

January __, 2015

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE*

\$108,680,000 2015 Series A Bonds

\$50,490,000 Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP</u> [†]
June 1, 2016	\$2,140,000	%	%	
December 1, 2016	2,145,000			
June 1, 2017	1,800,000			
December 1, 2017	1,800,000			
June 1, 2018	1,465,000			
December 1, 2018	1,475,000			
June 1, 2019	2,080,000			
December 1, 2019	2,075,000			
June 1, 2020	2,730,000			
December 1, 2020	2,735,000			
June 1, 2021	3,415,000			
December 1, 2021	3,420,000			
June 1, 2022	3,680,000			
December 1, 2022	3,680,000			
June 1, 2023	3,860,000			
December 1, 2023	3,865,000			
June 1, 2024	4,060,000			
December 1, 2024	4,065,000			

\$8,540,000 ___% 2015 Series A Term Bonds due December 1, 2025 @ ___% CUSIP[†]: _____
 \$8,970,000 ___% 2015 Series A Term Bonds due December 1, 2026 @ ___% CUSIP[†]: _____
 \$9,430,000 ___% 2015 Series A Term Bonds due December 1, 2027 @ ___% CUSIP[†]: _____
 \$9,915,000 ___% 2015 Series A Term Bonds due December 1, 2028 @ ___% CUSIP[†]: _____
 \$10,415,000 ___% 2015 Series A Term Bonds due December 1, 2029 @ ___% CUSIP[†]: _____
 \$10,920,000 ___% 2015 Series A Term Bonds due December 1, 2030 @ ___% CUSIP[†]: _____

† CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is set forth for convenience of reference only. Neither the Corporation nor the Underwriters of the Offered Bonds assume any responsibility for the accuracy of such data.

* Preliminary, subject to change.

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. 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	Events of Default (Section 1001)	32
SOURCES OF PAYMENT AND SECURITY FOR THE BONDS	2	Remedies (Section 1002)	32
APPLICATION OF FUNDS	3	Priority of Payments after Default (Section 1003)	33
THE OFFERED BONDS	3	Bondholders' Direction of Proceedings (Section 1005)	34
General	3	Limitation on Rights of Bondholders (Section 1006)	34
Redemption	4	Trustee (Article XI)	35
Book Entry Only	5	Defeasance (Section 1201)	36
THE CORPORATION	8	TAX MATTERS	37
Certain Definitions	8	Opinions of Bond Counsel and Special Tax Counsel	37
General	9	Compliance	37
Board of Directors, Staff and Organization	9	Original Issue Discount	38
Activities of the Corporation	11	Original Issue Premium	39
Financial Results of Operations	19	Backup Withholding	39
Legislative Activity/Transfers to the State	20	Certain Additional Federal Tax Consequences	39
Litigation	23	Changes in Federal and State Tax Law	40
SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	23	CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12	40
Certain Definitions (Section 101)	23	RATINGS OF THE OFFERED BONDS	41
Pledge Effected by Indenture; Indenture to Constitute a Contract (Section 201)	24	FINANCIAL STATEMENTS	41
Issuance and Delivery of Bonds (Section 203)	25	LITIGATION	41
Investment of Certain Funds (Section 403)	25	LEGAL MATTERS	42
Valuation and Sale of Investments (Section 404)	26	STATE NOT LIABLE ON BONDS	42
Establishment of Accounts (Section 501)	26	LEGALITY FOR INVESTMENT	42
Program Account (Section 502)	26	UNDERWRITING	42
Revenue Account (Section 503)	26	FINANCIAL ADVISOR	44
Rebate Account (Section 504)	28	FORWARD-LOOKING STATEMENTS	44
Payment of Redeemed Bonds (Section 606)	28	ADDITIONAL INFORMATION	44
Payment of Bonds (Section 701)	29	APPENDIX A - FINANCIAL STATEMENTS OF THE CORPORATION	A-1
Power to Issue Bonds and Pledge Revenues and Other Property (Section 704)	29	APPENDIX B - FORM OF OPINION OF BOND COUNSEL	B-1
Tax Covenants (Section 706)	29	APPENDIX C - FORM OF OPINION OF SPECIAL TAX COUNSEL	C-1
Accounts and Reports (Section 707)	30	APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE	D-1
Supplemental Indentures (Sections 801, 802 and 803)	30		
Amendment (Sections 902 and 903)	31		
Modifications by Unanimous Consent (Section 904)	32		

**OFFICIAL STATEMENT
OF
ALASKA HOUSING FINANCE CORPORATION**

**Relating to
\$108,680,000* State Capital Project Bonds II
2015 Series A**

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, 2015 Series A (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 2015 Series A Supplemental Indenture, dated as of January 1, 2015 (the “2015 Series A 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 2015 Series A 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 Offered Bonds are the ninth Series of Bonds issued under the Indenture. As of December 31, 2014, there were Prior Series Bonds Outstanding in the aggregate principal amount of \$568,615,000. 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.

Proceeds of the Offered Bonds are expected to be used to redeem certain outstanding obligations of the Corporation (the “Refunded Obligations”) within 90 days of the date of issuance of the Offered Bonds [and to pay a portion of costs of issuance]. Upon the issuance of the Offered Bonds, the Corporation from its general unrestricted funds will pay [the remaining portion of] costs of issuance. See “Application of Funds.”

* Preliminary, subject to change.

The underwriters listed on the cover page (the “Underwriters”) will act as underwriters with respect to the Offered Bonds.

NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE OFFERED BONDS. THE PRIMARY SOURCE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE OFFERED BONDS WILL BE THE CORPORATION’S GENERAL UNRESTRICTED FUNDS.

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 (as defined under the Indenture) 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.” **NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE PRIMARY SOURCE OF PAYMENT OF THE**

PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE THE CORPORATION’S GENERAL UNRESTRICTED FUNDS. 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 and certain amounts contributed by the Corporation are expected to be applied approximately as follows:

Redemption of Refunded Obligations	\$
Payment of Underwriting Fee	
Payment of other Costs of Issuance	_____
TOTAL	\$ _____

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 Offered 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.

Redemption*

Sinking Fund Redemption

The Offered Bonds maturing on December 1, 2025, December 1, 2026, December 1, 2027, December 1, 2028, December 1, 2029 and December 1, 2030 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	2015 Series A Term Bonds Maturing Dec. 1, 2025	2015 Series A Term Bonds Maturing Dec. 1, 2026	2015 Series A Term Bonds Maturing Dec. 1, 2027	2015 Series A Term Bonds Maturing Dec. 1, 2028	2015 Series A Term Bonds Maturing Dec. 1, 2029	2015 Series A Term Bonds Maturing Dec. 1, 2030
June 1, 2025	\$4,265,000					
December 1, 2025	4,275,000 [†]					
June 1, 2026		\$4,485,000				
December 1, 2026		4,485,000 [†]				
June 1, 2027			\$4,710,000			
December 1, 2027			4,720,000 [†]			
June 1, 2028				4,955,000		
December 1, 2028				4,960,000 [†]		
June 1, 2029					5,205,000	
December 1, 2029					5,210,000 [†]	
June 1, 2030						5,455,000
December 1, 2030						5,465,000 [†]

[†] Stated Maturity

Any redemption (other than a mandatory redemption from sinking fund payments) of Offered Bonds of a particular maturity will be credited against future sinking fund payments for such maturity as shall be directed by the Corporation.

Optional Redemption

The Offered Bonds maturing on or after December 1, 20__ 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 December 1, 20__, in whole or in part, from any source of funds.

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.

* Preliminary, subject to change.

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.

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 maturity bearing the same interest rate (and otherwise of like tenor), in the aggregate principal amount of the Offered Bonds of such 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 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 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 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 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 ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDHOLDER.**

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 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, by wire transfer) on the interest payment date to such registered owner as of the 20th day of the preceding month.

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; and the Corporation's \$80,880,000 Home Mortgage Revenue Bonds, 2009 Series B.

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 December 2014 Mortgage and Bond Disclosure Report of the Corporation, the audited financial statements of the Corporation as of and for the year ended June 30, 2014 and the unaudited financial statements of the Corporation as of and for the three months ended September 30, 2014. 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. Franklin C. Roppel Chair	Retired Wrangell, Alaska
Mr. N. Claiborne Porter Vice-Chair	President NCP Design/Build Ltd. Anchorage, Alaska
Mr. Brent Levalley	Senior Vice President Denali State Bank Fairbanks, Alaska
Mr. Marty Shuravloff	Executive Director Kodiak Island Housing Authority Kodiak, Alaska
Mr. Randall Hoffbeck Commissioner Alaska Department of Revenue	
Ms. Valerie Davidson Commissioner Alaska Department of Health and Social Services	
Mr. Fred Parady Commissioner Alaska Department of Commerce, Community, and Economic Development	

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.

Michael Buller - Deputy Executive Director. Mr. Buller has been with the Corporation since June 1995, and previously served as Chief Administrative Officer. He previously worked for the North Slope Borough from 1987 through 1993 as Budget Manager and Deputy Director of the Department of Administration & Finance. From August 1993 through June 1995, Mr. Buller was employed as Assistant City Manager for the City of Unalaska. Mr. Buller holds a Master of Business Administration degree from Gonzaga University.

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.

Peter E. Haines - Senior Finance Officer. Mr. Haines has been with the Corporation since 1990, and previously served as Finance Officer, Financial Analyst II and Financial Analyst I. Mr. Haines is a certified public accountant, certified cash manager, and a graduate of Brigham Young University with a Bachelor of Science degree.

Gerard Deta - Finance Officer. Mr. Deta has been with the Corporation since 2001, and previously served as Financial Analyst II. Prior to joining the Corporation, he served as an auditor with Deloitte & Touche LLP. Mr. Deta is a Certified Treasury Professional and 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.

Between July 1, 2008 and October 21, 2008, certain of the Corporation's variable rate demand obligations (including Self-Liquidity Bonds) tendered or deemed tendered were purchased upon remarketing and held by the Alaska Housing Capital Corporation ("AHCC"), a subsidiary of the Corporation. No Corporation obligations are currently held by AHCC.

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.

Between July 1, 2008 and May 26, 2009, certain third-party liquidity providers purchased and held pursuant to the related liquidity facilities certain variable rate demand obligations of the Corporation that were tendered or deemed tendered and not remarketed. No Corporation obligations are currently held by third-party liquidity providers.

The following table sets forth certain information regarding the Corporation's variable rate demand obligations as of December 31, 2014:

<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	116,200,000	Self-Liquidity	NA [†]
Home Mortgage Revenue Bonds, 2002 Series A	96,465,000	JPMorgan Chase Bank, N.A.	December 9, 2016
State Capital Project Bonds, 2002 Series C	48,255,000	Self-Liquidity	NA [†]

<u>Bond Series</u>	<u>Amount Outstanding</u>	<u>Liquidity Provider (or Self-Liquidity)</u>	<u>Facility Expiration Date</u>
Home Mortgage Revenue Bonds, 2007 Series A, B and D	239,370,000	Landesbank Baden-Wurttemberg	May 30, 2017
Home Mortgage Revenue Bonds, 2009 Series A ^{††}	80,880,000	The Bank of Tokyo Mitsubishi UFJ, Ltd.	June 28, 2019
Home Mortgage Revenue Bonds, 2009 Series B	80,880,000	Self-Liquidity	NA [†]
Home Mortgage Revenue Bonds, 2009 Series D	<u>80,870,000</u>	Bank of America, N.A.	August 24, 2017
	<u>\$757,520,000</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.

^{††} Covered by Self-Liquidity prior to July 1, 2014.

The Corporation's financing activities include 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.

Housing Development Bonds. The Corporation funds its Multifamily Loan Purchase Program with the proceeds of Housing Development Bonds. Housing Development Bonds are general obligations of the Corporation.

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.

General Housing Purpose Bonds. The Corporation issues General Housing Purpose Bonds to finance certain capital expenditures of the State. The Corporation expects that proceeds of future issues of General Housing Purpose Bonds will only be used to refund other obligations of the Corporation. General Housing Purpose Bonds 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 December 31, 2014, regarding bonds issued under the above-described financing programs:

Bonds Issued and Remaining Outstanding by Program

<u>Bond Program</u>	Issued through 12/31/2014	Issued during Six Months Ended 12/31/2014	Outstanding as of 12/31/2014
Home Mortgage Revenue Bonds	\$1,262,675,000	\$ 0	\$594,620,000
Mortgage Revenue Bonds	1,449,010,353 [†]	0	294,860,000
State Capital Project Bonds	680,190,000	0	288,185,000
State Capital Project Bonds II	628,630,000	218,105,000	568,615,000
General Housing Purpose Bonds	811,635,000	0	120,320,000
General Mortgage Revenue Bonds II	195,890,000	0	132,825,000
Governmental Purpose Bonds	973,170,000	0	130,800,000
Veterans Collateralized Bonds	1,900,385,000	0	64,870,000
Housing Development Bonds	570,290,000	0	100,000
Other Bonds	<u>9,555,248,769</u>	<u>0</u>	<u>0</u>
Total Bonds	<u>\$18,027,124,122</u>	<u>\$218,105,000</u>	<u>\$2,195,195,000</u>

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

Summary of Bonds Issued and Remaining Outstanding

	Issued through <u>12/31/2014</u>	Issued during Six Months Ended <u>12/31/2014</u>	Outstanding as of <u>12/31/2014</u>
Tax-Exempt Bonds	\$13,201,864,122 [†]	\$78,105,000	\$1,993,505,000
Taxable Bonds	<u>4,825,260,000</u>	<u>140,000,000</u>	<u>201,690,000</u>
Total Bonds	<u>\$18,027,124,122</u>	<u>\$218,105,000</u>	<u>\$2,195,195,000</u>
 Self-Liquidity Bonds [‡]	 \$744,620,000	 \$0	 \$259,935,000

[†] 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. Does not include Home Mortgage Revenue Bonds, 2009 Series A, issued and outstanding in the principal amount of \$80,880,000, for which Self-Liquidity by the Corporation was replaced with a third-party liquidity facility effective July 1, 2014.

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.

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 has committed to make a loan of up to \$127,540,000 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 8% per annum and amortizing over a 40-year term, of which \$50,000,000 was funded on

November 20, 2013 and the remainder is to be funded in up to two additional stages prior to the end of April 2018.

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 December 31, 2014, regarding the mortgage loans financed under the above-described lending programs:

Mortgage Purchases by Program

<u>Loan Program</u>	Original Principal Balance of Mortgage Loans Purchased during FY 2014	Original Principal Balance of Mortgage Loans Purchased during the Six Months Ended 12/31/2014
Tax-Exempt First-Time Homebuyer	\$ 110,053,896	\$46,759,667
Taxable Other	180,962,142	92,329,725
Rural	56,555,146	30,208,451
Multi-Family	77,941,850	12,622,950
Taxable First-Time Homebuyer	94,931,295	52,728,460
Veterans Mortgage Program	<u>18,086,759</u>	<u>4,280,006</u>
Total Mortgage Purchases	<u>\$538,531,088</u>	<u>\$238,929,259</u>

Percentage of Original Principal
Balance of Total Mortgage Purchases
during Period Representing Streamline
Refinance Loans

2.7% 0.9%

Mortgage Portfolio Summary

	As of <u>6/30/2014</u>	As of <u>12/31/2014</u>
Mortgages and Participation Loans	\$2,516,086,898	\$2,590,607,739
Real Estate Owned and Insurance Receivables	<u>4,691,698</u>	<u>3,799,024</u>
Total Mortgage Portfolio	<u>\$2,520,778,596</u>	<u>\$2,594,406,763</u>

Mortgage Insurance Summary[†]

<u>Type</u>	<u>Outstanding Principal Balance as of 12/31/2014</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Uninsured ^{††}	\$1,216,866,467	47.0%
Federally Insured – FHA	383,037,200	14.8
Federally Insured – VA	437,418,418	16.8
Private Mortgage Insurance ^{†††}	225,555,303	8.7
Federally Insured – RD	169,835,623	6.6
Federally Insured – HUD 184	<u>157,894,727</u>	<u>6.1</u>
TOTAL	<u>\$2,590,607,738</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.

<u>PMI Provider</u>	<u>Outstanding Principal Balance as of 12/31/2014</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Radian Guaranty	\$174,681,404	6.7%
CMG Mortgage Insurance	98,491,469	3.8
Mortgage Guaranty	63,555,942	2.5
United Guaranty	36,667,873	1.4
Genworth GE	21,573,307	0.8
PMI Mortgage Insurance	11,545,345	0.4
Essent Guaranty	29,557,670	1.1
Commonwealth	<u>1,345,407</u>	<u>0.1</u>
TOTAL	<u>\$437,418,417</u>	<u>16.8%</u>

Mortgage Delinquency and Foreclosure Summary

	As of <u>6/30/2014</u>	As of <u>12/31/2014</u>
Delinquent 30 Days	2.61%	2.17%
Delinquent 60 Days	0.91	0.72
Delinquent 90 Days or More	<u>1.36</u>	<u>1.18</u>
Total Mortgage Delinquency	<u>4.88%</u>	<u>4.07%</u>

	Twelve Months Ended <u>6/30/2014</u>	Six Months Ended <u>12/31/2014</u>
Total Foreclosures	\$14,127,019	\$4,905,518

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 assets of the Corporation for each of its five most recent fiscal years, which have been derived from Note 23 to the Corporation's audited annual financial statements dated June 30, 2014, contained in Appendix A — "Financial Statements of the Corporation."

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

	Fiscal Year Ended June 30				
	2014	2013	2012	2011	2010
Total Assets and Deferred Outflows	\$4,055,203	\$3,981,230	\$4,288,648	\$4,542,040	\$4,796,817
Total Liabilities and Deferred Inflows	2,545,295	2,455,702	2,734,505	2,948,221	3,172,826
Total Fund Equity	1,509,908	1,525,528	1,554,143	1,593,819	1,623,991
Total Operating Revenues	308,086	315,325	351,178	385,695	397,258
Total Operating Expenses	311,471	333,220	381,647	398,606	407,032
Operating Income (Loss)	(3,385)	(17,895)	(30,469)	(12,911)	(9,774)
Contribution to State or State agency	(1,380)	(10,720)	(9,207)	(20,349)	(36,772)
Special Item	0	0	0	3,088	0
Change in Net Assets	\$ (4,765)	\$ (28,615) [†]	\$ (39,676)	\$ (30,172)	\$ (46,546)

[†] Does not reflect the FY2014 cumulative effect of accounting change.

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 September 30, 2014 (in thousands).

	<u>Dividend Due to State</u>	<u>Expenditures</u>	<u>Remaining Commitments</u>
State General Fund Transfers	\$ 788,921	\$ (788,921)	\$ -
State Capital Projects Debt Service	412,071	(408,223)	3,848
State of Alaska Capital Projects	253,761	(245,486)	8,275
Corporation Capital Projects	<u>457,420</u>	<u>(425,806)</u>	<u>31,614</u>
Total	\$1,912,173	\$(1,868,436)	\$43,737

Corporation Budget Legislation

The Corporation’s fiscal year 2015 operating budget was approved by the Legislature at approximately the amount submitted during the fiscal year 2014 legislative session, including the full level of funding requested by the Corporation for personnel and contractual costs. Consistent with the Transfer Plan, the enacted fiscal year 2015 operating budget estimated that \$7,464,800 would be available from net income 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

Opinions of Bond Counsel and Special Tax Counsel

In the opinions of Bond Counsel and Special Tax Counsel, to be delivered on the date of issuance of the Offered Bonds, 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 Offered Bonds is excluded from gross income for Federal income tax purposes and (ii) interest on the Offered Bonds is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code; however, interest on the Offered Bonds is included in the adjusted current earnings (i.e., alternative minimum taxable income as adjusted for certain items including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

In the opinion of Bond Counsel, interest on the Offered 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 Offered 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 Offered 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 Offered 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 Offered Bonds being included in gross income for Federal income tax purposes from the date of issuance of the Offered Bonds. The opinions of Bond Counsel and Special Tax Counsel assume the Corporation is in compliance with these covenants. Bond Counsel and Special Tax Counsel are not aware of any reason why the Corporation cannot or will not be in compliance with such covenants. *However*, Bond Counsel and Special Tax 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 Offered Bonds may affect the tax status of interest on the Offered Bonds.

Original Issue Discount

Offered Bonds sold at an initial public offering price that is less than the stated amount to be paid at maturity constitute “Discount Bonds.” The difference between the initial public offering prices of any such Discount Bond and the stated amount to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on such Discount Bond.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner 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 upon disposition of such Discount Bond which are attributable to accrued 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 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 which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis 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 which 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 and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium

Offered 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.

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 Offered 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 Offered 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 Offered 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 Offered 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 Offered Bonds.

Although Bond Counsel and Special Tax Counsel will each render an opinion that interest on the Offered Bonds will be excluded from gross income for Federal income tax purposes, the accrual or receipt of interest on the Offered 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. Bond Counsel and Special Tax Counsel express no opinion regarding any such consequences. Purchasers of the Offered 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 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 Offered 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. 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 Bond Counsel and Special Tax 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 Bond Counsel and Special Tax 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. The Corporation will undertake to provide the Municipal Securities Rulemaking Board, on an annual basis on or before 135 days after the end of each fiscal year for the Corporation, commencing with the fiscal year ending June 30, 2015, the financial and operating data concerning the Corporation outlined in the 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 Municipal Securities Rulemaking Board, the notices described in the Continuing Disclosure Certificate by the times set forth therein.

The sole and exclusive remedy for breach or default under the 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 the 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 the 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 Certificate.”

RATINGS OF THE OFFERED BONDS

S&P has assigned the Offered Bonds a rating of “___” and Fitch has assigned the Offered Bonds a rating of “___”. The Corporation has furnished to each rating agency certain information and materials with respect to the Offered 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 Underwriters to purchase the Offered Bonds is conditioned on the assignment by S&P and Fitch 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 three months ended September 30, 2014, 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, 2014, 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 the Law Office of Kenneth E. Vassar, LLC, Bond Counsel. Certain Federal tax matters will be passed upon for the Corporation by Kutak Rock LLP, Special Tax Counsel. Certain legal matters will be passed on 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 Offered Bonds are being purchased by the Underwriters. The Underwriters have jointly and severally agreed to purchase the Offered Bonds at the price of \$_____ (equal to the principal amount of the Offered Bonds, plus/less net original issue premium/discount of \$_____), plus accrued interest, if any. The Underwriters will be paid a fee of \$_____ with respect to the Offered Bonds. The Bond Purchase Agreement with respect to the Offered 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 initial public offering prices and yields of the Offered Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Offered 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 Offered Bonds set forth on the inside cover page.

The following paragraph has been provided by Citigroup Global Markets Inc.:

Citigroup Global Markets Inc., one of the Underwriters of the Offered Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. (“UBSFS”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal services to retail investors through the financial advisor network of UBSFS. As part of this arrangement,

Citigroup Global Markets Inc. may compensate UBSFS for its selling efforts with respect to the Offered Bonds.

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

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Offered Bonds, has entered into a negotiated dealer agreement (the “Dealer Agreement”) with Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Dealer Agreement, CS&Co. will purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bonds that CS&Co. sells.

The following paragraph has been provided by Morgan Stanley & Co. LLC:

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the Offered Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Offered Bonds.

The following two paragraphs have been provided by the Underwriters:

Purchasers of the Offered Bonds should be aware that the delivery date of the Offered Bonds is anticipated to be March 19, 2015. The Underwriters are obligated to purchase the Offered Bonds from the Corporation on or about March 19, 2015, subject to certain terms and conditions included in the Bond Purchase Agreement. Purchasers of the Offered Bonds should evaluate any risk that the Offered Bonds may not be delivered on the delivery date, due to the extended period between pricing and delivery of the Offered Bonds and the conditions related to the Underwriters’ purchase of the Offered Bonds.

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.

FINANCIAL ADVISOR

First Southwest Company 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. First Southwest Company, 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.

APPENDIX A

FINANCIAL STATEMENTS OF THE CORPORATION

FORM OF OPINION OF BOND COUNSEL

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 \$_____ aggregate principal amount of State Capital Project Bonds II, 2015 Series A (the “2015 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 2015 Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted January 21, 2015, 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 2015 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of January 1, 2015, executed pursuant to said Indenture (together, the “Indenture”).

The 2015 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 2015 Bonds in order for interest on the 2015 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 2015 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 various statements and representations 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 2015 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 2015 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 2015 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 2015 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 and court decisions, interest on the 2015 Bonds is excluded from gross income for Federal income tax purposes.

7. Interest on the 2015 Bonds is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code. Interest on the 2015 Bonds, however, is included in the adjusted current earnings (i.e., alternative minimum taxable income as adjusted for certain items including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of

alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). We express no opinion regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the 2015 Bonds.

8. Under existing laws, interest on the 2015 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 2015 Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other counsel.

Very truly yours,

Law Office of Kenneth E. Vassar, LLC

By: _____

FORM OF OPINION OF SPECIAL TAX COUNSEL

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

\$_____

Alaska Housing Finance Corporation
State Capital Project Bonds II
2015 Series A

Ladies and Gentlemen:

We have acted as Special Tax Counsel in connection with the issuance and sale of \$_____ aggregate principal amount of Alaska Housing Finance Corporation State Capital Project Bonds II, 2015 Series A (the "Bonds"). The Bonds will be issued pursuant to the State Capital Project Bonds II Indenture by and between the Alaska Housing Finance Corporation (the "Corporation") and U.S. Bank, National Association, as trustee (the "Trustee"), dated as of October 1, 2012 (the "Indenture"), and the 2015 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of January 1, 2015, authorizing the issuance of the Bonds (the "Supplemental Indenture"). Capitalized terms not otherwise defined herein are used as defined in the Indenture and the Supplemental Indenture.

In connection with the issuance of the Bonds, we have examined the Indenture and the Supplemental Indenture, the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the "Tax Certificate") of the Corporation and such other opinions, documents, certificates, and letters as we deem relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that, assuming compliance by the Corporation with certain restrictions, conditions and requirements contained in the Indenture, the Supplemental Indenture and the Tax Certificate designed to meet the requirements of the Internal Revenue Code of 1986 (the "Code"), under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for Federal income tax purposes.

We are further of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code.

Interest on the Bonds, however, is included in the adjusted current earnings (i.e., alternative minimum taxable income as adjusted for certain items including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C

of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

We express no opinion regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the Bonds.

The opinions expressed herein are rendered in reliance upon the opinion of the Law Office of Kenneth E. Vassar, LLC as to the validity of the Bonds under the Constitution and laws of the State of Alaska.

Very truly yours,

/s/ Kutak Rock LLP

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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, 2015 Series A (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 2015 Series A Supplemental Indenture, dated as of January 1, 2015, 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.

“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 January __, 2015.

“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, 2015) which is consistent with the requirements of Section 4 of this Certificate. The Annual Report shall be provided not later than 135 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; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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 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.

[†] 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.

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: March __, 2015

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,
2015 Series A

Date of Issuance: March __, 2015

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: _____

ALASKA HOUSING FINANCE CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION

**2015 SERIES A
SUPPLEMENTAL INDENTURE**

Dated as of January 1, 2015

**\$ _____
State Capital Project Bonds II
2015 Series A**

Table Of Contents

	<u>Page</u>
ARTICLE I DEFINITIONS	2
Section 101 Definitions	2
ARTICLE II AUTHORIZATION, TERMS AND ISSUANCE	3
Section 201 Authorization, Principal Amount, Designation and Series, and Book-Entry	3
Section 202 Purposes	4
Section 203 Date and Numbering of Bonds	4
Section 204 Maturities and Interest Rates; Other Terms	4
Section 205 Optional Redemption at the Election of the Corporation	5
Section 206 Sinking Fund Redemptions	5
Section 207 Medium, Method and Place of Payment of Bonds	5
Section 208 Conditions Precedent to Delivery of 2015 Bonds	6
ARTICLE III BOOK-ENTRY PROVISIONS	6
Section 301 Book-Entry 2015 Bonds	6
Section 302 Delivery of 2015 Bond Certificates	8
Section 303 Book-Entry	8
Section 304 Form of 2015 Bond Certificates	8
ARTICLE IV EXECUTION AND DELIVERY	8
Section 401 Execution	8
Section 402 Delivery	8
ARTICLE V APPLICATION OF PROCEEDS; SUBACCOUNTS	9
Section 501 Bond Proceeds and Corporation Deposit	9
Section 502 2015 Series A Program Subaccount	9
Section 503 Application of Proceeds and Other Amounts	9
ARTICLE VI TAX COVENANTS	9
ARTICLE VII MISCELLANEOUS	10
Section 701 No Recourse Against Members or Other Persons	10
Section 702 Effective Date	10

Exhibit A – Form of Bonds

Exhibit B – Refunded Bonds

SUPPLEMENTAL INDENTURE

THIS 2015 Series A Supplemental Indenture, made and entered into as of September 1, 2015 (the "Supplemental Indenture"), by and between the ALASKA HOUSING FINANCE CORPORATION, a public corporation and government instrumentality created and existing under the laws of the State of Alaska (the "Corporation"), and U.S. BANK NATIONAL ASSOCIATION), a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Corporation and the Trustee have entered into an Indenture dated as of October 1, 2012 (the "Indenture"), to secure issues of the Corporation's State Capital Project Bonds II; and

WHEREAS, under the terms of the Indenture, the Corporation and the Trustee may enter into a supplemental indenture from time to time to authorize the issuance of one or more Series of the Corporation's State Capital Project Bonds II; and

WHEREAS, it is the purpose of this Supplemental Indenture to authorize the issuance of the Corporation's State Capital Project Bonds II, 2015 Series A in the aggregate principal amount of \$_____ (the "2015 Bonds"); and

WHEREAS, the Corporation intends to use the proceeds of the 2015 Bonds to provide funds to refund certain outstanding obligations of the Corporation, or for other purposes that will not cause the 2015 Bonds to be treated as "private activity bonds" within the meaning of such term under the Internal Revenue Code of 1986, as amended, and for which the Corporation is authorized by the Act to expend its funds;

WHEREAS, the Corporation is authorized to issue its 2015 Bonds for such purposes; and

WHEREAS, all conditions, things, and acts required by the Constitution and statutes of the State of Alaska to exist, happen, and be performed precedent to and in connection with the issuance of the 2015 Bonds exist, have happened, and have been performed in due time, form, and manner as required by law, and the Corporation is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the 2015 Bonds for the purpose, in the manner, and upon the terms herein and in the Indenture provided; and

WHEREAS, in order to provide for the authentication and delivery of the 2015 Bonds, to establish and declare the terms and conditions upon which the 2015 Bonds are to be issued and secured, and to secure the payment of the principal thereof and of the interest thereon, the Corporation has authorized the execution and delivery of this Supplemental Indenture; and

WHEREAS, the 2015 Bonds and the Trustee's certificate of authentication are to be in substantially the forms set forth in Exhibit A hereto with necessary and appropriate variations, omissions, and insertions as permitted or required by the Indenture or this Supplemental Indenture, including changes determined to be necessary in the event the 2015 Bonds are taken out of the Book-Entry System; and

WHEREAS, all acts and proceedings required by law and otherwise necessary to make the 2015 Bonds, when executed and duly issued by the Corporation and authenticated and delivered by the Trustee, the valid, binding, and legal obligations of the Corporation, and to constitute the Indenture and this Supplemental Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of the Indenture and this Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest on, all the 2015 Bonds at any time issued and outstanding under this Supplemental Indenture and any other bonds issued or that may be issued under the Indenture, according to their tenor, and to secure the performance and observance of all the covenants therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2015 Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2015 Bonds by the holders thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Corporation covenants and agrees with the Trustee, for the benefit of the respective holders from time to time of the 2015 Bonds and any other bonds issued or that may be issued under the Indenture, as follows:

ARTICLE I DEFINITIONS

Section 101 Definitions. In this Supplemental Indenture, unless the context clearly requires otherwise, the following words and terms shall have the meanings set forth in this Section:

“Authorized Denominations” means \$5,000 or integral multiples thereof.

“Bond Service Charges” means payments of principal and interest with respect to the 2015 Bonds.

“Business Day” means any day other than (a) a Saturday, a Sunday, or (b) a day on which banking institutions in New York, New York or in the state of Washington are authorized or required by law or executive order to close, or (c) a day on which the New York Stock Exchange is closed.

“Indenture” means the Indenture between the Corporation and the Trustee, dated as of October 1, 2012, and securing the Corporation's State Capital Project Bonds II.

“Interest Payment Date” means each June 1 and each December 1, commencing _____ 1, 2015.

“Letter of Representations” means together the Blanket Issuer Letter of Representations from the Corporation to DTC dated August 9, 1995 and the Depository Trust Company Operational Arrangements Memorandum dated December 12, 1994, as amended from time to time and referred to in the Blanket Issuer Letter of Representations.

“Paying Agent” means the Trustee appointed under Section 1101 of the Indenture and its successors or any other person at any time substituted in its place pursuant to the Indenture.

“Record Date” means (a) when the 2015 Bonds are held in a book-entry system, the 20th day of the month preceding an interest payment date; provided, however, that if such Record Date is not a Business Day, then such Record Date shall be deemed to be the first Business Day following such non-Business Day; (b) when the 2015 Bonds are no longer held in a book-entry system, the 20th day of the month preceding an interest payment date.

"Refunded Bonds" shall mean the bonds set forth in Exhibit B hereto.

“Refunded Bonds Redemption Date” shall mean _____.

“2015 Bonds” means the Corporation’s \$_____ State Capital Project Bonds II, 2015 Series A.

“2015 Series A Program Subaccount” means the 2015 Series A Program Subaccount created in Section 502 hereof.

Unless otherwise defined in this Supplemental Indenture, any capitalized term used in this Supplemental Indenture shall have the meaning ascribed thereto in the Indenture.

ARTICLE II AUTHORIZATION, TERMS AND ISSUANCE

Section 201 Authorization, Principal Amount, Designation and Series, and Book-Entry. As authorized in the Indenture, a Series of State Capital Project Bonds II is hereby authorized to be issued. The 2015 Bonds are to be issued in the aggregate principal amount of \$_____ and are hereby designated “State Capital Project Bonds II, 2015 Series A.” The Corporation is of the opinion and hereby determines that the issuance of the 2015 Bonds in said amount is necessary to provide sufficient funds to be used and expended for the purposes specified herein. The 2015 Bonds may be issued only in fully-registered form and shall initially be subject to the provisions of the Book-Entry System as provided in the Indenture.

Section 202 Purposes. Proceeds of the 2015 Bonds will be used to provide funds to refund the Refunded Bonds. The foregoing purpose is a valid public purpose for the issuance of the 2015 Bonds. To achieve this purpose, proceeds of the 2015 Bonds shall be deposited as provided in Section 501 of this Supplemental Indenture.

Section 203 Date and Numbering of Bonds. The 2015 Bonds shall be dated as of their date of delivery and shall be lettered SCP-1, and thereafter numbered consecutively upwards.

Section 204 Maturities and Interest Rates; Other Terms.

(A) The 2015 Bonds shall mature on the following dates in the following principal amounts and shall bear interest at the rate per annum set forth opposite such maturity, payable semiannually on each Interest Payment Date:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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(B) Interest with respect to the 2015 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The 2015 Bonds shall be issued only in Authorized Denominations.

(C) Interest on the 2015 Bonds is intended to be excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code or any successor statute thereto.

(D) The principal or Redemption Price of the 2015 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender of such 2015 Bonds at the corporate trust office of the Trustee or at the corporate trust office of any successor Trustee.

Interest on the 2015 Bonds shall be payable on each Interest Payment Date in lawful money of the United States of America to the person whose name appears on the

Bond registration books of the Registrar as the registered owner thereof as of the close of business on the Record Date, such interest to be paid by check mailed on the date such interest is due to the registered owner at its address as it appears on such registration books or at such other address as may have been filed with the Registrar for such purpose.

Each payment of principal of or interest on 2015 Bonds, whether by check or wire transfer, shall be accompanied by information specifying, with respect to which such payment is being made, the amount and the CUSIP number (if available) of such 2015 Bonds.

Section 205 Optional Redemption at the Election of the Corporation.

(A) The 2015 Bonds maturing on or after _____, are subject to redemption, on any date on or after _____, in whole or in part, of any maturity (or any interest rate within a maturity) as directed by the Corporation, at the option of the Corporation, from any source of funds, at 100% of the principal amount thereof, plus accrued interest.

(B) If less than all of the 2015 Bonds of a particular maturity bearing the same interest rate (and otherwise of like tenor) are to be redeemed, the particular 2015 Bonds of such maturity bearing the same interest rate (and otherwise of like tenor) to be redeemed shall be selected by the Trustee by lot, using such method of selection as it deems proper in its discretion.

Section 206 Sinking Fund Redemptions.

[TO COME, IF APPLICABLE]

Section 207 Medium, Method and Place of Payment of Bonds. (A) For so long as all 2015 Bonds are held in book-entry form pursuant to Section 201 hereof and are registered in the name of Cede & Co., as nominee of DTC, payment of Bond Service Charges shall be made as provided in the Letter of Representations and the Operational Arrangements referred to therein.

(B) The provisions of this Section 207(B) shall apply at such times as the 2015 Bonds are no longer held in a book-entry system. Interest on the 2015 Bonds shall be paid by the Paying Agent, as paying agent, on the Interest Payment Dates to the Holders as of the applicable Record Date by check mailed by the Paying Agent to the respective Holders thereof at their addresses as they appear on the applicable Record Date in the Register, except that in the case of a Holder of \$1,000,000 or more in aggregate principal amount of 2015 Bonds, upon the written request of such Holder to the Paying Agent, specifying the account or accounts to which such payment shall be made, and compliance with the reasonable requirements of the Paying Agent, payment of interest shall be made by wire transfer of immediately available funds on the Interest Payment Date following such Record Date. Any such request shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Paying

Agent. The principal of and premium, if any, on each 2015 Bond shall be payable on the principal payment date, upon surrender thereof at the office of the Paying Agent.

Section 208 Conditions Precedent to Delivery of 2015 Bonds. The 2015 Bonds shall be executed by the Corporation for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Corporation or upon its order, but only upon the receipt by the Trustee of each of the items required by Section 203 of the Indenture with respect to the 2015 Bonds.

ARTICLE III BOOK-ENTRY PROVISIONS

Section 301 Book-Entry 2015 Bonds. () Initially, the 2015 Bonds shall be issued in book-entry form only, shall be issued in the form of one fully-registered immobilized certificate for the total aggregate principal amount of the 2015 Bonds of each maturity bearing the same interest rate (and otherwise of like tenor), and (except as provided in paragraph (H) below) shall be registered in the name of Cede & Co., as nominee of DTC; provided, that if DTC shall request that the 2015 Bonds be registered in the name of a different nominee, the Trustee shall exchange all or any portion of the 2015 Bonds for an equal aggregate principal amount of 2015 Bonds registered in the name of such other nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Corporation, the Trustee or the Paying Agent a 2015 Bond or any other evidence of ownership of the 2015 Bonds, or any right to receive any payment in respect thereof, unless DTC or its nominee shall transfer record ownership of all or any portion of the 2015 Bonds on the 2015 Bond registration books to be maintained by the Trustee, in connection with discontinuing the book-entry system as provided in paragraph (H) below or otherwise.

(B) So long as the 2015 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all Bond Service Charges shall be made to DTC or its nominee in immediately available funds on the dates provided for such payments under this Supplemental Indenture and at such times as provided in the Letter of Representations. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Corporation, the Trustee, or the Paying Agent with respect to Bond Service Charges to the extent of the sum or sums so paid. In the event of the redemption of less than all of the 2015 Bonds of a maturity of a Series bearing interest at the same per annum rate outstanding, the Trustee shall not require surrender by DTC or its nominee of the 2015 Bonds so redeemed, but DTC or its nominee may retain such 2015 Bonds and make an appropriate notation thereon as to the amount of such partial redemption.

(C) All transfers of beneficial ownership interests in such 2015 Bonds issued in book-entry form shall be effected by procedures by DTC with its participants for recording and transferring the ownership of beneficial interests in such 2015 Bonds.

(D) The Corporation, the Trustee and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive Bondholder of the 2015 Bonds registered in its

name for the purposes of payment of the Bond Service Charges, selecting the 2015 Bonds or portions thereof to be prepaid, giving any notice permitted or required to be given to Bondholders under this Supplemental Indenture, registering the transfer of 2015 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; the Corporation, the Trustee and the Paying Agent shall not be affected by any notice to the contrary. The Corporation, the Trustee and the Paying Agent shall not have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the 2015 Bonds under or through DTC or any such participant, or any other person which is not shown on the 2015 Bond registration books as being an Bondholder, with respect to: (1) the accuracy of any records maintained by DTC or any such participant; or (2) the payment by DTC or any such participant of any amount in respect of the Bond Service Charges; or (3) any notice which is permitted or required to be given to Bondholders under this Supplemental Indenture; or (4) the selection by DTC or any such participant of any person to receive payment in the event of a partial prepayment of the 2015 Bonds; or (5) any consent given or other action taken by DTC as Bondholder.

(E) So long as the 2015 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the Bondholders under this Supplemental Indenture shall be given to DTC as provided in the Letter of Representations, in form and content satisfactory to DTC, the Corporation and the Trustee.

(F) In connection with any notice or other communication to be provided to Bondholders pursuant to this Supplemental Indenture by the Corporation, the Trustee or the Paying Agent with respect to any consent or other action to be taken by Bondholders, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the Corporation, the Trustee or the Paying Agent shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(G) Any successor Trustee, in its written acceptance of its duties under this Supplemental Indenture, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(H) The book-entry system for registration of the ownership of the 2015 Bonds in book-entry form may be discontinued at any time if: (1) DTC determines to resign, or otherwise ceases to act, as securities depository for the 2015 Bonds; or (2) after notice to DTC, the Trustee and the Paying Agent, the Corporation determines that a continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Corporation, or the Corporation, determines that such continuation is not in the best interests of the Beneficial Owners of the 2015 Bonds. In each of such events (unless the Corporation appoints a successor securities depository), the 2015 Bonds shall be delivered in registered certificate form to such persons as may be designated by DTC, but without any liability on the part of the Corporation, the Trustee or the Paying Agent for the accuracy of such designation.

Whenever DTC requests the Corporation, and the Trustee to do so, the Corporation, and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the 2015 Bonds.

Section 302 Delivery of 2015 Bond Certificates. At any time, the Corporation may notify DTC and the Trustee, whereupon DTC will notify the DTC Participants, of the availability through DTC of 2015 Bond certificates for 2015 Bonds. In such event, the Trustee shall issue, transfer and exchange, at the Corporation's expense, 2015 Bond certificates as requested in writing by DTC in appropriate amounts. DTC may determine to discontinue providing its services with respect to the 2015 Bonds at any time by giving written notice to the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Corporation and Trustee shall be obligated to deliver 2015 Bond certificates as described in the Indenture, provided that the expense in connection therewith shall be paid by DTC. In the event 2015 Bond certificates are issued, the provisions of the Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, premium, if any, and interest on such certificates. Whenever DTC requests the Corporation to do so, the Corporation will cooperate with DTC in taking appropriate action after written notice to arrange for another securities depository to maintain custody of certificates evidencing the 2015 Bonds.

Section 303 Book-Entry. The Letter of Representations with DTC and the provisions of such Letter of Representations shall be incorporated herein by reference.

Section 304 Form of 2015 Bond Certificates. The 2015 Bonds and the Trustee's certificate of authentication are to be in substantially the forms thereof set out in Exhibit A attached hereto and made a part hereof with such necessary or appropriate variations, omissions, and insertions as are permitted by the Indenture. The Trustee's certificate of authentication upon any 2015 Bond shall be conclusive evidence that the 2015 Bond so authenticated has been duly authenticated, executed, and delivered under the Indenture, including this Supplemental Indenture, and that the owner of the 2015 Bond is entitled to the benefits thereof.

ARTICLE IV EXECUTION AND DELIVERY

Section 401 Execution. The 2015 Bonds shall be executed by the manual or facsimile signature of the Chairman, Vice Chairman, or Chief Executive Officer/Executive Director of the Corporation, attested by the manual or facsimile signature of an Authorized Officer, and the seal of the Corporation (or a facsimile thereof) shall be affixed, engraved, imprinted or otherwise reproduced thereon.

Section 402 Delivery. After their execution as hereinabove provided, the 2015 Bonds shall be authenticated by the Trustee and, upon satisfaction of the conditions contained in the Indenture and this Supplemental Indenture, shall be delivered to the

purchasers thereof pursuant to the written order to the Trustee of an Authorized Officer of the Corporation.

ARTICLE V APPLICATION OF PROCEEDS; SUBACCOUNTS

Section 501 Bond Proceeds and Corporation Deposit. The proceeds of sale of the 2015 Bonds, including amounts received as premium, if any, shall be delivered to the Trustee. The proceeds of the 2015 Bonds shall be deposited in the 2015 Series A Program Subaccount for application in accordance with Section 503 hereof.

Section 502 2015 Series A Program Subaccount. There is established within the Program Account a 2015 Series A Program Subaccount.

Section 503 Application of Proceeds and Other Amounts. [The Trustee shall deposit all of the proceeds of the 2015 Bonds in the 2015 Series A Program Subaccount. Upon the Corporation's written request therefor, amounts deposited in the 2015 Series A Program Subaccount shall be released to the Corporation or to the order of the Corporation. The Corporation shall request release of \$_____ to pay maturing principal of the Refunded Bonds on the Refunded Bonds Redemption Date.]

ARTICLE VI TAX COVENANTS

The Corporation shall not directly or indirectly use or permit the use of any proceeds of the 2015 Bonds or any other funds of the Corporation or take or omit to take any action that would cause the 2015 Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the Regulations promulgated thereunder. To that end, the Corporation will comply with all requirements of Section 148(a) of the Code to the extent applicable to the 2015 Bonds. In the event that for purposes of this Article VI it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Indenture or this Supplemental Indenture, the Corporation shall so instruct the Trustee in writing, and the Trustee shall take such action as directed. The Corporation specifically covenants that the Corporation shall direct the Trustee in writing that amounts be deposited in the Rebate Account and, if necessary, will deliver sufficient amounts to the Trustee for such purpose, and therefrom the Trustee upon direction from the Corporation will pay or cause to be paid to the United States such amounts at such times as may be necessary to comply with Section 148 of the Code and the Regulations promulgated thereunder. The Corporation further covenants and agrees that it (i) will not directly or indirectly use or permit the use of any proceeds of the 2015 Bonds that would cause the 2015 Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Code and the regulations promulgated thereunder and (ii) will take all action necessary to assure that interest on the 2015 Bonds shall be and remain excluded from gross income for federal income tax purposes.

**ARTICLE VII
MISCELLANEOUS**

Section 701 No Recourse Against Members or Other Persons. No recourse shall be had for the payment of the principal of or interest on the 2015 Bonds or for any claim based thereon or in this Supplemental Indenture against any member of the Corporation or the Trustee, and neither the members of the Corporation nor the Trustee shall be liable personally on the 2015 Bonds or be subject to any personal liability or accountability by reason of the execution thereof.

Section 702 Effective Date. This Supplemental Indenture shall take effect immediately.

IN WITNESS WHEREOF, ALASKA HOUSING FINANCE CORPORATION has caused this Supplemental Indenture to be signed in its name by its Chief Executive Officer/Executive Director and U.S. Bank National Association has caused this Supplemental Indenture to be signed in its corporate name by a Responsible Officer of the Trustee all as of the day and year first above written.

ALASKA HOUSING FINANCE CORPORATION

By: _____
BRYAN D. BUTCHER
Chief Executive Officer/Executive Director

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By _____
TOM ZRUST
Vice President

EXHIBIT A

FORM OF BONDS

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Corporation or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. SCP-_____

Principal Amount: \$_____

**ALASKA HOUSING FINANCE CORPORATION
STATE CAPITAL PROJECT BONDS II, 2015 SERIES A**

Maturity Date: _____

CUSIP: _____

Registered Owner: Cede & Co.

Interest Rate: _____

Alaska Housing Finance Corporation (the "Corporation"), a public corporation and government instrumentality of the State of Alaska (the "State") created and existing under and by virtue of the laws of the State, acknowledges itself indebted, and for value received hereby promises to pay to the Registered Owner set forth above or its registered assigns, the Principal Amount specified above, on the Maturity Date specified above, unless redeemed prior thereto as hereinafter provided, upon presentation hereof at the corporate trust office of the Trustee in Seattle, Washington, and any successor thereto under the Supplemental Indenture dated as of January 1, 2015, between the Corporation and U.S. Bank National Association as trustee (the "Trustee") (the "Supplemental Indenture"), or at such other location designated by the Trustee and to pay interest on said Principal Amount to said Registered Owner of this Bond from the date of authentication (the "Issue Date"), or from the most recent Interest Payment Date to which interest has been paid or duly provided for, until the Corporation's obligation with respect to the payment of said Principal Amount shall be discharged at the rate per annum specified above, payable beginning _____ 1, 2015, and thereafter on the first day of June and the first day of December of each year.

This Bond is one of the Bonds of the Corporation designated "Alaska Housing Finance Corporation State Capital Project Bonds II, 2015 Series A" (herein called the "Bonds"), authorized to be issued in the aggregate principal amount of \$_____ under and pursuant to Chapters 55 and 56 of Title 18, Alaska Statutes, as amended (herein called the "Act"), and an Indenture by and between the Corporation and the Trustee, dated as of October 1, 2012 (together with the Supplemental Indenture, the "Indenture"). The Bonds constitute a separate issue of bonds of the Corporation under the Indenture, but are equally and ratably secured under the Indenture on a *pari passu* basis among themselves and with any other bonds theretofore issued under the Indenture. Additional bonds of the Corporation may be issued under the Indenture from time to time if certain conditions set forth in the Indenture have been met, and such

additional bonds (the "Additional Bonds") will be equally and ratably secured under the Indenture with the Bonds and will rank on a *pari passu* basis with the Bonds with respect to any security pledged under the Indenture to the extent provided in the Indenture. Capitalized terms used herein and not defined herein shall have the meaning assigned to such terms in the Indenture and the Supplemental Indenture.

Copies of the Indenture are on file at the office of the Corporation in Anchorage, Alaska, and at the office of the Trustee in Seattle, Washington, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds have been issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture or any indenture amendatory thereof or supplemental thereto may be modified or amended by the Corporation, with the written consent of the holders of at least sixty percent in principal amount of the Bonds then Outstanding, or 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 sixty percent in principal amount of the Bonds of each series so affected. For certain purposes, the Indenture may be amended or modified without the consent of any holders of the Bonds. The holder of this Bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions of the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of the Bonds issued thereunder and then outstanding, together with accrued interest thereon, may become or may be declared due and payable before the maturity thereof.

The Bonds are subject to redemption prior to maturity as set forth in the Supplemental Indenture.

Whenever less than all of the Bonds of a maturity bearing interest at the same interest rate (and otherwise of like tenor) are called for redemption, Bonds shall be selected for redemption as provided in the Indenture.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption and the holder hereof shall have no rights hereunder or under the Indenture except to receive payment of the redemption price of this Bond.

The Bonds are issuable as registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof.

This Bond is transferable, as provided in the Indenture, only upon the bond register of the Corporation kept for that purpose at the corporate trust office of the Trustee in Seattle, Washington, upon surrender of this Bond, together with a written

instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new, fully registered Bond or Bonds in the same aggregate principal amount and of like maturity and interest rate shall be authenticated and delivered to the transferee in exchange therefor as provided in the Indenture or the Supplemental Indenture and upon the payment of charges if any, as therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, hereof and interest due hereon and for all other purposes whatsoever.

Subject to any agreements heretofore or hereafter made with the persons who shall hold any other bonds or notes 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), this Bond is a direct and general obligation of the Corporation.

The Bonds do not constitute a debt, liability, or other obligation of the State or of any political subdivision of the State. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal or interest on the Bonds. The Corporation is not obligated to pay the Bonds or the interest on the Bonds except from the revenues or assets of the Corporation.

Neither the members of the Corporation nor any person executing this Bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee or its agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the Indenture, to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Bond, exist, have happened, and have been performed in due time, form, and manner as required by law and that the issue of the Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Alaska Housing Finance Corporation has caused this Bond to be executed in its name by the manual signature of its Chief Executive Officer/Executive Director and its corporate seal to be affixed hereon, and attested by the manual signature of an Authorized Officer.

ALASKA HOUSING FINANCE CORPORATION

By: _____
BRYAN D. BUTCHER
Chief Executive Officer/Executive Director

[S E A L]

A T T E S T:

MICHAEL STRAND
Chief Financial Officer

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Supplemental Indenture and is one of the State Capital Project Bonds II, 2015 Series A, of the Alaska Housing Finance Corporation.

U.S. BANK NATIONAL ASSOCIATION
as Trustee

By _____
TOM ZRUST
Vice President

Date of Authentication:

FORM OF ASSIGNMENT

For value received _____ hereby sells,
assigns and transfers unto _____

(Please insert Social Security or other identifying number of Assignee)

(Please print or typewrite name and address, including ZIP code, of Assignee)

the within Bond and does hereby irrevocably constitute and appoint
_____ attorney to transfer the said Bond on the books
kept for registration and transfer thereof, with full power of substitution in the premises.

Dated:

NOTE: The signature on this Assignment must
correspond with the name of the registered
owner as it appears upon the face of the within
Bond in every particular without alteration or
enlargement or any changes whatever.

Signature Guaranteed

By: _____
[Must be a member of the New York Stock
Exchange or a bank]

EXHIBIT B

Refunded Bonds

<u>Series</u>	<u>Principal Amount Refunded</u>	<u>Issuance Date</u>
General Housing Purpose Bonds 2005 Series B		January 27, 2005
General Housing Purpose Bonds 2005 Series C		

ALASKA HOUSING FINANCE CORPORATION
DECEMBER 2014 COMPARATIVE ACTIVITY SUMMARY

	As of Fiscal Year End			As of Month End		
	FY 2013	FY 2014	% Change	12/31/13	12/31/14	% Change
	TOTAL PORTFOLIO <i>(Mortgages & Bonds)</i>					
Total Mortgage Portfolio	\$2,299,455,291	\$2,520,778,596	9.6%	\$2,450,112,153	\$2,594,406,763	5.9%
# of Mortgage Loans	14,641	14,834	1.3%	14,728	14,910	1.2%
Delinquent Loan %	5.49%	4.87%	(11.3%)	5.18%	4.07%	(21.6%)
Mortgage Wghtd Avg Int Rate	5.06%	4.93%	(2.6%)	4.98%	4.85%	(2.4%)
Total Bonds Outstanding	\$2,259,115,000	\$2,278,545,000	0.9%	\$2,191,550,000	\$2,195,195,000	0.2%
Variable Bonds %	42%	41%	(2.4%)	42.9%	43.2%	0.6%
Hedged Variable %	84%	84%	0.0%	84.0%	79.9%	(4.8%)
Bond Wghtd Avg Int Rate	3.71%	3.77%	1.6%	3.70%	3.70%	(0.2%)
Mortgage/Bond WAIR Spread	1.35%	1.16%	(14.1%)	1.27%	1.16%	(8.8%)
Mortgage/Bond Ratio	1.02	1.11	8.7%	1.12	1.18	5.7%

	Through Fiscal Year End			Through Six Months Ending		
	FY 2013	FY 2014	% Change	12/31/13	12/31/14	% Change
	MONTHLY ACTIVITY <i>(Mortgages & Bonds)</i>					
Mortgage Applications	\$461,804,589	\$520,345,834	12.7%	\$305,842,461	\$267,529,123	(12.5%)
Mortgage Purchases	398,531,914	538,531,088	35.1%	339,601,567	239,554,259	(29.5%)
Mortgage Payoffs	531,627,435	218,635,522	(58.9%)	139,823,610	112,946,894	(19.2%)
Mortgage Foreclosures	11,863,398	14,127,019	19.1%	7,695,627	4,905,518	(36.3%)
Bond Issuances - Housing	195,890,000	0	(100.0%)	0	0	0.0%
Bond Issuances - General	286,125,000	124,400,000	(56.5%)	0	218,105,000	100.0%
Bond Redemptions - Special	599,975,000	54,815,000	(90.9%)	38,270,000	277,190,000	624.3%
Bond Redemptions - Scheduled	\$57,790,000	\$50,155,000	(13.2%)	\$29,295,000	\$24,265,000	(17.2%)

	Fiscal Year Annual Audited			First Quarter Unaudited		
	FY 2013	FY 2014	% Change	FY 2014	FY 2015	% Change
	FINANCIAL STATEMENTS <i>(in Thousands of Dollars)</i>					
Mortgage & Loan Revenue	\$125,059	\$120,740	(3.5%)	\$28,941	\$31,402	8.5%
Investment Income	9,088	9,019	(0.8%)	2,364	936	(60.4%)
Externally Funded Programs	168,152	163,739	(2.6%)	34,609	28,705	(17.1%)
Other Revenue	13,026	14,588	12.0%	3,163	4,782	51.2%
Total Revenue	315,325	308,086	(2.3%)	69,077	65,825	(4.7%)
Interest Expenses	94,409	81,184	(14.0%)	19,724	20,940	6.2%
Housing Grants & Subsidies	150,460	149,188	(0.8%)	30,977	26,031	(16.0%)
Operations & Administration	56,663	58,771	3.7%	13,583	14,282	5.1%
Other Expenses	31,688	22,328	(29.5%)	5,177	6,959	34.4%
Total Expenses	333,220	311,471	(6.5%)	69,461	68,212	(1.8%)
Operating Income (Loss)	(17,895)	(3,385)	81.1%	(384)	(2,387)	(100.0%)
Contributions to the State	10,720	1,380	(87.1%)	3,093	50	(98.4%)
Change in Net Position	(28,615)	(4,765)	83.3%	(3,477)	(2,437)	29.9%
Total Assets/Deferred Outflows	3,981,230	4,055,203	1.9%	3,973,875	4,079,227	2.7%
Total Liabilities	2,455,702	2,545,295	3.6%	2,462,679	2,571,756	4.4%
* Net Position	\$1,525,528	\$1,509,908	(1.0%)	\$1,511,196	\$1,507,471	(0.2%)

* Reduced beginning FY 2014 Net Position by \$10.855 million for GASB 65 accounting change to expense debt issuance costs recorded as assets in FY 2013.

**MORTGAGE ACTIVITY SUMMARY
LOANS PURCHASED BY PROGRAM**

LOAN PROGRAM	December 2014		FY 2015 Thru 12/31/2014		FY 2014 Thru 12/31/2013	
	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume	# of Loans	Total Dollar Volume
Tax-Exempt First-Time Homebuyer	41	7,421,991	257	46,759,667	372	70,404,293
Taxable First-Time Homebuyer	29	6,862,578	216	52,728,460	207	52,767,060
Veterans Mortgage Program	2	938,853	13	3,854,892	35	12,115,181
Taxable	59	16,933,095	295	84,676,292	298	88,352,908
Non-Conforming	3	1,074,425	20	5,916,457	30	10,616,247
Rural Loan Program	22	4,957,740	125	28,410,491	110	24,999,691
Residential Loan Program Totals	156	38,188,682	926	222,346,259	1,052	259,255,380
Multi-Family	2	1,688,300	22	12,622,950	23	16,636,650
Rural Multi-Family	0	0	0	0	0	0
Residential & Multi-Family Loan Program Totals	158	39,876,982	948	234,969,209	1,075	275,892,030
Streamline Refinance	0	0	2	425,114	35	6,096,294
Rural Streamline Refinance	0	0	8	1,797,960	38	6,524,878
Total Loans Purchased	158	39,876,982	958	237,192,283	1,148	288,513,202
LOAN PROGRAM OPTIONS (Included in Total Loans Purchased)						
Interest Rate Reduction Low Income Borrowers	4	618,480	36	5,081,329	60	8,088,977
Energy Efficiency Interest Rate Reduction	12	3,649,497	72	18,435,746	139	38,316,444
Closing Cost Assistance Program	1	168,884	7	1,483,748	5	879,715

RESIDENTIAL PIPELINE 12/31/14

	#	Amount
Lock-ins:	159	40,252,194
Commitments:	312	81,607,241
Total:	471	121,859,435
CCAP Reservation	2	445,562

RESIDENTIAL PIPELINE 11/30/14

	#	Amount
Lock-ins:	123	31,402,221
Commitments:	346	89,802,391
Total:	469	121,204,612
CCAP Reservation	2	418,069

RESIDENTIAL PIPELINE 10/31/14

	#	Amount
Lock-ins:	219	56,478,456
Commitments:	341	85,656,871
Total:	560	142,135,327
CCAP Reservation	0	0

MORTGAGE INTEREST RATE COMPARISON - AVERAGE 12/14

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
4.024	3.708	3.833	3.899	3.774	4.250	6.298	3.970	3.869

MORTGAGE INTEREST RATE COMPARISON - AVERAGE 11/14

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
4.125	3.750	3.875	4.000	3.875	4.250	6.347	4.104	3.875

MORTGAGE INTEREST RATE COMPARISON - AVERAGE 10/14

AHFC Programs							Market	
Taxable Conv	Exempt FTHB	Exempt VETS	Taxable FTHB	Rural Owner	CCAP	Multi-Family	Conv	FHA
4.165	3.784	3.909	4.040	3.972	4.290	6.324	4.153	3.852

Multi-Family Loans Committed

11/16/14 to 12/31/14

Loan	Commitment			
Amount	Type	Date	Program	Location
\$ 694,400	12plx	11-24-14	M	Wasilla
\$ 499,000	SFR	11-24-14	N	Anchorage
\$1,200,000	38plx	11-24-13	M	Anchorage
\$ 832,000	10plx	12-11-14	M	Anchorage
\$ 456,000	9plx	12-11-14	M	Anchorage
\$ 391,200	8plx	12-11-14	M	Anchorage
\$ 340,000	6plx	12-11-14	M	Anchorage
\$ 271,200	6plx	12-11-14	M	Fairbanks

Total: \$ 4,683,800 in 8 loans

M = Multi-family

N = Special Needs

E = Energy

R2D2 Board Report for January 21, 2015

WEATHERIZATION PROGRAM

Income-based, home energy efficiency improvements provided for homeowners and renters.

Legislative appropriation:ⁱ

FY2008	\$200 million
FY2012	\$62.5 million
FY2013	\$30 million
FY2014	\$30 million
<u>FY2015</u>	<u>\$27.5 million</u>
Total	\$350 million

Program update as of October 31, 2014:

Total expended	\$291.2 million
Units complete	15,402

Projected totals for March 31, 2015:

Current obligation ⁱⁱ	\$319 million
Projected units complete	15,300

HOME ENERGY REBATE PROGRAMⁱⁱⁱ

Rebates offered up to \$10,000 for homeowners making energy efficiency improvements to existing homes. A rebate of \$10,000 for 6 Star or \$7,000 for 5 Star Plus is available for newly constructed homes.

Legislative appropriation:

FY2008	\$100 million
FY2009	\$60 million
FY2012	\$37.5 million
FY2013	\$20 million
FY2014	\$20 million
<u>FY2015</u>	<u>\$15 million</u>
Total	\$252.5 million

Program update as of 12.11.14:

Total expended ^{iv}	\$190.1m
Current obligation ^v	\$33.2m
Initial ratings	37,994
Rebates paid	22,447
5 star plus paid	2,613
6 star paid	63
Active energy raters	58

Waitlist as of 12.12.14:

Statewide	153
Anchorage	32
Fairbanks	2
Juneau	2

Total Estimated Energy Saved Annually - 3.2 trillion BTUs

(Includes Rebate and Weatherization program completions multiplied by average energy savings)

Equivalent to: (558,922 Barrels of Oil) or (32,417,485 Therms of Gas) or (23,490,931 Gallons of Fuel Oil) or (950,102 MWH of Electricity)

ⁱ Appropriation amounts reflect state investment only.

ⁱⁱ Current obligation includes total expenditures, current year grant amounts, and administrative allocation. The remaining Weatherization program appropriation amounts will be awarded to grantees beginning 4.1.15.

ⁱⁱⁱ A sample of 17,233 homeowners was taken on December 19, 2012 and the average homeowner spent \$11,681. A \$6,889 average rebate results in a \$4,792 out-of-pocket investment. The projected energy cost savings for homes receiving rebates are \$1,464 per year, with an average annual energy savings of 34 percent.

^{iv} Total expenditures are as of 12.1.14.

^v Current obligation includes funds set aside for homeowners in the Home Energy Rebate program who are making improvements and for encumbrances in the New Home Rebate program.

Public Housing Operations Update

January 2015

Public Housing

Units Statewide	1628
Housing Waiting List	1643

Housing Choice Vouchers

Vouchers statewide	4381
Voucher Waiting List	2538

Family Self-Sufficiency

Family Self Sufficiency Total Enrolled	116
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Operations Updates:

- Began the transition to year two of the Housing Choice Voucher rent reform program.
- Moving Home Program began implementation with referrals expected in early February.
- Multiple holiday celebrations took place including a visit with Santa Claus on a fire truck at Park View Manor, distribution of gifts to elderly and disabled residents at Chugach Manor and Chugach View through the Angel Tree program, and donation of AHFC employee gifts to Catholic Social Services for low income families
- Began work on drafting a Rental Assistance Demonstration program application to HUD.

Facilities Management & Construction Updates:

- Nome – Substantial completion was delayed by one month on this project due additional work involving exterior lighting and repair to existing equipment on a “site and sound” capable unit.
- Bethel - Foundation replacement/repair project is in re-development and project documents for windows and floors replacement is being developed. Triodetic foundations systems have improved designs for installation under occupied buildings. The section is awaiting teleconference to discuss details. A project is being developed for the “EMT”’s to repair the soft floors and make ready the units after repairs are affected.
- Cordova –Eyak manor porch leveling and door replacement project is now ongoing, additional design is needed to address a compression issue with the outer load bearing floor joist.
- Seward – additional cameras will be delivered in a week, this will complete the security upgrade. Siding replacement project is in the design phase, original A&E is slow to provide background drawings in AutoCAD. (no change)
- Juneau –Mt. View security system upgrade has had construction kick off meeting; elevator replacement has been awarded and materials are being ordered; ADA improvements for Cedar Park

“unit D5” has been awarded with work to proceed in January; Mt. View ADA project will be advertised this month.

- Wrangell – project development for sidewalk and sewer line replacement underway.
- Anchorage – Multiple projects are in progress ranging from sprinkler designs for Parkview, Chugach View fire detection and suppression upgrade, fireplace removals, scattered site insulation/siding installation, and scattered site infrastructure survey.
- Statewide – ADA/VCA progress slow, PHD is meeting reporting requirements to HUD. We are expecting new certifications for units in the upcoming months. Project estimates are coming in higher than current budgets we will have difficulty completing all upgrades unless more funds are requested.
- Facilities Management Extraordinary Maintenance Team (Road Crew) are on staff, tooled, and working on projects in the Anchorage area. Bethel will be first out of town trip for the team, trip tentatively planned for late January pending materials arriving to location.

Alaska Corporation for Affordable Housing:

- Work continues on construction on both locations. All the exterior walls for Susitna Square have been constructed. At Ridgeline Terrace several exterior walls constructed, all foundations are prepped.
- Draft stand-alone FY14 financial statements are being completed prior to reporting.









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AHFC BOARD OF DIRECTORS
SCHEDULE 2015

January 21, 2015 BOD (AHCC Annual)

March 10, 2015 AHFC BOD Workshop (1-5 pm)

March 11, 2015 BOD (NTSC Annual)

April 1, 2015 BOD (Audit Committee)

May 13, 2015 BOD (ACAH Annual)

June 17, 2015 BOD (Audit Committee)

July 29, 2015 BOD

August 26, 2015 ANNUAL BOD Meeting (Audit Committee)

September 23, 2015 BOD
(NCSHA Annual Conference 9/26 thru 9/29 in Nashville, TN.)

October 28, 2015 BOD (Audit Committee)

November 23, 2015 BOD