

**State of Alaska
FY2016 Governor Amended Operating
Budget**

**Department of Revenue
AMBBA Operations
RDU/Component Budget Summary**

RDU/Component: AMBBA Operations

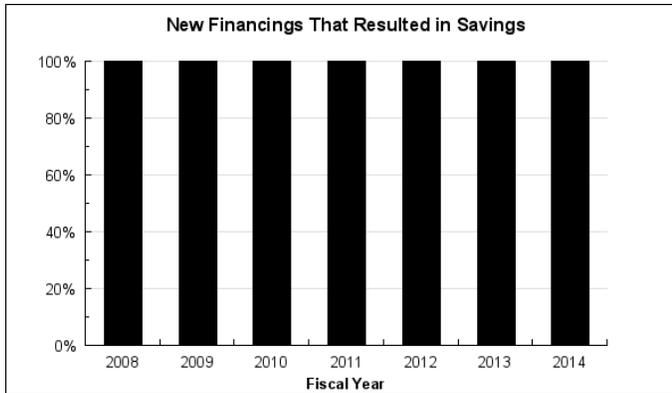
(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

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

Results

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)



Target: 100% of advance refinancing will result in at least 3% savings to the issuer.

Target: 100% of current refinancing will result in at least 2% savings to the issuer.

Core Services

- Provide lowest cost financing for Alaska municipal governments

Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

1. Provide lowest cost financing for Alaska municipal governments

Target: The Bond Bank will finance 100% of the deals done statewide by municipalities with less than A1 ratings.



Major Component Accomplishments in 2014

- The Bond Bank sold three series of bonds in FY 2014, the 2013 Series Three, the 2014 Series One (A / B), and the 2014 Series Two. During FY 2014 the Bond Bank issued \$178.5 million in bonds, which resulted in \$191.4 million in loans to communities for projects. The Bond Bank used these funds to make nine municipal loan agreements for projects in seven communities: The City and Borough of Juneau, the Lake and Peninsula Borough, the City and Borough of Sitka, the Kenai Peninsula Borough, the Kodiak Island Borough, the City of Ketchikan, and the City of King Cove. These communities are estimated to have saved over \$12.7 million in reduced issuance costs and lower interest expense in their funding of schools, school renovations, hydroelectric projects, health care facilities, harbors, utilities, and community projects.

Key Component Challenges

- FY2014 was another year of heightened activity level at the Bond Bank. From FY2013 to FY2014 outstanding debt increased by \$121.9 million or 15.2% to an outstanding balance of \$923.5 million on June 30, 2014. Over the prior five fiscal years outstanding debt has increased by \$347.2 million, representing an annual average increase of approximately \$69.4 million since FY 2009. The \$923.5 million in outstanding bonds leaves \$664 million, of which \$87.5 million is specifically designated for the University of Alaska that the Bond Bank can issue under its statutory limitation of \$1.5875 billion.
- Based on anticipated and potential loan demand in FY 2014 the Bond Bank requested and received an increase from the former \$1 billion statutory borrowing limit to \$1.5875 billion, of which \$87.5 million is specifically designated for the University of Alaska.
- The Bond Bank will continue to seek to maintain the diversity of the municipalities in the pool, including an attempt to attract stronger municipalities with stronger credit ratings, and a broader array of municipal enterprise credits. Having a portfolio of borrowers that represents a diversity of regions and economic activity helps ensure the Bond Bank maintains its favorable credit rating.

Significant Changes in Results to be Delivered in FY2016

No changes in results delivered.

Statutory and Regulatory Authority

AS 44.85 Alaska Municipal Bond Bank Authority

Contact Information
<p>Contact: Deven Mitchell, Executive Director Phone: (907) 465-3409 Fax: (907) 465-2902 E-mail: deven.mitchell@alaska.gov</p>

**AMBBA Operations
Component Financial Summary**

All dollars shown in thousands

	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	170.2	170.9	184.1
72000 Travel	28.2	9.5	9.5
73000 Services	642.3	661.6	702.3
74000 Commodities	0.4	3.8	3.8
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	841.1	845.8	899.7
Funding Sources:			
1104 Alaska Municipal Bond Bank Receipts	841.1	845.8	899.7
Funding Totals	841.1	845.8	899.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Municipal Bond Bank Receipts	51417	841.1	845.8	899.7
Restricted Total		841.1	845.8	899.7
Total Estimated Revenues		841.1	845.8	899.7

**Summary of Component Budget Changes
From FY2015 Management Plan to FY2016 Governor Amended**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2015 Management Plan	0.0	0.0	845.8	0.0	845.8
Adjustments which continue current level of service:					
-FY2016 Salary Increases	0.0	0.0	4.0	0.0	4.0
-FY2016 Health Insurance Rate Reduction	0.0	0.0	-0.1	0.0	-0.1
Proposed budget increases:					
-Alaska Municipal Bond Bank Authority Regulatory Environment	0.0	0.0	50.0	0.0	50.0
FY2016 Governor Amended	0.0	0.0	899.7	0.0	899.7

**AMBBA Operations
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2015 Management Plan	FY2016 Governor Amended		
Full-time	1	1	Annual Salaries	121,670
Part-time	0	0	COLA	4,121
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	58,322
			<i>Less 0.01% Vacancy Factor</i>	(13)
			Lump Sum Premium Pay	0
Totals	1	1	Total Personal Services	184,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
State Investment Officer	0	0	1	0	1
Totals	0	0	1	0	1

Component Detail All Funds
Department of Revenue

Component: AMBBA Operations (AR15540) (108)
RDU: Alaska Municipal Bond Bank Authority (44)

	FY2014 Actuals	FY2015 Conference Committee	FY2015 Authorized	FY2015 Management Plan	FY2016 Governor Amended	FY2015 Management Plan vs FY2016 Governor Amended	
71000 Personal Services	170.2	170.9	170.9	170.9	184.1	13.2	7.7%
72000 Travel	28.2	9.5	9.5	9.5	9.5	0.0	0.0%
73000 Services	642.3	661.6	661.6	661.6	702.3	40.7	6.2%
74000 Commodities	0.4	3.8	3.8	3.8	3.8	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	841.1	845.8	845.8	845.8	899.7	53.9	6.4%
Fund Sources:							
1104MBB Rcpts (Other)	841.1	845.8	845.8	845.8	899.7	53.9	6.4%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	841.1	845.8	845.8	845.8	899.7	53.9	6.4%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	1	1	1	1	1	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2015 Conference Committee To FY2015 Authorized *****												
FY2015 Conference Committee												
1104 MBB Rcpts	ConfCom	845.8	170.9	9.5	661.6	3.8	0.0	0.0	0.0	1	0	0
		845.8										
Subtotal		845.8	170.9	9.5	661.6	3.8	0.0	0.0	0.0	1	0	0
***** Changes From FY2015 Authorized To FY2015 Management Plan *****												
Subtotal		845.8	170.9	9.5	661.6	3.8	0.0	0.0	0.0	1	0	0
***** Changes From FY2015 Management Plan To FY2016 Governor Amended *****												
FY2016 Salary Increases												
1104 MBB Rcpts	SalAdj	4.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
		4.0										
Cost of living adjustment for certain bargaining units: \$4.0												
Year three cost of living adjustment for non-covered employees - 2.5%: \$2.6												
Year three cost of living adjustment for Alaska State Employees Association/General Government Unit - 2.5%: \$1.4												
FY2016 Health Insurance Rate Reduction												
1104 MBB Rcpts	SalAdj	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
		-0.1										
Select Benefits health insurance rate reduction from \$1,371 to \$1,346: \$-0.1												
Alaska Municipal Bond Bank Authority Regulatory Environment												
1104 MBB Rcpts	Inc	50.0	0.0	0.0	50.0	0.0	0.0	0.0	0.0	0	0	0
		50.0										

Due to increased expenses associated with changes in the regulatory oversight environment of the municipal bond market, Alaska Municipal Bond Bank Authority (AMBBA) is requesting a \$50.0 increase. As a result of the Dodd-Frank Act there have been new requirements placed on bond counsel, financial advisor, as well as AMBBA staff or new contractors. Municipal advisors are required to provide more broad certifications of bond issue pricing to try and ensure low cost, but add liability and administrative burden that we expect to be passed through to the issuers. Market disclosure has become a key issue as well with a huge increase in market scrutiny of past filings and emphasis on timely future filings for all aspects of the 15c2-12 undertaking no matter how small. Many issuers are hiring contractors to facilitate this work.

This increment is expected to allow for meeting the full potential future annual demand for borrowing.

Change Record Detail - Multiple Scenarios with Descriptions
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
Align Authority to Reallocate for Spending Plan												
LIT		0.0	9.3	0.0	-9.3	0.0	0.0	0.0	0.0	0	0	0
Transfer authority to align FY2016 authorization with the anticipated budget needs.												
Totals		899.7	184.1	9.5	702.3	3.8	0.0	0.0	0.0	1	0	0

Personal Services Expenditure Detail
Department of Revenue

Scenario: FY2016 Governor Amended (12201)
Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	UGF Amount
04-5022	Operations Res Anl I	FT	A	GP	Juneau	205	21E / F	6.0	*	42,558	1,430	0	23,034	67,022	0
04-5025	State Investment Officer	FT	A	XE	Juneau	N05	22	6.0	**	79,112	2,691	0	35,288	117,091	0
													Total Salary Costs:	121,670	
													Total COLA:	4,121	
													Total Premium Pay::	0	
													Total Benefits:	58,322	
													Total Pre-Vacancy:	184,113	
													Minus Vacancy Adjustment of 0.01%:	(13)	
													Total Post-Vacancy:	184,100	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	184,100	

	Total Positions	New	Deleted
Full Time Positions:	1	0	0
Part Time Positions:	0	0	0
Non Permanent Positions:	0	0	0
Positions in Component:	1	0	0

Total Component Months: 12.0

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1104 Alaska Municipal Bond Bank Receipts	184,113	184,100	100.00%
Total PCN Funding:	184,113	184,100	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Revenue
Travel

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
72000	Travel		28.2	9.5	9.5
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
72000 Travel Detail Totals			28.2	9.5	9.5
72110	Employee Travel (Instate)	Instate airfare, surface transportation, lodging, meals & incidentals	8.9	2.5	2.5
72410	Employee Travel (Out of state)	Out of state airfare, surface transportation, lodging, meals & incidentals	14.2	6.0	6.0
72420	Nonemployee Travel (Out of state Emp)	Out of state airfare, surface transportation, lodging, meals & incidentals for AMBBA Board of Directors	5.1	1.0	1.0

Line Item Detail
Department of Revenue
Services

Component: AMBBA Operations (108)

RDU: Alaska Municipal Bond Bank Authority (44)

Line Number	Line Name			FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000	Services			642.3	661.6	702.3
Expenditure Account	Servicing Agency	Explanation		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000 Services Detail Totals				642.3	661.6	702.3
73025	Education Services	Training, conferences, memberships and employee tuition		1.6	1.5	1.5
73050	Financial Services	Accounting, auditing, financial management and consulting services		431.2	633.6	495.2
73150	Information Technlgy	Software maintenance		2.4	2.0	2.0
73156	Telecommunication	Long distance, cellular phone and data/network charges		2.2	2.5	2.5
73225	Delivery Services	Courier service		0.2	1.0	1.0
73450	Advertising & Promos	Advertising and public notice		9.1	0.1	0.1
73668	Room/Space	Storage rental		0.1	0.5	0.5
73677	Office Furn & Equip(Non IA Repair/Maint)	Copier maintenance and support		0.3	0.0	0.3
73750	Other Services (Non IA Svcs)	Printing of AMBBA annual report		0.0	6.0	6.0
73805	IT-Non-Telecommunication	Admin	Computer services provided by ETS	0.7	0.6	0.6
73806	IT-Telecommunication	Admin	Telecommunications services provided by ETS	1.7	1.8	1.8
73809	Mail	Admin	Central mailroom services including pick up and delivery of U.S. mail, postage, mailing of state warrants	0.7	0.1	0.1
73810	Human Resources	Admin	Human resource and payroll services provided by the Division of Personnel	0.7	0.8	0.8
73811	Building Leases	Admin	Building lease	6.0	0.0	6.0
73812	Legal	Law	Legal counsel	172.7	0.0	172.7
73814	Insurance	Admin	Risk Management	0.1	0.1	0.1
73815	Financial	Admin	Division of Finance AKSAS/AKPAY	0.1	0.1	0.1
73816	ADA Compliance	Labor	Share of cost for ADA compliance	0.1	0.1	0.1
73819	Commission Sales (IA Svcs)	Admin	State Travel Office fees	0.2	0.1	0.2

Line Item Detail
Department of Revenue
Services

Component: AMBBA Operations (108)

RDU: Alaska Municipal Bond Bank Authority (44)

Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000 Services Detail Totals			642.3	661.6	702.3
73979	Mgmt/Consulting (IA Svcs)	Revenue-CO Support services provided by the Commissioner's Office	2.0	1.5	1.5
73979	Mgmt/Consulting (IA Svcs)	Revenue-ASD Administrative services provided by the Administrative Services Division, including IT, fiscal, budget, contract management, procurement, and legislative support	10.2	9.2	9.2

Line Item Detail
Department of Revenue
Commodities

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
74000	Commodities		0.4	3.8	3.8
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
74000 Commodities Detail Totals			0.4	3.8	3.8
74200	Business	Business supplies including books and educational, equipment and furniture, office supplies, IT equipment less than \$5,000 per item, and subscriptions	0.4	3.8	3.8

Restricted Revenue Detail
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51417	Municipal Bond Bank Receipts				841.1	845.8	899.7
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51417	Muni Bond Bank Rec Municipal Bond Bank Receipts		4802000	11100	841.1	845.8	899.7

Interagency Services
Department of Revenue

Component: AMBBA Operations (108)
RDU: Alaska Municipal Bond Bank Authority (44)

Expenditure Account		Service Description	Service Type	Servicing Agency	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73805	IT-Non-Telecommunication	Computer services provided by ETS	Inter-dept	Admin	0.7	0.6	0.6
					73805 IT-Non-Telecommunication subtotal:	0.7	0.6
73806	IT-Telecommunication	Telecommunications services provided by ETS	Inter-dept	Admin	1.7	1.8	1.8
					73806 IT-Telecommunication subtotal:	1.7	1.8
73809	Mail	Central mailroom services including pick up and delivery of U.S. mail, postage, mailing of state warrants	Inter-dept	Admin	0.7	0.1	0.1
					73809 Mail subtotal:	0.7	0.1
73810	Human Resources	Human resource and payroll services provided by the Division of Personnel	Inter-dept	Admin	0.7	0.8	0.8
					73810 Human Resources subtotal:	0.7	0.8
73811	Building Leases	Building lease	Inter-dept	Admin	6.0	0.0	6.0
					73811 Building Leases subtotal:	6.0	6.0
73812	Legal	Legal counsel	Intra-dept	Law	172.7	0.0	172.7
					73812 Legal subtotal:	172.7	172.7
73814	Insurance	Risk Management	Inter-dept	Admin	0.1	0.1	0.1
					73814 Insurance subtotal:	0.1	0.1
73815	Financial	Division of Finance AKSAS/AKPAY	Inter-dept	Admin	0.1	0.1	0.1
					73815 Financial subtotal:	0.1	0.1
73816	ADA Compliance	Share of cost for ADA compliance	Inter-dept	Labor	0.1	0.1	0.1
					73816 ADA Compliance subtotal:	0.1	0.1
73819	Commission Sales (IA Svcs)	State Travel Office fees	Inter-dept	Admin	0.2	0.1	0.2
					73819 Commission Sales (IA Svcs) subtotal:	0.2	0.1
73979	Mgmt/Consulting (IA Svcs)	Support services provided by the Commissioner's Office	Intra-dept	Revenue-CO	2.0	1.5	1.5
73979	Mgmt/Consulting (IA Svcs)	Administrative services provided by the Administrative Services Division, including IT, fiscal, budget, contract management, procurement, and legislative support	Intra-dept	Revenue-ASD	10.2	9.2	9.2
					73979 Mgmt/Consulting (IA Svcs) subtotal:	12.2	10.7
					AMBBA Operations total:	195.2	14.4
					Grand Total:	195.2	14.4