

COMMITTEE REPORT

SENATE

Mr. President:

Date _____

The Committee on _____ has had _____

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

311

SB 311

March 24, 1975

The Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill relating to the Alaska International Airports Revenue Bonds, Series E.

Although these bonds have been sold, the commissioner of public works has determined that it is not in the best interests of the State to construct the planned addition to the Anchorage airport. The State's bond counsel has advised us that we are obligated as part of our contract with the bondholders to construct that facility. He has suggested that as an alternative we may negate this obligation by depositing with the bond issue trustee cash for the purchase of United States government obligations sufficient to pay off the principal of and interest on these bonds as they become due. This would provide the bondholders with security as good as that provided by the current pledge of the revenues to be produced by the facility.

Sincerely,

Jay S. Hammond
Governor

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

WILLIAM A. EGAN, GOVERNOR

POUCH S—JUNEAU 99801

April 1, 1975

Honorable Bill Ray
Chairman
Senate Finance Committee
Alaska State Legislature
State Capitol
Juneau, Alaska

Dear Senator Ray:

re Senate Bill No. 311

Senate Bill No. 311, an Act relating to Alaska International Airports Revenue Bonds, Series E was introduced in the Senate on March 24, 1975 and was referred to the Senate Finance Committee.

Although these bonds have been sold, the Commissioner of Public Works has determined that it is not in the best interests of the State to construct the planned addition to the Anchorage airport.

The State's bond counsel has advised us that we are obligated as a part of our contract with the bondholders to construct the facility. He has suggested that as an alternative we may negate this obligation by depositing with the bond issue trustee cash for the purchase of United States government obligations sufficient to pay off the principal and interest of these bonds as they become due. This would provide the bondholders with security as good as that provided by the current pledge of the revenues to be produced by the facility.

State Bond Counsel has advised that John Nuyeen & Co., Inc., at the request of the Commissioner of Revenue has formulated a financing plan involving the purchase of the United States Government securities sufficient to provide moneys to pay principal and interest on the outstanding \$10,600,000 International Airports Revenue Bonds, Series E. A copy of said plan which includes details of the existing debt service schedule on the outstanding bonds and the payment schedule on the bonds to be purchased is attached.

Based on said schedule, which is stated to be a conservative schedule given the bond market and financially feasible within the dollars indicated if effectuated by April 15, 1975, the net cost to provide for retirement of the Series E bonds is as follows:

Cash required to defease Series E Bonds	\$10,758,808.00
Less	
Balance in Construction Fund in cash	<u>518,178.98</u>
	\$10,240,629.02
Less balance in Construction invested	<u>\$10,000,000.00</u>
	240,629.02
Less interest on investment in Construction Fund available 5-19-75	155,800.00
Net cash required from Surplus Revenues	84,829.02

An additional amount of "lost" interest on the general fund loan from April 15, 1975 to May 19, 1975 should be considered.

Estimated unrecoverable costs by reason of the abandonment of the Series E Project, amount to \$81,821.01 and consist of costs of rating the bonds, printing the bonds, printing the official statement, costs of bond counsel, financial advisor, legal advertising, etc.

Mr. Bill Hueners, Chief Engineer of the Division of Aviation states that total expenditures of the Division for the Series E Project to others including principally cost of architectural design, through the Division of Buildings currently amount to \$574,569.58. He is verifying through the Division of Buildings additional costs necessary. He states that the Division of Aviation has allocated approximately \$40,000 of its budget for in-house review of plans and designs.

Assuming total costs attributable to the Division of Aviation do not exceed \$650,000, the net dollar loss to the State of abandoning the project appears at this time to be approximately \$734,000.

The Division of Aviation advises that no appropriations are necessary to pay costs incurred by it as the same are covered with excess bond proceeds from the Series D financing. In addition, there appear to be sufficient Surplus Revenues to cover the \$84,829.02 needed to accomplish the bond transaction.

April 1, 1975

When the transaction required by the provisions of Senate Bill No. 311 is completed with the bond issue trustee as security for the bondholders, State Bond Counsel will issue an opinion to such effect and the present balance in the Bond Construction Fund will be transferred to the General Fund along with interest earnings due the State on May 19, 1975 from the investment in time certificates of deposit of \$10,000,000 of the proceeds of the sale of the bonds plus net cash from Surplus Revenues to cover the balance needed to repay the General Fund.

The State's bond counsel, Eric E. Wohlforth, has further advised that it is very important that the proposed legislation be enacted into law as soon as possible in order that possible changes in the United States government bond market do not occur which could adversely effect the cost of purchasing the needed investments to satisfy the bond issue trustee.

Mr. Donald Harris, Commissioner of Public Works advised the State Bond Committee that the carriers in expressing their opposition to any increased fees to support the new international terminal in Anchorage had agreed to an up date of fees necessary to cover advance costs consisting of bond sale costs and design costs.

Very truly yours,



R. D. Stevenson
Special Assistant

RDS:gd

Attachments

cc: Langhorne A. Staley
Commissioner of Commerce
Chairman, State Bond Committee
State Office Building
Juneau, Alaska

Sterling Gallagher
Commissioner of Revenue
Secretary, State Bond Committee
State Office Building
Juneau, Alaska

Andrew S. Warwick
Commissioner of Adminal Affairs
Member, State Bond Committee
State Office Building
Juneau, Alaska

Honorable Hugh Malone
Chairman
House Finance Committee
Alaska State Legislature
State Capitol
Juneau, Alaska

Donald Harris
Commissioner of Public Works
P.O. Box 7
Juneau, Alaska

Eric E. Wohlforth, Esq.
Wohlforth & Flint
635 G Street
Anchorage, Alaska

nuveen

John Nueven & Co. Incorporated

207 South LaSalle Street, Chicago, Illinois 60604

6121219 1000

March 13, 1975

TO: Eric Wohlforth

FROM: Walter N. Filkin

Requirements to Release
\$10,000,000 International Airports Revenue Bonds

<u>Principal</u>	<u>Type of Security</u>	<u>Coupon Rate</u>	<u>Price</u>	<u>Approx. Cost (see pg 4-15)</u>
\$ 100,000	T-Certificates	Market	100	\$ 100,000
1,300,000	T-Notes	Market	100	1,300,000
4,645,000	T-Bonds	Market	100	4,645,000
<u>4,100,000</u>	RM-Certificates	9 1/2	105	<u>4,303,000</u>
Total \$10,205,000				\$10,548,000
	Starting Cash		--	<u>215,000</u>
	Cash Required to Release		--	<u>\$10,753,000</u>

Sources of Cash

Construction Fund	\$10,694,000
Other	265,000
	<u>\$10,759,000</u>

ALASKA AIRPORT
 DEBT SERVICE SCHEDULE

ISSUE DATE 2 -1-1975
 SETTLEMENT DATE 5 -1-1975
 FIRST CPN DATE 5 -1-1975

DATE	PRINCIPAL	COUPON	INTEREST	TOTAL DEBT SER
5.1975	0	0.0000	255850.00	255850.00
12.1975	0	0.0000	398775.00	398775.00
6.1976	0	0.0000	398775.00	398775.00
12.1976	0	0.0000	398775.00	398775.00
6.1977	0	0.0000	398775.00	398775.00
12.1977	0	0.0000	398775.00	398775.00
6.1978	0	0.0000	398775.00	398775.00
12.1978	0	0.0000	398775.00	398775.00
6.1979	400000	0.0000	398775.00	798775.00
12.1979	0	0.0000	398775.00	798775.00
6.1980	450000	0.0000	398775.00	848775.00
12.1980	0	0.0000	398775.00	848775.00
6.1981	500000	0.0000	398775.00	898775.00
12.1981	0	0.0000	398775.00	898775.00
6.1982	550000	0.0000	398775.00	948775.00
12.1982	0	0.0000	398775.00	948775.00
6.1983	600000	0.0000	398775.00	998775.00
12.1983	0	0.0000	298775.00	998775.00
6.1984	650000	7.0000	298775.00	998775.00
12.1984	0	8.0000	270000.00	270000.00
6.1985	700000	6.0000	270000.00	970000.00
12.1985	0	6.0000	251250.00	251250.00
6.1986	750000	7.0000	251250.00	1001250.00
12.1986	0	8.0000	220000.00	720000.00
6.1987	800000	7.0000	220000.00	1020000.00
12.1987	0	6.0000	190000.00	190000.00
6.1988	850000	7.0000	190000.00	1040000.00
12.1988	0	6.0000	160000.00	160000.00
6.1989	900000	7.0000	160000.00	1110000.00
12.1989	0	8.0000	127000.00	127000.00
6.1990	950000	7.0000	127000.00	1177000.00
12.1990	0	8.0000	90000.00	90000.00
6.1991	1000000	7.0000	90000.00	1200000.00
12.1991	0	8.0000	45000.00	45000.00
6.1992	1050000	7.0000	45000.00	1245000.00
TOTALS	1050000		900000.00	2020000.00

ACCUMULATED INTEREST TO 5-1-1975 IS \$ 100,000.00.

ALASKA AIRPORT
 SUMMARY OF INVESTMENTS IN U.S. TREASURY
 STATE AND LOCAL GOVERNMENT SERIES OBLIGATIONS (31 CFR 344)
 AND PARTNERS HOURL ADMINISTRATION CO.

PAYMENT DATE	PRIN. MATURING	COUPON RATE	TYPE OF INVESTMENT	NORMAL INT ON PRIN.	1ST PER INT ON PRIN.
6.1975	0.00				
12.1975	190000.00	5.810	CERTIFICATE	6956.00	0.00
6.1976	0.00				
12.1976	0.00				
6.1977	0.00				
12.1977	0.00				
6.1978	0.00				
12.1978	0.00				
6.1979	215000.00	6.900	NOTE	7004.25	1029.45
12.1979	180000.00	6.750	NOTE	6004.50	1571.14
6.1980	255000.00	6.910	NOTE	9155.75	2354.49
12.1980	180000.00	6.980	NOTE	6202.00	1622.27
6.1981	310000.00	7.000	NOTE	10850.00	2801.02
12.1981	170000.00	7.010	NOTE	5958.00	1538.73
6.1982	350000.00	7.010	BOND	12610.00	3253.49
12.1982	170000.00	7.020	BOND	5957.00	1540.00
6.1983	400000.00	7.030	BOND	14235.75	3675.25
12.1983	165000.00	7.040	BOND	5800.00	1499.07
6.1984	400000.00	7.050	BOND	13862.50	3595.33
12.1984	150000.00	7.060	BOND	5024.00	1304.13
6.1985	400000.00	7.070	BOND	17520.00	4525.17
12.1985	150000.00	7.100	BOND	5307.50	1312.00
6.1986	540000.00	7.120	BOND	19402.00	5010.91
12.1986	150000.00	7.140	BOND	5290.00	1321.17
6.1987	500000.00	7.150	BOND	21000.00	5370.01
12.1987	150000.00	7.180	BOND	5320.00	1329.09
6.1988	540000.00	7.210	BOND	23202.00	5934.70
12.1988	100000.00	7.240	BOND	3600.00	920.00
6.1989	310000.00	9.000	CD	37000.00	0.00
TOTAL	1125000.00				54357.04

Annual Report

ALASKA AIRPORT
ESCROW CASH FLOW

PAYMENT DATE	STARTING BALANCE	PRINCIPAL RECEIVED	INTEREST RECEIVED	TOTAL AVAILABLE	PAYOUT REQUIRED	CLOSING BALANCE
5.1975	215408.39	0.00	54837.54	269765.93	268850.00	3915.93
2.1975	3915.93	199000.00	217447.28	411553.01	398775.00	12580.01
6.1975	12580.01	0.00	583891.03	595470.01	398775.00	196694.01
2.1976	196694.01	0.01	210491.00	407385.01	398775.00	8520.01
6.1976	8520.01	0.00	583891.00	591711.01	398775.00	192935.01
2.1977	192935.01	0.00	210491.00	400427.01	398775.00	4582.01
6.1977	4582.01	0.00	583891.00	587743.01	398775.00	188968.01
2.1978	188968.01	0.00	210491.00	399439.01	398775.00	684.01
6.1978	684.01	215000.00	583891.00	798773.01	798775.00	0.01
2.1979	0.01	199000.00	203403.73	203403.73	392775.00	631.73
6.1979	631.73	255000.00	559922.75	803354.51	802775.00	579.51
2.1980	2779.51	199000.00	199167.00	378445.51	354775.00	5171.51
6.1981	5171.51	210000.00	634465.00	870855.51	864775.00	5301.51
2.1981	5301.51	170000.00	171085.00	243015.51	344775.00	2141.51
6.1982	2141.51	350000.00	387675.00	699710.01	694775.00	5235.01
2.1982	5343.01	170000.00	152438.50	327591.51	322775.00	4725.51
6.1982	4725.51	405000.00	510011.00	939918.01	932775.00	6643.01
2.1983	6643.01	150000.00	112205.75	369299.75	298775.00	4528.75
6.1983	4528.75	150000.00	699847.75	959871.51	948775.00	4706.51
2.1984	4706.51	160000.00	110005.25	287311.75	275000.00	5301.75
6.1984	5301.75	495000.00	477373.75	974682.01	975000.00	2642.01
2.1985	2642.01	160000.00	87237.75	354839.25	281250.00	2638.25
6.1985	2638.25	545000.00	75990.25	1002819.51	1001250.00	1569.51
2.1985	1559.51	165000.00	31978.25	223827.75	215000.00	8827.75
6.1985	8827.75	500000.00	629847.75	1127675.51	1125000.00	2675.51
2.1986	2675.51	160000.00	34734.75	304810.25	150000.00	8310.25
6.1986	8310.25	640000.00	481453.25	1044263.51	1044000.00	263.51
2.1987	263.51	160000.00	5611.00	151374.51	154125.00	272.51
6.1987	272.51	410000.00	87300.00	438674.51	436125.00	252.51
TOTAL	215408.39	1029500.00	9177479.12	19747037.51	19705000.00	4237.51

Includes call of \$2,400,000 bonds at par.

311

SB 311

March 24, 1975

The Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill relating to the Alaska International Airports Revenue Bonds, Series E.

Although these bonds have been sold, the commissioner of public works has determined that it is not in the best interests of the State to construct the planned addition to the Anchorage airport. The State's bond counsel has advised us that we are obligated as part of our contract with the bondholders to construct that facility. He has suggested that as an alternative we may negate this obligation by depositing with the bond issue trustee cash for the purchase of United States government obligations sufficient to pay off the principal of and interest on these bonds as they become due. This would provide the bondholders with security as good as that provided by the current pledge of the revenues to be produced by the facility.

Sincerely,

Jay S. Hammond
Governor

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SB 311

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Sincerely,

Jay S. Hammond
Governor

Introduced: 3/24/75
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 311

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to Alaska International Airports
7 Revenue Bonds, Series E; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The commissioner of revenue may loan from the general fund
11 to the State Bond Committee, for deposit with the trustee acting under
12 Resolution No. 68-4 of the State Bond Committee relating to State of Alaska
13 International Airports Revenue Bonds, the amount not to exceed \$11,000,000
14 necessary to purchase direct obligations of the United States of America or
15 obligations the principal of and interest on which are guaranteed by the
16 United States of America in amounts and maturing at times such that, upon
17 compliance with necessary further conditions, the \$10,600,000 State of
18 Alaska International Airports Revenue Bonds, Series E, dated February 1,
19 1975, will be considered no longer outstanding. When these Series E Bonds
20 are considered no longer outstanding, the State Bond Committee shall amend
21 all provisions of Resolution No. 74-6 relating to the establishment of a
22 special account within the Construction Fund, referred to therein as the
23 "Project E Account", and provisions relating to the acquisition and con-
24 struction of Project E, and shall, notwithstanding the provisions of any
25 other law, as soon as practicable, cause the necessary amount to repay the
26 loan to be paid into the general fund first from the amount in the Project
27 E Account and, to the extent necessary, from surplus revenues as defined in
28 Resolution No. 62-4.

29 * Sec. 2. This Act takes effect immediately in accordance with AS

01:20:079(c).

00:12:079(c).

00:12:079(c).

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