

HB

763

SPOKANE BANK FOR COOPERATIVES

FARM CREDIT BANKS BUILDING  
W. 705 FIRST AVENUE  
SPOKANE, WASHINGTON 99204  
TELEPHONE: (509) 456-7340



February 1, 1978

5/10/78

The Honorable Alvin Osterback  
House of Representatives  
Pouch V  
Juneau, Alaska 99801

Re: "Financing Alaska Commercial-Fisheries Businesses:  
Problems and Alternative Solutions"  
by Franklin L. Orth, Alaska Sea Grant Program/  
School of Management, University of Alaska  
for Legislative Affairs Agency, State of Alaska

Dear Mr. Osterback:

We have received Mr. Orth's report on financing Alaska commercial fisheries businesses and believe that he did a commendable job of analyzing the available alternatives.

Mr. Orth's suggestion of a Cooperative Fisheries Development Bank, owned and controlled by its Alaskan patrons, appears to us to have considerable merit. The concept of a cooperative financing organization established on a basis that would make it eligible to obtain funds from the Bank for Cooperatives seems to us to be a viable one and would have our Bank's support.

Sincerely,

*A. E. Van Winkle*  
A. E. Van Winkle  
Senior Vice President

cc: Franklin L. Orth



## EARL R. COMBS, INC.

## CONSULTANTS IN ECONOMICS AND PLANNING

2737 - 77th Ave. S.E. • Mercer Island, WA 98040 • (206) 232-3991 • TWX 32-9472 MIS MRID

March 27, 1978

Rep. Al Osterback, Chairman  
House Resources Committee  
Pouch V State Capitol  
JUNEAU, AK 99811

Dear Al:

As reported to your office by phone on March 27, I would recommend that the Resources Committee consider the following changes to HB763:

1) Section 1 - FINDINGS

The concept of the target group for assistance throughout Section 1 (fishermen and farmers) could be expanded to include processing firms and other businesses whose primary function is to service farmers and fishermen, by referring to "agriculture and fishing businesses" instead of "farmers and fishermen". This would appear to make the FINDINGS more consistent with Sec. 41.45.210 POWERS OF THE BANK as written (and as proposed for change in the remainder of this letter).

Sec. 41.45.210 POWERS OF THE BANK

Para (1) line 25, remove; replace with , and to seafood and agriculture processors, marketers and firms providing technical services to the agriculture and fishing industries for projects which will establish a facility within Alaska or which will establish or expand a market for the harvests of resident commercial fishermen or farmers.

Para (7) and (8) could be clarified by merging them and defining target projects as defined under para (1). This could be done by adding of the type approved under para (1) of this section at the end of line 7. Paragraphs (7) and (8) would then be replaced by a single paragraph:

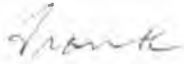
(7) invest in projects conducted by shareholders of the bank of the type approved under para (1) of this section by purchase of the capital stock of corporations involved in such projects, except that no investment in capital stock may exceed 49 percent of the capital stock of a corporation;

ERC, INC.

March 27, 1978  
Rep. Al Osterback  
Page 2

I am hopeful that these comments will be of assistance. If any clarification is needed, please contact me.

Sincerely,



Franklin L. Orth  
Senior Economist

FLO:TOE

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PMS HONORABLE ALVIN OSTERBACK, REPORT DELIVERY

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MEMBER HOUSE OF REPRESENTATIVES

ALAS (AN STATE LEGISLATURE COPY MESSAGE , FONE ASAP

JUNEAU AK 99801

REFERENCE HOUSE BILL 763 DUE FOR MARKUP SESSION OF RESOURCES COMMITTEE, PLEASE CONSIDER THE FOLLOWING THE FEDERAL INTERMEDIATE CREDIT BANK OF SPOKANE UNDER THE FARM CREDIT ACT OF 1971 IS CHARGED WITH THE SUPERVISION OF PROVIDING SHORT AND INTERMEDIATE TERM CREDIT FOR AGRICULTURE, INCLUDING FARMERS, RANCHERS AND HARVESTERS AND PRODUCERS OF AQUATIC PRODUCTS FOR THE STATE OF ALASKA BY PRODUCTION CREDIT ASSOCIATION AND OTHER FINANCING INSTITUTIONS. COMMENCING IN THE LATE 60S THE NORTHWEST LIVE STOCK PRODUCTION CREDIT ASSOCIATION HAS EXTENDED AGRICULTURAL CREDIT TO QUALIFIED FARMERS AND RANCHERS IN ALASKA. IN 1973, NORTHWEST LIVE STOCK PRODUCTION CREDIT ASSOCIATION ALSO BEGAN FINANCING FISHERMAN FISHING IN ALASKAN WATERS. TO DATE, EXPERIENCE HAS BEEN SATISFACTORY.

THE FEDERAL INTERMEDIATE CREDIT BANK OF SPOKANE WOULD NOT REGISTER OBJECTION TO THE CREATION OF A COMMERCIAL FISHING AND AGRICULTURAL COOPERATIVE DEVELOPMENT BANK AS PROPOSED IN HOUSE BILL 763. IN FACT, THE FICD OF SPOKANE LOOKS FORWARD TO WORKING CLOSELY WITH THE BANK WHEN AUTHORIZED IN ITS CREATION. THIS IS PARTICULARLY IMPORTANT BECAUSE THE PROPOSED BANK SHOULD BE STRUCTURED SO AS TO QUALIFY FOR DISCOUNTING LOANS WITH THE FEDERAL INTERMEDIATE CREDIT BANK OF SPOKANE.

FOR FURTHER INFORMATION, CONTACT THE FEDERAL INTERMEDIATE CREDIT BANK OF SPOKANE WEST 705 FIRST AVE SPOKANE WASHINGTON 99204, TELEPHONE (509) 456-7380. SINCERELY,

WILLIAM F BARRATT PRESIDENT FEDERAL INTERMEDIATE CREDIT BANK

OF SPOKANE

# STATE OF ALASKA THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

## LEGISLATIVE AFFAIRS AGENCY

March 27, 1978

### MEMORANDUM

SUBJECT: HB 763: W.O. #15/R

TO: The Honorable Alvin Osterback

FROM: John Williams  
Research Analyst *JW*

You have asked that we prepare an analysis of HB 763, an Act relating to commercial fishing and agriculture. Following is a general description of the bill. We will first discuss the bill from a general perspective and then specifically address the issues of the purpose of the development bank, the structure, financial aspects, and the eligibility requirements.

### OVERVIEW

HB 763 repeals the commercial fishing loan act (AS 16.10.300-370) and creates the Commercial Fishing and Agriculture Cooperative Development Bank (it does not repeal the Alaska Agricultural Loan Act--AS 3.10). The bank is subject to the provisions of the cooperative corporation laws (AS 10.15.005-600) except as otherwise specifically provided for in the bill.

The bank is to be initially capitalized via purchase by the State of non-voting preferred stock in the corporation. The initial seed money is to be repaid to the State within 20 years from the profits of the bank and from the purchase of stock by fishermen and farmers. If the State's initial investment is not returned within 20 years, the commissioner of Commerce and Economic Development may dissolve the corporation.

The bank may borrow money, lend money, guarantee loans, joint venture in loans with institutions of both the public and private sectors, hold equity interest in enterprises of its members (not to exceed 49%), and may issue bonds.

### PURPOSE

Section 2 of HB 763 describes five purposes of the Act (economic assistance for Alaskan commercial fishermen and farmers, to encourage utilization of agrarian and fishery resources, encourage technological devel-

opment in those two renewable resource industries, and to promote a more rapid development of the agricultural industry). The bill will also have the effect of encouraging members of those industries to form cooperatives and perform decision making through peer group processes. The intended impact, however, is to insure the availability of financial resources for expansion of the fishing and agricultural industries in the State.

### STRUCTURE

The bank is clearly modeled after components of the federal farm credit system, which were initially financed by the federal government and subsequently fully owned and financed by the members. The federal seed money was repaid, at which time federal involvement in the system was terminated (other than as a regulatory overseer).

The Commercial Fishing and Agriculture Cooperative Development Bank is established as an instrumentality of but separate from the Department of Commerce and Economic Development (Sec. 3). It is governed by a Board of Directors (three in number), with the initial directors appointed by the Governor. Subsequent directors are elected by the shareholders and serve three year terms. The directors are charged with filing the articles of incorporation and with adopting bylaws. They shall also establish the value for and issue stock in the bank, as well as set out a schedule of guidelines for loans made by the bank. A director of the bank is prohibited from voting on matters for which he or she has a conflict of interest (Sec. 41.45.190).

### FINANCIAL ASPECTS

#### Capitalization

The bank is initially capitalized by the sale of preferred stock to the State (60-80% of issuance) and to members. Membership stock is issued in the amounts and with the value determined by the Board of Directors.

Sections 41.45.120-180 provides for bonding powers. The bank may issue bonds at its discretion, except that the maturity of any issue may not exceed 30 years, and the bank may not pledge the full faith and credit of the State. All property and bond issuances of the bank are tax exempt and legal investments for fiduciaries.

Sec. 41.45.210(15) allows the bank to borrow money and issue secured or unsecured evidence of indebtedness.

#### Lending

As mentioned earlier, the bank is fashioned after the farm credit system. To be eligible to borrow from the bank, a lender must be a participant in the bank. The farm credit system specifies that a member must own at least 10% of the value in stock of an outstanding loan. A minimum participation is not specified in HB 763.

The bill leaves broad discretion to the Board of Directors in determining loan policy. Sec. 41.45.210 specifies that the bank may make variable rate or fixed rate loans, provide for extensions of loan terms (for poor fishing or farming seasons), make loans jointly with other public or private institutions, guarantee or endorse obligations of other corporations, and accept subordinate loans as security.

Sec. 41.45.210(18) allows the bank to provide "technical services" to shareholders to enhance their ability to obtain financial assistance from the bank.

#### Investments

The bank is given broad powers to invest its resources. Sec. 41.45.210(7) provides for the bank to "invest in projects conducted by shareholders of the bank by purchase of the capital stock of corporations involved in such projects, except that no investment in capital stock may exceed 49 per cent of the capital stock of a corporation". Subparagraph (8) of the same section provides for the bank to invest in projects relating to the development of farms, storage and processing of farm produce, etc. except that no investment may exceed 49% of the capital stock. There is no similar provision specifically allowing the bank to invest in "vertically integrated" fishing operations.

#### ELIGIBILITY

Sec. 41.45.210(1) describes the eligibility requirements. Applicants must be members of the bank to be eligible to receive loans. Eligible recipients are defined as "commercial fishermen and farmers or...corporations, partnerships, or joint ventures 51 per cent of which are owned by commercial fishermen or farmers who are state residents...."

Eligible activities do not appear to be limited to strictly fishing or farming. Subparagraphs (7) and (8) of Sec. 41.45.210 allow the bank to invest in activities conducted by shareholders of the bank. Subparagraph (7) is not specific as to what kinds of projects the bank may invest in, other than the projects must be projects "conducted by the shareholders". Subparagraph (8) specifies that bank investments may be made in the development and operation of vertically integrated activities relating to farming.

The bill is not specific as to what loan applications are eligible for consideration by the bank, except that loans are made only to members and members must be either commercial fishermen or farmers. Loan applications submitted by members for projects outside the purview of either fishing or agriculture are presumably eligible, unless otherwise provided for by the Board of Directors in the articles of incorporation or bylaws.

JW:dh

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y. STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 18, 1978

SUBJECT: Draft CS for HB 573 (Finance); W.O. #24/R

TO: The Honorable Terry Gardiner

FROM: John Williams   
Research Analyst

You have asked that we prepare a sectional analysis of the draft Finance Committee Substitute for HB 573. The following is a general description of the bill and a more detailed sectional analysis.

There are four major revisions and one minor revision of the commercial fishing loan program contained in the Committee Substitute. Section 1 provides for a minor revision--clarifying the present eligibility requirements for applicants. Section 2 expands the eligibility requirements for applicants. Section 3 raises the loan size to \$500,000 and provides for the state to assume a subordinate lien in some instances. Section 4 adds language that would allow applicants to receive a loan to purchase a limited entry permit.

SECTION 1

The section adds language to clarify the legislative intent with regard to eligible fishermen who may apply for commercial fishing loans. The language added specifies that eligible applicants must have been residents for five continuous years prior to making application for a loan, and must have been commercial fishermen for any three of those five years (and actively participated in a fishery).

SECTION 2

The present commercial fishing loan program is available only to individual commercial fishermen. Section 2 expands the eligibility

standards to include business ventures owned 100 percent by individual commercial fishermen. The allowable business arrangements are joint ventures, partnerships, and corporations.

Commercial fishing has become a major business activity for a large number of Alaskan fishermen, many of whom can no longer avoid taking advantage of the various business arrangements which allow them to limit liability, leverage capital, share risk, and take advantage of several other benefits offered by incorporation or other business arrangements. Present language would not allow a fisherman to receive a loan in the name of his fishing business or to apply with other fishermen for a loan to be utilized by a consortium. The provisions provided in section 2 should allow for a greater number of Alaskan fishermen to utilize the loan program.

### SECTION 3

Paragraph (a) of section 3 (AS 16.10.320) provides for the limit on commercial fishing loans to be raised from \$150,000 (existing law) to \$500,000. The language also reorganizes the section so that loan terms are clearly presented. The paragraph contains no other changes in present law.

Paragraph (b) is contained in existing law.

Paragraph (c) is new language which sets out conditions whereby the state may accept a subordinate lien as loan security for the purchase of a new or existing vessel. The conditions are that (1) the borrower must have prior written agreement from a private lending institution to

accept a first lien on the vessel; (2) the size of the state loan may not exceed 35 percent of the vessel appraised value or \$1 million, whichever is less; (3) the term of the loan shall not exceed 15 years; and (4) the interest on the loan shall be between 7 and 8 percent at the discretion of the Department of Commerce and Economic Development.

Paragraph (d) prohibits more than one commercial fishing loan being made to an individual or associate of the individual, except as provided in paragraph (e).

Paragraph (e) allows for two or more eligible commercial fishermen to jointly obtain a loan, the size of which cannot exceed \$500,000 times the number of participating fishermen applying for the loan. The terms of the loan are identical to provisions in section 3, paragraph (a) of the bill.

#### SECTION 4

This section adds new language to AS 16.10 which allows the commercial fishing loan program to make loans to fishermen for the purpose of buying limited entry permits. Terms for loans shall be the same as provided in section 3, paragraph (a)<sup>1</sup>. Paragraph (b) defines the procedure that would be utilized for entry permit loans; specifically that the commissioner of Commerce and Economic Development shall be the legal owner of the permit; the fishermen shall be listed as equity owner and debtor; and the debtor shall be issued the annual permit cards and shall bear full responsibility as permit owner. Paragraph (c) stipulates that

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<sup>1</sup>The term provisions are not specified in the draft CS. At page 5, line 6 of the work draft, delete "secs. 300-370" and insert "sec. 320(a)".

the commissioner is not liable for any act (or lack thereof) with respect to the permit. Once the debtor has satisfied his debt, the commissioner shall so notify the Commercial Fisheries Entry Commission (paragraph (d)) and shall amend the permit to list the debtor as legal owner (paragraph (e)).

Sec. 16.10.335 of section 4 specifies the actions to be taken by the commissioner if a debtor falls in arrears on an entry permit loan. The debtor shall be notified and given 60 days from the postmark of the notice to correct the situation. If he does not respond within the time allowed, any interest he may have in the permit may be terminated.

Sec. 16.10.337 specifies the means of disposing of permits which by default are the property of the state. The Commercial Fisheries Entry Commission is given first option to buy the permit (if the permit is for a fishery which has a buy-back program) for the amount outstanding on the loan (plus handling charges). If the commission does not exercise its option within 30 days, the person listed as debtor may name a qualified fisherman to whom he wishes to assign his former rights. If the nominated individual meets all necessary requirements to hold a limited entry permit, he may assume all rights and responsibilities of the original debtor. If the original debtor does not nominate a successor, the commissioner shall select at random, from a list provided by the Commercial Fisheries Entry Commission, a fisherman who may assume the loan.

Sec. 16.10.339 provides for the Entry Commission to adopt regulations to implement this portion of the bill.

Sec. 16.10.342 creates a foreclosure expense account from the "excess" interest earned on loans made with second mortgages (section 3,

paragraph (c)). Money may be expended from the account when necessary to protect the state's interest in collateral on loans granted under this chapter or to defray expenses incurred during foreclosure proceedings after a default.

Sections 5 and 6 of the bill provide for technical amendments (definitions and amendments to chapter 43). Section 8 is the effective date clause. The bill would take effect on July 1, 1978.

Please let us know if we may be of further assistance.

JW:jm

Juneau, Alaska  
March 23, 1973

Hon. Hugh Malone, Speaker of the House of Representatives  
Alaska State Legislature  
Juneau, Alaska

Dear Mr. Malone,

Attached is a memorandum and comments listing additional support for the findings in CS HB763. I would list these ~~as~~ additional findings in three categories as stated.

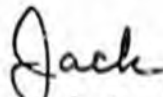
In response to your closing comments last night regarding the lack of findings in the legislation as it is written in the books, I would only say that this is unfortunate indeed. The findings should form the most important part of any legislation, for it is only through the statement of the findings that one can adequately determine the fulfillment of the intent of any legislation.

In scientific terminology the findings correspond to the identification of a problem. The final creature created by legislation, in this case the bank, can only be tested for purpose by comparing it with the original problem stated.

I would suggest that if the laws existing on the books have not been written to include findings in the past that the legislature do something to correct this practise.

I enjoyed testifying before the House Resources Committee last evening as much as you did creating the bill. Thank you for the opportunity.

Sincerely,



Jack O. Hakxila

Enc. Comments requested on findings

cc. Chairman Osterbach  
Mr. Gorder

To: Speaker of the House, Hugh Malone

From: Jack O. Hakkila

Date: March 28, 1978

Re: Comments on findings in CS HB763

My comments last night regarding the findings as presented in the committee substitute HB763 were as follows:

The first step in writing be it in business, government or science involves the proper identification of a problem. I concur with the committee in the statement of the problem regarding fisheries and the need for the creation of a credit source for the industry immediately.

I also identified a similar problem facing agricultural development.

The third element that should be brought together concerning these two areas is the inadequacy of banking in the rural communities.

While I do not have any data regarding these other two areas I will draw together some supporting evidence from the top of my head which may serve as additional findings or support for findings already identified.

Attached are my comments.

1. Fisheries:

The fisheries industry will support an additional one hundred thirty processing plants which will serve an additional eight hundred vessels.

For every person employed on water, seven persons are employed on shore. Five people employed per boat identified above would result in four thousand people employed on the water adding another twenty-eight thousand persons employed on shore.

The total immediate investment required for the processing plants and vessels above is approximately two billion dollars.

2. Agriculture:

The total of agricultural land which can be farmed in the state is approximately twenty million acres. An additional one hundred million acres of rangeland exists.

Current land in agriculture is 17,500 acres.

Within the decade ninety to ninety-nine percent of the agricultural lands in private ownership within the state will be in the hands of Alaska natives as a result of the ANCSA. This will not only give Alaska natives the opportunity to farm some five and one half million acres but will also be a mandate to do so since by 1991 these lands will be a part of the taxable lands within their respective areas. Individual native corporations which have begun agricultural planning such as Ruby and Galena contain twenty to thirty thousand acres of good farmland apiece.

3. Banking:

Banking within the state is totally inadequate within the state to finance the agricultural and fisheries development stated above.

Lending sources available include the following:

Total state lending of commercial banks is approximately one billion dollars. Total assets of commercial banks are approximately 2.6 billion dollars.

The state fund for commercial loans, fisheries and tourism has made approximately fifty million dollars in loans to date in all segments. Experience has been excellent. Only five thousand dollars in loans has been uncollectable.

Lending requirements for all banking will far exceed any ability to create financing in the coming years. The oil and gas industry will alone generate the requirement for additional financing to include petrochemical development far outstretching the requirements needed by fisheries and agriculture. Some examples of possibilities include:

The construction of a destructive dehydrogenation facility to upgrade the production of crude oil. This facility which would be located near Fairbanks could produce thirty to forty percent more crude oil by upgrading the distillates.

No one has come forth with a proposal for financing a required one billion dollar plus gas purification facility which will be necessary before natural gas is placed in the gasline being built by Northwest Alaska Energy.

Depending upon world marketing, the Northwest gas line will support the addition of a one billion dollar petrochemical plant per year in Alaska for each of the first ten years of operation of the pipeline.

It should be clear, then that the requirements for financing for the above types of ventures and the supportive ventures necessary for them will outstretch even the potential creation of capital through the creation of the permanent fund added onto existing lending capacities of Alaska lending institutions.

Juneau, Alaska  
May 16, 1978

Ms. Diann Nelson  
House Resources Committee  
for Rep. Osterback

Re: CSHB 763

Diann:

I have the following comments to offer after briefly glancing over the revised version of HB 763 which you gave me yesterday:

- §§1 & 2 (1) In stating the need for the bill, the problems and possibilities inherent in beginning large-scale agricultural production and marketing are not adequately defined.
- §3 p.10 (2) In Section 41.45.210, Powers of the Board, items 7 and 8 are redundant. The establishment of a bank with State monies whereby the bank is allowed 49% ownership in projects raises a serious question regarding the nature of the bank. Is this to be a State institution or ultimately a private bank? Obviously through 49% control of a large number of corporations the State bank would not be encouraging private enterprise but rather controlling it. It would be my observation that the bank should not be competing with the enterprise it seeks to establish but only acting as a facilitator in the lending community.
- (3) The overall intent of the bill and the structuring of a private institution which will ultimately stand on its own is an excellent concept. There is a very strong need for this bank in Alaska immediately. I would suggest that in further defining the need for the bank a summary of current banking in the rural areas of Alaska as well as the availability of sound bank financing in Alaska as a whole be included.
- (4) In summary, the ultimate strength of this bank will not come through State participation but through the ability of a local people in rural areas which is harnessed into the structure of the bank from inception. I do not see any provision for local participation defined in the bill.

Jack Hakkila

Attachment: Resume

## RESUME

Jack O. Hakkila

Born: Willimantic, Connecticut. June 26, 1940

Raised on poultry farm in Canterbury, Connecticut. Father retired in 1959 turning farming operation over to me at that time. Raised poultry there and on other farms in Eastern Connecticut until 1969 when moved to Fairbanks, Alaska

### Education:

- 1961: Bachelor of Science, University of Connecticut, Storrs, Connecticut in Poultry Science. The University of Connecticut is the land grant institution in the State of Connecticut with the main campus at Storrs.
- 1969 Master of Science University of Connecticut, Storrs, Connecticut Agricultural Economics.

### Professional Experience:

- 1959-69: Poultry operations in Eastern Connecticut. Served on Boards of Directors, United Cooperative Farmers, Inc. and Willimantic Egg Auction, Inc. United Cooperative Farmers, Inc. is a feed manufacturer and marketing cooperative with headquarters in Fitchburg, Massachusetts serving the New England area. The Willimantic Egg Auction, Inc. was an egg marketing cooperative in Southern New England.
- 1969-70: Assistant Professor, Economics, University of Alaska, Fairbanks, Alaska. The University of Alaska is the land grant institution for the State of Alaska with the main campus located at Fairbanks. The Department of Economics is part of the School of Business, Economics, and Government with a vital role in providing direction for the State of Alaska during a dynamic period of change with the advent of Prudhoe Bay oil discoveries and development.
- 1970-74: Field Underwriter, New York Life Insurance Co., Fairbanks, Alaska. New York Life Insurance Co. is one of the three largest mutual life insurance companies in the United States. During this time the first life insurance sales office for any major company was opened in Interior Alaska at Fairbanks. 1973, led the North Pacific Region in group insurance sales.
- 1974: Self employed as partner in First Industrial Financiers of Alaska. First Industrial Financiers represented over one billion dollars of loan packages to outside financial institutions.
- 1975: Account Executive trainee, Merrill Lynch, Pierce, Fenner & Smith, California Street Office, San Francisco. Merrill Lynch is one of the nation's leading brokerage firms. The California Street office is one of the major offices within the firm structure. Training was specific relating to Alaskan industrial development. All projects of First Industrial Financiers were turned over to Merrill Lynch.

Resume (page two)

- 1975-76: Self employed, Patent Development. Worked closely with Mr. Joseph C. Balch of Salcha, Alaska in developing certain patents related to soils refrigeration. Mr. Balch is holder of over thirty patents. The initial soils refrigeration patent was one of the ten Award of Merit exhibits at the annual new products exhibits at the New York Coliseum in 1966.
- October 1976-May 1977: Assistant Project Director, Village Management Assistance Program, Tanana Chiefs Conference, Inc. Fairbanks, Alaska. The Tanana Chiefs Conference, Inc. is the non-profit corporation serving the area encompassed by Doyon Ltd., one of the twelve regional corporations established by the Alaska Native Claims Settlement Act. The Village Management Assistance Program was established to provide management assistance to village corporations established by the ANCSA. The Assistant Project Director was in charge of the staff of eight people, involving considerable travel throughout the region to identify needs of village corporations. The villages of Galena and Ruby responded most favorably to an educational approach with a request for further assistance.
- May 1977: Sales Manager, first Tundra Times Special Summer Edition. The Tundra Times Special Summer Edition was directed as a free advertising mailer to the state's native community north of the Alaska Range. The content of the paper featured Alaskan agriculture.
- June, 1977-August, 1977: Instructor in Agriculture, University of Alaska Regional Learning Center, Galena, Alaska. The Regional Learning Center was officially founded in the beginning of June, 1977 to serve the villages in the Middle Yukon, Koyukuk areas. The Instructor in Agriculture assumed responsibilities to establish an experimental station in Galena with teaching responsibilities in Ruby and Galena in agriculture.
- September, 1977: Contractor to prepare a grant for agricultural development, Notaaghleedin, Ltd. Galena, Alaska. Notaaghleedin, Ltd. is the village corporation of Galena, Alaska. The service agreement with the Notaaghleedin, Ltd. provides for the preparation of a grant/ or legislative application for agricultural development for the Notaaghleedin, Ltd.
- October, November, 1977: Presently employed as Assistant Wildlife and Parks Officer, Tanana Chiefs Conference, Inc. This position includes responsibilities to arrange and assist in holding meetings with the Tanana Chiefs Advisory Fish and Game Council and the State of Alaska Fish and Game Advisory Committees in Tanana, Fort Yukon, Galena, Holy Cross, and McGrath.

Professional awards, conferences, and papers:

- 1962: One of four International Farm Youth Exchange delegates to Switzerland, May-November. The International Farm Youth Exchange Program was organized to promote better understanding between and among farm peoples in 128 countries worldwide.
- 1962: One of three American delegates to the Third World Rural Youth Conference, Luntern, Holland. Held in June, 1962, the Third World Rural Youth Conference was sponsored by the World Assembly of Youth, New York, New York. Conference attendees came from throughout the free world to discuss mutual problems of rural life.
- 1969: Author, Oil, Catalyst for Alaskan Economic Growth, a paper presented at the 20th Alaska Science Conference, Fairbanks, Alaska.
- 1975: Co-Author with Joseph C. Balch, Permafrost: From the Bottom Up, a paper presented at the Third Port and Ocean Engineering Conference Under Arctic Conditions, University of Alaska, Fairbanks, Alaska.
- 1976: Author, Oil, Energy and Balanced Economic Growth in Alaska, a paper presented at the 27th Alaska Science Conference, University of Alaska, Fairbanks, Alaska.
- 1977: Author, Alaska, the Nation's Powerhouse, a paper presented at the Fairbanks town meeting on Energy, Fairbanks, Alaska, March, 1977.
- 1977: Attended Safety of Structures under Dynamic Loading, Trondheim, Norway. The conference considered problems of construction of offshore drilling platforms in Northern latitudes with the best known lecturers in several fields over a period of ten days.
- 1977: Attended annual meetings of the American Agricultural Economics Association, San Diego, California. Representative of Citizens for the Management of Alaska Lands.
- Presently: Co-Chairman with Dr. Wayne E. Burton in organizing a symposium for the annual meetings of the American Agricultural Economics Association in Blacksburg, Virginia, "Creating a Northern Agriculture, the Alaskan Case." These will be the first ever joint meetings of the American and Canadian Agricultural Economics Associations.
- 1977: Author, Editorial for Tundra Times supporting the Northwest Pipeline route and concurrent petrochemical development in Interior Alaska. The Tundra Times is the state's oldest newspaper with emphasis on news delivery to native communities.
- Member: Alpha Gamma Rho, Professional Agricultural Fraternity.  
Gamma Sigma Delta, Honorary Agricultural Fraternity  
American Agricultural Economics Association

December, 1977- present: Under contract with the Bureau of Indian Affairs to organize the Alaska Agricultural Development Foundation. The founding convention was held at the Alaska Methodist University January 26-28, 1978. As one of the founding directors, currently working on financing the foundation.

February, 1978- April, 1978: Consultant to the University of Alaska to begin teaching programs in Contemporary Business, Accounting, and Typing in the villages of Allakaket and Bettles, Alaska.

March 16, 1978

I am currently developing a paper on financing agricultural development in Alaska which will be delivered at the symposium on Alaskan agriculture at the American Agricultural Economics Association annual meetings at Blacksburg, Virginia mentioned above. My research to date has included visits to the Federal Reserve Board in Washington, D. C. as well as to the Federal Land Bank, Federal Intermediate Credit Bank and the Bank for Cooperatives in Washington, D. C. I first became aware of the House Bill 763 at the Federal Intermediate Credit Bank office in Spokane, Washington last week.

MESSAGES FROM THE GOVERNOR

"February 22, 1978

The Honorable Hugh Malone  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99817

Dear Mr. Speaker:

It is my expressed objective to encourage and assist commercial development of presently under-utilized Alaska fish resources. Development activities which are economically sound and will lead to healthy community and State growth are of the highest priority. Therefore, I am committed to the establishment of a resident Alaska fishing fleet on bottom fish stocks and on-shore processing facilities.

If bottom fish development is to occur within a schedule more rapid than would occur in normal market operation, State Government must act as a catalyst, taking positive actions, now. I am convinced that the industry and Alaska coastal communities can and must develop in harmony with rational planning. This is especially true for the Aleutian Islands - Alaska Peninsula region where substantial fisheries activities have occurred with little or no regard to community needs.

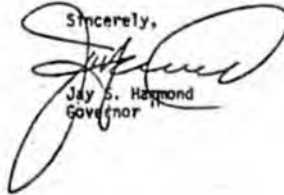
To provide for the coordination of such efforts emanating from the Legislature, the Executive, and the University of Alaska, I invite your designation of two members of the House to join with an Administration team to consider and expand or modify the following action plan:

1. Identify the financial and administrative requirements necessary for a comprehensive infrastructure development plan for Alaska coastal communities.
  - a. Concentrate efforts in the areas of greatest potential and need.
  - b. Consider present and future support needs of a fishing industry and requirements for healthy community development.
  - c. Review the New Cities Act as an instrument for infrastructure development, should new communities be required.
  - d. Recommend specific comprehensive port development projects.
2. Provide funds to support bottom fish production trials by existing in-shore vessels using gear types other than single vessel trawls. Through an educational system, encourage experienced technicians and fishermen from other states and countries to participate in this and other similar research and development projects.
3. Actively seek and encourage responsible investment, both domestic and foreign, through organized development groups to promote investment opportunities.
4. Prepare analyses of capital requirements whereby State financial programs may provide incentives for on-shore processing plant investments.
5. Prepare a work document to determine technical and financial assistance necessary to assure that properly equipped vessels are prepared to enter the fishery as markets and handling facilities are established.
6. Investigate the desirability and feasibility of obtaining a waiver to the Jones Act for temporary use of American manned foreign vessels during conversion to a U.S. Fleet.

7. Identify and recommend favorable areas for future trade development activities and assist in the development of an aggressive marketing program nationally and internationally.
8. Continue administration and analysis of existing assistance programs to processors. Continue application and administration of EDA technical assistance grants to support fishing operations.
9. Coordinate State participation with private industry and federal involvements encompassing bottom fish development activities.

Thank you Mr. Speaker for your encouragement and support. I firmly believe that this cooperative effort will result in a comprehensive, coordinated approach to the development of this vital State resource.

Sincerely,



Jay S. Hammond  
Governor

Copies of the Governor's letters have been placed on each member's desk.



SPOKANE BANK FOR COOPERATIVES

FARM CREDIT BANKS BUILDING  
W. 705 FIRST AVENUE  
SPOKANE, WASHINGTON 99204  
TELEPHONE: (509) 456-7340



April 20, 1978

The Honorable Alvin Osterback  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Osterback:

I appreciated the opportunity to visit with you last week regarding the Bank for Cooperatives' potential involvement with the Commercial Fishing and Agriculture Cooperative Development Bank. We would be pleased to assist in the development of the bylaws, lending guidelines and other policies and procedures of the new Cooperative Development Bank. Our Senior Vice President, A. E. Van Winkle, who has had over thirty years experience with our Bank, would be available to assist the board and management of the Cooperative Development Bank in the development of policies and procedures.

I have enclosed the index of our Bank's Policy and Operations Manual and a copy of the Credit and Business Development Department section of this manual. Toward the end of this section is a Credit Report Format which may be of interest. The Credit Report is the document used by our loan analysts to present a loan proposal to the Loan Committee for its approval or rejection. All sections of our Policy and Operations Manual are available to you and would be made available to the Board of Directors of the Cooperative Development Bank.

Also enclosed is a copy of the Bylaws of Growers Credit Corporation. Growers Credit Corporation is a cooperative organized to make loans to its grower-members. This cooperative obtains its funds from the Bank for Cooperatives and lends those funds plus its own net worth to its members.

The enclosed documents are only an indication of the type of information that is available. We would be pleased to provide any information that you may request. Senator Kerttula, Jim Edenso and Keith Specking have requested that we send copies of the enclosed information to them also. I have mailed this information to them under separate cover.

Mr. Van Winkle and I plan to be in Juneau during the month of May. We would like to meet with you at that time and I will call to make an appointment. If we may be of any assistance prior to that time, please do not hesitate to call on us.

Very truly yours,

A handwritten signature in cursive script that reads "Larry K. Butterfield".

Larry K. Butterfield  
Assistant Vice President

Enclosures

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## CREDIT AND BUSINESS DEVELOPMENT DEPARTMENT

### A. APPLICATION PROCESSING PROCEDURES

Business analysts' responsibilities in connection with loan accounts will include processing applications for loans, processing other requests made by the borrowers, calling to the attention of the Vice President-Credit or other Bank officer unusual circumstances which may jeopardize the loan or the Bank's relationship with the borrower, and generally serving as the Bank's primary contact with the borrower.

A set of application forms should usually be sent to borrowers with seasonal loans at least 60 days prior to the expiration date of the loan. A set of application forms will include an Application for Loan (Form BC 126), Resolution of the Board of Directors (Form BC 126-C), and a Corporate Certificate (Form BC 126-B for repeat borrowers and Form BC 126-D for new borrowers). Sample forms are attached in the Appendix. More than one type of loan may be applied for by the use of one set of application forms.

Credit Department personnel will be assigned to applicants or borrowers by the Vice President-Credit. The account will then remain the responsibility of the person so designated until it has been reassigned. Applications should be reviewed for adequacy upon receipt. Generally defective or incomplete application papers should be returned to the borrower immediately for correction in order that the attorney's opinion can be completed before the application is presented to the Loan Committee. However, if the discrepancy is such that it will not hinder completion of the attorney's opinion, the application paper(s) may be returned to the borrower for completion following approval of a loan commitment by the Loan Committee.

Increases in applications and applications for increases in existing loans may be accepted by letter or verbally and need not be accompanied by the usual Application for Loan and Corporate Certificate if received within 12 months of a previous, complete application. Likewise, applications for a different type of loan may be accepted by letter or verbally, and need not be accompanied by the usual Application for Loan form and Corporate Certificate if received within 90 days of a previous, complete application. In either case, a replacement Resolution of the Board of Directors will be needed to support the increased amount.

B. CREDIT ANALYSIS AND REPORTING PROCEDURES

1. General:

All loan actions by the Loan Committee shall be taken on the basis of information presented within a written memorandum, credit report or supplemental credit report. Such reports normally shall be prepared prior to a loan commitment action by the Loan Committee. In unusual cases where it is necessary to make a commitment without a written report, a post-commitment written report shall be prepared containing the relevant information upon which the commitment was considered and made.

In order to facilitate reading and understanding credit report information, such reports should utilize a consistent, uniform format to the extent appropriate to the circumstances.

The credit report shall contain sufficient information to allow members of the Loan Committee and, where appropriate, representatives of the Central Bank for Cooperatives and Farm Credit Administration, to make independent judgments relative to credit report recommendations. In general, the amount of time, effort and thoroughness of credit analysis shall vary depending on such factors as:

- a. Loan amount
- b. Loan quality
- c. Loan complexity
- d. Bank's experience with applicant - An original application requires more analytical detail than a supplemental. An applicant that has not borrowed from the Bank for some time requires more analysis than one upon which a credit report has recently been written.
- e. Type of applicant - An applicant with an operation of a type unusual or unfamiliar to Bank personnel requires a more exhaustive analysis than one of a type commonly handled. Material prepared by outside consultants should be made part of the credit report whenever necessary for adequate analysis.
- f. Special handling requirements - Additional credit report detail is needed on loans requiring Farm Credit Administration's approval since their representatives may not have access to background information available to Bank personnel.

## 2. Credit Reports:

The primary purpose of a credit report is to summarize, communicate and document the information needed for a loan decision. A credit report should be prepared in connection with most loan applications. An exception may be made if there is a recent credit report on file and there have been no major changes. In such cases the application may be presented by a memorandum supported by the last credit report.

A total credit report will be in two parts - a "Credit Report" (format shown in Exhibit 1) which presents the application and current supporting information and a "Permanent Report" (format shown in Exhibit 2) which covers matters that usually do not change much from year to year. The current credit report should make reference to the permanent report and any significant changes since the permanent report was prepared. The total credit report and permanent report combined should be self-contained to the extent that representatives of the Central Bank for Cooperatives, Farm Credit Administration, and others not closely associated with the association will have information and background necessary for a decision.

## 3. Other Memoranda:

- a. Amendments - A request for an amendment in loan terms should be presented by a memorandum prepared by the assigned business analyst.

Normally changes in loan agreement provisions should be handled by an amendment to the existing loan agreement.

- b. Miscellaneous - Other actions which require analysis by the Credit Department need to be initiated by a memorandum setting forth the necessary information.

## C. BORROWER RELATIONS

In addition to the handling of various loan servicing activities, analysts assigned to specific borrower accounts shall have a major responsibility to develop and maintain good borrower relations. Inasmuch as such analysts usually serve as the Bank's primary contact with the borrower, a two-way communication liaison role is essential to good Bank-borrower relations.

D. NEW BUSINESS DEVELOPMENT

The following shall be developed and maintained by the Credit Department:

1. Names and addresses of operating cooperatives in the District and a record of new business development contacts made by Bank representatives.
2. A separate "Loan Inquiry" file containing information regarding inquiries from potential borrowers and the Bank's response.
3. A separate "New Cooperative Organization Inquiry" file containing information regarding inquiries from groups desiring information or assistance in forming a cooperative.

E. HANDLING OF SPECIAL ATTENTION LOANS

In order for the credit staff to have an effective format to deal with loans needing special attention and to provide the association with a detailed time-framed program for seeking a solution to the problems identified, the following procedure is to be used:

1. A Special Attention Loan List will be maintained by the Vice President-Credit and Business Development identifying loans which have serious credit weaknesses. This list will be reviewed and updated at the monthly credit staff meeting at which time any changes in the condition or status of a listed loan will be discussed in detail. During the week following the credit staff meeting, the Loan Committee will review the list and during the succeeding month may add loans to the list as it reviews the respective loan proposals.

Loans in this special attention category are to have significant credit weaknesses including one or more of the following:

- a. Inadequate working capital;
- b. History of low earnings or recent substantial decrease in earnings;
- c. Management change, or poor management;
- d. Inventory or receivable problems;
- e. Problems in providing normal statements or reports to the Bank;

- f. Cash flow problems or delinquency with major creditors;
- g. Highly leveraged position;
- h. Recent significant change in sales; and
- i. Evidence of speculation in either marketing commodity or supply inventory.

Any loan of the Bank having such weaknesses should be considered for inclusion on this Special Attention Loan list. Efforts should be made, however, to keep the number of loans on this list to a minimum so that the credit staff can maximize its efforts on those accounts which need priority attention.

- 2. When a loan is added to the Special Attention Loan List for the first time, a meeting will be requested with the association's management, and in most cases, the board within 30 days after the loan has been put on the Special Attention Loan List. This meeting should be attended by the business analyst handling the account and a junior or senior officer. The following areas will be discussed during that meeting:
  - a. Evaluation of problem;
  - b. Discussion of alternatives for solution of the problem, or problems;
  - c. Determination of a format and timetable for corrective action.

Sufficient information will have been gathered prior to this meeting by the Bank staff to determine the format for the meeting and prepare any necessary comparisons, ratios, charts and graphs, or other information to assist the manager and/or Board in identification of the problem and in determination of a solution to the problem. After the meeting with the association, the business analyst will prepare a report for the Loan Committee which will cover the following areas:

- a. The extent of the problem or problems which caused the loan to be classified as a special attention loan will be explained including the extent of the impairment of the financial condition and/or the potential loss involved.

- b. The cause of the problem will be identified and discussed;
  - c. A program for corrective action will be described with specific dates for completion of each corrective step proposed. Ideally, this program will have been presented to the board of directors, or determined during the meeting with the association so as to have had the concurrence of the manager and board. An example of a proposed time format is attached as Exhibit "A".
4. The program will then be presented by the analyst to the Loan Committee and the Loan Committee will have the responsibility of reviewing the program and implementing any follow-through action.
5. An outline of the program including each corrective step with appropriate time frames will be described in a letter to be sent to the board thereby reinforcing the Bank's concern about the problems involved and reconfirming deadlines of action to be taken by the association.
6. The Vice President-Credit and Business Development will maintain a master calendar for all loans included in the special attention loan category which will show all actions required by the program submitted to the Loan Committee and the respective deadlines for each step therein. These programs will be reviewed at least monthly with the credit staff, or more often as necessary.
7. Unless specifically waived by the Loan Committee, all special attention loans will have the following requirements:
  - a. Monthly financial statements; and
  - b. Monthly or more frequent collateral reports.
8. In order to facilitate the action program with the association, it may be suggested at the meeting with the board and management that a committee of the board be formed to work with the Bank determining and implementing the solution to the financial problems of the association.
9. If at any time a loan is not responsive to these special loan handling procedures or otherwise merits more concentrated "problem" loan administration, then the matter should be brought to the attention of Loan Committee and the Loan Closing and Services Department.

## CREDIT REPORT FORMAT

Appl. No.  
Date

TO: Loan Committee

FROM: (name of analyst)

APPLICANT: (name and address of association)

PRODUCT OR SERVICE AND RECENT LOAN HISTORY

1. Brief description of services provided, products handled, and in some cases, the area or areas served.
2. Schedule summarizing recent loans and those now in effect showing loan number, date, amount of commitment, amount brought forward, advances, peaks, lows (seasonal only) and current outstanding balance.

Generally, the low shown for a seasonal loan should be the low to date for the season being financed by the loan. This schedule should be followed by brief comments, as appropriate, concerning such things as the period during which the seasonal loan was zeroed out, reasons for a carryover in a seasonal loan or an increase in a carryover, payment status of the term loan, security provisions for the term loan (if such will not be presented later), etc.

REFERENCE TO PERMANENT REPORT

The following statement should be used in referring to the Permanent Report:

This report is supplemented by a Permanent Report dated \_\_\_\_\_ which contains information concerning this association that does not ordinarily change much from year to year. The Permanent Report has been reviewed and remains correct in all material respects except the following:

AMOUNT APPLIED FOR AND PURPOSE

1. Description of amounts applied for and purposes for which funds will be used.
2. Comments as required regarding:
  - a. Reasons for a difference in the loan proposed from that applied for on the written application
  - b. Reasons for an increase in a seasonal line
  - c. The adequacy of the seasonal line to do the job.
3. Schedules listing expenditures should not only be structured to convey information to the Loan Committee, but should also be designed so they can be used for, or at least provide, a meaningful basis for the "Schedule of Expenditures Report" which will be required of the borrower. The "breakdown" to be used in the "Schedule of Expenditures Report"

should be coordinated with the borrower when possible.

4. For term loans, areas to be considered and commented on may include:
  - a. Whether major construction projects are covered by firm contracts
  - b. Plans regarding performance bonds
  - c. Timing of capital expenditures and expected completion dates
  - d. Need for the facility and expected benefits
  - e. Whether all property is covered by existing mortgage
  - f. Whether new property is deeded or leased
  - g. Who designed major construction
  - h. Site preparation and testing
  - i. Whether used equipment is included in purchases.

Other information that would be included in this section when appropriate:

- a. Schedule showing all loans and commitments to this borrower by the Bank now in effect and being proposed
- b. Indication of a participation loan
- c. Indication of loans requiring prior or post approval by Farm Credit Administration
- d. Description of other lines of credit, if any, and the terms of such lines
- e. A reminder if special handling is required; for example, when a member of the District Board, Central Bank or Federal Farm Credit Board is also an officer, employee, or Board member of the association
- f. Whether other creditors are to be paid, the amounts, plans, and other pertinent information
- g. When other creditors are involved, who holds the insurance policies
- h. Comment regarding whether filing to cover "equipment of the type used in farming" is necessary.

#### RECOMMENDATIONS

This section should include a summary of recommendations regarding loan terms and related matters including, as appropriate:

1. Amounts and types of loans
2. Security
3. Advance limits
4. Repayment amounts and dates and commitment expiration dates
5. Requirements for performance bonds, contracts, mortgagee title insurance, working capital, and other conditions
6. Waiver if collateral reports are not to be required
7. Outstanding balance clause amount for new or supplemental mortgages
8. Clearance for planned equity redemptions, facility expenditures, etc.
9. Waiver if filing to cover "equipment of the type used in farming" is not necessary
10. Requirements regarding liens of other creditors
11. Review date if considered necessary
12. Special provisions.

Unless stated otherwise, it will be understood that the loan agreement will also include the terms in the standard printed loan agreement for the type of loan under consideration.

SECURITY

1. Describe the book and appraised values of the recommended fixed asset security.
2. Describe exclusions.
3. Show the percent the proposed and existing term loans are of the book and appraised values of the recommended security. If a portion of the seasonal loan rests on term security, this portion should be included in the foregoing percentage.
4. Indicate values of secondary security. If equities in other cooperatives are used as secondary security, indicate whether the issuing company has waived its rights of offset.
5. Describe existing mortgages as to date, outstanding balance clause amount, and whether existing mortgages cover all of the recommended security.
6. If a new or supplemental mortgage is needed, indicate if it is to cover deeded or leased land, and whether there are any existing liens. If property is leased, give name of the owner. If the owner is other than a major railroad, consider (and make appropriate recommendation in Recommendations section) the need to obtain a lien search against the owner and the need to require that the lease be recorded.
7. Provide information to support recommendations for mortgagee title insurance.

Total amount of mortgagee title insurance required =

$$\frac{\text{Total loan amount}}{\text{Est. total security appraisal value}} \times \text{Est. dollar appraisal value of real property security}$$

8. Provide information to support recommendation for outstanding balance clause.
9. If used equipment is being obtained, indicate if a lien search against the vendor has or should be made. If the association has obtained such a search, copy of its search may do. If not, consideration should be given to whether Bank should request a lien search. Generally, a search should be required unless the used equipment is only a nominal part of the total security.
10. Field investigation should include a check on procedures and values used in reporting collateral.
11. Collateral report format should be coordinated with the borrower.
12. Indicate whether pool products pledged as security are covered by a grower contract giving adequate authority to pledge the products covered and whether substantially all growers have signed the contract.

FINANCIAL CONDITION

Comparative financial statements prepared as indicated on the instruction cards attached and identified as Exhibits \_\_\_\_\_ through \_\_\_\_\_ should be attached to each credit report.

Comments should be made as required in the circumstances on balance sheet accounts and in some cases on the figures on Exhibit "B" to the credit report (the net worth reconciliation -- source and use figures). Only accounts or changes of major significance require comments. Some of the more common comments and concerns would cover:

1. Receivables

- a. Comparative balance down
- b. Comparative aging or number of days' sales covered, or both
- c. Description of credit policy, both written and practiced
- d. Adequacy of reserve for bad debts
- e. Bad debt experience
- f. Current condition of growers in the area. Have they had a particularly bad year?

2. Inventories

- a. Comparative breakdown
- b. Basis of valuation, i.e. cost, market or other basis
- c. Position -- Is level or number satisfactory?
- d. Whether costs that must be paid have been reserved when inventories have been valued at market
- e. Obsolescence or dead wood
- f. Inventory control procedures
- g. Inventory turnover.

3. Net Facilities

- a. Additions made or planned
- b. Adequacy of the facilities
- c. Condition of the facilities.

4. Other Notes and Contracts

- a. Reasons for
- b. Repayment terms
- c. Security for
- d. Whether clearance is to be required or is to be waived
- e. Business analyst should make it a practice to review UCC information requests before credit examinations and discuss indicated liens of other creditors with association. Other liens are to be discouraged. If a lien of a creditor other than this Bank is to be tolerated, the credit report should reflect the reasons and need for this lien, the value of the property covered, and a recommendation regarding clearance or waiver of clearance.

5. Due Growers

- a. Indicate what account consists of
- b. Indicate expected returns on pools and comparison with prior years, area cash market, etc.
- c. Whether "capital retains" from the pool or pools covered are still in this figure or are in net worth.

6. Net Worth

- a. Revolving plans and program
- b. Adequacy of revolving program
- c. Whether approval of a planned retirement is being requested or has already been approved
- d. Adequacy of capital generation to fund satisfactory revolving program
- e. Describe adjustments shown on the net worth reconciliation if significant in amount.
- f. Terms and conditions of capital stock and equities are normally described on Exhibit "B" of the comparative financial statements. Bank should have sample copies on file of certificates or other writings (including letters of notification).
- g. Due-dated capital should be shown in the term liabilities section of the balance sheet and should be called to the Loan Committee's attention.

CONTINGENT LIABILITIES

1. Describe.
2. If no contingent liabilities, so state.
3. Expected results of pending lawsuits or damage claims
4. Adequacy of liability insurance protection.

WORKING CAPITAL

1. Projection to the next harvest, next fiscal year-end, or both
2. Comparison with prior years
3. Capital flow planning. Borrowers should be encouraged to project capital flows ahead five years or so and to update their projections at least annually. A format for making such projections is attached as Exhibit \_\_\_\_\_.
4. Comment as to the adequacy of working capital.

CURRENT OPERATIONS

1. Expected results of current year's operations, taking care to indicate the amount of patronage refunds included in net margin figure
2. Expected tonnage or volume
3. Expected pool returns and comparison with prior years, area cash market, etc. (if not already covered under "Due Growers")
4. Significant developments that might bear on association's operations; for example, crop failure, closing down of major local industry, adequacy of irrigation water, pollution control requirements, changes in government regulations, etc.
5. Industry trends
6. Member support
7. Present and future needs by members for the goods and services provided. Possible need to change "goods and service" mix in the future.
8. New competition.

INSURANCE

1. Amounts and types of coverage for:
  - a. Buildings and equipment
  - b. Inventories
  - c. Product, automobile, operations and premises liability
  - d. Employee dishonesty
  - e. Business interruption
2. Building and equipment insurance, cash value or replacement cost
3. Frequency of insurance appraisals
4. Comment as to adequacy of insurance coverage.

ATTORNEY'S OPINION

1. Statement as to attorney's findings
2. Report any qualifying statements made by attorney in his opinion and make recommendations where required.

SOURCE OF INFORMATION

1. Sources of information and date(s) of visit or recent telephone or other contacts.

MANAGEMENT

1. Manager
2. Age (approximation if exact age is not known)
3. Years in position
4. Comments -- If management continues to be satisfactory, then omit No. 4. (This section will be used to discuss any changes or problem areas appropriate, including those listed below.)
  - a. Comments on any changes in management during the past year including reasons for the change and background and experience of the new manager
  - b. Comments on management ability if operating results or observations would indicate that management is not or may not be able to perform adequately
  - c. If present management is anticipating retirement in the near future, comment on the availability or lack of potential management within the organization and, if possible, the age and experience of the probable replacement.
  - d. Observations concerning any problems between the board and management
  - e. Any dissensions or problems with the board.

PERMANENT REPORT

Exhibit 2  
Section I

Prepared by:

HISTORY: Date of incorporation -  
Mergers, acquisitions or major additions -

This section includes the date of incorporation and any significant events that have occurred since that date, including but not limited to major construction projects, mergers, acquisitions, changes in operations, etc.

These events are listed chronologically and each item to be preceded by the year in which the event occurred. If available, any construction project also to include the price of the project.

OPERATIONS: Type of service or product -  
Location of facilities -  
Major supplier, marketing affiliate or agency -  
Territory served -  
Percent of volume in area -  
Type of agriculture -  
Method of operation -  
If pool, timing of payments -  
Brand names -  
Marketing contract - ; Cancellation provisions -

TAX STATUS: Exempt -  
Compliance with 1962 Revenue Act -  
Method of notification to members -

COOPERATIVE ASPECTS:  
Corporate paper are adequate -  
Provision for eliminating voting rights of inactive members -  
Voting member limited to one vote -  
or limit of 10% stock dividend -  
Voting by proxy allowed -  
Voting by mail allowed -

CAPITAL:      Type            Voting            Div. (%)      Cum.      Revolved      Estates      Due Date      Source

History and Status of Capital Retirement Program

Date                      Amount                      Year                      % of Net Worth

The first part of the capital section lists each type of net worth on capital and indicated whether each type of capital has voting rights, pays dividends, is revolved or paid to estates, is due dated, and also how that type of capital is provided.

The second section is intended to show the effectiveness of the association's capital retirement program and includes a summary of the association's recent year's history of repaying capital.

It is expected that these sections will not only show the association's commitment to maintaining an annual revolve, but also will indicate how quickly the capital is turning over. It is expected that after the permanent reports have been updated, this consolidated comparative data will provide useful information concerned in the normal percentage of revolving capital retired each year per industry.

AUDIT:              Unqualified -

MANAGEMENT AND DIRECTORATE:

- Board of Directors - Number of members -
- Length of term -
- Limitation of no. of years -

Past & Present Management

Name

Years in Position

AMENDED BY-LAWS  
OF  
GROWERS CREDIT CORPORATION

ARTICLE I

OFFICES

The principal office of the corporation in the State of Washington shall be located in the City of Wenatchee, County of Chelan. The corporation may have such other offices, either within or without the State of Washington, as the Board of Directors may designate or as the business of the corporation may require from time to time.

The registered office of the corporation required by the Washington Business Corporation Act to be maintained in the State of Washington may be, but need not be, identical with the principal office in the State of Washington, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

SHAREHOLDERS

Section 1. ANNUAL MEETING. The annual meeting of the shareholders shall be held on the first Tuesday in the month of February in each year, beginning with the year 1971, at the hour of 10:00 o'clock A.M., for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Washington, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein or any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as conveniently may be.

Section 2. SPECIAL MEETINGS. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of the holders of not less than 10 per cent of all outstanding shares of the corporation entitled to vote at the meeting.

Section 3. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Washington, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the State of Washington, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation in the State of Washington.

Section 4. NOTICE OF MEETING. Written notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be delivered not less than ten, nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary,

or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Section 5. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the corporation may provide that the stock transfer books shall be closed for a stated period, but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty days, and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 6. VOTING LISTS. The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete list of the shareholders entitled to vote at each meeting of shareholders or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof.

Section 7. QUORUM. A majority of the outstanding shareholders of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 8. PROXIES. At all meetings of shareholders, a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 9. VOTING RESTRICTIONS. No shareholder shall be entitled to more than one vote upon each matter submitted to a vote at a meeting of shareholders, regardless of the number of shares of stock in this corporation which such shareholder may own. At each election

for Directors, every shareholder entitled to vote at such election shall have the right to one vote, in person or by proxy, for each director position then being voted upon, but he shall not be entitled to cumulate his votes.

Section 10. VOTER QUALIFICATIONS. In order to vote, a shareholder must at the time of such vote be a current bonafide producer of agricultural and horticultural products within the State of Washington or an association of such producers, and, in addition thereto, must be a current patron of this corporation. In the event that a shareholder shall fail to qualify as a current producer and patron as herein required, such shareholder shall, during such non-qualifying period, have no rights in the management of affairs of the corporation other than the right to participate, in accordance with the law, in case of dissolution, and to receive the par value or book value of such stock, whichever is less, in the event of a sale or transfer of such stock, as provided in the Articles of Incorporation.

Section 11. SHAREHOLDER WARRANTY. By subscribing or applying for, or becoming a holder and owner of record of the common stock of this corporation, each subscriber, applicant or owner or holder of record or acceptor expressly warrants that he is, or will at once become and continue to be eligible to be a common shareholder of this corporation, and expressly agrees that if and when the Board of Directors finds him to be ineligible as a shareholder, that during the period of such ineligibility he shall have no voice or right as a shareholder in the management of the affairs of this corporation and all such management shall be determined and conducted as though such subscription or application for, or issuance of, such stock has never been made.

Section 12. VOTING OF SHARES BY CERTAIN HOLDERS. Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the By-Laws of such corporation may prescribe, or in the absence of such provision, as the Board of Directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares hold by him without a transfer of such shares into his name.

Section 13. INFORMAL ACTION BY SHAREHOLDERS. Any action required to be taken at a meeting of the shareholders, or any action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Section 14. COPIES OF ARTICLES AND BY-LAWS. Every shareholder shall be provided a copy of the corporate articles and by-laws upon first becoming a shareholder. Copies of all amendments to the Articles of Incorporation and By-Laws shall be distributed to all shareholders upon the adoption of such amendments.

### ARTICLE III

#### BOARD OF DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the corporation shall be managed by its Board of Directors.

Section 2. NUMBER AND TENURE. The number of directors of the corporation shall be seven. There shall be one director who is a resident of and/or a producer of agricultural and horticultural products in Chelan County, one director who is a resident of and/or a producer of agricultural and horticultural products in Douglas County, and one director who is a resident of and/or a producer of agricultural and horticultural products in Okanogan County, each of whom shall hold office for a term of three years and until his successor shall have been elected and qualified. The remaining four directors shall be directors at large and each shall hold office for a term of two years and until his successor shall have been elected and qualified. The names and addresses of the directors in office as of the date of these restated amended by-laws, that is February 20, 1973, are as follows:

- (1) Director at Large, Position No. 1, now filled by Stanton H. Cain whose address is P.O. Box 126, Malott, Washington 98829.
- (2) Director at Large, Position No. 2, now filled by Carroll P. Rank whose address is P.O. Box 243, Cashmere, Washington 98815.
- (3) Director at Large, Position No. 3, now filled by Robert R. Brunner whose address is Rt. 3, Box 3197, Wenatchee, Washington 98801.
- (4) Director at Large, Position No. 4, now filled by H. Leslie Carpenter whose address is Rt. 1, Box 72, Manson, Washington 98831.
- (5) Chelan County Director, now filled by Robert M. Todd whose address is P.O. Box 217, Entiat, Washington 98822.
- (6) Douglas County Director, now filled by William G. Stewart whose address is 2480-4th Street SE, East Wenatchee, Washington 98801.
- (7) Okanogan County Director, now filled by Leonard R. Hutchinson whose address is Rt. 1, Box 105, Tonasket, Washington 98855.

Section 3. DIRECTOR QUALIFICATIONS. Each director shall be a common shareholder of this corporation or the authorized representative of an association which is a shareholder of this corporation. All directors at the time of their election and at all times during the term of their office shall, either individually or through the associations which they represent, meet the voting restrictions and voting qualifications and stock ownership requirements imposed upon the stockholders of this corporation pursuant to its Articles of Incorporation and By-Laws.

Section 4. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Washington, for the holding of additional regular meetings without other notice than such resolution.

Section 5. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Washington, as the place for holding any special meeting of the Board of Directors called by them.

Section 6. NOTICE. Notice of any special meeting shall be given at least two days previously thereto by written notice delivered personally or mailed to each Director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 7. QUORUM. A majority of the number of Directors fixed by Section 2, of this Article III, shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 8. MANNER OF ACTING. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 9. ACTION WITHOUT A MEETING. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed before such action by all of the Directors.

Section 10. VACANCIES. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy shall be elected to serve until the next election of directors by the shareholders. Any directorship to be filled by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of directors by the shareholders.

Section 11. EMPLOYMENT OF GENERAL MANAGER. The Board of Directors shall have the power to employ a general manager and such other employees as may be necessary to carry out the purposes of the corporation and to fix the compensation for such general manager and other employees. No director shall serve as general manager.

Section 12. COMPENSATION. The compensation of the director, and President of the corporation may be fixed at any annual or special meeting of the shareholders. The directors shall fix the compensation of the general manager and all other employees of the corporation.

Section 13. INDEMNIFICATION AND INSURANCE. (a) The Corporation shall indemnify each person who is or was a Director or officer, of the corporation against any and all liability and reasonable expense that may be incurred by him in connection with or resulting from any threatened, pending or completed claim, action, suit, or proceeding whether civil, criminal, administrative or investigative, or in connection with an appeal relating thereto, in which he may become involved, as a party or otherwise, by reason of his being or having been a director or officer of the corporation, or by reason of any past or future action, taken or not taken in his capacity as such director or officer whether or not he continues to be such at the time such liability or expense is incurred, provided such person

acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, he had no reasonable cause to believe that his conduct was unlawful. As used in this section, the terms "liability" and "expense" shall include but shall not be limited to, attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him, in connection with such action, suit or proceeding. The termination of any claim, action, suit or proceeding, whether civil or criminal, by judgment or settlement (whether with or without court approval) or conviction or upon a plea of guilty or of nolo contendere, or its equivalent, shall not create a presumption that a director or officer did not meet the standards of conduct set forth in this section.

(b) In the event of a threatened, pending or completed action or suit against a person, by or in the right of the corporation, to procure a judgment in its favor by reason of the fact that such person was or is a director or officer, of the corporation, then in such event, before indemnification shall be made the standards and qualification imposed in subparagraph (a) of this section shall be met and, in addition thereto, no indemnification shall be made in respect to any such claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application, that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

(c) Any such director or officer referred to in this section who has been wholly successful, on the merits or otherwise, with respect to any claim, action, suit, or proceeding of the character described herein shall be entitled to indemnification as of right. Except as provided in the preceding sentence, any indemnification hereunder shall be made only upon a determination that such is proper in the circumstances and that the standards imposed herein have been met. Such determination shall be made as follows:

- (1) By the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or
- (2) If such a quorum is not obtainable or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or
- (3) By the shareholders of the corporation.

(d) Expense incurred with respect to any such claim, action, suit or proceeding may be advanced by the corporation prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount unless it shall ultimately be determined that he is entitled to indemnification under this section. The rights of indemnification provided in this section shall be in addition to any rights to which any person concerned may otherwise be entitled by contract or as a matter of law, and shall inure to the benefit of the heirs, executors, and administrators of any such person. The right of indemnification herein provided is secondary to any insurance possessed by a director, or officer of the corporation or by the corporation itself which covers any of the risks of loss for which indemnification is herein provided.

(e) The corporation, acting through its officers and Board of Directors, shall have the power and authority to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section.

#### ARTICLE IV

##### EXECUTIVE COMMITTEE

Section 1. APPOINTMENT. The Board of Directors by resolution adopted by a majority of the full board, may designate three of its members to constitute an Executive Committee. The designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

Section 2. AUTHORITY. The Executive Committee, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors except to the extent, if any, that such authority shall be limited by the resolution appointing the Executive Committee and except also that the Executive Committee shall not have the authority of the Board of Directors in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease or other disposition of all or substantially all of the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation thereof, or amending the By-Laws of the corporation.

Section 3. TENURE AND QUALIFICATIONS. Each member of the Executive Committee shall hold office until the next regular annual meeting of the Board of Directors following his designation and until his successor is designated as a member of the Executive Committee and is elected and qualified.

Section 4. MEETINGS. Regular meetings of the Executive Committee may be held without notice at such times and places as the Executive Committee may fix from time to time by resolution. Special meetings of the Executive Committee may be called by any member thereof upon not less than one day's notice stating the place, date and hour of the meeting, which notice may be written or oral, and if mailed, shall be deemed to be delivered when deposited in the United States mail addressed to the member of the Executive Committee at his address. Any member of the Executive Committee may waive notice of any meeting and no notice of any meeting need be given to any member thereof who attends in person. The notice of a meeting of the Executive Committee need not state the business proposed to be transacted at the meeting.

Section 5. QUORUM. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof and action of the Executive Committee must be authorized by the affirmative vote of a majority of the members present at a meeting at which a quorum is present.

Section 6. ACTION WITHOUT A MEETING. Any action that may be taken by the Executive Committee at a meeting may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed before such action by all of the members of the Executive Committee.

Section 7. VACANCIES. Any vacancy in the Executive Committee may be filled by a resolution adopted by a majority of the full Board of Directors.

Section 8. RESIGNATIONS AND REMOVAL. Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by a majority of the full Board of Directors. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the President or Secretary of the corporation, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. PROCEDURE. The Executive Committee shall elect a presiding officer from its members and may fix its own rules of procedure which shall not be inconsistent with these by-laws. It shall keep regular minutes of its proceedings and report the same to the Board of Directors for its information at the meeting thereof held next after the proceedings shall have been taken.

## ARTICLE V

### OFFICERS

Section 1. NUMBER. The officers of the corporation shall be a President, one or more Vice-Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. ELECTION AND TERM OF OFFICE. The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3. REMOVAL. Any officer or agent may be removed by the Board of Directors whenever in its judgment, the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for a term of office continuing only until the next election of directors by shareholders.

Section 5. BOND. The Directors may, at their discretion, require any or all officers and employees of the corporation to furnish such fidelity bond or bonds as the Directors may determine; the corporation to pay all premium charges on such bonds furnished.

Section 6. PRESIDENT. The President shall be the principal executive officer of the corporation. He shall, when present, preside at all meetings of the shareholders and of the Board of Directors. He

may sign, with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. THE VICE PRESIDENT. In the absence of the President or in the event of his death, inability or refusal to act, the Vice President shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. THE SECRETARY. The Secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 9. THE TREASURER. The Treasurer shall: (a) have charge of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these By-Laws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 10. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Assistant Secretaries, when authorized by the Board of Directors, may sign with the President or a Vice President certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

Section 11. GENERAL MANAGER. The General Manager shall be the chief administrative officer of the corporation in control of all administrative functions and in general charge of all of the business of the corporation. His powers shall include the right and authority to make and deliver receipts for the payment of any indebtedness owing

and paid to the corporation and to execute valid releases of any and all security instruments or mortgage liens given to the corporation as security for such indebtedness.

## ARTICLE VI

### SAVINGS

Section 1. ALLOCATION OF SAVINGS. The corporation is hereby obligated to allocate to the shareholders who patronize it the net patronage savings as defined in the By-Laws (Article VI, Section 4) for each fiscal year on a patronage basis, which allocation shall be paid in whole or in part in cash, or in whole or in part in credits, as hereinafter stated. The amount allocated to each patron shareholder of the corporation and not paid in cash shall be credited to Retained Patronage Earnings in the name of such patron shareholder on the books of the corporation. All amounts so credited to any patron shareholder of the corporation shall have the same status as though the amount so credited had been paid in cash to the patron shareholder and the patron shareholder had then furnished a corresponding amount of capital to the corporation. As soon as practicable after the close of each fiscal year, a statement shall be issued to each patron shareholder showing the amount of Retained Patronage Earnings that said patron shareholder has been credited with by the corporation in that fiscal year.

Section 2. REFUNDING OF EXCESS RETAINED PATRONAGE EARNINGS. In order to further the cooperative character of this corporation, it shall refund its Retained Patronage Earnings at such time as the Board of Directors finds that the financial condition of the corporation will so permit. The Board of Directors of the corporation shall annually determine the capital requirements of the corporation and after so doing shall review the capital made available by each patron to the corporation. If the Board of Directors determines that a patron has contributed capital in excess of his proportionate share of the total capital requirement of the corporation, said excess may be refunded to the patron as funds are available. In so doing, the Board of Directors may establish priorities, based upon the percentage of excess capital, for payments to patrons who the Board determine have contributed capital in excess of their proportionate share.

Section 3. ALLOCATION OF LOSSES. Whenever a net patronage loss occurs, said loss shall be borne, insofar as possible, by patrons in the year of said loss in accordance with their respective patronage with the corporation during the year of said loss and shall be charged to said patron shareholders' capital accounts in the following manner and order:

- (1) Against the Retained Patronage Earnings standing to the credit of said patron shareholder or to which he may be entitled, until such loss is satisfied in full or the Retained Patronage Earnings or other amounts to which he may be entitled, have been fully depleted.
- (2) After fully depleting the Retained Patronage Earnings, the balance of the loss shall next be applied against the Reserve Fund standing to the credit of said patron shareholder or to which he may be entitled, as provided in Article VII, Section 6 of these By-Laws.
- (3) If the applications set out in subsections (1) and (2) above are not sufficient to fully satisfy the loss so allocated to any patron shareholder, the balance of the loss remaining shall

be borne by the patron shareholder to whom said loss has been allocated and/or all patron shareholders of the corporation on as equitable a basis as the Board of Directors in its sole discretion finds practicable.

The principal on which this section is based is that the corporation is operating at cost and that any charge made against the Retained Patronage Earnings or any other capital funds constitutes an additional assessment to the patron shareholders to cover said deficiencies. Whenever a net non-patronage loss occurs, the corporation shall first apply said loss, to the extent allowable, in accordance with the carry back and carry forward provisions of the applicable income tax codes and regulations. Any balance remaining may be charged to the shareholders' Retained Patronage Earnings, Allocated Capital Retain or Reserve Fund as determined by the Board of Directors.

Section 4. DEFINITIONS. As used in these By-Laws the term:

- (a) "Net Patronage Savings" means the excess of income directly related to loans made to borrowers less applicable expenses, as provided by the income tax codes and regulations.
- (b) "Net Patronage Losses" means the excess of expenses over income directly related to loans made to borrowers as provided by the income tax codes and regulations.
- (c) "Net Non-Patronage Income" means the excess of income from sources not related to loans made to borrowers less applicable expenses as provided by the income tax codes and regulations.
- (d) "Net Non-Patronage Losses" means the excess of expenses over income not related to loans made to borrowers as provided by the income tax codes and regulations.

Section 5. SHAREHOLDER TAX REPORTING. Each person, firm or corporation, who hereafter becomes a shareholder in this corporation, and each shareholder of this corporation on the effective date of this By-Law who continues as a shareholder after such date, shall by such act alone, consent that the amount of any assessment for allocated capital retain and reserve fund and distribution with respect to any patronage occurring after the effective date of this By-Law which are made in written notices with respect to such assessments and/or distributions (as defined in 26 U.S.C. 1388) and which are received by said shareholder from the corporation, will be taken into account by said shareholder at their stated dollar amounts in the manner provided in 26 U.S.C. 1385 (a) in the taxable year in which such written notices with respect to such assessments and/or distributions are received by said shareholder.

Section 6. LIEN. The Retained Patronage Earnings standing to the credit of the borrower are the property of the borrower, subject to a first lien to this corporation for any indebtedness owed by the holder thereof to the corporation and dissolution provisions all as provided herein.

Section 7. CONSENT AND AUTHORIZATION. By becoming a shareholder of the corporation or continuing as a shareholder after notice of this change in its By-Laws a shareholder agrees to be bound by the Savings provisions set forth herein.

## ARTICLE VII

### SPECIAL FUNDS

Section 1. ALLOCATED CAPITAL RETAIN. The corporation shall establish a capital fund known as "Allocated Capital Retain". When a member first joins the corporation, he shall pay into the Allocated Capital Retain fund a per packed box amount, as established by the Board of Directors from time to time, of his average annual production for the preceding three years. In addition thereto, each patron shareholder shall each year pay into said fund an amount equal to a percentage, as established from time to time by the Board of Directors, of interest charges on loans made to him by the corporation. Funds collected shall be credited in full to a capital account maintained in the name of each patron. The funds so collected may be used as collateral for borrowing and loaning purposes by the corporation at the discretion of the Board of Directors.

Section 2. REFUNDING ALLOCATED CAPITAL RETAIN. In order to further the cooperative character of this corporation, it shall refund its Allocated Capital Retain at such time as the Board of Directors finds that the financial condition of the corporation will so permit. The Board of Directors of the corporation shall annually determine the capital requirements of the corporation and after so doing shall review the capital made available by each patron to the corporation. If the Board of Directors determines that a patron has contributed capital in excess of his proportionate share of the total capital requirement of the corporation, said excess may be refunded to the patron as funds are available. In so doing, the Board of Directors may establish priorities, based upon the percentage of excess capital, for payments to patrons who the Board determines have contributed in excess of their proportionate share.

Section 3. TRANSFER OF ALLOCATED CAPITAL RETAIN. The allocated Capital Retain standing to the credit of a patron who is not then a current borrower, may, with the prior permission of the Board of Directors, be transferred. The holder of Allocated Capital Retain shall request the secretary of the Corporation to transfer his Allocated Capital Retain.

Section 4. SALE OF ALLOCATED CAPITAL RETAIN. The Allocated Capital Retain standing to the credit of a patron who is not then a current borrower may, with the prior permission of the Board of Directors, be sold by the holder thereof.

Section 5. LIEN ON ALLOCATED CAPITAL RETAIN. Allocated Capital Retains standing to the credit of the owner thereof are the property of said owner, subject to a first lien to this corporation for any indebtedness owed by the holder thereof to the corporation, dissolution provisions and subject to the provisions set forth herein.

Section 6. RESERVE FUND. The corporation shall establish and maintain a "Reserve Fund" to be used for bad debts and for losses as set forth herein in Article VI, Section 3. The funds collected may be used as collateral for borrowing or may be loaned by the corporation to its members, all at the discretion of the Board of Directors. Each Patron shareholder shall pay into said fund an amount equal to a percentage, as established from time to time by the Board of Directors, of interest charges on loans made to him by the corporation. The funds collected shall be credited in full to a separate capital account known as the Reserve Fund maintained in the name of each patron.

Section 7. REVOLVING OF RESERVE FUND. The Reserve Funds remaining after reduction for losses as provided in Article VI, Section

3 hereof, may be revolved to patron shareholders at the discretion of the Board of Directors. Upon revolving said fund, the oldest outstanding Reserve Funds by years shall be revolved first.

Section 8. LIEN ON RESERVE FUND. The Reserve Fund standing to the credit of the borrower are the property of said borrower, subject to a first lien to this corporation for any indebtedness owed by the holder thereof to the corporation, dissolution provisions, bad debts and net patronage losses, all as provided herein.

Section 9. ACCOUNTING. The corporation shall account to its patrons for the funds collected for both Allocated Capital Retain and Reserve Funds during the corporation's fiscal year. Such accounting shall be made within eight and one-half months from the close of the fiscal year.

Section 10. CONSENT AND AUTHORIZATION. By becoming a shareholder of the corporation or continuing as a shareholder after notice of this change in its By-Laws a shareholder agrees to be bound by the Special Funds provisions set forth herein.

## ARTICLE VIII

### DISSOLUTION

Upon dissolution or winding up of the corporation in any manner, after paying all debts and after retiring all outstanding common stock at par, the remaining assets shall be distributed as follows: (1) all allocated Capital Retain book entry holders shall first be paid in full or pro-rata without priority at the face value of their Capital Retain as shown on the books of the Corporation; (2) all Reserve Fund book entry holders shall next be paid in full or pro-rata without priority the face amount of their book entry as shown on the books of the Corporation; (3) the balance of all corporate assets shall next be distributed, without priority, to the holders of Retained Patronage Earnings in proportion to their respective credits thereof as shown on the books of the corporation.

## ARTICLE IX

### CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. LOANS. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. DEPOSITS. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositaries as the Board of Directors may select.

ARTICLE X

CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. CERTIFICATES FOR SHARES. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary and sealed with the corporate seal or a facsimile thereof. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer book of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled; except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

Section 2. TRANSFER OF SHARES. No shares shall be transferred without the prior approval of the Board of Directors. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 1. FISCAL YEAR. The fiscal year of the corporation shall begin on the first day of June and end on the thirty-first day of May in each year.

Section 2. CORPORATE SEAL. The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words, "Corporate Seal".

Section 3. WAIVER OF NOTICE. Whenever any notice is required to be given to any shareholder or director of the corporation under the provisions of these By-Laws or under the provisions of the Articles of Incorporation or under the provisions of the Washington Business Corporation Act, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

AMENDMENTS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the shareholders at any regular or special meeting of the shareholders.

CERTIFICATION

STATE OF WASHINGTON) ) ss.  
COUNTY OF CHELAN )

H. LESLIE CARPENTER and CARROLL P. RANK, being first duly sworn on oath deposes and say: We are the President and Secretary

# Alaska Fisheries Development Corporation (information)

BOX 969  
CORDOVA, ALASKA 99574  
(907) 424-3116

March 13, 1978

The Honorable Terry Gardiner  
House of Representatives  
State Capitol Building  
Juneau, Alaska 99811

Dear Representative Gardiner,

The Alaska Fisheries Development Corporation (Corporation) is a not-for-profit Alaska corporation recently formed by members of the Alaska fishing industry. The organization has been carefully structured so that its voting membership will equitably reflect both the harvesting and the processing sectors of the industry. Since December 3, 1977, a representative group of fishermen and processors has worked cooperatively to both form the Corporation and to draft a comprehensive bottomfish proposal which would win industry's support. Both goals have been realized.

Though many factors have encouraged this promising effort on the part of historically opposed segments of the industry, the most persuasive has been the promise of 2.7 million dollars in federal funding which the industry was led to believe would be available from Saltonstall-Kennedy Fund monies for the development of the Alaska bottomfish industry. Because it was necessary to have a viable legal entity which could receive and manage such monies and programs, the industry was compelled to coordinate its efforts and form the corporation. The current bottomfish proposal is the first of the research and development projects which the Corporation anticipates it will undertake.

Though early indications from NMFS and NOAA are encouraging the Corporation has been informally advised that contrary to earlier agency assurances the full 2.7 million dollars is not available for Alaska. Concurrently a hard look is being taken at this somewhat surprising cooperative effort on the part of industry. Skeptics lurk at every corner despite the demonstrated ability of this organization to perform well and to be flexible as well as resourceful.\*

\*Though timely filed with NMFS the proposal was modified by industry at the urging of both NMFS staff and high-level NOAA personnel. The revised proposal includes the independently submitted proposal of the Aleutian-Pribiloff Fisheries Cooperative additional supporting marketing and economic data and a change from a one to a two year time frame.

To date members of the industry have volunteered their time with the understanding that incurred travel, telephone and printing expenses will be reimbursed. Similar organizations in other areas of the United States have and are obtaining funding for such initial activities through federal channels. Alaska's request to NMFS for such seed money was denied, though the Alaska Sea Grant program donated \$2000 for travel expenses to insure that working sessions were attended by fishermen as well as processors.

The Corporation is aggressively seeking funding with a membership drive and from donations of supportive components of the industry. Though the response has been excellent the process is a slow one. In order to maintain interest in and commitment to the Corporation and the proposal and to attract future funding, it is imperative that the proposed projects are implemented as soon as the money is available. A qualified staff, a solid budget and a base of operations are all prerequisites to the successful management of the projects.

Thus the Corporation seeks a grant of \$100,000 from the State of Alaska. It is essential that such funding be appropriated immediately for two reasons: 1) to indicate to both federal agencies and the industry itself that the State endorses this activity and has confidence in the industry's ability to look after its own needs and 2) to insure that there is a management team in place as soon as possible.

It is crucial that the viability of the Corporation be insured; that it is poised to swing into action as soon as the allocation of S-K funding for Alaska is confirmed so that no momentum is lost. Delay could well result in denial of funding for 1979 and beyond, not to mention the impact that such failure would have on the development of this most important fishery.

Thank you in advance for considering this request for a grant for \$100,000. Your concern and support of the fishing industry in Alaska does not go unnoticed. It is the industry of the future for Alaska.

Respectfully,

The Board of Directors  
Alaska Fisheries Development  
Corporation



by:

Sara S. Hemphill

SSH:dd

## BUDGET SUMMARY

<u>Project</u>	<u>Federal Funds</u>	<u>Other</u>
1. Alaska Fisheries Development Corporation	\$ 236,250	\$
2. Full-year Offshore Trawling Demonstration	1,200,000	
3. Aleutian/Pribilof Bottomfish Development	300,000	
4. On-board Fishermen Trainee Program	473,530	
5. Kodiak to Chignik Bottomfish Development	300,000	
6. Prince William Sound Bottomfish Assessment	300,850	49,000
7. Test Fishery for Cod, Rockfish, and other Bottomfish	300,000	
8. Longline and Trawl Fishing Demonstration in Eastern Gulf of Alaska	300,000	
9. Technical Assistance in Adopting New Gear for Bottomfish Fishing		141,000
10. Project Evaluation	<u>75,000</u>	<u>          </u>
Total Estimated Costs	<u>\$3,485,630</u>	<u>\$190,000</u>

INDUSTRY CURRENT AND PROJECTED  
DIRECT CONTRIBUTIONS TO THE AFDC PROGRAM

Estimated out-of-pocket expenses by individual fishermen and processors to participate in planning meetings and AFDC formation	\$ 267,000
Estimated costs which will be incurred by participating fishermen in the AFDC program	1,981,000
Estimated costs which will be incurred by processors to participate in AFDC program	<u>881,000</u>
Total	\$3,079,000

The above figures are considered conservative and do not include values or capital costs of vessels or processing facilities now in place or expected to be built.

PROJECT OUTLINES

1. Formation of non-profit corporation; application to IRS for non-profit status
2. Solicitation of member organizations and member processors
3. Review of submitted project proposals
4. Solicitation of funding for future projects
5. Appointment of executive director and setting up office in Anchorage

BUDGET SUMMARY

	<u>Cost</u>	<u>Government Contribution</u>	<u>Industry Contribution</u>
Start-up expenses (18 Committee members, 4 meetings)			
Printing (est.)	\$ 200.00		\$ 200.00
Travel		\$ 2,000.00	\$12,700.00
Professional services	\$18,000.00		\$18,000.00
Telephone (est.)	\$ 500.00		\$ 500.00
Note: to date memberships have contributed			\$ 285.00
Executive Director (salary 12 months)	\$54,000.00		
Secretary	\$14,400.00		
Travel	\$36,000.00		
Phone	\$ 9,600.00		
Legal Fees	\$12,000.00		
Office Rental and overhead (6 months)	\$15,000.00		
		\$236,250.00	

(Looking for state funding - \$10,000.00/\$15,000.00)

\$101,250 is requested for FY78 and \$135,000 is requested for FY79.



Official Business

# Alaska State Legislature

## House of Representatives

Committee on Resources

Pouch V  
State Capitol  
Juneau, Alaska 99811

9 February 1978

Dr. Belden Hull Daniels  
4 Sentry Hill Place  
Boston, Massachusetts 02114

Re: HB 763

Dear Dr. Daniels:

Enclosed for your attention and information is a copy of the bill that came from your proposal on an Alaskan Fish Development Bank which you set forth on the meeting with the consultants in December of last year.

Please review the bill at your earliest convenience and let us know what your thoughts are on any suggested amendments or revisions.

The bill has not been scheduled for hearings to date but it is anticipated that it will be scheduled within a month's time. Your speedy reply, therefore, would be greatly appreciated.

We are very grateful for your input into this legislation during the Interim. Representative Terry Gardiner is eager to work with the Committee on the Renewable Resources aspect and the impact this bill would have on it, which is a question you might also want to consider in looking the bill over. The Committee will want it to be as good as it can be.

Thanks again for your cooperation.

Sincerely,

*Susan Hunter*

Susan Hunter, Secretary  
House Resources Committee

SH/ms  
Enc.

*Belden  
maybe we can  
get you up a few  
days - what's the  
cost  
Diana*

AI

— A new idea on the

question of 2ND MORTGAGES

BY STATE LOAN PROGRAM.

the date will

has seen mortgages, but:

1) charge a premium rate

(say 12%) for any

loan made after Jan 2nd

position. Premium rates

~~will~~ (particular above regular

rate) to go into reserve

fund to offset losses.

2) Limit state participation  
to only 25% of total  
loan.

3) Limit amount of state  
part to only 100,000

- This would make sure that
- 1) all losses (if any) are properly offset by higher rates on 2ND HTGS.
  - 2) Chances of loss are reduced by  
by 1) Limiting amount and % of participation

Should bring financial soundness to program, overcoming the Dept's objections.



# Alaska State Legislature

## House of Representatives

Committee on Resources

Pouch V  
State Capitol

Juneau, Alaska 99811

Official Business

27 March 1978

TO: Representative Osterback, Chairman  
House Resources Committee

FR: Jackleen Allen, Staff  
House Resources Committee

RE: Dr. Frank Orth's recommended amendments for CSHB 763

1. Section 1, (1) - (6), replace all words of "fishermen and farmers" with "fishing businesses and agriculture" respectively.
2. Page 9, Section 41.45.210, line 25, replace the ";" with "," and add the following: "and to seafood and agriculture processors, marketers, and firms providing technical services to the agriculture and fishing industries for projects which will establish a facility within Alaska or which will establish or expand a market for the harvest of resident commercial fishermen or farmers."
3. Page 10, Section 41.45.210, paragraphs (7) and (8) should be collapsed and combined, with lines 12 and 13 removed from paragraph (8) "relating to the development of farms, storage and processing of farm produce, livestock and machinery", with the added referral to paragraph (1) in Section 41.45.210.

1,000,000  
40  
1,000,000

I like  
that

NEW-livestock