



Alaska Municipal Bond Bank
And the Process of Issuing Bonds

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Any Financing is Process Based

From Purchasing a Vehicle to a Home

- Decide to purchase
- Decide to finance the purchase
- Contact lenders
- Lender performs financial analysis
- Obtain your credit report
- Examine what you're purchasing
- Insurance requirements
- Closing



Bond Financing is also a Process

- Identify project
- Decide to finance project
- Establish financing team
- Financing schedule determined
- Documents drafted
- Bond insurance considered
- Rating agencies contacted
- Marketing & Pricing
- Closing



Making the Decision to Bond



Capital Expenditures Policy Issue

Pay-As-You-Go

- Construction or acquisition as revenues become available
- Current users bear cost
- Construction/acquisition capacity limited to available revenues
- Lower total cost*
- Political and economic climate considerations



Capital Expenditures Policy Issue

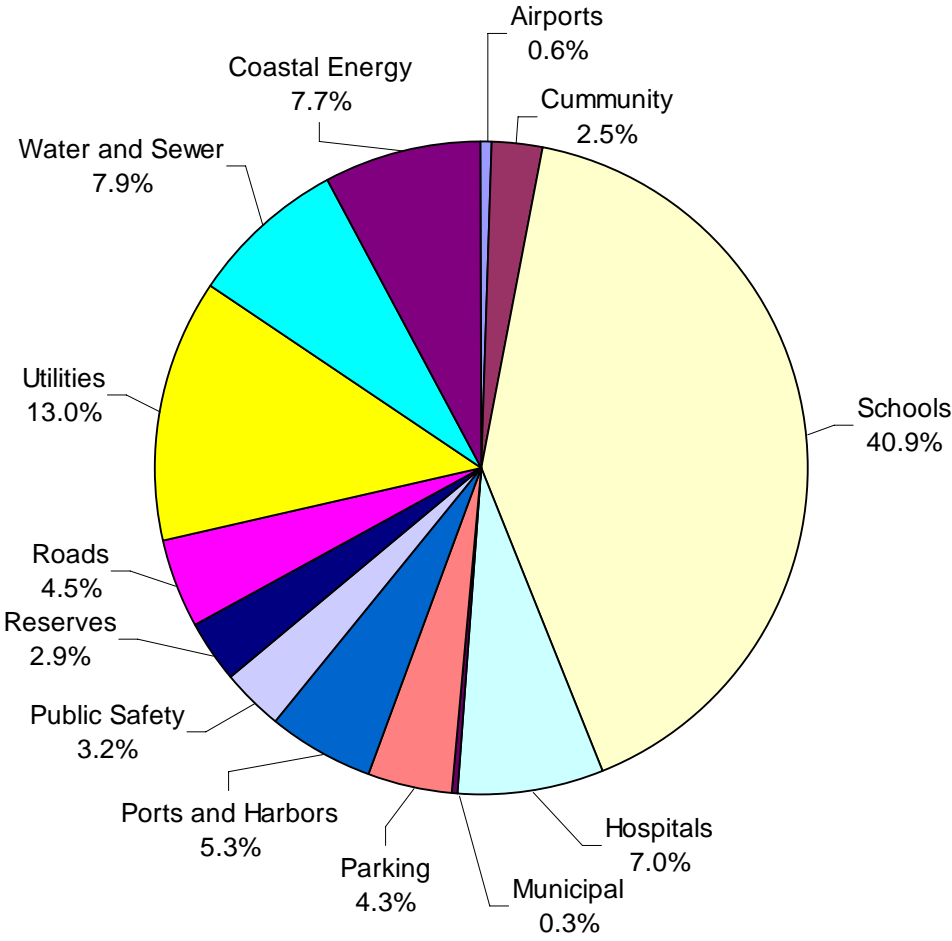
Pay-As-You-Use

- Construction or acquisition as needed
- Reduced current payments
- Current and future users bear cost
- Enhanced construction/acquisition capacity
- Time value of money



Alaska Municipal Bond Bank Authority Uses of Bond Proceeds - Inception to Date

Does not include refundings



Bond Structure



General Obligation vs. Revenue Bonds

General Obligation

- Backed by general credit and taxing powers of the issuer
- More diverse credit structure
- Requires voter approval
- Least cost, most flexibility

Revenue

- Backed by specific revenue stream
- Matches sources of payment for bonds to the project financed
- Users pay cost of project and financing
- Variety of revenues could be pledged to pay debt service
- Covenants could limit bonding capacity



Who is Involved



Financing Team Members

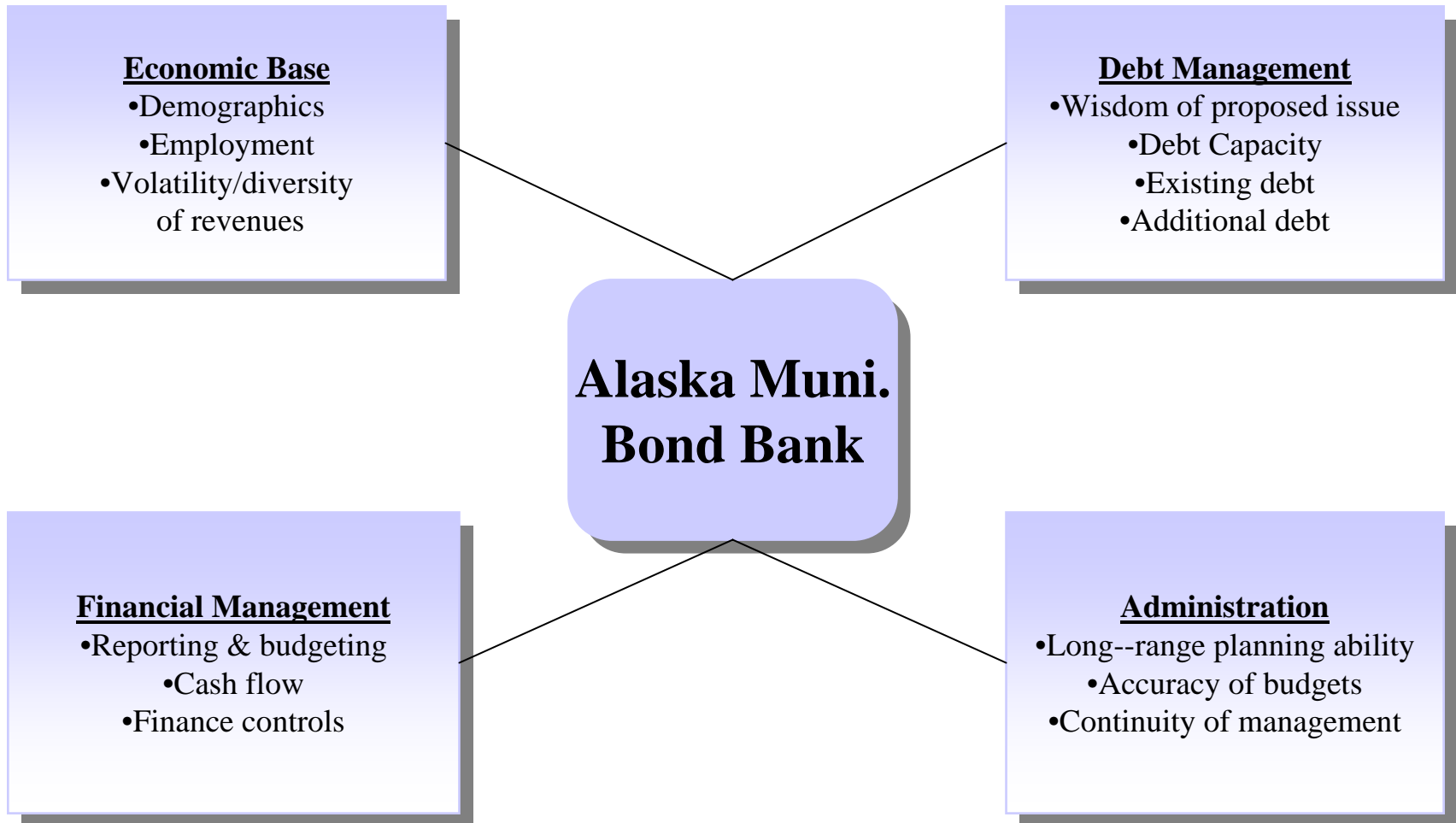
(Assuming Bond Bank Involvement)

- Municipal employees
- Municipality's Bond Counsel
- Bond Bank Staff
- Bond Bank Financial Advisor
- Bond Bank Bond Counsel
- Bond Bank's Trustee/Paying Agent



Market and Rating Criteria

(Assessing Ability and Willingness to Pay)



About the Bond Bank

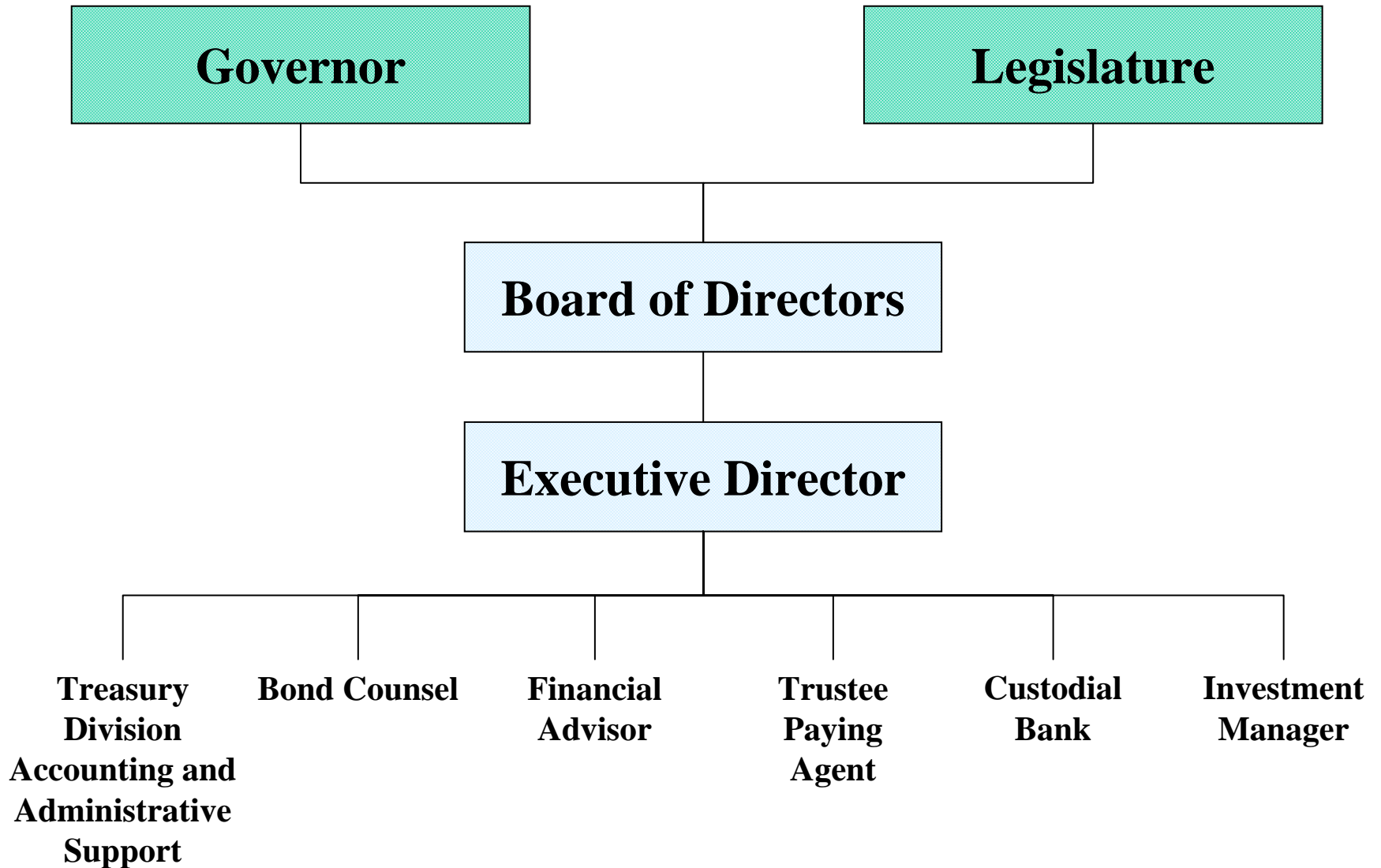


History of Bond Bank

- Public Corporation established in 1975
- Bond issues are moral obligations of Alaska
- Self supporting Public Corporation
- Just Under \$27 million returned to Alaska
- Nearing a billion dollars in bonds issued
- \$439.5 million in bonds outstanding



AMBBA Organizational Chart



2005 Bond Bank Activity

- \$123 million borrowed in FY 2005
- \$16.3 million in savings to 14 communities
- General obligation bonds – \$88.8 million
- Estimated savings - \$2.8 million
- Two series of revenue bonds - \$34.2 million
- Estimated savings - \$13.5 million



Benefits of Using the Bond Bank

- Lower cost of capital
- Assistance to municipal employees
- Financial advice
- Legal advice
- Ongoing services (trustee, paying agent, & arbitrage analysis)
- Monitor market for refinancing savings

