

HOUSE FINANCE COMMITTEE
February 5, 2024
1:38 p.m.

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CALL TO ORDER

Co-Chair Johnson called the House Finance Committee meeting to order at 1:38 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Neal Foster, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Mike Cronk
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Fadil Limani, Deputy Commissioner, Department of Revenue;
Ryan Williams, State Debt Manager, Department of Revenue.

SUMMARY

PRESENTATION: STATE DEBT

Co-Chair Johnson reviewed the meeting agenda.

^PRESENTATION: STATE DEBT

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FADIL LIMANI, DEPUTY COMMISSIONER, DEPARTMENT OF REVENUE, introduced himself and the PowerPoint presentation "State

of Alaska Credit Rating Outlook and Debt Summary" dated February 5, 2023 (copy on file). He went over the overview of the presentation on slide 3.

Mr. Limani continued on slide 4 and reviewed some general information on the bond rating process. He explained that a bond rating was a way to measure the creditworthiness of a bond, which corresponded to the cost of borrowing for an issuer. The ratings typically assigned a letter grade to bonds that indicated credit quality information. Bond ratings were provided by independent third-party firms, such as Standard and Poor's Global Ratings, Moody's Investors Service, Fitch Ratings Inc., and Kroll Bond Rating Agency. Rating agencies had been in existence since the early 1900s but had not been regulated. The U.S. Securities and Exchange Commission (SEC) imposed regulations on the rating agencies in in 2006 as part of the Credit Rating Agency Reform Act.

Mr. Limani explained that each rating agency had a different financial metric and conducted a thorough financial analysis of the issuer based on published public finance criteria which generally focused on different but similar primary credit factors. Some of the factors included government framework, financial management, the economy, budgetary performance, and the debt and liability profile. Bond ratings were critical to the quality and stability of the bonds and the issuer. Highly rated bonds that were considered to be "investment grade" provided lower risk and a lower borrowing cost, while lower rated bonds considered to be "non-investment grade" and provided for higher risk and a higher borrowing cost.

Mr. Limani continued on slide 5 and detailed the importance of credit ratings to the state. He relayed that debts with a higher rating provided for a lower cost of borrowing on Capital Improvement Projects (CIP). The biggest benefit of higher credit ratings seen by the state was to the Alaska Municipal Bond Bank (MBB) and its underlying issuers. There were presently 34 municipalities and governments in the state that utilized the MBB. When the state experienced an increase in its bond rating, it benefited the MBB. The state's ability to attract national and global investors was also positively impacted when it had a positive bond rating. When the agencies assigned a new rating, the Department of Revenue (DOR) had to notify the market of the new rating to adhere to the SEC rules.

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Representative Hannan asked Mr. Limani whether the 34 municipalities in the bond bank were large or small.

Mr. Limani responded that he could provide a detailed list to the committee, but the municipalities were generally some of the smaller cities in the state. He suggested that his colleague from DOR add more context.

RYAN WILLIAMS, STATE DEBT MANAGER, DEPARTMENT OF REVENUE, added that the municipalities ranged from large to small, but the number one MBB borrower was Sitka. Another variable was the type of project for which the municipality was issuing; for example, Sitka had a large and costly hydroelectric project. He relayed that Hoonah borrowed for certain school projects. He could provide a complete list to the committee.

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Mr. Limani continued on slide 6, which detailed the bond rating scale between the four bond rating agencies that he discussed on slide 4. He noted that Moody's had a different rating scale than the other three. He explained that a rating between a "BBB" to "AAA" was considered investment grade. Any rating below BBB was considered a non-investment grade bond or a "junk bond."

Mr. Limani moved to slide 7, which illustrated the state's current rating between the four agencies as well as historical rating data. For example, Moody's had started rating the state in 1961. In 2023, DOR had discussed with the committee the possibility of engaging a fourth rating agency, which it had since accomplished. He relayed that Kroll Bond Rating Agency began rating the state on July 20, 2023. The evaluation criteria followed by Kroll was slightly different than the other agencies in that it was more thorough in its ratings, which highlighted the complexity and uniqueness of the credits in Alaska.

Representative Hannan asked why Moody's had not given the state a bond rating since 2017.

Mr. Limani replied that there had been no new authorizations. The ratings on the slide represented the

outstanding bonds held by the state and the agencies conducted a constant monitoring of the state's credit. The agencies could make changes to the credit at any point in time based on financial information made available to the agencies based on rating criteria. He clarified that Moody evaluated the state's credit every year, but it had not made any letter-grade changes other than changing the outlook.

Representative Stapp asked about the practical implications of the favorable rating from Kroll. He asked what would happen if a new state bond was issued.

Mr. Limani replied that there was an upcoming slide that would answer the question.

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Mr. Limani continued on slide 9. He relayed that one of his priorities for DOR was to consult with the rating agencies and demonstrate why Alaska was worthy of a higher credit rating. The department was able to demonstrate Alaska's strong financial position by tailoring its information and presentation based on the agencies' rating criteria. The information that DOR had pitched to the agencies had been relatively well-received.

Mr. Limani explained that the next few slides detailed the department's ratings pitch and demonstrated how it was justifying the need for a higher bond rating for the state. Based on the FY 23 preliminary and unaudited financial statements, the Constitutional Budget Reserve (CBR) was at approximately \$2.7 billion and the Permanent Fund was at approximately \$76 billion. The state's general obligation debt as of December 31, 2023, was \$533 million. Revenue also increased in FY 23 and was in excess of \$100 million from FY 22. He added that that there was a decrease in operating expenditures and the general fund balance yielded approximately \$800 million in increased funds. The state also continued to have ample oil and gas natural resources and some of the world's largest natural mineral deposits.

Mr. Limani moved to slide 10. He explained that a reason for the bond rating upgrade was the prominent resource development projects on the horizon, such as the Willow Development Project. He relayed that Willow was a \$10 billion investment with projected revenues of \$6.3 billion

to the state and more than \$5 billion to the local municipalities and impacted communities. The Pikka Development Project was a \$4.6 billion investment in operating expenditures and \$4.3 billion in capital expenditures. The Alaska Liquified Natural Gas (LNG) Project was about a \$41 billion initial investment with billions of dollars in projected state revenues.

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Co-Chair Edgmon appreciated the information and was supportive of the department's efforts. He noted that there were many systemic challenges in Alaska's workforce. There had been a recent uptick in oil production but there might be a decrease in oil revenue in the future. He asked how the ten-year spending plan came into focus. The state had massive deficits in its ten-year spending plan due to including a full statutory Permanent Fund Dividend (PFD), which he thought would make anyone nervous. He assumed that the department made the presentation to Kroll prior to the release of the most recent spending plan. He viewed the spending plan simply as a document more than as an actual plan. He asked what Kroll's perspective on the state was given the circumstances.

Mr. Limani replied that all credit rating agencies conducted a comprehensive assessment of the state's finances. The agencies looked at the state's financial information in rating meetings with the department in June of 2023. The agencies were primarily focused on the best and most up-to-date financial information that had been thoroughly audited, but the agencies also evaluated the ten-year plan. However, agencies typically focused on the first several years in the plan rather than the out-years. The agencies were concerned about the percent of market value (POMV) draw and the POMV split. He relayed that the agencies looked at other economic factors outside of the longevity and forecasting of the revenue.

Co-Chair Edgmon shared that the response confused him when he thought about the information provided in prior presentations to the committee from Moody's and other agencies. He asked if Kroll had a summary on its website detailing its opinion on the financial status of Alaska and what investors should know about the state. He was surprised that there would not be more hesitancy when considering the fact that the state might encounter

deficits in the near future. He thought the agencies would not be taking the situation seriously if there was no hesitancy.

Mr. Limani responded that agencies were taking all information into account as part of the credit evaluation.

Co-Chair Edgmon understood that there were multiple factors. He thought Mr. Limani had provided detailed information and he supported the process. He understood that the deficit was not the only element considered in credit evaluations, but it was an important factor and he was concerned that he did not hear Mr. Limani refer to it as a factor.

Mr. Limani agreed that it was a factor, but it was part of a comprehensive assessment conducted by rating agencies. He explained that Kroll conducted a comprehensive assessment totaling around 26 pages, which was unlike the other agencies. He offered to make the report available to the committee.

Co-Chair Johnson suggested that the report be submitted to all members. She asked if agencies were using other outlooks or assessments to craft the credit evaluations in addition to the ten-year outlook that the committee had seen. She thought the credit evaluation would be fairly weak if the agencies were only working off of the ten-year outlook.

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Mr. Limani responded that rating agencies could analyze information differently than the state, and information could be analyzed differently from one rating agency to the next. For example, Moody's looked at the state's debt and pension obligation in comparison to the Gross Domestic Product (GDP) while Fitch might look at the financial liquidity of the state.

Co-Chair Johnson asked if the state's bond rating could be changed if the state's finances were analyzed in a different way. There would always be a discrepancy between the ways in which rating agencies evaluated different states. She relayed that Kroll was different in that it evaluated Alaska's credit in a holistic manner and it

understood that Alaska could compensate in other ways for areas it may appear to be lacking.

Mr. Limani responded that it was common practice for the department to promote Alaska's uniqueness. He stressed that it was not possible to compare Alaska to other states.

Representative Galvin asked Mr. Limani if it would be better for the state's credit rating to continue to draw from the CBR and the PFD or to implement a broad-based tax. She asked which strategy would be better received by the credit rating agencies.

Mr. Limani replied that the stability of the state's revenues was an ongoing conversation. He was not aware of whether the rating agencies preferred one strategy over the other. He relayed that the POMV was seen as a positive and stable source of revenue. There was concern about the volatility of the price of oil and the impact on the state's overall financial picture.

Representative Galvin appreciated conversations about the volatility of the price of oil. She noted oil was roughly 37 percent of the state's revenue. She thought that most states in the nation had a broad-based tax in order to stabilize finances. She asked if Mr. Limani would agree with her comments.

Mr. Limani replied in the affirmative. Rating agencies had often criticized Alaska for the concentration of the economy and the reliance on natural resources. The POMV had helped alleviate the criticism, but there had been conversations about other measures the state could look at to increase revenue with a tax to offset deficits.

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Representative Josephson noted that the one thing on the slide with which he was unfamiliar was the alternative energy transition projects estimated capital outlay of between \$105 billion and \$175 billion. He was stunned by the number and asked for more information.

Co-Chair Johnson interjected that the conversation had taken a detour. She noted that she would like Mr. Limani to continue presenting on slide 10 and integrate Representative Josephson's question into his presentation.

Mr. Limani continued the presentation on slide 10. He relayed that other important economic development prospects included carbon credits; Carbon Capture, Utilization, and Storage (CCUS); alternative energy transition projects (AETP); and the Grid Resilience and Innovation Project (GRIP). He explained that the capital outlay was projected to be between \$105 billion and \$175 billion for AETP. He added that the Alaska Energy Authority (AEA) applied for the GRIP grant, which if awarded would be \$206 million in funding from the United States Department of Energy and required a 100 percent match from the state. He added that presently, only 24.7 percent of state revenues were based on oil and gas and 15.1 percent of revenues were based on diverse world-wide income by way of the POMV transfer.

Co-Chair Johnson understood that the GRIP grant was not an obligation. She asked how an analysis would be done on the grant given that it was not a requirement for the state.

Mr. Limani replied that GRIP was analyzed in a similar manner as bond ratings and was not looked at as a debt, but more of an opportunity. The remaining question was how the state would commit the \$206 million match. He relayed that AEA would have a conversation with the legislature on the way in which the \$206 million would be spent.

Co-Chair Johnson asked if the grant contributed to an upgrade in the bond rating.

Mr. Limani replied that it did not necessarily contribute to the rating.

Co-Chair Johnson explained that she was looking at the title [slide 10 was titled "Bond Rating Upgrade"].

Mr. Limani replied that it contributed to the pitch that DOR was making to the rating agencies to express the unique aspects of Alaska.

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Representative Coulombe noted that the committee had seen a presentation that showed that funding for the state was over 50 percent from the federal government. She asked how the increasing reliance on federal funds influenced the bond rating.

Mr. Limani responded that much of the increased federal funding had been through Coronavirus Aid, Relief, and Economic Security (CARES) act funding and from Infrastructure Investment and Jobs Act (IIJA) funding. He explained that the number appeared to be artificially high due to increased pandemic funding. The federal funding was considered to be another diversified source of revenue from a ratings perspective.

Mr. Limani continued on slide 11 to address some of the positive feedback from the rating agencies. He reiterated that the transfer from the Permanent Fund, which had been defined through a POMV statutory structure and had been in place since FY 19, was viewed favorably by the agencies. The recent budgetary surplus and deposits to state savings accounts, including the increase to the CBR, were well received as well as the significant reduction in state general fund spending since 2013. Additionally, the agencies approved of the state's improved oil price environment and significant available natural resource projects under development. Alaska's economic demographics were also improved and the pension obligations were well-funded. He added that Moody's had been particularly interested in Alaska's economic demographics in the past, especially its job growth, wage growth, the GDP, population growth, and out-migration. He shared that job growth was at 2.1 percent in 2023, which was higher than the national average of 1.9 percent. He relayed that rating agencies did not view favorably the long-term outlook of the POMV and how deficits would be funded in any given year when the price of oil was low.

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Representative Tomaszewski asked for more information about pension obligations.

Mr. Limani replied that he did not have detailed numbers on the pension obligations but would follow up.

Representative Tomaszewski remarked that slide 11 said the pension obligations were well funded but he was uncertain how the obligations could be considered well-funded when there was a significant unfunded liability.

Mr. Limani responded that he would be happy to provide the funding levels in a follow up but he did not have the information readily available.

Representative Josephson remarked that Representative Tomaszewski was correct and added that the debt between Public Employees' Retirement System (PERS) and Teacher's Retirement System (TRS) was in the range of \$6 billion. He wondered why the rating agencies thought that the state's pension obligation was well funded. He noted that the Alaska Retirement Management Board (ARMB) had \$30 billion available.

Mr. Limani replied that the PERS side of the pension was about 67 percent funded and TRS was about 77 percent funded. He stressed that health care was about 133 percent funded for PRS and 136 percent funded for TRS. Collectively, PERS was funded at 86 percent and TRS was funded at 92 percent. Rating agencies thought the pension obligation was well funded because the pensions in other states were not as well funded or well established. Most of Alaska's peer states were in the thirtieth percentile based on actuarial liabilities with the assets to support the obligations. In 2015, the legislature was able to contribute around \$3 billion to PERS and \$2 billion to TRS to help funding levels.

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Representative Stapp noted that slide 11 indicated that institutional investors "love Alaskan paper, high quality-credit, highly secured." He understood that investors wanted the state to issue more bonds, which he appreciated. However, he did not think that the investors came to the conclusion by using the graphs in the presentation. He thought it would not make sense for a state to receive a bond rating upgrade if the state indicated that it would spend all of the money. He asked why it seemed challenging to say that no investor believed that Alaska was going to spend all of the money. He thought the investors believed that Alaska was going to take responsible measures and refer to past performance to progress.

Mr. Limani responded that Representative Stapp's statement was an opinion and commented that everyone had opinions, credit rating agencies included. The feedback was coming directly from institutional buyers that had observed

Alaska's unique credit and determined that bonds were desirable. He relayed that there were many elements considered by the agencies as part of the evaluation criteria.

Representative Stapp thought that people wanted to buy the bonds because the state was not going to default on the bonds. The bonds would not be desirable if people thought that the state would default on the bonds.

Mr. Limani relayed that the remainder of the presentation would be given by Mr. Williams.

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Mr. Williams continued the presentation on slide 12 which offered the current municipal market update. The update was released on December 14, 2023, and was already outdated because rates changed quickly. He provided the update to illustrate the difference between credit ratings on the bottom portion of the chart. Rates were fairly compressed and there was not an overly significant difference between various ratings, but it offered an example of the yield curve over time.

Mr. Williams continued on slide 13. He explained that state debt was required to be authorized by law. The most recent state authorization for general obligation debt was a transportation bond act in 2012 which had been fully utilized with no remaining authorization under the bond act. The authorization could be a one-time issuance amount or a not-to-exceed issuance limit. If the authorization was a not-to-exceed issuance limit, the cap would be set at issuance and the authorization would theoretically be issued over a time horizon and issue projected spend down on the identified capital projects. General obligation (GO) bonds were also required to be authorized by a majority of voters and were the only debt secured by full-faith credit and taxing authority. State debt was issued through the State Bond Committee and included GO bonds and state revenue bonds. He relayed that he would be focused on state debt and state-supported debt in his portion of the presentation.

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Representative Hannan asked whether GO bonds could be used as part of the federal match for GRIP.

Mr. Williams responded that a bond council would need to inspect the bonds to ensure that there was a legal structure in order to issue GO bond debt and determine whether the proceeds from a GO bond could be used for a particular project.

Mr. Limani added that absent of going through the process of GO authorization, a GO bond could be issued for GRIP as long as it met the definition of a capital outlay project.

Mr. Williams moved to slide 14, which detailed the various types of Alaska public debt. He would focus on the following five types of debt: state debt, state guaranteed debt, state supported debt, Unfunded Actuarial Accrued Liability (UAAL), and state supported municipal debt that was eligible for state reimbursement.

Representative Coulombe understood that Anchorage had struggled with its bond rating. She asked if Anchorage's rating would affect the state's rating.

Mr. Williams responded in the negative. Municipalities would issue separate debt from the state. If a municipality issued GO debt, the debt would have full-faith credit authority backing it. Debt issued by the state would be a separate level of issuance.

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Mr. Williams continued to slide 15 and detailed the state's outstanding debt as of June 30, 2023, which was \$577.2 million in outstanding par in GO bonds. Lease revenue and certificates of participation (COP) subject to appropriation totaled about \$163.9 million in remaining par. The chart on the bottom left of the slide illustrated the 10 percent paydown of 77 percent of the total outstanding principal. He relayed that it was an aggressive paydown on the principal of the remaining debt. The chart on the bottom right illustrated the annual GO debt service by fiscal year.

Co-Chair Johnson asked if it was the will of the committee to continue quickly through the information on the slide.

She ascertained that the committee was amenable to the speed at which Mr. Williams was presenting.

Mr. Williams continued on slide 16, which included a depiction of each state agency and its associated debt by type as of June 30, 2023. He added that the Alaska Housing Finance Corporation (AHFC) issued state guaranteed debt, which was for collateralized veterans' mortgage program bonds. State supported debt included certificates of participation and lease revenue bonds with a state credit pledge and payment. He explained that state-supported municipal debt included the state reimbursement of municipal school debt service and of capital projects. There was about \$1 billion in outstanding moral obligation debt for the Alaska MBB and \$204 million outstanding for AEA. The revenue bonds issued to benefit the international airports were also authorized through the state bond committee and totaled \$237 million in outstanding debt. The airport system's debt profile went through a significant restructuring in 2021 and received some refunds and redeemed bonds, which meant that the outstanding principal and payments were reduced.

Representative Josephson understood that in 2015, previous Alaska State Senator Anna Fairclough placed a moratorium on the state reimbursement of the municipal debt service program. He asked if the \$433 million listed as the state reimbursement of municipal debt service was current. He was surprised that more debt had not been accumulated and asked for clarification that the state's outstanding obligation was \$433 million.

Mr. Williams replied that \$433 million was the state's share of the total outstanding municipal school debt. When the program was available for use, school districts had to apply to the Department of Education and Early Development (DEED) and would often be reimbursed at a rate of 60 percent to 70 percent. The total outstanding debt at the municipal level was approximately \$649 million and the \$433 million was the state's share for projects that were approved prior to the moratorium.

Representative Josephson noted that there were years when governors had vetoed appropriations and there was one year in which the legislature retroactively appropriated funds. He asked how local governments could meet bond obligations without state assistance. He thought there would be a hole

of about 60 percent to 70 percent in a local government's expectation.

Mr. Williams responded that he was unsure if he could answer how it was accomplished. He thought the local governments were resilient.

Representative Josephson asked if paying the debt held by MBBs was considered a moral obligation because local governments were referred to as "creatures of the state" and the state therefore had some obligation for the debts of local governments.

Mr. Williams responded that the rating agencies would evaluate the bond bank program as part of the credit rating process. The state had an annual appropriation since around 2009 to backfill the reserve fund should there be a default by a borrower. The appropriation had significantly increased the strength of the program from the perspective of the credit rating agencies. The bond bank was able to issue debt at a lower cost and it directly passed the lower rate to the municipal borrower. He emphasized that the bond bank was not a grant program, but a way to assist municipalities in creating sustainable capital budgets and help decrease borrowing costs.

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Co-Chair Johnson commented that she did not think that the municipal government thought of the state as a parental figure.

Mr. Williams moved to slide 17 and detailed the state's outstanding debt as of June 30, 2023, by debt type. The total state debt from the University of Alaska's revenue bonds, university lease liability, and notes payable totaled about \$479 million. He added that Alaska state agency debt included commercial paper and state capital project bonds for AHFC, the railroad, and the bond bank. State agency collateralized or insured debt included certain mortgage revenue bonds for AHFC and totaled about \$1.1 billion in outstanding debt. The total for all state and state agency debt was about \$9 billion.

Representative Tomaszewski asked if the interest and maturity for the \$9 billion debt was known.

Mr. Williams responded that interest and maturity was broken out by each individual type but was not totaled. He thought that each different type of debt had a widely different structure and should not be combined. The interest and maturity on state GO bonds would be significantly different than interest and maturity on certain state agency debt. He would be happy to provide the total number.

Representative Tomaszewski noted that there was a column on the slide for total interest. He asked if the total interest could be determined by adding all interest items together.

Mr. Williams asked if Representative Tomaszewski wanted the total interest of all of Alaska debt types.

Representative Tomaszewski responded in the affirmative. He was simply wondering if the total was available. He asked if there was a reason why the total was not on the slide.

Mr. Williams responded that he thought it was more appropriate to include the interest and maturity within each type of outstanding debt rather than the overall total. He would be happy to follow up with the totals.

Representative Tomaszewski replied that he would use a calculator to total the numbers.

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Representative Galvin asked where on the slide were the Alaska Industrial Development and Export Authority (AIDEA) bonds listed.

Mr. Williams answered that AIDEA reported that certain debt that was listed as outstanding was issued as conduit debt. The listed outstanding debt was moved from the Alaska Public Debt book to the notes section of AIDEA's financial statements. He offered to follow up with additional information.

Representative Galvin responded that it would be helpful to the committee for the information to be available. She would appreciate finding out more information if Co-Chair Johnson was amenable.

Co-Chair Johnson remarked that whether the debt was state debt or not, it was important for the committee to be apprised of it. She requested that Mr. Williams provide more detailed information to the committee.

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Mr. Williams continued on slide 18 and reviewed the state's historical and future debt service needs. The debt was below its 2018 peak of about \$229 million due in part to the amortization process. In FY 23, debt service payments included approximately \$95.9 million in GO and state supported debt, and approximately \$81.2 million in state supported municipal debt. In FY 24, the approximation was \$90 million. The chart on the bottom of the slide showed general fund debt and statutory payments to PERS and TRS.

Mr. Williams advanced to slide 19, which detailed the debt affordability analysis. The annual analysis was required by AS 37.07.045 to be delivered by January 31 every year. Other states had certain policies in place to limit debt and had a directly paid state debt limit of about 5 percent. After the implementation of SB 26 and the POMV transfer Alaska changed its methodology and relied upon debt ratios with a limit of 4 percent for directly paid state debt and a 7 percent limit when combined with state supported municipal debt. The policy also outlined other refinancing parameters for outstanding debt and provided a capacity level of an estimated \$1.4 billion. The PERS and TRS payments for state assistance were not included in the percentage calculations but were included in the analysis.

Representative Stapp remarked that in the prior year, he was shocked to learn that the state's bonding capacity was only \$1.4 billion. He thought that the assumption would be that the state's debt ratio to its capacity ratio was 50 percent. He asked if his understanding was correct.

Mr. Williams replied that the capacity took into consideration the annual commitment to pay debt from the general fund. The capacity was the amount remaining after the 4 percent target was met.

Representative Stapp understood that capacity was being discussed in terms of the annual payment service. He thought that the state could theoretically add another payment service of \$1.4 billion, which would be the maximum

capacity on an annual basis, and the debt would be amortized into 20 years or 30 years.

Mr. Williams responded in the affirmative.

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Mr. Williams noted that the general target was 20 years when considering the issuance of debt. The estimated interest rate was 5 percent, which he thought was a reasonable average.

Representative Stapp understood that the state had a low debt ratio, a healthy credit rating, and a sufficient bonding capacity. He asked if his understanding was correct.

Mr. Limani responded in the affirmative. He was confident that the state had a healthy financial position and a low debt load. He stressed that Alaska was resilient and able to adapt and adjust over time in terms of spending patterns. Trends showed that the state had been able to adjust its spending based on the inflow of revenues.

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Co-Chair Johnson reviewed the agenda for the following day's meeting.

#

ADJOURNMENT

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The meeting was adjourned at 2:49 p.m.