

**State of Alaska
FY2004 Governor's Operating Budget**

**Department of Revenue
Municipal Bond Bank Authority
BRU/Component Budget Summary**

BRU/Component: Municipal Bond Bank Authority

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

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Component Mission

The mission of the Alaska Municipal Bond Bank is to provide municipalities with financing options for capital projects.

Component Services Provided

- Issue bonds to make loans to municipalities for capital projects at lower rates than the municipalities would incur elsewhere.
- Help municipalities gain experience in financial markets and establish a positive credit history.
- Monitor opportunities to issue bonds to refinance existing debt.

Component Goals and Strategies

1. INCREASE THE AWARENESS OF THE BOND BANK'S SERVICES
 - Plan communications effort targeted at current users, potential new users, and the Legislature to keep them informed of Bond Bank services and revenue-generating potential.
 - Provide support and training to municipalities in their capital improvement financing programs.
2. REFINANCE EXISTING DEBT TO REDUCE MUNICIPALITIES' COSTS
 - Review the current debt portfolio and determine if any outstanding issues provide significant refinancing opportunities under current market conditions.
3. MAINTAIN BOND BANK'S CREDIT RATING

Key Component Issues for FY2003 – 2004

- Fiscal Years 2001 and 2002 represent one of the most active periods in the history of the AMBBA. Outstanding debt has increased by over 31% during this timeframe to a balance of \$220.6 million outstanding. This leaves \$79.4 million that the Bond Bank can issue under its statutory limitation of \$300 million. The Bond Bank will continue to seek to maintain the diversity of the borrowers in the pool, including attempts to attract stronger credits in order to maintain overall credit strength.

Major Component Accomplishments in 2002

- During FY2002 the Bond Bank completed five bond issuances for a total of \$39,015,000. The communities benefiting from these issuances include the Northwest Arctic Borough, the Aleutians East Borough, the City of Wasilla and the Ketchikan Gateway Borough. These communities saved over \$4.0 million in reduced issuance costs and lower interest expense.

Statutory and Regulatory Authority

AS 44.85.020

Key Performance Measures for FY2004

Measure:

The number of capital projects financed or refinanced with bonds as compared to the total number of projects for which applications were made.

Sec 130 (b) (1) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

- The Bond Bank received 10 applications in Fiscal Year 2002, 5 of which resulted in 9 projects being financed in 4 communities.

Benchmark Comparisons:

- Perform year-to-year trend analysis.
- Year // Applications // Projects Financed // Number of Communities // \$ issued
- 2002 // 10 // 9 // 4 // \$37.6 million
- 2001 // 13 // 12 // 10 // \$50.7 million
- 2000 // 5 // 7 // 7 // \$24.8 million

Measure:

The par amount of bonds issued during the year and estimated savings to Alaska communities through Bond Bank sales.

Sec 130 (b) (2) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

- In FY 2002 the Bond Bank issued bonds in a par amount of \$39.0 million (including reserves). Communities are estimated to have saved \$2,903,000 through the Bond Bank participating in these financings.

Benchmark Comparisons:

- Fiscal Year 2001 - \$50.7 million in bonds; \$4 million in estimated savings.
- Fiscal Year 2000 - \$24.8 million in bonds; \$900,000 in estimated savings.
- Fiscal Year 1999 - \$32.8 million in bonds; \$1.3 million in estimated savings.
- Fiscal Year 1998 - \$15.2 million in bonds; \$750,000 in estimated savings.

Measure:

The cost of operations compared to the value of the bonds issued.

Sec 130 (b) (3) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

- During FY2002, the Bond Bank issued \$39.0 million in bonds. Their total expenditures for the same period were \$.5 million. Cost of operations represented 1.2% of the total bonds issued.

Municipal Bond Bank Authority
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	65.0	66.4	67.1
72000 Travel	8.5	10.1	10.1
73000 Contractual	407.4	442.4	442.4
74000 Supplies	0.0	3.8	3.8
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	480.9	522.7	523.4
Funding Sources:			
1104 Alaska Municipal Bond Bank Receipts	480.9	522.7	523.4
Funding Totals	480.9	522.7	523.4

**Municipal Bond Bank Authority
Proposed Changes in Levels of Service for FY2004**

No service changes.

**Summary of Component Budget Changes
From FY2003 Authorized to FY2004 Governor**

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	522.7	522.7
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government Bargaining Unit	0.0	0.0	0.7	0.7
FY2004 Governor	0.0	0.0	523.4	523.4

Municipal Bond Bank Authority

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	1	1	Annual Salaries	50,616
Part-time	0	0	Premium Pay	1,557
Nonpermanent	0	0	Annual Benefits	17,018
			<i>Less 3.02% Vacancy Factor</i>	(2,091)
			Lump Sum Premium Pay	0
Totals	1	1	Total Personal Services	67,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Manager III	0	0	1	0	1
Totals	0	0	1	0	1