

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Revenue  
Municipal Bond Bank Authority  
BRU/Component

## **Component: Municipal Bond Bank Authority**

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### **Component Mission**

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 FY2001 – 2002**

2001 will be one of the largest new lending years in the history of AMBBA. Although a reduction in the number of loans may occur in 2002, AMBBA will have to monitor whether it will approach its statutory limitation on debt. AMBBA will continue to seek to maintain the diversity of the borrowers in the pool, including attempts to attract the stronger credits in order to maintain its credit rating.

### **Major Component Accomplishments for FY2000**

During FY2000 the Bond Bank completed four bond issuances for a total of \$24.8 million. The communities benefiting from these issuances include Fairbanks, Cordova, Kaktovik, Sitka, Unalaska and the communities of Prince of Wales Island.

### **Statutory and Regulatory Authority**

AS 44.85.020

## Key Performance Measures for FY2002

**Measure: The number of capital projects financed or refinanced with bonds as compared to the total number of projects for which funding was requested.**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

The number of projects financed in FY2000 was 4 (\$24.8 million). Total-to-date for FY2001 is already 5 with 2 more currently being evaluated. The Bond Bank is evaluating the most reasonable method to determine the number of requests it receives, as many calls simply constitute information gathering on the part of the municipalities. There were 2 applications received in FY2000 that did not result in an issuance of Bond Bank bonds. However, both of these communities obtained alternate sources of capital (one, a grant, and the other, a subsidized loan).

**Benchmark:**

Perform year-to-year trend analysis.

**Measure: The value of municipal bonds issued during the year.**  
*(Developed jointly with Legislature in FY2000.)*

**Current Status:**

FY2000 - \$24.8 million.

**Measure: Pursue refinancing opportunities that generate at least a 3% NPV savings for advance refundings (those that occur prior to the bond call dates) or a net cash flow savings for current refundings.**  
*(Not yet addressed by Legislature.)*

**Measure: Credit rating will be A or higher.**  
*(Not yet addressed by Legislature.)*

### Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• The number of capital projects financed or refinanced with bonds as compared to the total number of projects for which funding was requested.			X		
• The value of municipal bonds issued during the year.			X		
• Pursue refinancing opportunities that generate at least a 3% NPV savings for adv. refundings (those that occur prior to the bond call dates) or a net cash flow savings for current refundings.			X		
• Credit rating will be A or higher.			X		

**Municipal Bond Bank Authority**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	64.1	65.4	64.9
72000 Travel	13.9	10.1	10.1
73000 Contractual	383.1	384.4	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
<b>Expenditure Totals</b>	<b>461.1</b>	<b>463.7</b>	<b>521.2</b>
<b>Funding Sources:</b>			
1104 Alaska Municipal Bond Bank Receipts	461.1	463.7	521.2
<b>Funding Totals</b>	<b>461.1</b>	<b>463.7</b>	<b>521.2</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Municipal Bond Bank Receipts	51417	461.1	463.7	463.7	521.2	521.2
<b>Restricted Total</b>		<b>461.1</b>	<b>463.7</b>	<b>463.7</b>	<b>521.2</b>	<b>521.2</b>
<b>Total Estimated Revenues</b>		<b>461.1</b>	<b>463.7</b>	<b>463.7</b>	<b>521.2</b>	<b>521.2</b>

**Municipal Bond Bank Authority**

**Proposed Changes in Levels of Service for FY2002**

No anticipated change in services provided

**Summary of Component Budget Changes**

**From FY2001 Authorized to FY2002 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>463.7</b>	<b>463.7</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.0	-0.5	-0.5
<b>Proposed budget increases:</b>				
-Increased costs for additional bond offerings	0.0	0.0	58.0	58.0
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>521.2</b>	<b>521.2</b>

**Municipal Bond Bank Authority**

**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	1	1	Annual Salaries	48,180
Part-time	0	0	COLA	586
Nonpermanent	0	0	Premium Pay	1,482
			Annual Benefits	15,998
			<i>Less 2.03% Vacancy Factor</i>	(1,346)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>Total Personal Services</b>	<b>64,900</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Manager III	0	0	1	0	1
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>