



State of Alaska Department of Revenue AMBBA Budget Overview

A Presentation to the Revenue Finance Subcommittee

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First delegate of
the DOR Commissioner
AMBBA Board



Alaska Municipal Bond Bank Authority

The Bond Bank provides reduced financing costs for capital projects for municipalities, and as of last year, power or heating projects of the University, by selling bonds on the national market and using the proceeds to purchase bonds from local governments.

Reduced cost of financing achieved by:

- Use of the Bond Banks AA+ credit rating
- Pooling of multiple loans
- Providing refinancing opportunities
- Negotiating lower bond issuance costs through use of professional financial personnel

Major AMBBA Accomplishments in 2014

- The Bond Bank issued a record amount of \$178.5 million in bonds, which resulted in \$191.4 million in loans to communities for projects
- The Bond Bank entered into 9 municipal loan agreements for projects in 7 communities
- The Bond Bank saved Alaskans over \$14.5 million in present value savings by reducing their communities' bond interest rates
- The Bond Bank statutes were amended to increase the borrowing cap from \$1 billion to \$1.5875 billion, and to create authority to lend to the University of Alaska for energy projects

AMBBA Facts & Figures

- 2015 will be AMBBA's 40th year in existence, with no community payment defaults
- Staff of 1 full time equivalent (executive director and finance director)
- 3 bond issues in 2014 and 3 expected in 2015
- AMBBA has transferred \$27.8 million to the general fund since inception
- All operating costs are funded from Bond Bank Receipts
- FY16 Preliminary Budget of \$899,700
 - \$50,000 increase due to increased borrowing limit, the mandate to help the University, the growth in the Bond Bank's loans (expected to be over \$1 billion in outstanding bonds in FY2015) and the increased regulatory and enforcement efforts of the SEC.



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Alaska Municipal Bond Bank Authority

AMBBA is a public corporation established to aid Alaska municipalities in financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors, and docks (AS 44.85.020 through 44.85.240) (AK Admin Code ch. 144). AMBBA generates funding by selling bonds on the national market, and using the proceeds to purchase bonds from local governments. Administratively supported by Department of Revenue staff, a board of five directors determines the Bond Bank's actions such as setting interest rates and approving loans.

The Bond Bank has an excellent loan record and has received an "AA+" credit rating from both Standard & Poor's Ratings Services and Fitch Ratings. With these ratings, it is able to borrow money at favorable interest rates, not only remaining self-sufficient, but actually contributing to Alaska's General Fund annually.

What Can the Bond Bank do for You

The Bond Bank's strong credit saved Alaskans an estimated \$17.2 million in 2012, and \$19.6 million in 2013, while issuing bonds totaling \$149.4 million in 2012, and \$153.5 million in 2013. Over the last 10 years, the Bond Bank has saved Alaskan communities approximately \$100 million while securing over \$1.1 billion dollars to finance the construction of key projects; including schools, roads, utilities, harbors, hospitals, and other municipal facilities.

Smaller communities are at a disadvantage in the financial markets. They may have lower bond ratings, and although credit worthy, have not issued bonds or notes, have little outstanding debt, or lack investor familiarity. The Bond Bank is able to borrow money at favorable interest rates to purchase the bonds of Alaskan municipalities. These municipalities then pay principal and interest to the Bond Bank on their debt.

Whether you are a new community to the bond bank, or you already have loans outstanding, we are here to help you analyze your current debt service structure, and see if there's an opportunity to obtain new financing or perform a refunding of an outstanding series of bonds.

Bond Bank Documents

- Bond Application (Excel)
- FY 2014 Annual Report
- FY 2014 Audited Financial Statements
- FY 2013 Annual Report
- FY 2013 Audited Financial Statements

**For more
information, check
out our website:**

**[https://treasury.dor.alaska.gov/
ambba/Home.aspx](https://treasury.dor.alaska.gov/ambba/Home.aspx)**

THANK YOU

Please find our contact information below:

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