



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

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March 1, 2023

The Honorable Lyman Hoffman
Senate Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 518
Juneau, AK 99801

The Honorable Donald Olson
Senate Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 516
Juneau, AK 99801

The Honorable Bert Stedman
Senate Finance Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 508
Juneau, AK 99801

Dear Co-Chairs Hoffman, Olson, and Stedman,

During the February 20, 2023, Senate Finance Committee on regarding the FY2024 Budget Amendments, a question was raised pertaining to the State of Alaska General Obligation (GO) Bonds refinancing. Below is the question posed and our response.

1. Senator Hoffman inquired about the General Obligation bond refinancing amendments and whether there was just a reduction in interest or also an extension on the repayment timeframe?

Bond refinancing or refunding are used by state and local governments to achieve debt service savings on outstanding bonds. In some cases, the refunding of bonds can also be issued to remove or bond covenants or to restructure debt service payments. In this case, through authorization from the State Bond Committee, the State refinanced the 2012A GO Bonds with a par amount of approximately \$7.4 million and the 2013B GO Bonds with a par

amount of approximately \$50.2 million, in an effort to provide interest cost savings. As a result of the debt refinancing, the net present value savings was approximately \$1.8 million. There have been no changes to the maturities of the aforementioned refinanced bonds. The term of the maturities remains unchanged. Attached to this response is the Credit Review and State Debt Summary presentation, page 11 providing a summary of the cash flows associated with the refinancing of the bonds.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fadil Limani', with a stylized, flowing script.

Fadil Limani
Deputy Commissioner

Enclosures:

Attachment 1-Credit Review and State Debt Summary Presentation SFIN 2-1-23.