

ALASKA DEPARTMENT OF REVENUE
News Release

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**Eleven bidders compete for
\$32 million in state bond sale**

JUNEAU – Alaska Municipal Bond Bank officials will sign documents on October 4 completing the sale of \$32.3 million in 20-year term 2004 Series C General Obligation Bonds. Eleven bidders sought the bonds on a competitive basis.

The winning bid for the bonds provides for an interest rate of 4.12 percent. New York investment firm Morgan Stanley was the successful bidder with sealed bids submitted on the Internet.

“A recent credit upgrade from Moody's investors Service helped achieve this phenomenal number of bidders and the associated low interest rate for community projects,” said bond bank board member William Large, of Anchorage.

“It is of particular note that bids were received from several firms that hadn't previously bid including second-place bidder LaSalle Financial Services and third-place bidder Prager, Sealy & Co.,” Large added.

The bond bank will lend bond proceeds at the same 4.12 percent rate. Recipients include:

- Haines Borough, \$17.6 million for a new school building
- Northwest Arctic Borough, \$6.6 million in school maintenance
- City of Petersburg, \$5.9 million for a new aquatic center

The balance of \$2.2 million will be used to increase funding of the bond bank reserve fund. Reserve funds are held in a segregated account to provide payment security to bond purchasers.

Reserve funds are available throughout the life of the bond issue to pay debt service. However, if regular payments are not made, reserve funds are used to pay debt service.

The Alaska Municipal Bond Bank is a public corporation created in 1976 to provide lower cost capital to fund capital projects in Alaska municipalities. As of October 2005, the bond bank will have \$440 million in bonds outstanding for loans to 32 Alaska communities.

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