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#9:102

November 15, 1977

Mr. Michael Doogan
House Special Committee on
Permanent Fund
528 W. 5th Avenue
Anchorage, Alaska 99501

Dear Mike,

As we discussed with you when you visited CEDC a few weeks ago, CEDC is interested in seeing that a rural business development loan fund of some type is established with a portion of the permanent fund. As you know, the development and support of rural Alaska businesses has been CEDC's single objective since its inception in 1969.

Enclosed please find a copy of CEDC's current investment policies. These will give you a general idea of the criteria on which our board bases its decisions for funding of enterprises. As you will notice, the criteria are general, given the new and relatively undetermined nature of economic development in the bush. CEDC's refunding proposal for 1976-73 is also enclosed, and specifies those industries in which CEDC is currently active.

It is our sincere hope that any legislation concerning the use of the permanent fund for rural business development will be of such a nature that it can be easily used by organizations such as ours, which have experience in the field, and which are familiar with the myriad of problems associated with it. It is important that organizations set up for the same purpose be able to coordinate their efforts. We have in Alaska too many examples of overlapping offices which are not structured in a manner which facilitates cooperation.

We spoke also of subsidies which may be required to carry rural businesses through a development period. By far the greatest subsidy provided by CEDC to assisted ventures is now technical assistance, in the development, management,

CEDC

Community Enterprise Development Corporation of Alaska
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retailing and accounting fields. This is the area of greatest need for developing businesses, given the lack of business skills in the bush. In the past CEDC provided subsidy in the form of grants. However, that practice has been discontinued, and CEDC financial participation in enterprises is comprised of loans and equity investments. Our current interest rate is 7½ percent, for a maximum loan term of ten years.

As you know it is virtually impossible to predict any dollar amount of potential business development in rural Alaska. During Fiscal Year 1977 (September 30 - October 1) CEDC received requests for assistance totalling $10 million. However, not all of these requests were feasible, and yet there were many other new businesses which did not apply to us, given our eligibility requirements.

The types of businesses that we are involved with are illustrated on the enclosed map. I have marked the newest ventures in pencil. Not shown are the recently acquired Alaska Commercial Company stores, located in Aniak, Bethel, Emmonak, Fort Yukon, Kotlik, McGrath, Nome, Sheldon Point, St. Michael, Tanana and Unalakleet.

We will be watching for future developments with the permanent fund.

Thank you for your consideration.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA

Gretchen Mannix

GRETCHEN MANNIX
Researcher

GM:jl

Enclosures

INVESTMENT POLICIES

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA
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GENERAL POLICIES OF CEDC OF ALASKA

1. To make investments that will enable the creation of new or the expansion of existing businesses that:

(a) are widely owned, community owned, or cooperatively owned by rural Alaskans, or owned by CEDC;

(b) are designed to make a profit or at least break even within a reasonable length of time as determined by the CEDC Board of Directors or Executive Committee;

(c) provide rural Alaskans substantial employment, or provide rural Alaskans a needed service or substantially reduce the cost of an existing service;

(d) provide rural Alaskans with an opportunity to improve their business skills.

2. Any business venture into which CEDC enters for its own account must meet at least the following criteria:

(a) the business provides a product or service which is widely needed and will be widely used by rural Alaskans;

(b) the business is of sufficient scope or complexity that it is unlikely that any single region, village, or group of individuals from rural Alaska would be able to enter that specific business. In other words, CEDC does not contemplate owning fully or partially, any business which is under active consideration and within the abilities of any single region, village, or group of individuals from rural Alaska;

(c) the business should return a reasonable profit on invested capital. These profits will be placed in the revolving fund and be available as seed capital for starting cooperatives or other widely owned rural businesses as described in Section 1 above.

3. All investment or loan recipients must be approved by the Board of Directors or the Executive Committee. Most financing proposals must be approved by CSA. For more detailed policies, see the CEDC policy statements for the various categories of financing it provides.

CURRENT OPERATING PRACTICES FOR CEDC INVESTMENT CAPITAL

1. Applicants must initiate a written request to the CEDC Executive Director.

2. The Executive Director instructs Development Department to respond by letter to the request. If applicant does not qualify for assistance or if the proposed project is obviously unfeasible, the applicant is rejected or referred to an appropriate agency. If they qualify for CEDC assistance, they are also sent an application form.

3. The applicant completes the form which provides information on the proposed business and village economy. If information shown on this form is negative, projects may be rejected at this stage.

4. If findings are positive, a positive recommendation is given to the Grant & Loan Review Committee which determines if Development Department will conduct a full feasibility study on the project.

5. The Grant & Loan Review Committee gives its recommendation to the Board of Directors or the Executive Committee which gives final approval to commit staff time to the project.

6. Development Department personnel are sent to the village to do a field analysis of the venture's feasibility. If findings are positive, work begins with the village in planning development of the project, setting target dates. If the findings are not positive, the project may be dropped at this stage.

7. When the feasibility study is completed, the Staff Finance Committee (composed of the Associate Director (chairman), Director of Operations, Director of Development, Manager of Field Accounting, Controller, CEDC Treasurer and Executive Director, as an ex-officio member), reviews the proposal for final comments and recommendations.

8. The feasibility study is presented to the Grant & Loan Review Committee for its analysis and recommendation to the CEDC Board of Directors or the Executive Committee. It is also presented to the board of the venture for its approval/disapproval/recommendations.

9. The completed feasibility study and CEDC Board of Directors or the Executive Committee recommendations

are forwarded to the CSA Program Analyst of the Office of Economic Development. CSA will analyze the proposal and give final approval to disburse the funds.

10. If CSA has questions on the proposal, these questions are answered or the proposal is modified by Development Department staff. If the changes are satisfactory, CSA will give final approval to disburse funds.

11. A report is given to the Grant & Loan Review Committee or Executive Committee if any substantial changes were made.

EQUITY FINANCING

CEDC has the authority to participate in ownership of ventures, partially or outright, according to the following guidelines:

(a) must follow general policy guidelines for participation in any project;

(b) must follow procedures outlined in investment capital procedures;

(c) must be a legal corporation that is entitled to issue stock and conduct business;

(d) stock may be cumulative or non-cumulative, participating or non-participating, voting or non-voting, common or preferred;

(e) CEDC may be a general or limited partner.

SHORT TERM LOANS THROUGH CEDC

1. Borrower must be a legal corporation with:

   (a) authority to borrow;

   (b) ability to repay;

   (c) a member in good standing with CEDC.

2. Term not to exceed six (6) months.

3. Principal not to exceed $15,000 per enterprise.

4. Interest not to exceed 7½ percent simple.

5. Must be approved by the Executive Director or by the Executive Committee.

6. Total outstanding balance of all CEDC short term loans from this fund may not exceed $90,000.

CSA is informed, in writing, of all such loans within seven (7) calendar days of their issuance, at which time CSA receives copies of all legal documentation, as well as a written explanation of each such loan.

The short term loan fund was established with a $90,000 deposit from CEDC venture capital. Repayments are returned to the fund; interest earned is paid into the revolving loan fund. The short term fund was established to meet the seasonal cash needs of ventures which have not developed a track record to qualify them for interim bank financing, or which are as yet unable to carry the high interest rates of bank short term loans.

CEDC REVOLVING FUND

1. The revolving fund receives the repayments of all loans made by CEDC as well as the proceeds from the sale of stock or other assets, funds released from loan guarantees, repayments of principal, and interest earned on CEDC loans that CEDC holds.

2. Disbursements are made from the revolving fund upon the sole approval of the Board of CEDC or its Executive Committee.

3. Disbursements according to the policy guidelines may be made for:

(a) long term loan;

(b) short term loan;

(c) preferred stock;

(d) common stock.

4. Additionally, disbursements from the revolving fund may be made for:

(a) purchase of capital assets with the purpose of leasing;

(b) making guarantees of obligations of client enterprises;

(c) reimbursing administrative account for:

(1) overdue accounts receivable;

(2) valid business expense as per a CEDC Board of Directors or Executive Committee approved budget.

FISHERIES REVOLVING LOAN FUND

Introduction

Fishing ventures can usually obtain financing from CEDC or other funding institutions for their plant expansion or equipment purchases. These funding sources readily attach a lien against the venture's plant or equipment as collateral.

The fishing ventures, however, have experienced difficulty in obtaining funds to purchase fish from their members. The fish are unacceptable as collateral because of the risk of spoilage and the fluctuating prices of the product. In the past, fishing ventures had to rely on their buyers by securing an advance or obtaining a letter of credit. By these methods, either their bargaining position for fish prices is seriously weakened, or the fishermen become dependent upon the buyer's word that funds will come through when the fish is sold.

While CEDC can lend fishing ventures $15,000 for 180 days under the present short term fund, their needs go beyond the scope of that program. Because of their extreme seasonality, fishing ventures require large amounts of money during the height of the operation. If a venture is processing 300,000 pounds of fish, at a cost of 40 cents a pound for the fish, and 15 cents a pound for overhead costs, it will need $165,000 in working capital.

Fish ventures must also be able to respond quickly to emergency situations. If their freezing capability is hampered by a breakdown in one component, the plant can lose a substantial amount of revenue. However, if the fishing venture has sufficient funds to fly in the necessary equipment or parts on short notice, they can eliminate or minimize their losses.

CEDC, therefore has established a fisheries revolving loan fund. This fund is available to fishing ventures for their working capital needs.

The benefits derived by CEDC and the ventures are many. With the ability to purchase a greater volume of fish, the ventures are able to compete on a more equal footing with other fish buyers. The ventures are able to generate a greater profit level which gives them the flexibility to improve their plants, develop other markets, and pursue other goals. This kind of flexibility is very important if fishing businesses are to become self sufficient.

A description of this fisheries revolving loan fund follows.

FISHERIES REVOLVING LOAN PROGRAM

1. Recipient:

The fisheries revolving loan program is available to all CEDC assisted fishing ventures, currently members in good standing with CEDC.

2. Total Fund:

The initial fisheries revolving loan fund in the amount of $600,000 has been established from CEDC's venture capital.

Interest earned and monies repaid are returned to the fisheries revolving loan fund.

3. Use of Funds:

The funds are used for, but not limited to, cash flow requirements, equipment breadown, purchase of additional equipment and supplies, product transportation costs, et cetera.

4. Amount and Term of Loans:

When the total amount requested by CEDC-assisted fishing ventures exceeds the amount in the fund, the fund is pro-rated to the approved ventures based upon their anticipated production level. For example, if these ventures applied for loans from this fund in a given year, one expected production levels 1.5 million pounds and two with projections of 300,000 pounds each, and the total applied for exceeds the amount in the fund, each would receive an amount equal to its share of the total estimated production of 2.1 million pounds.

These loans at 7½ percent simple interest and are to be repaid at the end of the year's fishing cycle.

5. Procedures:

Requests for monies from the fisheries revolving loan fund are made by a written request accompanied by a budget from the venture to the CEDC Executive Director. If he feels that the request is warranted, he instructs the CEDC Staff Finance Committee (same as the committee in Investment Capital Section) to evaluate the venture's need and ability to repay the loan. The staff recommendation is given to the CEDC Executive Committee which makes the final decision.

If its decision is positive, the loan is issued with standard legal documents. The loan is secured against the venture's product, inventory, equipment, and accounts receivable.

A report of the proceedings is made by the Executive Director to the CEDC Grant and Loan Review Committee. CSA is notified of the transaction when copies of the loan documents are sent to them. CEDC audits the expenditure of the funds at its discretion during the season and at the end of the term of the loan.

6. Legal Documentation:

Legal Documentation of the loan includes a promissory note, loan and security agreement, and a management contract if one is not already in existence. CEDC claims first lien on business' product, inventory, equipment, and accounts receivable.

7. CEDC Recourse:

In the event of loan default, CEDC has the right to retain a manager, at cost to the fishery, if terms of the agreement are not followed.

Any controversies or claims arising out of or relating to this agreement may be settled in American Arbitration Association and judgment upon award rendered will be entered in any court having jurisdiction.

TESTIMONY FROM COMMUNITY ENTERPRISE DEVELOPMENT CORPORATION
ON HOUSE BILLS 596 AND 682

Community Enterprise Development Corporation of Alaska (CEDC) is a private, non-profit corporation funded by the federal government through the Community Services Administration. We were established in 1968 to assist low income rural groups develop businesses in their communities, by providing technical and financial assistance. Our staff of 45 is headquartered in Anchorage.

We have reviewed pending legislation on the management of the Permanent Fund, and find that several portions apply directly to CEDC and its purpose.

Rather than describe our programs and how they relate to this legislation, it will be simpler to review the process of business development as it occurs within CEDC. The possible relationship between CEDC and the proposed investment corporations will become apparent.

An idea for a rural business is brought to CEDC. At the outset this idea is very nebulous. The people often do not have the skills or money to formulate the concept into an operating entity. CEDC has the staff with the background in community and economic development to assist the community in: (1) determining whether or not the venture is feasible, and if it is; (2) designing a structure and operating plan for the business; and (3) obtaining financing. Our intent during this phase is to train these groups to make knowledgeable business decisions.

Once the business is financed and established in the village, further training and monitoring is provided by CEDC. Field accountants visit the venture regularly to train the local

people and monitor their programs. Fisheries and retail specialists also provide on-site assistance. An expediting service acts as a liaison between the village and merchants. Training is also offered to the venture boards of directors.

CEDC may provide financial assistance to these ventures through equity investments or debt financing. CEDC's participation occurs only when the commercial lending institutions reject requests for funding or provide partial financing.

Although these ventures are considered high risk businesses because of their rural location and lack of formal business expertise, CEDC recognizes that this need not preclude their long term viability. CEDC also understands the benefits realized by the villages through jobs, training, and services not otherwise available, which are provided by these ventures.

CEDC has structured its financing assistance to assure continued availability of capital for rural enterprises. Investment income and loan repayments are returned to a pool for use by more rural Alaskan businesses.

House Bill 596 is obviously applicable to our goal of economic development in rural Alaska. We are encouraged by this committee's obvious awareness of the unmet capital needs of small and medium sized businesses. And because fisheries development has been CEDC's first priority, we strongly support House Bill 682, which establishes the Alaska Renewable Resources Corporation.

We would like to suggest that the committee incorporate the following two concepts within House Bill 596 pertaining to paragraphs (c) and (d) of Section 44.55,125, INVESTMENTS:

(1) develop a formula for the distribution of funds for rural and urban areas, having first defined "rural" and "urban"; and

(2) recognize existing institutions which presently deliver rural economic development programs, and provide for their possible participation in the administration of the fund.

The addition of these two provisions is necessary to ensure that a regulated flow of capital funds is channeled to rural areas. The village population is becoming increasingly outnumbered by urban residents, obviating the use of the voting process in mandating rural needs and concerns. The State, therefore, must recognize the minority position of the rural residents. And it must build safeguards for this minority into legislation for programs such as the Alaska Enterprise Investment Corporation.

While the federal government has recognized the economic needs of rural Alaska through the funding of CEDC, there is no guarantee that the level of support will continue. And because the capital needs of rural businesses are not being met by commercial institutions, the State has now an excellent opportunity to fulfill this need while meeting its own investment requirements as set forth in this legislation.

CEDC's sole purpose for the past ten years has been the economic development of rural Alaska. We have built an experience base concerning the unique situations encountered in financing village businesses. We have developed criteria for evaluating proposals and acceptable standards of operation. We have worked slowly but continuously in developing our assets, both financial and human.

In implementing its investment and loan programs under the Permanent Fund, the State should recognize that CEDC's experience can help to avoid the pitfalls awaiting it. CEDC has been working to avoid the duplication of efforts that so

often occurs between various state and federal entities. We would hope that this committee is also anxious to reduce this waste. Therefore, CEDC is willing to assist in your efforts to define the sectors in rural Alaska which need financing; the size and nature of projects which are feasible; and to forecast the capital requirements as outlined in House Bill 596, Section 44.55.140, INITIAL DETERMINATION. Further, CEDC is in an ideal position to assist in the delivery of the State's financing of rural businesses.

An informational brochure describing CEDC and its programs is attached for your review.

Community Enterprise Development Corporation of Alaska

History

Community Enterprise Development Corporation of Alaska (CEDC) is a private, non-profit corporation funded and operating under the guidelines of the Community Services Administration (CSA), formerly the Office of Economic Opportunity.

The present CEDC organization evolved from an adaptation of a proposal entitled "Towards a Better Tomorrow" which was written in 1967 by the Alaska State Community Action Program (now known as Rural Alaska Community Action Program - RurAL CAP), and submitted to the Community Services Administration for a demonstration grant. This proposal was written in response to the need expressed by various Alaskan communities for a means of receiving financial, technical, and training assistance in the development of locally-owned businesses. Originally proposed to be titled "Alaska Guild of Native Industries, Arts and Crafts", the corporation was to provide the needed liason between the village business and the urban wholesalers, buyers, and financial institutions.

In the spring of 1968, a new proposal was submitted to CSA for the continued funding of CEDC and was favorably received. By that fall, CEDC received funding as a delegate agency of RurAL CAP and provided technical assistance to ten communities in rural Alaska. In August of 1969, CEDC became an independent, non-profit corporation which was funded by CSA as a legally titled "Community Development Corporation".

Purpose

CEDC's impact area includes all of rural Alaska (excluding the urban cities of Anchorage, Fairbanks, Juneau, and Ketchikan), which encompasses over half a million square miles and is inhabited by approximately 106,000 people living in over 285 towns and villages.

Using seed capital from CSA, other government and state agencies, and private sources, CEDC assists in developing and supporting business enterprises in the low-income areas of rural Alaska. In addition to financial assistance in the form of loans to new enterprises, the corporation also provides training and technical assistance for the business manager, employees, and board of directors.

Since its incorporation in 1968, CEDC has assisted over 60 community-owned businesses throughout Alaska. These businesses vary according to community needs and desires, but have included industries such as fish processing, consumer stores, real estate, tourism, fuel distribution, and construction. Each of these businesses is managed by its own staff and board of directors.

CEDC's main purpose is to create an economic impact on the communities of rural Alaska by providing them with an opportunity to participate in the free enterprise system.

Membership

CEDC has a statewide membership which has full ownership authority over the corporation. The membership consists of a representative from each of the ten RurAL CAP regional development areas; a representative from each of the twelve regional corporations as defined under the Alaska Native Claims Settlement Act (ANCSA) of 1971; a representative from each of the enterprises that CEDC has provided with substantial technical and financial assistance; and three representatives of the Alaska business community.

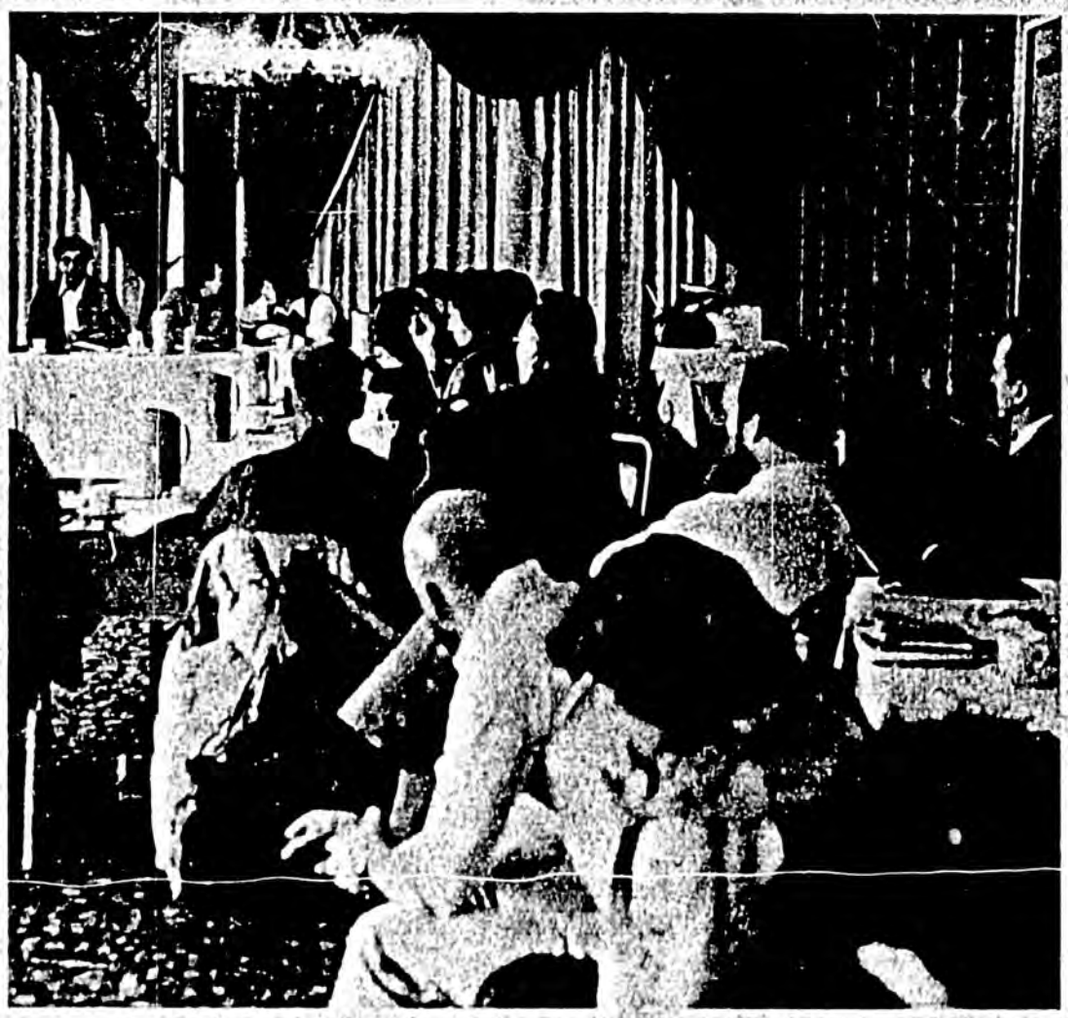
The inclusion of the RurAL CAP regional corporation representatives and the ANCSA regional corporation representatives insures that the CEDC program maintains an objective statewide outlook and does not develop into a corporation serving a special geographical group. In addition, these representatives also provide CEDC with input concerning the economic needs and potentials of these various regions, thus allowing for coordination of CEDC's program with other native corporations. The representatives of the community enterprises which CEDC has assisted form the largest single block of members. This guarantees that CEDC is controlled and directed by those people it was designed to serve.

ORGANIZATIONAL STRUCTURE

The board of directors of the RurAL CAP regional corporations, the ANCSA regional corporations, and the community enterprises each select one person to represent that organization on the membership of CEDC. These representatives are then responsible for reporting back to their organizations on the activities of CEDC. In this way, communication between the people of the target area of CEDC and the corporation is maintained.

To become a member of CEDC, a community-owned enterprise must petition the CEDC board of directors for membership. To be eligible, the enterprise must be broadly owned by low-income people who are actively engaged in the management of the enterprise and benefit from the enterprise's existence, and CEDC must have provided substantial financial and technical assistance.

The membership of CEDC meets once a year, unless a special meeting is called, and elects the board of directors which functions as the policy making body of the corporation.



Board of Directors

The board of directors of CEDC is elected each December at the annual membership meeting.

The board of directors consists of thirty members and includes the officers of the corporation. Of these, twenty seats are held by representatives from the community-owned enterprises; seven seats are filled by representatives of the ANCSA regional corporations and RurAL CAP regional corporations combined; and three seats are held by Alaska business community representatives. Although they have full voting powers and can serve on the various committees, the business representatives cannot be elected to an office in the corporation.

The board of directors meets three times a year, unless a special meeting is called. It reviews the actions taken by the executive committee, measures the corporation's progress, sets policy which provides for the management of the corporation, and makes recommendations to the membership.

Committees

CEDC's board of directors annually elects an executive committee which is comprised of the five officers of the corporation (President, Vice President, Treasurer, Recording Secretary, and Corresponding Secretary) and four members-at-large.

In order to assure representation from the entire target area of CEDC, no more than two members of the executive committee may be from the same region (as defined under the Alaska Native Claims Settlement Act).

To provide for organizational continuity within the corporation, one-third of the executive committee members serve overlapping terms.

The executive committee meets on the average of every six to eight weeks and assumes the duties of the board of directors concerning the management of the corporation.

All actions by the executive committee are subject to ratification by the full board of directors. Such actions include the approval or disapproval of requests for technical, training, and financial assistance to enterprises; the monitoring of on-going projects; reviewing the financial situation and budget matters of the corporation; and the defining of goals and policies to be followed by the corporation.

In addition to the executive committee, the board has five other standing subcommittees. These committees consist of the grant and loan review committee, the personnel and program policy committee, the budget and finance committee, the information and education committee, and the election committee. Additional committees may be formed by the board of directors as they are required.

These communities meet perlodically to make recommendations to the executive committee, board of directors, and staff concerning procedures and programs of the corporation.

ORGANIZATIONAL STRUCTURE

Management

The board of directors is responsible for the management of the corporation and exercises this duty by delegating the responsibility to the executive director of the corporation. The executive director is hired by the board of directors.

The executive committee and other special committees of the board work closely with the executive director to determine goals and develop short and long range plans and budgets, while adhering to CSA guidelines and promoting the philosophy and objectives of the corporation. To fulfill his responsibilities, the executive director employs and gives direction to a staff that is competent to carry out the directives of management in its efforts to develop successful enterprises.

The staff of CEDC is organized into six main groups according to primary functions within the corporation: executive, administration and personnel, development, fisheries, operations, and expediting departments.

Executive Department

The executive department is composed of the executive director, deputy director, controller, and in-house attorney. The department's back up staff consists of an administrative assistant, two external auditors, an accounting technician, travel clerk, and legal secretary, who also serves as the board secretary.

The department works closely with the directors of the other departments to maintain the flow of communication within the corporation.

Responsibility and authority are delegated by the executive director to the department heads, who provide the information to insure that CSA requirements, board policies and recommendations, department budgets, and the overall operational plan for CEDC are being followed. The department heads also provide support information to assist in decisions made by the executive director.

CEDC Corporate Organizational Chart

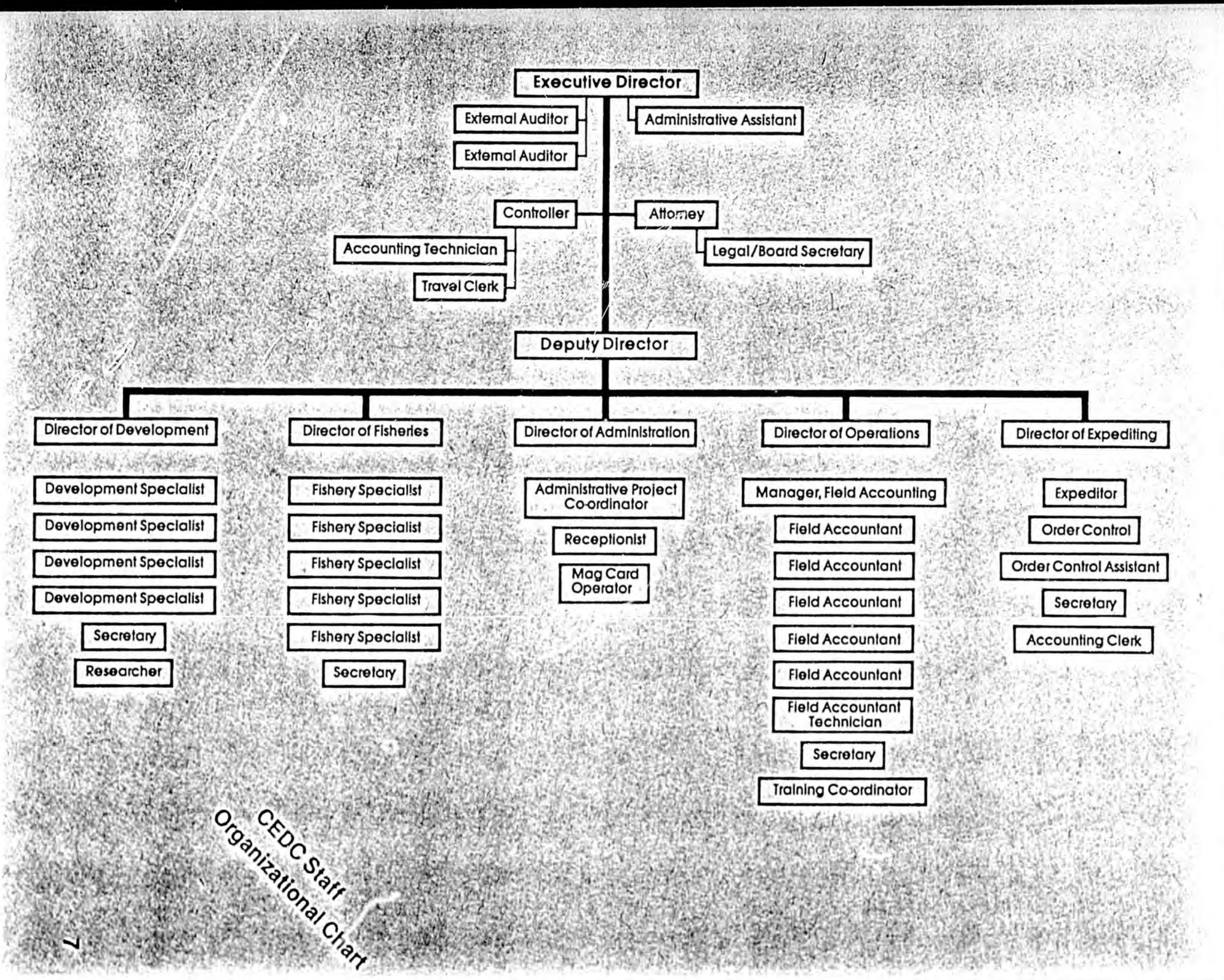
CEDC Membership

CEDC Board of Directors

Executive Committee

CEDC Executive Director

CEDC Staff



CEDC Staff
Organizational Chart

Department of Administration and Personnel

The department of administration and personnel performs a support function to the executive director and other departments of the corporation. The director of administration and personnel is responsible for managing CEDC's personnel and recruitment program, managing CEDC's property and supplies, providing special research services, clerical services, and the development of publications and public relations materials. The staff is composed of the administrative project coordinator, the IBM mag card operator, and the receptionist.

Development Department

The development department has seven full-time personnel: a director, four business analysts, a research specialist, and a secretary. The department consults with outside corporations for specialized work such as appraisals, architectural and engineering design.

The department has expertise in project management, community organization, retailing, corporate structures, accounting, market analysis, real estate, research techniques, contract and financial negotiations. The department has worked with retail outlets, fisheries related industries, real estate projects, manufacturing plans, fuel distribution, tourism facilities, credit unions, and many other types of industries.

The development department has an extensive resource library that has been accumulated over ten years of dealing with rural Alaska economic development. This library has general reference books on business techniques, economic and demographic information on Alaska, regional and village studies. In addition, the development department maintains files on state, federal, and private funding sources and assistance programs.

The department is responsible for processing all requests for business assistance and any research projects that arise.

Once CEDC receives an inquiry for business assistance, development department screens the applicant for eligibility, and how it meets corporate priorities. The department then compiles preliminary information on venture management, operation, ownership, location, and financing requirements. Based upon the analysis of this information, the department recommends whether to complete a full feasibility study. If a positive decision is rendered by the CEDC board, the department begins the study.

The feasibility study represents the culmination of an investigation of all options available to the proposed venture. The study provides a complete picture of the venture for its first two years of operation. The primary attributes of the region and village's economy are analyzed to evaluate the basic foundation of the business. Conclusions are made on the volume of business that the venture will achieve. From this framework, the venture's operation is planned: the management team is identified, accounting safeguards anticipated, facility is blueprinted, inventory patterns are laid and operational strategy is defined. The venture's financing requirement is computed and negotiated in behalf of the venture. Other assistance programs, such as training, are also identified and negotiated as required or requested. The venture's budget is outlined on a month by month basis for the first two years of operation. The study also identifies breakeven points that the venture must meet, and the venture's return on investment. The impact of the business is also identified, with special emphasis on jobs, wages, and other benefits to be realized by the community. All venture documents are attached to the feasibility study including all legal documents, appraisals, resumes, architectural drawings, and site maps.

The department also completes special research assignments as needed. In the past, development has compiled data required for CEDC's refunding effort, impact statements and supporting testimony for funding of economic development and job creation projects on the national level.

CEDC works within the goals and objectives of the community, and involves the local board on all major decisions regarding their venture. The department tries to develop the business relationship in a way that is mutually satisfactory to the village and CEDC.

The development department advises its clients that it may conclude that their business idea is not viable. The department maintains an objective view of the project. All of the financial projections are made as conservatively as possible to ensure that unanticipated cost overruns do not jeopardize the venture. The department utilizes the most current business techniques available to assess venture viability.

ORGANIZATIONAL STRUCTURE

Fisheries Department

In recent years, the consumer demand for seafood products has exceeded the supply, causing the market values to increase dramatically. This increase in value coupled with improved air transportation, which allows rapid delivery of fresh fish products at reasonable rates, has made seafood processing projects economically feasible that would not have been a decade ago. This change has made business opportunities available to people who have primarily fished for subsistence with minor commercial sales.

Although rural Alaskans are expert fishermen, they have been constrained by lack of capital for modern equipment, knowledge of new processing techniques, and business concepts such as marketing and plant management. The CEDC staff utilizes a team approach to provide the necessary technical assistance to develop and operate the fishing enterprises. The first step is the coordination between the development department, fisheries department, and the venture personnel to develop a plan of operation that will provide the greatest return. After the development of the project, the fisheries staff becomes directly involved with the venture to assist in the building and operation of the plant itself. Assistance is also provided in marketing of the product. Emphasis should be given to the fact that the fisheries staff does not do the work for the venture, but rather in cooperation with the venture. This team approach is done to provide the most meaningful learning process possible.

ORGANIZATIONAL STRUCTURE

Expediting Department

The expediting department is responsible for the development, implementation, and administration of a purchasing program for CEDC assisted enterprises. It functions almost completely as a support department. For example, the expediting department finds the best price and shortest delivery time for store merchandise. The expediting department then follows up to see that the orders are received by the store, and accurate records are kept of all transactions. This results in the availability of better product selection and a greater inventory variety, which enables the stores to be competitive in service and pricing.

The expediting staff also assists in the initial feasibility and development of co-op store ventures as well as assisting in merchandising management.

Operations Department

The department of operations is responsible for providing those support services to the ventures which are necessary for the enterprises to operate successfully. These services, including accounting assistance and training, management training, marketing, merchandising, and purchasing assistance, aid the ventures in attaining self-sufficiency and autonomy from CEDC. The department of operations is divided into two offices: field accounting and training. Field accounting consists of the manager of field accounting, six field accountants, and one accounting technician. Field accountants visit each venture and assist in the preparation of financial statements, analytical documents, and tax returns, as well as providing management and bookkeeping training. Financial statements and analytical information are necessary tools in good management of any venture, as well as complying with governmental agencies' requirements. By implementing basic bookkeeping, internal controls, and adequate reporting, small businesses in rural Alaska are becoming more independent and profitable.

The training division provides the venture board of directors with assistance in parliamentary procedures, compliance and comprehension of by-laws, and board/staff reporting. It is imperative for the success of each venture that the board of directors understands and carries out their responsibility and authority. The venture must also maintain a good channel of communication from its management to its board of directors.

Eligibility Guidelines for CEDC Assistance

(1) The venture must be broadly owned with a minimum of fifteen (15) members. The business may be structured as a corporation, cooperative, subsidiary or joint venture, and the entity may be profit or non-profit. CEDC has worked with organizations such as village and regional ANCSA corporations, city governments and IRA councils.

(2) Most of these owners must be low income, as defined by CSA poverty guidelines.

(3) The venture must be located in, and service, rural Alaska. CSA defines rural Alaska as everything outside of Anchorage, Fairbanks, Juneau, and Ketchikan.

(4) The enterprise must further the permanent economic and social benefits in the area: It must provide a needed service or product, employment and ownership opportunities, and management skill development.

How to Apply for Business Development Assistance

(1) The applicant must submit a letter to the executive director of CEDC explaining the business idea. Note that the letter must come directly from the village.

(2) This letter is then referred to the CEDC development department for preliminary screening. To complete this, development requests the following information:
   (a) village board resolution - This resolution should state what assistance the applicant wants CEDC to provide: feasibility study and/or financing. This resolution must bear the signatures of both the board of directors' president and secretary.
   (b) project information - To the best of the applicant's knowledge, a project description must be submitted. This must include information on:
      (1) type of venture
      (2) ownership
      (3) location of business
      (4) management and operation
      (5) estimated funding

(3) If CEDC findings are positive, the resolution and project information is presented to the CEDC grant and loan review committee for a decision on whether to allow the CEDC staff to continue work on the project.

(4) If the executive committee ratifies a positive grant and loan review decision, the staff begins a comprehensive feasibility study and financing proposal.

(5) Once the study is completed and tentative financing is negotiated, the package is presented to the grant and loan review committee for review and analysis. If the executive committee ratifies the grant and loan review committee's positive recommendation to fund the project, the package is forwarded to CSA in Washington, D.C. for its decision.

(6) With CSA approval, the funds are released and the venture is started.

APPLYING FOR ASSISTANCE

CEDC Enterprise Assistance Available

1. Financing

(A) Long Term Loans
   (a) 7.5% (simple) interest rate;
   (b) term not to exceed 15 years;
   (c) must be approved by CEDC executive committee or board of directors and CSA in Washington, D.C.

(B) Special Short Term Loan Fund
   (a) 7.5% (simple) interest rate;
   (b) term not to exceed 6 months;
   (c) established relationship with CEDC;
   (d) no more than $15,000 to be loaned to any one venture;
   (e) must be approved by CEDC executive director;
   (f) total outstanding balance of all CEDC short term loans cannot exceed $90,000.

(C) Revolving Fund
   All money repaid from long term loans does not return to the federal government, but remains in Alaska on deposit in a revolving fund. This revolving fund is then used to further rural economic development through additional loans to communities for enterprise development. Disbursements from this fund must be approved by the Executive Committee or Board of Directors.

(D) Fishery Loan Fund
   (a) available to all CEDC assisted fishing ventures currently in good standing with CEDC;
   (b) 7.5% (simple) interest rate;
   (c) to be repaid at the end of fishing season;
   (d) must be approved by CEDC executive committee or board of directors;
   (e) $250,000 limit per venture per season;
   (f) total outstanding balance of all loans cannot exceed $600,000;

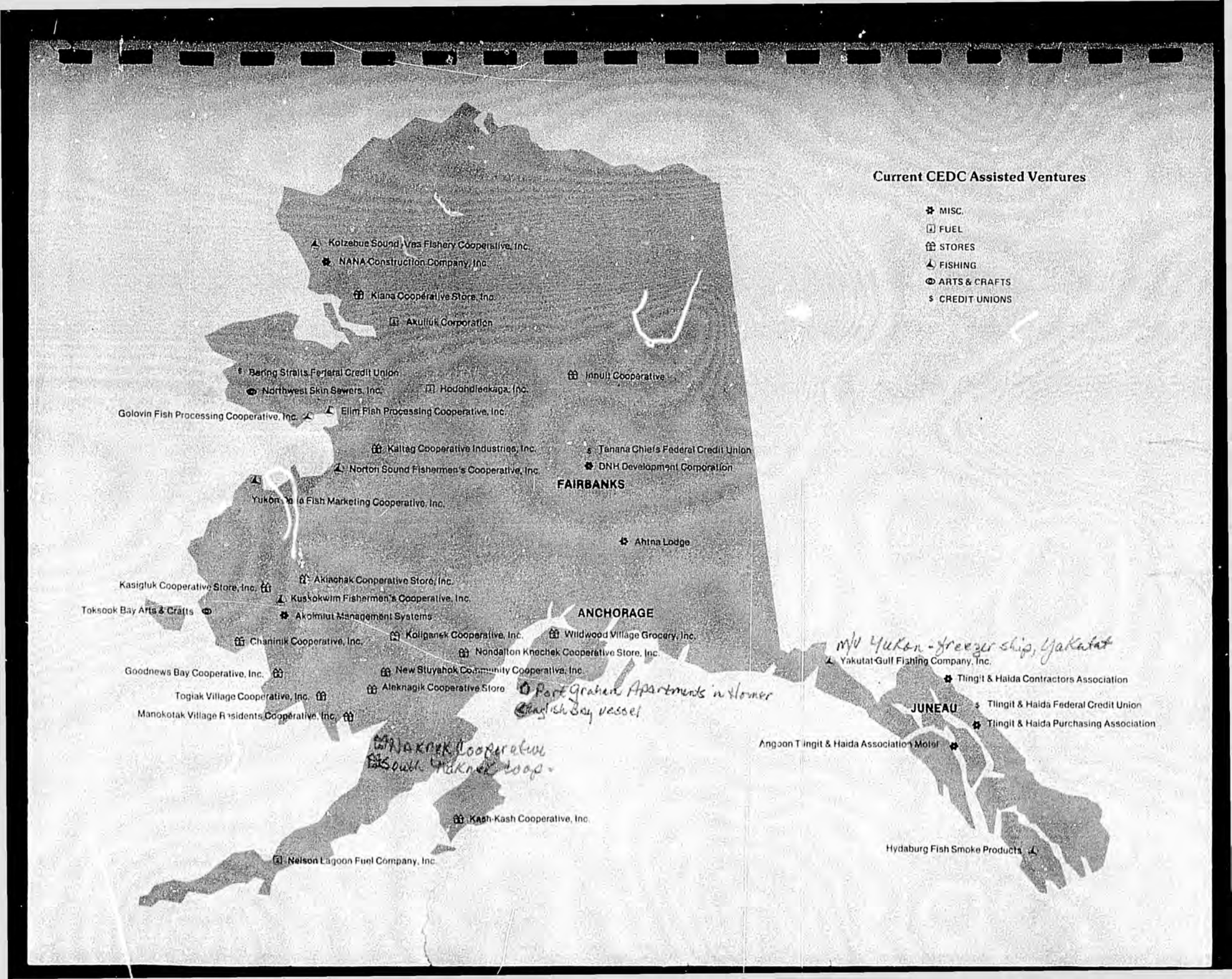
2. Technical and training assistance is approved by CEDC until such time as the enterprise is self-sufficient.
3. Accounting assistance is provided to venture assisted by CEDC as needed.

An attempt to obtain financing from other sources must be made prior to CEDC participation.

COMMUNITY ENTERPRISE DEVELOPMENT CORPORATION OF ALASKA
1011 E. Tudor Road, Suite 210
Anchorage, Alaska 99503
Phone: (907) 279-4551

Funded by the COMMUNITY SERVICES ADMINISTRATION
Grant No. 00007F-F-77-02

Design/C.E.D.C. Staff


Current CEDC Assisted Ventures
MISC.
FUEL
STORES
FISHING
ARTS & CRAFTS
CREDIT UNIONS
Kotzebue Sound Area Fishery Cooperative, Inc.
NANA Construction Company, Inc.
Kiana Cooperative Store, Inc.
Akuliuk Corporation
Bering Straits Federal Credit Union
Northwest Skin Sewers, Inc.
Hooghdleekaga, Inc.
Inuit Cooperative
Golovin Fish Processing Cooperative, Inc.
Elim Fish Processing Cooperative, Inc.
Kaltag Cooperative Industries, Inc.
Tanana Chiefs Federal Credit Union
Norton Sound Fishermen's Cooperative, Inc.
DNH Development Corporation
FAIRBANKS
Yukon Delta Fish Marketing Cooperative, Inc.
Ahtna Lodge
Kasigluk Cooperative Store, Inc.
Akiachak Cooperative Store, Inc.
Kuskokwim Fishermen's Cooperative, Inc.
Toksook Bay Arts & Crafts
Akolmiut Management Systems
ANCHORAGE
Chaninik Cooperative, Inc.
Koliganek Cooperative, Inc.
Wildwood Village Grocery, Inc.
Nondalton Knechek Cooperative Store, Inc.
Goodnews Bay Cooperative, Inc.
New Stuyahok Community Cooperative, Inc.
Aleknagik Cooperative Store
Togiak Village Cooperative, Inc.
Manokotak Village Residents Cooperative, Inc.
Kash-Kash Cooperative, Inc.
Nelson Lagoon Fuel Company, Inc.
m/v Yukon - freezer ship, Yakutat
Yakutat Gulf Fishing Company, Inc.
Tlingit & Haida Contractors Association
JUNEAU
Tlingit & Haida Federal Credit Union
Tlingit & Haida Purchasing Association
Angoon Tlingit & Haida Association Motel
Hydaburg Fish Smoke Products

Community Enterprise
Development Corporation of Alaska

REFUNDING PROPOSAL

October 1976 — September 1978

Community Enterprise
Development Corporation of Alaska

Refunding Proposal

October 1976 — September 1978

June 14, 1976

Mr. Louis Ramirez
Associate Director
Office of Economic Development
Community Service Administration
Room B 215 L
1200 19th Street, N.W.
Washington, D.C. 20506

Dear Mr. Ramirez,

On behalf of the Community Enterprise Development Corporation of Alaska, I am pleased to submit to you the CEDC Refunding Proposal for October 1, 1976 - September 30, 1978.

CEDC is requesting a grant from the Community Service Administration in the amount of $17 million. Of this total, $13 million is allocated for business development and $4 million for administrative costs.

The CEDC program will not be substantially different from the past two years. The highest priorities continue to be new rural business development and the delivery of technical assistance and training.

We are proud of CEDC's accomplishments and look forward to the challenges of the next two years. Progress has been made during the current grant period and selective changes have taken place for the expansion and improvement of our services.

CEDC respectfully requests your continuing support and a favorable decision on the funding of programs outlined in this proposal.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA

Hjalmar Olson

HJALMAR OLSON
Chairperson, Board of Directors

HO/KK:jl

Enclosure

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SUMMARY OF GRANT APPLICATION

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act.)

1. TYPE OF APPLICATION
[X] NEW [ ] CONTINUATION OF GRANT NO. _____

Form Approved OMB No. 116-R0199

FOR OEO USE ONLY

2. NAME OF OEO PROJECT MANAGER

ORGANIZATION NO.

DATE RECEIVED

SECTION I. APPLICANT INFORMATION

3. NAME OF APPLICANT AGENCY
Community Enterprise Development Corporation of Alaska

4. ADDRESS *(No. and street, city, state and ZIP CODE)*
503 West Northern Lights Boulevard
Anchorage, Alaska 99503

5. APPLICANT AGENCY PROGRAM MANAGER
Jerry H. Nelson

6. TELEPHONE NO. OF PROGRAM MANAGER
(907) 279-4551

7. POLITICAL JURISDICTIONS IN WHICH OEO FUNDED ACTIVITIES WILL TAKE PLACE

A. COUNTIES	B. CITIES *(Municipalities of 25,000 or more)*	C. CONGRESSIONAL DISTRICTS
		State of Alaska

8. TYPE OF AREA SERVED BY PROJECT
[ ] PROJECT NOT PROVIDING SERVICES TO RESIDENTS IN A DEFINED AREA
[ ] MULTISTATE [X] STATE [ ] MULTICOUNTY [ ] COUNTY [ ] LESS THAN COUNTY-WIDE [ ] CITY
[ ] LESS THAN CITY-WIDE [ ] TRUST TERRITORY [ ] RESERVATION [ ] OTHER *(Identify)* _____

9. TOTAL POPULAT ON IN AREA SERVED
[ ] CHECK HERE IF PROJECT DOES NOT PROVIDE SERVICES TO RESIDENTS OF A DEFINED AREA *(Proceed to Item 10.)*
URBAN *(Municipalities of 10,000 or more)* 0 RURAL 165,000

(ONLY NEW GRANT APPLICANTS COMPLETE ITEMS 10 thru 13.)

10. TYPE OF AGENCY *(Check more than one if applicable)*
[ ] INDIAN [ ] MIGRANT [ ] COMMUNITY ACTION AGENCY
[ ] LIMITED PURPOSE AGENCY *(Applicant not recognized as a Community Action Agency.)*
[ ] STATE ECONOMIC OPPORTUNITY OFFICE [ ] TRUST TERRITORY

11. INTERNAL REVENUE SERVICES EMPLOYER IDENTIFICATION NO. *(Assigned by IRS Form SS-4)*

12. APPLICANT TYPE
[ ] PRIVATE [ ] PUBLIC
[ ] PROFIT [ ] CITY GOVERNMENT
[ ] NONPROFIT [ ] COUNTY GOVERNMENT
[ ] STATE GOVERNMENT
[ ] TRIBAL COUNCIL
[ ] REGIONAL BODY
[ ] OTHER

13. APPLICANT FUNCTION *(Check most applicable item(s))*
[ ] ELEMENTARY/SECONDARY SCHOOL
[ ] INSTITUTION OF HIGHER EDUCATION
[ ] HEALTH AND WELFARE AGENCY
[ ] RELIGIOUS ORGANIZATION
[ ] LEGAL SOCIETY
[ ] EMPLOYMENT/MANPOWER AGENCY
[ ] NEIGHBORHOOD BASED ORGANIZATION
[ ] COOPERATIVE
[ ] COMMUNITY DEVELOPMENT CORPORATION
[ ] OTHER *(Specify)*

SECTION II. PROJECT SUMMARY

14. WILL THE ADMINISTRATION OF ANY PART OF THE WORK PROGRAM BE DELEGATED TO ANOTHER AGENCY?
[ ] YES [X] NO *(If "Yes", CAP Form 11, "Assurance of Compliance with Civil Rights Act of 1964," must be filed for each delegate agency. If it has not been previously submitted, it should be submitted with this application.)*

15. FUNDING PERIOD FOR WHICH FUNDS ARE REQUESTED		16. TOTAL REQUESTED BUDGET PER OEO FORM 325	
BEGINNING DATE	ENDING DATE	OEO FEDERAL	NON-FEDERAL
October 1, 1976	September 30, 1978	$17,000,000	$1,700,000

SECTION III. FORMER OFFICE OF ECONOMIC OPPORTUNITY EMPLOYEES

(Check "Yes" below if the answer to any of these questions is positive.)

1. Does any person who was employed by OEO within the last 12 months *(whether as a regular or part-time employee or consultant)* serve as chief executive officer of, or serve on the governing board of, or have any financial interest in: (a) the applicant agency; (b) an agency to which the applicant will delegate the administration of any part of the program; or (c) a prospective contractor or subcontractor who will have a contract for $25,000 or more?
2. Does any such person serve in any executive capacity, in a position paying more than $18,000 per year, for any of the above agencies?
3. Is any such person expected to work on the program which is to be supported by the grant?
4. Has any such person participated, or will any such person participate, in the preparation of this application or in communications with OEO concerning the requested grant?

[ ] YES [X] NO *(If "Yes", attach a listing of the names of any OEO employees involved, their positions with OEO, and the relationships with the applicant.)*

SECTION IV. CERTIFICATION OF COMPENSATION COMPARABILITY

The salaries and fringe benefits of all employees of this applicant which are supported by OEO funds, or are counted as contribution to the non-Federal share under a grant made by OEO have been reviewed according to OEO instructions and comparability has been established.

Documentation of the methods by which the applicant established comparability is available in applicant's files for review by persons authorized by OEO and personnel of the General Accounting Office.

Any amendment in the future to the OEO approved salary schedule resulting in a general raise in salaries or any change or increase in fringe benefits for all employees shall be based on a current determination of compensation comparability.

SECTION V. TITLE VI OF THE CIVIL RIGHTS ACT

The applicant AGREES that it will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the Regulations of the Office of Economic Opportunity issued pursuant to that title (45 C.F.R. Part 1010), to the end that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Applicant receives Federal financial assistance either directly or indirectly from the Office of Economic Opportunity; and HEREBY GIVES ASSURANCE THAT it will immediately, in all phases and levels of programs and activities, install an affirmative action program to achieve equal opportunities for participation, with provisions for effective periodic self-evaluation.

In the case where the Federal financial assistance is to provide or improve or is in the form of personal property, or real property or interest therein or structures thereon, this assurance shall obligate the Applicant, or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services and benefits, or for as long as the Applicant retains ownership or possession of the property, whichever is longer. In all other cases, this assurance shall obligate the Applicant for the period during which the Federal financial assistance is extended to it.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining either directly or indirectly any and all Federal grants, loans, contracts, property, or discounts, the referral or assignment of VISTA volunteers, or other Federal financial assistance extended after the date hereof to the Applicant by the Office of Economic Opportunity, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Applicant recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Applicant, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Applicant.

SECTION VI. MAINTENANCE OF EFFORT

(Applicable to grants made under Section 222 of the Economic Opportunity Act of 1964.)

Funds or other resources devoted to programs or activities designed to meet the needs of the poor within the community will not be diminished in order to provide non-Federal share contributions for the Grantee.

With respect to each program account in this funding request:

(1) The amounts claimed as non-Federal share represent a net increase over expenditures from non-Federal sources made for similar activities during the twelve months prior to initial application to OEO for the program account.

(2) The program account services will be in addition to, not in substitution for, services previously provided without Economic Opportunity Act assistance.

SECTION VII. CERTIFICATION

The applicant agency agrees that any funds received as a result of this application will be expended in accordance with the terms of the grant and in accordance with regulations of the Office of Economic Opportunity.

The undersigned CERTIFIES that he is authorized to submit this application on behalf of the applicant agency, and to make the commitments contained in it.

NOTE: If the applicant agency is recognized by OEO as a Community Action Agency under Title II of the Economic Opportunity Act, this application must be signed by the chairman of its governing board or, if the Community Action Agency is a political jurisdiction, by the principal governing official of the jurisdiction. In other cases, the application should normally be signed by the chief executive officer of the agency. Other signatures will be accepted only if evidence of their authority to commit the applicant is submitted to OEO.

TYPED NAME AND TITLE	SIGNATURE	DATE
Hjalmar Olson, Chairperson CEDC Board of Directors	Hjalmar Olson	June 14, 1976

TYPED NAME OF EXECUTIVE DIRECTOR OR COMPARABLE OFFICIAL *(If different from name and title indicated above.)*

Jerry H. Nelson, President

BUDGET SUMMARY

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151, of the Economic Opportunity Act)

1. NAME OF APPLICANT AGENCY	2. DATE SUBMITTED	
Community Enterprise Development Corporation of Alaska	June 14,1976	*Form Approved OMB No. 116-R0200*

3. AMENDMENT OR CONTINUATION APPLICATIONS

A. GRANT NO.	B. FUNDING PERIOD FOR WHICH FUNDS ARE REQUESTED		C. PROGRAM ACCOUNT TITLE AND NO. *(As shown on most recent OEO Statement of Grant)*	D. ESTIMATED UNEXPENDED OEO FEDERAL FUNDS AVAILABLE AT END OF CURRENT FUNDING PERIOD *(Attach most recent Quarterly Financial Report - Support Data Sheet)*
	BEGINNING DATE	ENDING DATE		
00007	10/1/76	9/30/78	Special Impact - 63	$

SECTION I. BUDGET SUMMARY *(NEW APPLICATIONS - complete Column E only. CONTINUATIONS - complete Columns C and E only. AMENDMENTS - complete Columns C, D and E.)*

A. COST CAT. NO.	B. COST CATEGORY	C. OEO APPROVED BUDGET FOR THE CURRENT FUNDING PERIOD (No months of Operation 18)		D. REQUESTED AMENDMENT TO CURRENT OEO APPROVED BUDGET (+ OR −)		E. TOTAL REQUESTED BUDGET (No. months of Operation 24)		FOR OEO USE ONLY F. TOTAL OEO APPROVED BUDGET (No. months of Operation)	
		OEO FEDERAL (1)	NONFEDERAL (2)	OEO FEDERAL (1)	NONFEDERAL (2)	OEO FEDERAL (1)	NONFEDERAL (2)	OEO FEDERAL (1)	NONFEDERAL (2)
1.1	Salaries and Wages	915,449				2,128,352			
1.2	Fringe Benefits *(Employer share only)*	137,317				425,323			
1.3	Consultants and Professional Services	96,000				164,000			
2.1	Travel	320,535				801,091			
2.2	Space Costs and Rentals	90,500				335,000			
2.3	Consumable Supplies	28,500				51,080			
2.4	Lease and Purchase of Equipment	36,000				88,800			
2.5	Investment Capital	1,313,199	333,333			12,857,654	1,700,000		
2.6	Other Direct Costs	62,500				148,700			
3.0	Indirect Costs								
	TOTAL	3,000,000	333,333			17,000,000			

SECTION II. ESTIMATED FUTURE COSTS *(Entries in this section do not constitute a formal request for OEO approval for future program operations.)*

	Estimated Total Federal Share to be Requested from OEO	No. months of Operation
1. FOR THE NEXT FUNDING PERIOD *(To be completed by all applicants.)*		
2. FOR THE BALANCE OF THE PROJECT *(To be completed only for applications for funding under Section 232. Do not include estimates in Item 1.)*		

OEO FORM 325 NOV 71

GSA DC 72-6623

BUDGET SUPPORT SHEET - PART I (Salaries and Wages)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved
OMB No. 116-R0200

1. NAME OF APPLICANT AGENCY: Community Enterprise Development Corporation of Alaska

2. TYPE OF GRANT: ☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007

3. DATE SUBMITTED: June 14, 1976

SALARIES AND WAGES *(Itemization of Cost Category No. 1.1)*

4. PAID PERSONNEL *(Complete Col. C only when Nonfederal Share is entered in Col. E.)*

TITLE OR POSITION (A.)	NO. MAN MONTHS (B.)	TOTAL SALARIES AND WAGES (Col. D + E) (C.)	OEO FEDERAL SHARE (D.)	NONFEDERAL SHARE (E.)
President	24		85,588	
Executive Vice-Pres.	24		71,620	
Director of Admin.	24		57,940	
Controller	24		57,940	
Attorney	24		62,116	
Administrative Assist.	24		37,596	
Board Secretary	24		29,692	
Admin. Project Coordin.	24		38,092	
Accounting Technician	24		35,596	
Accounting Technician	24		35,596	
Travel/Accounting Clerk	24		31,468	
MCST Operator	24		27,988	
Receptionist/ Supply Clerk	24		27,988	
Director of Operations	24		57,940	
SUBTOTAL *(This page) (Use continuation sheets.)*			657,160	
6. GRAND TOTAL, PAID PERSONNEL *(Show on Page 1 ONLY)*			2,128,352	

5. VOLUNTEERS

CATEGORY OF VOLUNTEER *(List in Wage Rate Sequence)* (A.)	WAGE PER HOUR (B.)	TOTAL HOURS (C.)	NONFEDERAL SHARE (Col. B X C) (D.)
SUBTOTAL *(This page) (Use continuation sheets.)*			
7. GRAND TOTAL, VOLUNTEERS *(Show on Page 1 only.)*			

BUDGET SUPPORT SHEET - PART I (Salaries and Wages)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved OMB No. 116-R0200

1. NAME OF APPLICANT AGENCY: Community Enterprise Development Corporation of Alaska

2. TYPE OF GRANT: ☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007

3. DATE SUBMITTED: June 14, 1976

SALARIES AND WAGES *(Itemization of Cost Category No. 1.1)*

4. PAID PERSONNEL *(Complete Col. C only when Nonfederal Share is entered in Col. E.)*

TITLE OR POSITION A.	NO. MAN MONTHS B.	TOTAL SALARIES AND WAGES (Col. D + E) C.	OEO FEDERAL SHARE D.	NONFEDERAL SHARE E.
Field Accounting Mgr.	24		46,948	
Field Accountant	24		40,852	
Field Accountant	24		40,852	
Field Accountant	24		40,852	
Field Accountant	24		40,852	
Field Accountant	24		40,852	
Field Accountant	24		40,852	
Accounting Technician	24		35,596	
Trainer	24		38,852	
Trainer	24		38,852	
Operations Secretary	24		29,692	
Director of Expediting	24		57,940	
Expediter	24		40,852	
Expediting Assistant	24		31,468	
SUBTOTAL *(This page) (Use continuation sheets.)*			565,312	
6. GRAND TOTAL, PAID PERSONNEL *(Show on Page 1 ONLY)*				

5. VOLUNTEERS

CATEGORY OF VOLUNTEER *(List in Wage Rate Sequence)* A.	WAGE PER HOUR B.	TOTAL HOURS C.	NONFEDERAL SHARE (Col. B X C) D.
SUBTOTAL *(This page) (Use continuation sheets.)*			
7. GRAND TOTAL, VOLUNTEERS *(Show on Page 1 only.)*			

151

BUDGET SUPPORT SHEET - PART I (Salaries and Wages)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved OMB No. 110-R0200

1. NAME OF APPLICANT AGENCY: Community Enterprise Development Corporation of Alaska

2. TYPE OF GRANT: ☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007

3. DATE SUBMITTED: June 14, 1976

SALARIES AND WAGES *(Itemization of Cost Category No. 1.1)*

4. PAID PERSONNEL *(Complete Col. C only when Nonfederal Share is entered in Col. E.)*

TITLE OR POSITION (A.)	NO. MAN MONTHS (B.)	TOTAL SALARIES AND WAGES (Col. D + E) (C.)	OEO FEDERAL SHARE (D.)	NONFEDERAL SHARE (E.)
Expediting Assistant	24		31,468	
Expediting Assistant	24		31,468	
Accounting Clerk	24		31,468	
Secretary	24		29,692	
Director of Fisheries	24		57,940	
Fisheries Specialist	24		53,966	
Fisheries Specialist	24		53,966	
Fisheries Specialist	24		53,966	
Development Specialist	24		53,966	
Fisheries Secretary	24		29,692	
Marketing Specialist	24		53,966	
Director of Development	24		57,940	
Development Specialist	24		53,966	
Development Specialist	24		53,966	
SUBTOTAL *(This page) (Use continuation sheets.)*			647,430	
6. GRAND TOTAL, PAID PERSONNEL *(Show on Page 1 ONLY)*				

5. VOLUNTEERS

CATEGORY OF VOLUNTEER *(List in Wage Rate Sequence)* (A.)	WAGE PER HOUR (B.)	TOTAL HOURS (C.)	NONFEDERAL SHARE (Col. B X C) (D.)
SUBTOTAL *(This page) (Use continuation sheets.)*			
7. GRAND TOTAL, VOLUNTEERS *(Show on Page 1 only.)*			

BUDGET SUPPORT SHEET - PART I (Salaries and Wages)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved OMB No. 116-R0200

1. NAME OF APPLICANT AGENCY: Community Enterprise Development Corporation of Alaska

2. TYPE OF GRANT: ☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007

3. DATE SUBMITTED: June 14, 1976

SALARIES AND WAGES *(Itemization of Cost Category No. 1.1)*

4. PAID PERSONNEL *(Complete Col. C only when Nonfederal Share is entered in Col. E.)*

TITLE OR POSITION (A.)	NO. MAN MONTHS (B.)	TOTAL SALARIES AND WAGES (Col. D + E) (C.)	OEO FEDERAL SHARE (D.)	NONFEDERAL SHARE (E.)
Development Specialist	24		53,966	
Development Specialist	24		48,900	
Researcher	24		38,092	
Development Secretary	24		29,692	
External Auditor	24		46,948	
External Auditor	24		40,852	
SUBTOTAL *(This page) (Use continuation sheets.)*			258,450	
6. GRAND TOTAL, PAID PERSONNEL *(Show on Page 1 ONLY)*				

5. VOLUNTEERS

CATEGORY OF VOLUNTEER *(List in Wage Rate Sequence)* (A.)	WAGE PER HOUR (B.)	TOTAL HOURS (C.)	NONFEDERAL SHARE (Col. B X C) (D.)
SUBTOTAL *(This page) (Use continuation sheets.)*			
7. GRAND TOTAL, VOLUNTEERS *(Show on Page 1 only.)*			

BUDGET SUPPORT SHEET - PART II (Budget Support Data)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved
O.M.B No. 115-R0200

1. NAME OF APPLICANT AGENCY	2. TYPE OF GRANT	3. DATE SUBMITTED
Community Enterprise Development Corporation of Alaska	☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007	June 14, 1976

BUDGET SUPPORT DATA *(Itemization of Cost Categories other than Salaries and Wages. Show subtotal for each cost category.)*

COST CAT. NO. A.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION B.		AMOUNT OR VALUE OF ITEM OEO FEDERAL SHARE C.	AMOUNT OR VALUE OF ITEM NONFEDERAL SHARE D.
1.2	Fringe Benefits - 20% of Salaries for Social Security,			
	Unemployment Insurance, Pension		425,323	
			-	
1.3	Consultants and Contract Services			
	Audit	17,000		
	Legal	20,000		
	Board Training	20,000		
	Fisheries	25,000		
	Other Ventures	72,000		
	Staff Training	10,000	164,000	
		GRAND TOTAL *(Show on Page 1 only.)*	14,873,648	

BUDGET SUPPORT SHEET - PART II (Budget Support Data)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved OMB No. 115-R0200

1. NAME OF APPLICANT AGENCY	2. TYPE OF GRANT	3. DATE SUBMITTED
Community Enterprise Development Corporation of Alaska	☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO 00007	June 14, 197

BUDGET SUPPORT DATA *(Itemization of Cost Categories other than Salaries and Wages. Show subtotal for each cost category.)*

COST CAT. NO. A.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION B.		AMOUNT OR VALUE OF ITEM OEO FEDERAL SHARE C.	AMOUNT OR VALUE OF ITEM NONFEDERAL SHARE D.
2.1	Travel and Per Diem			
	Membership Meeting			
	Fare: 54 Members x 2 Trips at $180	19,440		
	Per Diem: 54 Members x 10 Days at $59	31,860	51,300	
	Full Board-Meetings and Training			
	Fare: 27 members x 4 Trips at $180	19,440		
	Per Diem: 27 members x 20 Days at $59	31,860	51,300	
	Executive Committee Meetings			
	Fare: 9 Members x 18 Trips at $180	29,160		
	Per Diem: 9 Members x 90 Days at $59	47,790		
	Fare: Out of State - 3 x 8 Trips at $500	12,000		
	Per Diem: Out of State - 3 x 40 Days at $42	5,040	93,990	
		GRAND TOTAL *(Show on Page 1 only.)*		

BUDGET SUPPORT SHEET - PART II (Budget Support Data)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved
O.M.B No. 116-R0200

1. NAME OF APPLICANT AGENCY: Community Enterprise Development Corporation of Alaska

2. TYPE OF GRANT: ☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007

3. DATE SUBMITTED: June 14, 1976

BUDGET SUPPORT DATA *(Itemization of Cost Categories other than Salaries and Wages. Show subtotal for each cost category.)*

COST CAT. NO. A.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION B.		AMOUNT OR VALUE OF ITEM: OEO FEDERAL SHARE C.	AMOUNT OR VALUE OF ITEM: NONFEDERAL SHARE D.
2.1	Executive Committee Training - Out of State			
	Fare: 4 Members x 2 Trips at $250	2,000		
	4 Members x 4 Trips at $350	5,600		
	Per Diem: 4 Members x 36 Days at $33	4,752	12,352	
	Administration			
	Fare: In State - 190 Trips at $180	34,200		
	Per Diem: In State - 750 Days at $47	35,250		
	Fare: Out of State - 28 Trips at $250	7,000		
	Fare: Out of State - 18 Trips at $500	9,000		
	Per Diem: Out of State - 112 Days at $33	3,696		
	Per Diem: Out of State - 90 Days at $42	3,780	92,926	
	GRAND TOTAL *(Show on Page 1 only.)*			

BUDGET SUPPORT SHEET - PART II (Budget Support Data)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved OMB No. 115-R0200

1. NAME OF APPLICANT AGENCY: Community Enterprise Development Corporation of Alaska

2. TYPE OF GRANT: ☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007

3. DATE SUBMITTED: June 14, 1976

BUDGET SUPPORT DATA *(Itemization of Cost Categories other than Salaries and Wages. Show subtotal for each cost category.)*

COST CAT. NO. A.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION B.	AMOUNT OR VALUE OF ITEM	
		OEO FEDERAL SHARE C.	NONFEDERAL SHARE D.
2.1	Development		
	Fare: In State - 120 Trips at $180 — 21,600		
	Per Diem: In State - 360 Days at $47 — 16,920		
	Fare: Out of State - 10 Trips at $500 — 5,000		
	Per Diem: Out of State - 50 Days at $42 — 2,100	45,620	
	Fisheries		
	Fare: In State - 152 Trips at $180 — 27,360		
	Per Diem: In State - 1,005 Days at $47 — 47,235		
	Fare: Out of State - 40 Trips at $250 — 10,000		
	Per Diem: Out of State - 176 Days at $33 — 5,808	90,403	
	GRAND TOTAL *(Show on Page 1 only.)*		

BUDGET SUPPORT SHEET - PART II (Budget Support Data)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved
OMB No. 116-R0200

1. NAME OF APPLICANT AGENCY	2. TYPE OF GRANT	3. DATE SUBMITTED
Community Enterprise Development Corporation of Alaska	☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007	June 14, 1976

BUDGET SUPPORT DATA *(Itemization of Cost Categories other than Salaries and Wages. Show subtotal for each cost category.)*

COST CAT. NO. A.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION B.	AMOUNT OR VALUE OF ITEM	
		OEO FEDERAL SHARE C.	NONFEDERAL SHARE D.
2.1	Operations		
	Fare: 132 Trips at $180	23,760	
	Per Diem: 352 Days at $47	16,544	40,304
	Field Accounting		
	Fare: 386 Trips at $180	69,480	
	Per Diem: 1,710 Days at $47	80,370	149,850
	Expediting		
	Fare: In State - 300 Trips at $180	54,000	
	Per Diem: In State - 1,200 Days at $47	56,400	
	Fare: Out of State - 6 Trips at $250	1,500	
	Per Diem: Out of State - 126 Days at $33	4,158	116,058
	GRAND TOTAL *(Show on Page 1 only.)*		

BUDGET SUPPORT SHEET - PART II (Budget Support Data)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved OMB No. 114-R0200

1. NAME OF APPLICANT AGENCY: Community Enterprise Development Corporation of Alaska

2. TYPE OF GRANT: ☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007

3. DATE SUBMITTED: June 14, 1976

BUDGET SUPPORT DATA *(Itemization of Cost Categories other than Salaries and Wages. Show subtotal for each cost category.)*

COST CAT. NO. A.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION B.		AMOUNT OR VALUE OF ITEM	
			OEO FEDERAL SHARE C.	NONFEDERAL SHARE D.
2.1	External Auditors			
	Fare: In State - 61 Trips at $180	10,980		
	Per Diem: In State - 368 Days at $47	17,296		
	Fare: Out of State - 4 Trips at $500	2,000		
	Fare: Out of State - 4 Trips at $250	1,000		
	Per Diem: Out of State - 48 Days at $33	1,584	32,860	
	Venture Personnel Training			
	Fare: 58 Trips at $180	10,440		
	Per Diem: 232 Days at $59	13,688	24,128	
		GRAND TOTAL *(Show on Page 1 only.)*		

BUDGET SUPPORT SHEET - PART II (Budget Support Data)

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved O.M.B No. 116-R0200

1. NAME OF APPLICANT AGENCY	2. TYPE OF GRANT	3. DATE SUBMITTED
Community Enterprise Development Corporation of Alaska	☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007	June 14, 1976

BUDGET SUPPORT DATA *(Itemization of Cost Categories other than Salaries and Wages. Show subtotal for each cost category.)*

COST CAT. NO. A.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION B.	AMOUNT OR VALUE OF ITEM: OEO FEDERAL SHARE C.	AMOUNT OR VALUE OF ITEM: NONFEDERAL SHARE D.
2.2	Space Cost		
	Rent - 11,000 Sq. Ft. at $1.15 x 24 Months 303,600		
	Meeting Rooms 5,000		
	Janitorial 26,400	335,000	
2.3	Consumable Supplies		
	Office supplies 46,080		
	Training Materials 5,000	51,080	
2.4	Lease and Purchase of Equipment		
	Lease 52,800		
	Purchase 36,000	88,800	
2.5	Investment Capital	12,857,654	
	GRAND TOTAL *(Show on Page 1 only.)*		

BUDGET SUPPORT SHEET - PART II (Budget Support Data)

(For Health Demonstration Programs under Section 223, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved OMB No. 116-R0200

1. NAME OF APPLICANT AGENCY: Community Enterprise Development Corporation of Alaska

2. TYPE OF GRANT: ☐ NEW ☐ AMENDMENT ☒ CONTINUATION OF GRANT NO. 00007

3. DATE SUBMITTED: June 14, 1976

BUDGET SUPPORT DATA *(Itemization of Cost Categories other than Salaries and Wages. Show subtotal for each cost category.)*

COST CAT. NO. A.	DESCRIPTION OF ITEM AND BASIS FOR VALUATION B.	AMOUNT OR VALUE OF ITEM	
		OEO FEDERAL SHARE C.	NONFEDERAL SHARE D.
2.6	Other Direct Costs		
	Recruitment 3,600		
	Postage 10,800		
	Insurance 25,200		
	Telephone 57,600		
	Staff Training 5,000		
	Gas and Oil 8,000		
	Repairs and Maintenance - Trucks and Auto 3,600		
	Repairs and Maintenance - Office Equipment 2,400		
	Professional Fees 15,000		
	NCCED Fees 10,000		
	Publications and Memberships 1,500		
	Miscellaneous 6,000	148,700	
	GRAND TOTAL *(Show on Page 1 only.)*		

CERTIFICATE OF APPLICANT'S ATTORNEY

(For Health Demonstration Programs under Section 222, Research and Pilot Programs under Section 232, and Special Impact Programs under Section 151 of the Economic Opportunity Act)

Form Approved
OMB No. 116-R0198

This certificate is required when applying for a new grant; or upon OEO's request, for the continuation of an existing grant.

1. NAME OF APPLICANT AGENCY

Community Enterprise Development Corporation of Alaska

2. IS THE APPLICANT AN INSTITUTION OF HIGHER EDUCATION AS DEFINED IN SECTION 401(F) OF THE HIGHER EDUCATION ACT OF 1963, PUBLIC LAW 88-204?

☐ YES ☒ NO

IF "YES", WAS IT IN EXISTENCE ON AUGUST 20, 1964? ☐ YES ☐ NO

3. THE APPLICANT IS

☐ A PUBLIC AGENCY

☒ AN ORGANIZATION CHARTERED AS A NONPROFIT CORPORATION UNDER THE LAWS OF THE STATE OF Alaska

☐ A NONPROFIT UNINCORPORATED ASSOCIATION.

☐ OTHER *(Explain in Item 6, below.)*

4. IF THE APPLICANT IS A NONPROFIT ORGANIZATION, INDICATE WHETHER IT HOLDS A CURRENT RULING FROM THE INTERNAL REVENUE SERVICE THAT IT IS TAX EXEMPT

☒ YES *(Date of Ruling)* 10/29/74 ☐ NO

5. IF ANSWER TO ITEM 4, ABOVE, IS "NO"

A. IS IT YOUR OPINION THAT THE APPLICANT QUALIFIES FOR SUCH A RULING?

☐ YES ☐ NO

B. HAS ANY OFFICIAL OF THE INTERNAL REVENUE SERVICE INDICATED THAT THE APPLICANT MAY NOT QUALIFY FOR SUCH A RULING?

☐ YES *(Explain in Item 6, below.)* ☐ NO

6. REMARKS

7. OPINION

In my opinion, the above information accurately describes the applicant agency, and that agency has the authority, under applicable principles of law, to carry out the program described in this application.

TYPED NAME OF ATTORNEY	MEMBER OF THE BAR OF *(State)*	SIGNATURE
Donald W. McDonald	Alaska	Donald W. McDonald

ADDRESS	DATE
303 "K" Street, Anchorage, Alaska	6/2/76

OEO FORM 393 NOV 71

GSA DC 72-6620

CHECKPOINT PROCEDURE FOR COORDINATION

(OEO Instruction 6710-1)

Form Approved
OMB No. 116-R0202

(THIS SPACE FOR OEO USE)

FROM: *(Applicant Agency)*

- [ ] COMMUNITY ACTION AGENCY (CAA)
- [ ] STATE ECONOMIC OPPORTUNITY OFFICE (SEOO)
- [X] APPLICANT OTHER THAN CAA OR SEOO

Community Development Corporation

TO: *(Responding Agency)*

- [ ] CAA
- [X] SEOO
- [ ] OTHER OFFICIAL, AGENCY OR INSTITUTION
- [ ] CLEARINGHOUSE: [ ] STATE [ ] METRO [ ] REGIONAL

The applicant named below plans to apply to OEO for financial assistance under provisions of the Economic Opportunity Act of 1964. The activity that the applicant plans to undertake is described in Section I below and in accompanying documents. In order to assure that this activity is coordinated with other programs and anti-poverty activities, you are requested to complete Sections II and III of this form.

OEO allows the office, agency or institution to which this form is sent, a minimum of 15 days from receipt of the form to complete and return it. If you are unable to respond fully to the request within this period, you may either request additional time or if the schedule will not permit an extension, you may return the form with notation explaining why you were unable to complete it. *(When this form is used with other documents to implement procedures of the Federal Project Notification and Review System, affected Clearinghouses are allowed 30 days in which to respond.)*

This checkpoint procedure is not designed to require concurrence in the proposed activities by the recipient of this form. However, OEO does require that the applicant provide an opportunity for all appropriate officials, agencies and institutions to express their concerns with respect to the proposed activities.

SECTION I. APPLICANT AGENCY AND PROPOSED ACTIVITIES

1. NAME OF APPLICANT: Community Enterprise Development Corporation

2. DATE THIS FORM FORWARDED: 5-19-76

3. ADDRESS

NO. AND STREET	CITY	COUNTY	STATE	ZIP CODE
503 W. N. Lights Blvd.	Anchorage	N/A	Alaska	99503

4. NAME AND TITLE OF STAFF DIRECTOR: Mr. Jerry H. Nelson, President

5. TELEPHONE NO. *(Include Area Code)*: 907-279-4551

6. TITLE AND BRIEF DESCRIPTION OF PROPOSED ANTI-POVERTY PROJECT(S) ACTIVITIES *(Including funding sources)*

Community Enterprise Development Corporation - Community Enterprise Development Corporation of Alaska (CEDC) is a private non-profit corporation operating on the belief that one way to break the poverty cycle in Alaska's rural communities is by providing an opportunity for low income groups to participate in the free enterprise system. Using seed capital from the Community Service Administration (CSA), CEDC assists in developing and supporting business enterprises in the low income areas of rural Alaska. Along with financial assistance in the form of loans and grants to new enterprises, the corporation endeavors to fill in the educational gaps of emerging rural businessmen by providing technical and training assistance.

7. COMMUNITIES TO BE INCLUDED IN PROPOSED PROJECT(S)

All Rural Low-income communities in Alaska are eligible to apply for enterprise development assistance.

8. BUDGET PERIOD *(Program Year)* FOR PROPOSED PROJECT(S)

BEGINNING DATE	ENDING DATE
October 1, 1976	September 30, 1978

9. TOTAL ESTIMATED COST OF PROPOSED ACTIVITY *(Item 10 + 11)*	10. OEO FEDERAL SHARE	11. NON-FEDERAL SHARE
$17,000,000.00	$17,000,000.00	

OEO FORM 394 JUL 71

SECTION II. OFFICIAL OR AGENCY RESPONDING TO FORM

12. TITLE OF OFFICIAL OR AGENCY RESPONDING			13. DATE OF RESPONSE
Jay Hammond, Governor of Alaska			5/27/76
14. ADDRESS			
NO. AND STREET: Pouch A, 3rd Floor, State Capitol	CITY: Juneau	COUNTY:	STATE: Alaska / ZIP CODE: 99811
15. TYPED NAME AND TITLE OF INDIVIDUAL COMPLETING THIS FORM: Jay Hammond, Governor	16. SIGNATURE		17. TELEPHONE NO. (Include Area Code): 465-3500

SECTION III. COMMENTS ON PROPOSED ACTIVITY

18. WERE YOU, OR WAS YOUR AGENCY CONSULTED IN THE PLANNING OF THE PROPOSED PROJECT(S) DESCRIBED IN SECTION I:

[X] YES [ ] NO

18a. IF "YES", *(Item 18 above)*, DESCRIBE IN WHAT MANNER AND AT WHAT POINT YOU OR YOUR AGENCY PARTICIPATED IN THE PLANNING OF THE PROPOSED PROJECT.

The State of Alaska maintains frequent contact with CEDC through the Department of Community & Regional Affairs. During April, the department was formally requested to provide its input to CEDC on its operations.

19. HOW WILL THE PROPOSED PROJECT(S) COMPLEMENT AND BE COORDINATED WITH YOUR CURRENT AND PLANNED ACTIVITIES AFFECTING THE POOR?

CEDC's ventures frequently complement the State's Rural Development Assistance Program, and fits many objectives of the Division of Community Services and the Division of Economic Enterprise. Every effort is made to combine available funding and to coordinate with the above. Responsibility for the coordination falls within the Division of Community Services.

20. WHAT IS YOUR OPINION OF THE PROPOSED PROJECT(S)? STATE ANY OTHER FACTORS WHICH YOU BELIEVE SHOULD INFLUENCE OEO'S DECISION ON WHETHER TO FUND THE PROJECT(S).

It is my opinion that CEDC has been very responsive to the needs of low-income rural Alaskans. The initiation of enterprises capable of sustaining themselves without long term Federal and State involvement is highly desirable. Many of CEDC's past projects have been successful in this regard, and it is my recommendation that the program be funded at the highest possible level.

21. DO YOU, OR YOUR AGENCY *(other than a Clearinghouse)*, PLAN TO PROVIDE SUPPORT *(through the provision of services to beneficiaries, technical assistance or other assistance)* TO THE PROPOSED PROJECT? *(If "Yes", describe the specific kinds of support.)*

[X] YES [ ] NO

Complementary funding on feasible projects as they fit into State Program Guidelines.

Staff support as requested from the Department of Community & Regional Affairs.

(If additional space is required continue on blank paper.)

GPO 879-804

CHECKPOINT PROCEDURE FOR COORDINATION

(OEO Instruction 6710-1)

Form Approved
OMB No. 116-R0202

(THIS SPACE FOR OEO USE) RECEIVED

JUN 2 1976

O.E.O. D.C.

FROM: *(Applicant Agency)*

- [ ] COMMUNITY ACTION AGENCY (CAA)
- [ ] STATE ECONOMIC OPPORTUNITY OFFICE (SEOO)
- [X] APPLICANT OTHER THAN CAA OR SEOO

Community Development Corporation

TO: *(Responding Agency)*

- [ ] CAA
- [X] SEOO
- [ ] OTHER OFFICIAL, AGENCY OR INSTITUTION
- [ ] CLEARINGHOUSE: [ ] STATE [ ] METRO [ ] REGIONAL

The applicant named below plans to apply to OEO for financial assistance under provisions of the Economic Opportunity Act of 1964. The activity that the applicant plans to undertake is described in Section I below and in accompanying documents. In order to assure that this activity is coordinated with other programs and anti-poverty activities, you are requested to complete Sections II and III of this form.

OEO allows the office, agency or institution to which this form is sent, a minimum of 15 days from receipt of the form to complete and return it. If you are unable to respond fully to the request within this period, you may either request additional time or if the schedule will not permit an extension, you may return the form with notation explaining why you were unable to complete it. *(When this form is used with other documents to implement procedures of the Federal Project Notification and Review System, affected Clearinghouses are allowed 30 days in which to respond.)*

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1. NAME OF APPLICANT: Community Enterprise Development Corporation

2. DATE THIS FORM FORWARDED: 5-19-76

3. ADDRESS

NO. AND STREET	CITY	COUNTY	STATE	ZIP CODE
503 W. N. Lights Blvd.	Anchorage	N/A	Alaska	99503

4. NAME AND TITLE OF STAFF DIRECTOR: Mr. Jerry H. Nelson, President

5. TELEPHONE NO. *(Include Area Code)*: 907-279-4551

6. TITLE AND BRIEF DESCRIPTION OF PROPOSED ANTI-POVERTY PROJECT(S) ACTIVITIES *(Including funding sources)*

Community Enterprise Development Corporation - Community Enterprise Development Corporation of Alaska (CEDC) is a private non-profit corporation operating on the belief that one way to break the poverty cycle in Alaska's rural communities is by providing an opportunity for low income groups to participate in the free enterprise system. Using seed capital from the Community Service Administration (CSA), CEDC assists in developing and supporting business enterprises in the low income areas of rural Alaska. Along with financial assistance in the form of loans and grants to new enterprises, the corporation endeavors to fill in the educational gaps of emerging rural businessmen by providing technical and training assistance.

7. COMMUNITIES TO BE INCLUDED IN PROPOSED PROJECT(S)

All rural low-income communities in Alaska are eligible to apply for enterprise development assistance.

8. BUDGET PERIOD *(Program Year)* FOR PROPOSED PROJECT(S)

BEGINNING DATE	ENDING DATE
October 1, 1976	September 30, 1978

9. TOTAL ESTIMATED COST OF PROPOSED ACTIVITY *(Item 10 + 11)*	10. OEO FEDERAL SHARE	11. NON-FEDERAL SHARE
$17,000,000.00	$17,000,000.00	

SECTION II. OFFICIAL OR AGENCY RESPONDING TO FORM

12. TITLE OF OFFICIAL OR AGENCY RESPONDING			13. DATE OF RESPONSE
RURAL ALASKA COMMUNITY ACTION PROGRAM			June 1, 1976

14. ADDRESS

NO. AND STREET	CITY	COUNTY	STATE	ZIP CODE
1016 E. 4th Ave.	Anchorage	N/A	Alaska	99501

15. TYPED NAME AND TITLE OF INDIVIDUAL COMPLETING THIS FORM	16. SIGNATURE	17. TELEPHONE NO. *(Include Area Code)*
Philip J. Smith Executive Director	Phil J. Smith	907-279-2441

SECTION III. COMMENTS ON PROPOSED ACTIVITY

18. WERE YOU, OR WAS YOUR AGENCY CONSULTED IN THE PLANNING OF THE PROPOSED PROJECT(S) DESCRIBED IN SECTION II?

[X] YES [ ] NO

18a. IF "YES", *(Item 18 above)*, DESCRIBE IN WHAT MANNER AND AT WHAT POINT YOU OR YOUR AGENCY PARTICIPATED IN THE PLANNING OF THE PROPOSED PROJECT.

Several RurAL CAP Regional Directors serve on the CEDC Board of Directors, thereby assuring complete coordination of efforts at the "grass-roots" level.

19. HOW WILL THE PROPOSED PROJECT(S) COMPLEMENT AND BE COORDINATED WITH YOUR CURRENT AND PLANNED ACTIVITIES AFFECTING THE POOR?

CEDC has been, and will continue to be a resource available to low-income people who wish to seize control of their immediate economic needs. Requests for assistance in enterprise development, identified by low-income people, are referred to CEDC. As well, CEDC is represented on the RurAL CAP Board of Directors.

20. WHAT IS YOUR OPINION OF THE PROPOSED PROJECT(S)? STATE ANY OTHER FACTORS WHICH YOU BELIEVE SHOULD INFLUENCE OEO'S DECISION ON WHETHER TO FUND THE PROJECT(S).

This is a good project, designed and implemented in a way to provide an appropriate response to the needs of the rural poor in Alaska.

I would remind CSA that the Alaska Native Claims Settlement Act and the consequent development of Regional and Village Corporations has not yet had a discernable impact on poor people in villages. Accordingly, continued support from CSA remains in the best interests of rural Alaska.

21. DO YOU, OR YOUR AGENCY *(other than a Clearinghouse)*, PLAN TO PROVIDE SUPPORT *(through the provision of services to beneficiaries, technical assistance or other assistance)* TO THE PROPOSED PROJECT? *(If "Yes", describe the specific kinds of support.)*

[X] YES [ ] NO

As requested, and within the limitation of RurAL CAP's CSA budget.

(If additional space is required continue on blank paper.)

GPO 879-804

Marsh & McLennan

Marsh & McLennan, Incorporated
750 West Second Avenue, Suite 100
Anchorage, Alaska 99501
Telephone (907) 276-5424

June 9, 1976

Community Enterprise Development Corporation
503 West Northern Lights Blvd.
Anchorage, Alaska 99503

ATTN: Jerry Nelson, President

Re: Blanket Honesty Bond Number S707021

Dear Mr. Nelson:

The following is the requested information on the Blanket Honesty Bond we have for your corporation:

Company	Insurance Company of North America
Bond Number	S707021
Term	Continuous with annual billings
Coverage	$250,000 indemnification (all employees)
Premium	$431.00

If you should have any questions, please don't hesitate contacting this office.

Sincerely,

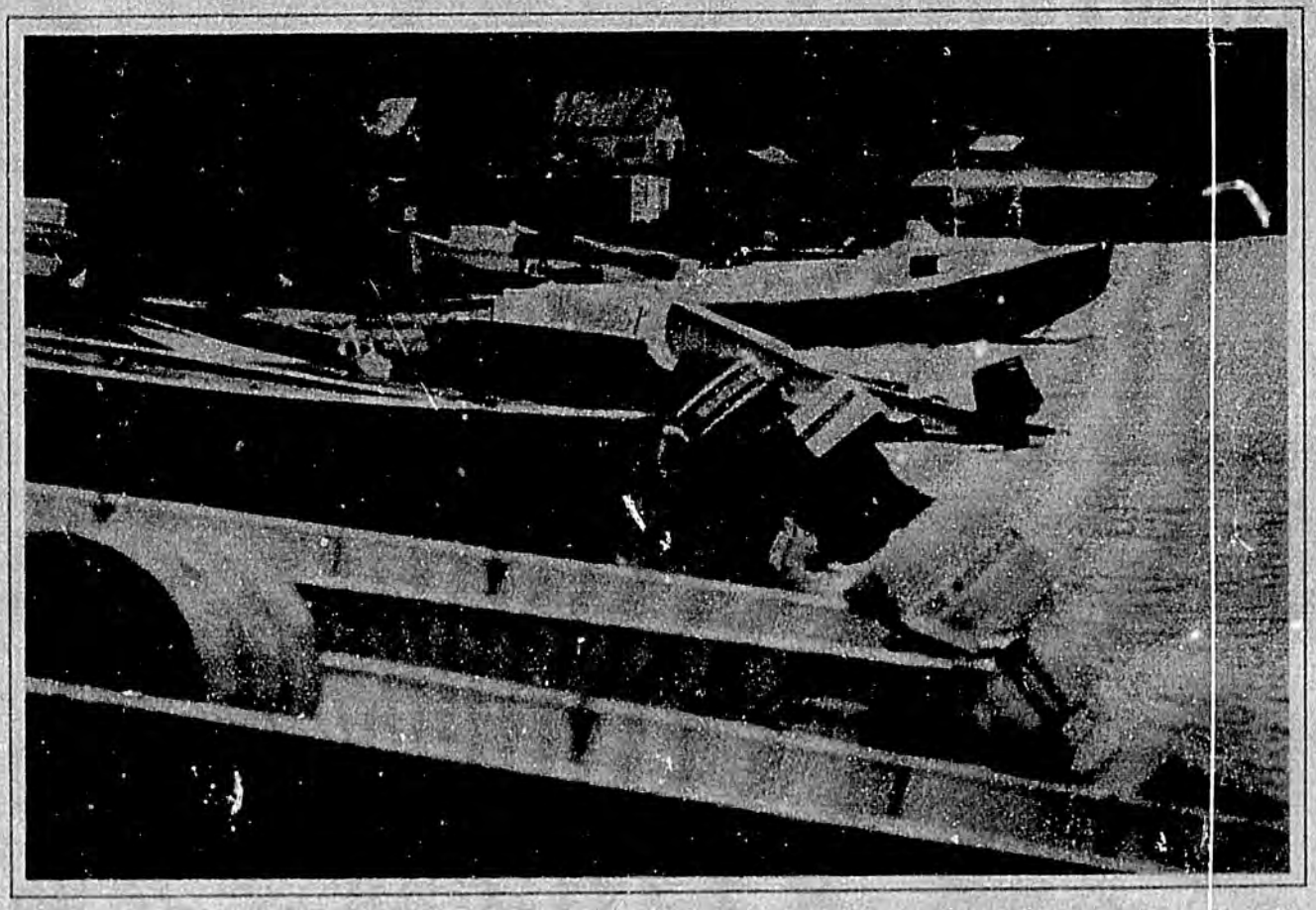
Dianne

Dianne Muller

DM/lb

Application Forms and Documents

Introductory Statement



A. PRESENT FUNDING REVIEW

Community Enterprise Development Corporation of Alaska's (CEDC) achievements varied from its stated goals as outlined in the 1975-1977 refunding proposal. The major reason was that the scope of operations had to be greatly scaled down due to the limited funding. CEDC specified its goals and strategies based upon a $10 million budget over two years. It received $3 million for an 18 month period. Venture development project priorities had to be concentrated in fewer industries. No catalytic or social projects were funded. CEDC staffing was reduced substantially as was the level of technical assistance provided to ventures.

Fishing ventures were established as the priority business development area. To meet the demands of this type of development, the fisheries department was created and five people hired. The department concentrated on three major projects and has already begun laying the foundation of new projects for the 1977 fishing season.

Expediting department staff was also increased by four persons to accommodate the phenomenal growth that occurred during this grant period. Its merchandise base increased from groceries to outboard motors, snowmobiles, tools, and other products. CEDC also provided this department with needed working capital.

CEDC expended its venture capital halfway through its grant period. In addition to the creation of fishing ventures, new business development included retail outlets, lodges, and bulk fuel projects. No credit unions, catalytic, or social projects were funded. CEDC also expanded its financial assistance to include equity financing.

Major problems were encountered due to the high staff turnover that CEDC experienced. The corporation was not able to keep pace with those salaries and benefits offered by other federal, state, and private employers. The most severe effect was the lack of venture technical assistance, and some ventures deteriorated to an extent. Much pressure was put on the available staff to carry the increased work load.

The CEDC executive committee received a number of training sessions. This training, and the addition of the Alaska Native Claims Settlement Act (ANCSA) corporations and business representatives, have greatly improved the CEDC board of directors.

B. GOALS AND STRATEGY FOR PROPOSED FUNDING PERIOD

No major changes are planned for CEDC's activities over the next two years. CEDC seeks an increased level of funding, however. CEDC is requesting a funding level from the Community Service Administration (CSA) of approximately $17 million. Of this total, $13 million has been allocated for its venture development program while $4 million is earmarked for the administrative budget.

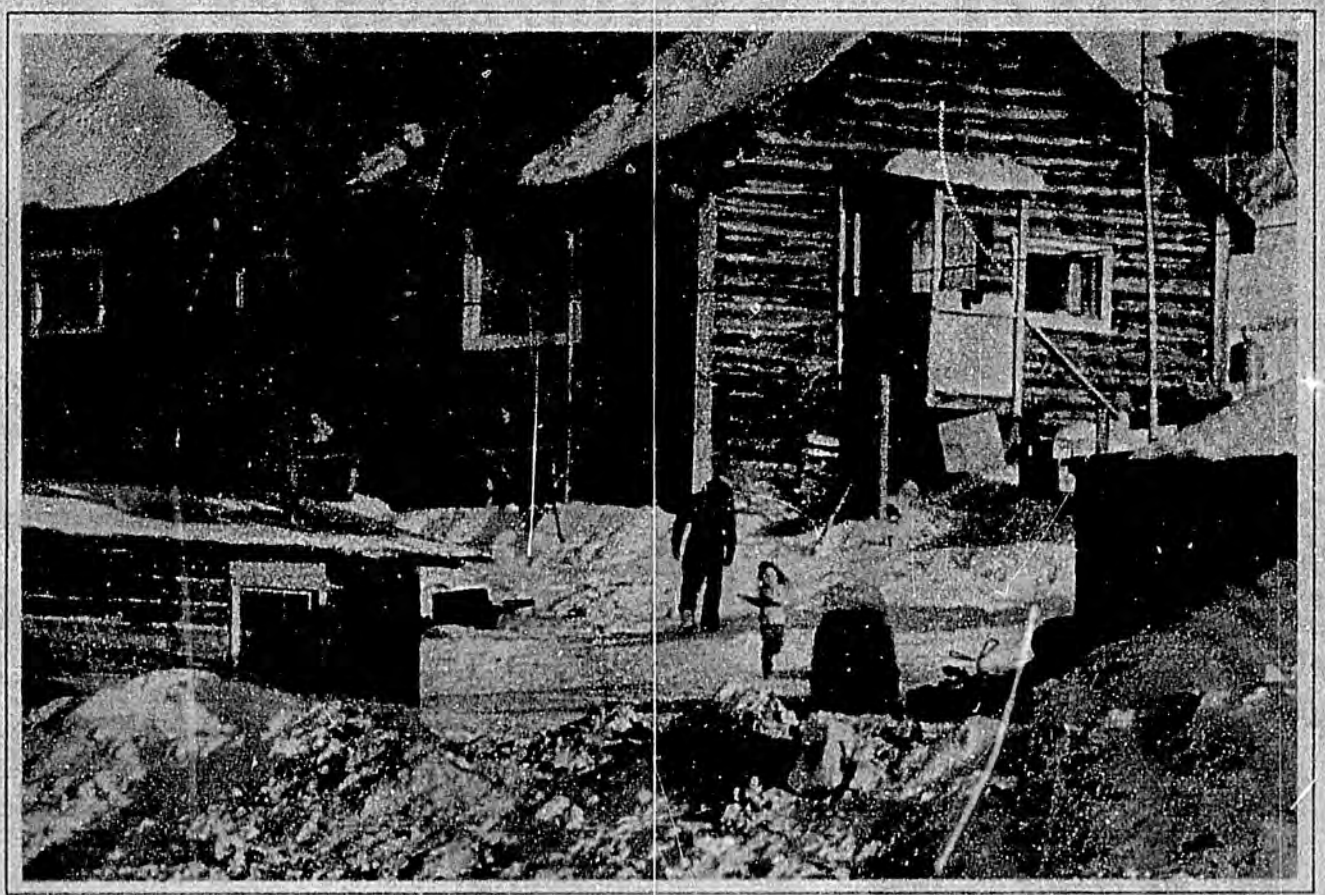
CEDC's priority will again be the development of new rural businesses. Of the $13 million venture development budget, $11.5 million has been allocated for new rural venture financing. Industry priorities have been determined to be fisheries, retail, tourism-real estate, and timber. To move existing ventures more toward autonomy from CEDC, $1.5 million in funding programs has been recommended. These programs include the already existing short term revolving fund. New funding programs for CEDC member ventures include an intermediary revolving fund, a fisheries revolving fund and a loan guarantee program.

CEDC recognizes that it cannot realistically expect to become self-sufficient from CSA without its continued support over the next decade. However, CEDC will take steps to move in this direction. The board of directors has voted to increase the CEDC loan interest rate from 4 1/2 to 7 1/2 percent, provide more equity financing and charge for its services. CEDC will also pursue the purchase of an office building as part of its institution building efforts.

CEDC corporate development will be concentrated on the continued growth of its staff and board. CEDC is recommending salary and fringe benefit changes which better meet alternative employment sources within the state, to cut down the level of staff turnover. Board training will continue with travel in various parts of Alaska to enable members to learn first hand about different areas of the state.

CEDC will introduce an outreach program to inform villages of CEDC's program. This is in response to suggestions made by regional and village corporations to improve CEDC services.

Description of Impact Area



The impact area of Community Enterprise Development Corporation (CEDC) is rural, or non-urban, Alaska. This target area includes almost the entire state, excluding only the five urban centers of Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka. The state of Alaska covers 586,412 square miles, providing over half a million square miles to be included in CEDC's impact area.

A. GEOGRAPHY

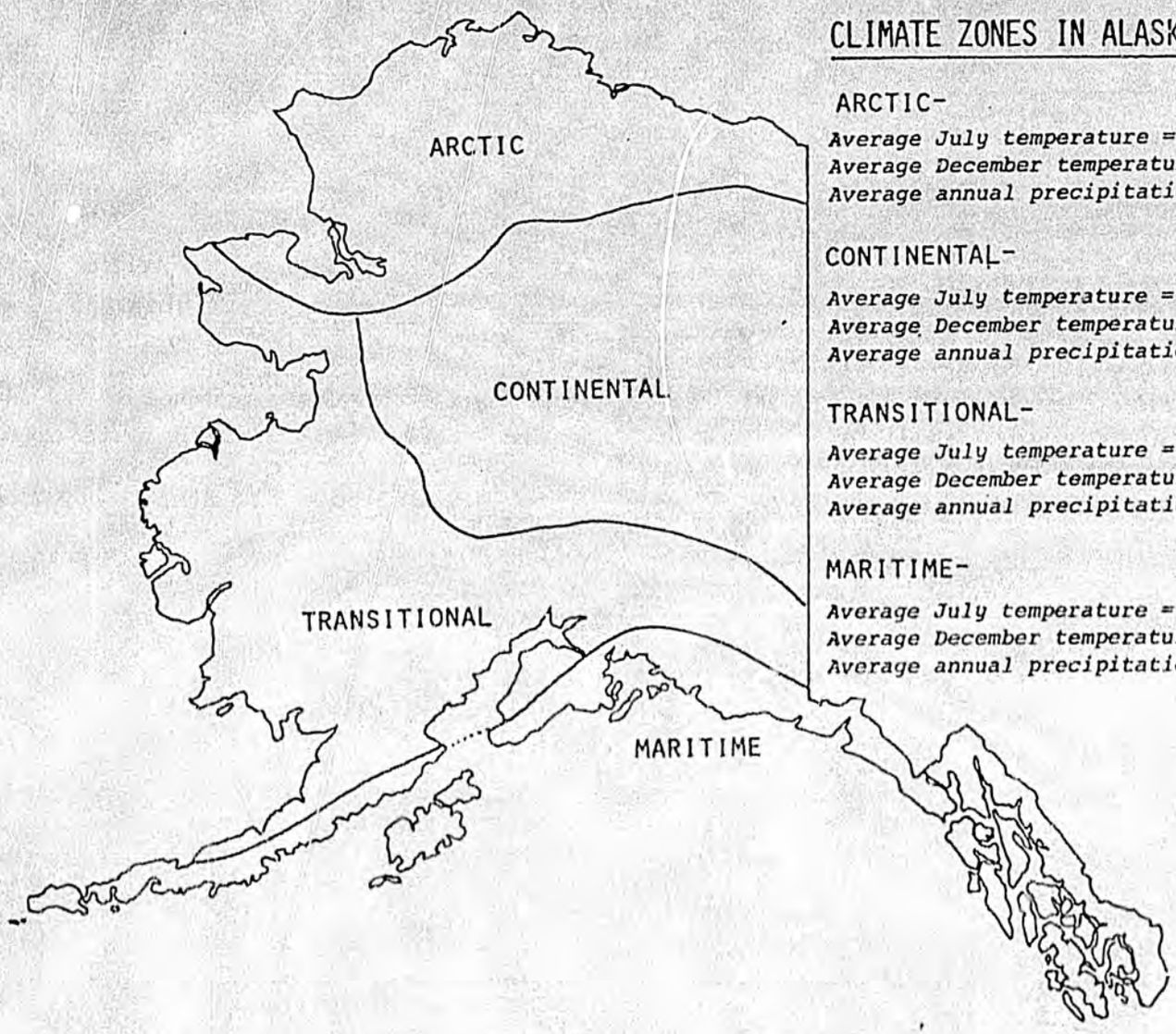
1. Physical Features

Alaska's vast expanse stretches some 2,000 miles east to west, and 1,100 miles north to south. It contains an area twice the size of the state of Texas, and when superimposed on a map of the continental United States, it stretches from California to Florida.

Alaska's boundaries are formed in part by 33,904 miles of saltwater coastline, and hold three million lakes of more than 20 acres each, as well as 10,000 rivers and streams, six of which are more than 400 miles long. The state's northerly location produces a climate with dramatic seasonal contrasts in day length and temperature. Environmental factors are strongly influenced by land formations and their geologic origins. Distribution of major plant communities and resultant wildlife species distribution also conforms somewhat to the major topographical regions.

Alaska is divided into four major geographic areas. The Pacific Mountain System extends from the easternmost point of the state on the Panhandle, through the Aleutian chain. This system, an extension of the coastal range which runs along the western coast of North America, includes the Alaska, Chugach, Aleutian, Fairweather, and St. Elias mountain ranges. North of the Alaska Range is the Central Plateau System, which fills the interior of the state. This area, containing two great drainage systems, the Yukon and Kuskokwim Rivers, is bounded by the Brooks Range on the north. The Brooks Range is part of the Rocky Mountain System, crossing the state from east to west just north of the Arctic Circle, to form the third geographic region in Alaska. The fourth major geographic area of Alaska, north of the Brooks Range, slopes downward to the Arctic Ocean. This area is commonly referred to as the North Slope.

2. Climate



CLIMATE ZONES IN ALASKA

ARCTIC-

Average July temperature = 39.1
Average December temperature = -11.2
Average annual precipitation = 7 inches

CONTINENTAL-

Average July temperature = 58.2
Average December temperature = -7.7
Average annual precipitation = 15 inches

TRANSITIONAL-

Average July temperature = 58.2
Average December temperature = 13.5
Average annual precipitation = 17 inches

MARITIME-

Average July temperature = 52.3
Average December temperature = 28.4
Average annual precipitation = 65 inches

Alaska has four major climatic regions which roughly correspond to the geographic divisions within the state. The maritime zone extends from the southeastern Panhandle through the southcentral coastal area and the Aleutian chain. It is an area of heavy precipitation, and has a relatively narrow temperature range. The Aleutians, however, also experience winds of hurricane force, known as the Willawas, a manifestation of the mixing of winds from the Pacific Ocean and the Bering Sea. The transitional zone, which extends inland from the southcentral coast through the Yukon-Kuskokwim delta and into the Seward Peninsula, has much less precipitation and lower temperatures, due to Arctic winds from the Bering Sea. The continental climatic zone covers the Interior Alaska Plateau, with low humidity and extreme seasonal temperature changes, ranging from +100 degrees in the summer to -80 degrees in the winter. The arctic zone stretches across the North Slope, and includes parts of the Kotzebue and northern

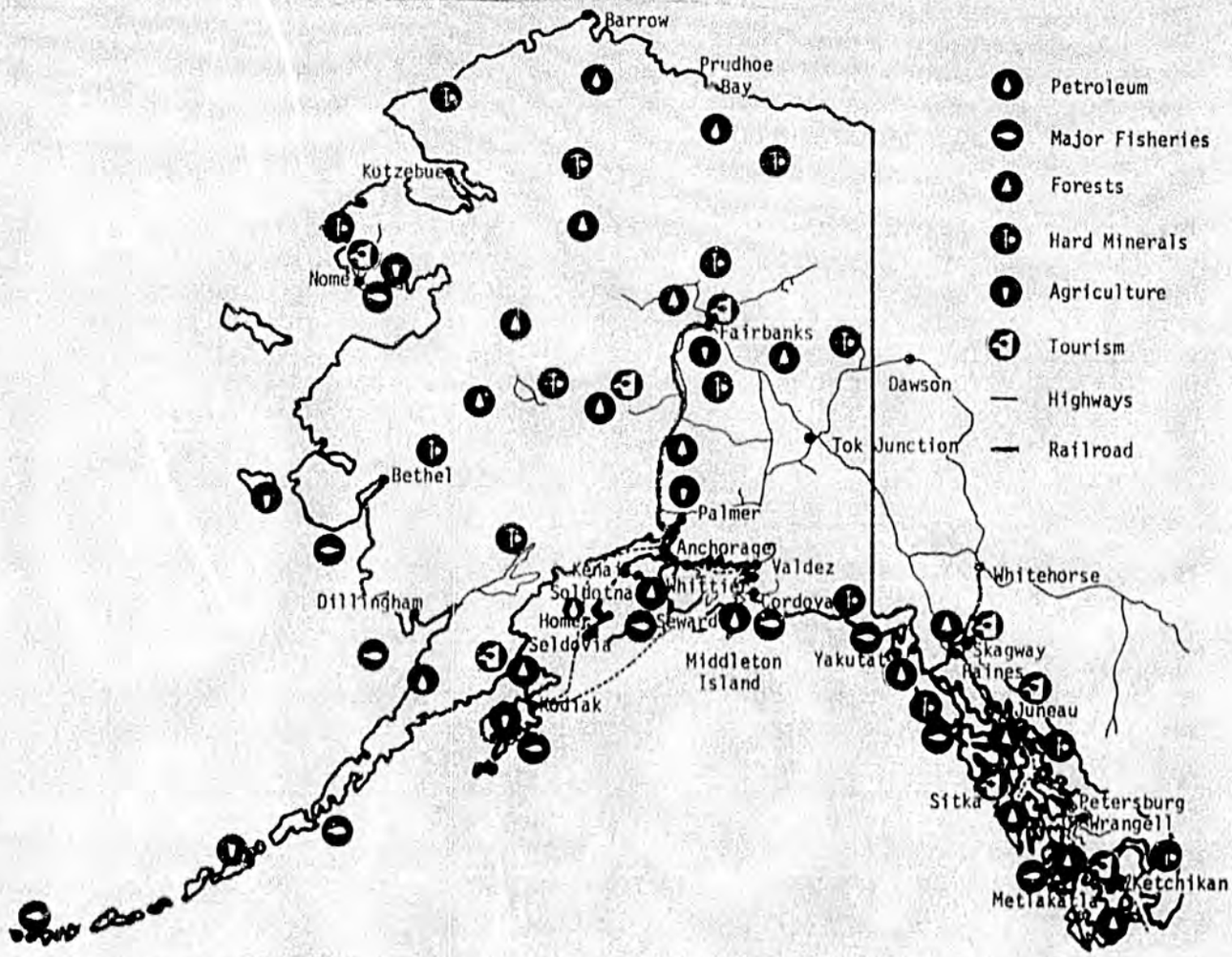
Seward Peninsula areas. This zone is characterized by extreme winter temperatures, cool summers and high winds. The arctic plains have a precipitation level so low that it is classified as a desert area.

3. Natural Resources

Alaska is abundantly rich in natural resources, which are still in the early stages of development. Fisheries, fur bearing animals, timber and hydroelectric potential are its major renewable resources. Nonrenewable resources in substantial deposits include oil, gas, coal, copper, gold, mercury, platinum, silver, tin, and zinc.

The map below shows the geographic distribution of some of these resources.

LOCATION OF RESOURCES IN ALASKA



This distribution pattern has economic ramifications which are reflected in the economic growth of specific regions. The development of known oil and gas reserves on the North Slope is rapidly increasing, and this area is considered one of the major oil fields in the world. Estimates of undiscovered or unreported reserves are increasing. Coal deposits in

Alaska supply one-third of the total coal consumption of the United States. Timber is abundant in the southeast, where the fishing industry is also an important economic factor. The Kuskokwim and Bristol Bay areas are also major fishing regions.

Prohibitively high costs of extracting many of the resources from their often inaccessible locations have restricted the full development of Alaska's resources. The geographic formations and immense distances create transportation problems which are the major limiting factor in resource development. These same geographic characteristics have also made a thorough calculation of the amount and variety of resources in Alaska impossible.

Beginning with the Russians, who exploited the fur bearing animals from 1741-1867, settlers have been lured to Alaska by its resources. Exploration for copper and other minerals followed on the onset of gold mining, which began in 1881. The development of the fishing industry began in the early 1900's, expanding from salmon to halibut, crab, shrimp, and other sea products. Timber production started in southeast Alaska in 1954, followed immediately by the discovery of oil during 1957 and the resultant cultivation of oil and gas wells.

This resource development, particularly by the oil industry, has created highly inflated living costs, characteristic of boom time economies. This type of economy, both a cause and effect of unstable and unpredictable population changes, is difficult to stabilize. Alaskans are attempting to develop a plan which would provide strong environmental protections in conjunction with economic growth to preserve the benefits of the land.

4. Flora and Fauna

Historically, Alaska's abundant wildlife was the only means of subsistence for its Natives, and therefore wildlife patterns have greatly influenced in the distribution of Alaskan peoples and cultures. Subsistence life styles still exist, though cultural change has varied the direct dependence patterns in Alaska today.

Climate, geographical systems and vegetation distribution determine the location of wildlife habitats throughout the state. Some areas have large animal populations, other have a seasonal influx of game, and others have nearly no wildlife population.

Some species of animals are found throughout the state. Brown and black bear, moose, wolves, wolverine, and fox are common, as are beaver, weasel, mink, marten, and otter. Bald eagles are still common in Alaska, as are other birds, such as geese, ducks, and ptarmigan.

Other animals are found only in specific areas. The polar bear, for example, is found above the Arctic Circle. Imported herds of musk oxen can be found on Nunivak Island, Fairbanks, the Seward Peninsula, and the Nome area. Mountain goats are concentrated in the Southeast, while Dall Sheep are found in mountain areas throughout Alaska.

Vegetation varies greatly within the state. Heavy stands of spruce, hemlock, and cedar are found in the rain forests of the Southeast. Smaller stands of cottonwood, white spruce and paper birch are found in the Interior. The Tundra areas provide many types of berries and wild vegetables.

B. COMMUNITY

1. Overall Community Divisions

A community can be defined as a body of persons having common history, or common social, political and economic interests. When so defined, it becomes apparent that Alaska contains several sets of communities.

One method of classifying the population divides the people into racial groups, and can be simplifed into two basic communities: Native and non-Native. Geographical barriers define another set of communities. For example, people from the North Slope have different backgrounds, lifestyles, and interests than the people of the Southeast. The Alaska Native Claims Setterment Act (ANSCA) has created a set of 12 regional communities, and Alaskan Natives often identify themselves according to the ANSCA region in which they are enrolled. Another basic method of classification divides the population into rural and urban communities. Each community regardless of the criteria used to define it, has significant and independent social and economic needs.

The rapid growth of urban areas in recent years has made the rural/urban classification extremely important. The city voter majority has given urban development priority over rural development. This is evidenced by bond issue decisions, with urban-oriented bonds gaining statewide voter approval, while rural-oriented bonds are frequently defeated. Financial institutions and other service industries locate almost solely in the cities. These are but a few examples of the many forces which keep economic development monies and programs within the boundaries of the urban areas.

The rural/urban dichotomy is also a cultural division. Although Alaskan cities are predominantly Caucasian, the urban lifestyle prevails among all city dwellers, whether White or Native. Most city residents have eight hour work days, and commute from their homes to their place of employment. City dwellers tend to have a higher educational attainment than rural residents and most have adequate incomes and good standards of living. The urban population votes as a block for such things as park and recreation facilities, water fluoridation.

In contrast, rural residents, for the most part, maintain a subsistence lifestyle. Without fishing, hunting and food gathering, the people could not survive on their modest incomes. Material possessions are few, and rural living is further characterized by rare job opportunities, limited educational programs, and severe health problems. The isolation of rural communities and the attendant high cost of living compound these problems. Priorities for rural voters remain the essential needs, such as sewage facilities, water wells, and school construction.

The following table is an illustration of the contrast between rural and urban income levels.

SIZE OF FAMILY INCOME, 1970

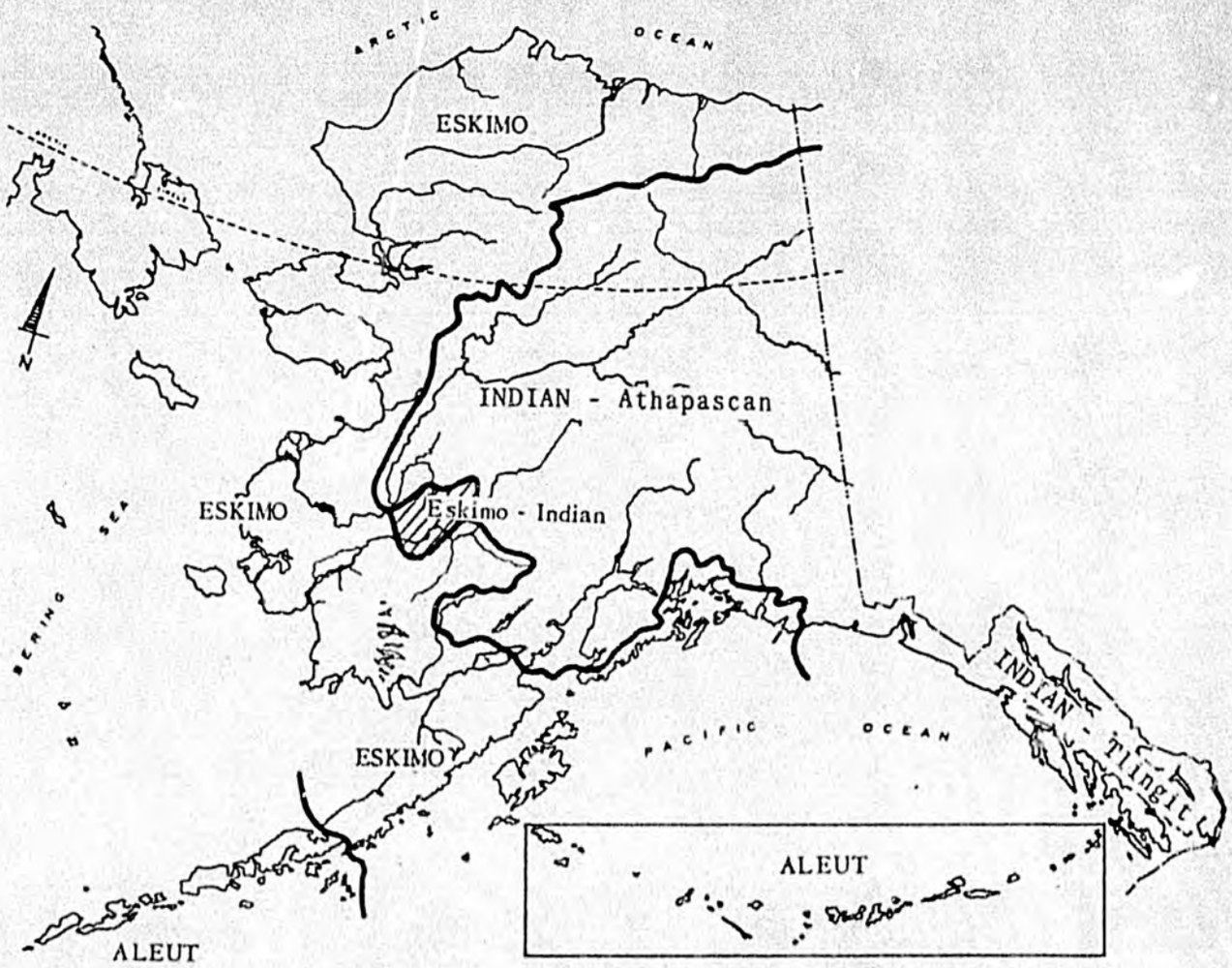
	Loss to $1,999			$2,000 - $5,999			$6,000 - $9,999			$10,000 - $14,999			$15,000 and over		
	Total	Native	Non-Native	Total	Native	Non-Native	Total	Native	Non-Native	Total	Native	Non-Native	Total	Native	Non-Native
ALASKA, Total	2,983	1,258	1,725	9,776	2,815	6,961	12,365	1,550	10,815	16,373	1,362	15,011	25,173	896	24,277
Urban	1,295	114	1,181	5,918	404	5,514	9,043	320	8,723	12,244	507	11,737	20,868	366	20,502
Rural	1,688	1,144	544	3,858	2,411	1,447	3,322	1,230	2,092	4,129	855	3,274	4,305	530	3,775

2. Indigenous Ethnic Groups

Three major indigenous groups, the Eskimo, the Indian, and the Aleut, are geographically dispersed throughout the state. Each group has its own distinct physical characteristics, language, and culture, with further divisions within each race.

Seven linguistic groups exist within the three Native cultures. There are two Eskimo languages, Inupiat and Yupik. Inupiat is spoken mainly by the northern people living along the Arctic coast from Canada to Point Hope, and in the Kotzebue-Seward Peninsula area. Alaska's southern Eskimos, who speak the Yupik dialect, live in the coastal areas south of Unalakleet, throughout the Yukon-Kuskokwim delta areas. Their villages stretch as far east as Cook Inlet in Southcentral Alaska.

GENERALIZED GEOGRAPHIC DISTRIBUTION
OF ESKIMOS, INDIANS AND ALEUTS
IN ALASKA



There are four major Indian linguistic groups: the Athabascan Indian lives primarily in the Interior, while the Tlingit, Haida, and Tshimshian Indians reside in the southeast. The Aleut-speaking people are found throughout the Aleutian Islands.

The map on the preceding page illustrates the geographic distribution of Alaskan Natives. However, the 12 Native regional corporations established under the Alaska Native Claims Settlement Act are today considered representative of the major ethnic and cultural groupings of Alaskan Natives. These divisions are shown on the map below.

AREA DISTRIBUTION OF ANCSA REGIONAL CORPORATIONS

Alaskan Natives are citizens of Alaska and the United States, who have accepted and are exercising their rights and duties as citizens. Federal law gives them special status as aboriginal peoples, but they are not wards of the government.

There exists a great discrepancy between the quality of life of most Alaskans and that of rural Eskimos, Indians, and Aleuts. As a rule, Alaskan Natives have extremely low incomes and living standards, perpetuated by the absence of opportunity. Note the extremely low median income of the rural Alaska Native in the following table, as given in the 2(c) Report: Federal Programs and Alaska Natives:

MEDIAN YEARLY INCOME PER PERSON FOR ALASKAN POPULATION, 1970

	Income Per Person($)
U.S., Total	2,976
Alaskan Natives:	
Urban	2,312
Rural	916
Non-Natives, Total	3,593

Because of their minority status and geographical isolation, they are frequently overlooked in the distribution of services and self-help programs. Their opportunities remain limited, because they do not know where and how to apply for assistance.

Social and economic problems of Alaskan Natives have a cyclical relationship, making solutions difficult to resolve. For example, most Natives live within a subsistence economy, which yield restrictively low incomes, further deflated by high cost of goods and services in rural Alaska. This makes over-crowding and substandard housing the norm. Poor living conditions, coupled with unbalanced diets and insufficient medical facilities bring about serious health problems and a shorter life expectancy. The death rate of Native infants is 28.5 per 1,000 births, as compared to 19.8 per 1,000 for the total U.S. population. The crude death rate of Natives is double that of other Alaskans.

This social and economic cycle is difficult to break, due to the lack of opportunity and means available to the rural Native. Village life offers few employment possibilities and inadequate educational and training programs. The table on the following page illustrates the widespread poverty existing among the Native population in all regions of the state.

FAMILIES BELOW POVERTY LEVEL, 1970

	% of Families Below Poverty Level		Index of Families Below Poverty Level (US Average = 100)	
	Native	Non-Native	Native	Non-Native
Alaska, Total	38.3	4.5	395	46
Regions:				
Aleut	19.1	2.6	197	27
Arctic Slope	32.4	3.9	334	40
Calista	67.7	9.2	698	95
Bering Straits	41.7	4.2	430	43
Bristol Bay	39.3	10.5	405	108
Chugach	28.1	7.2	290	74
Cook Inlet	15.1	4.6	156	47
Ahtna	40.9	4.4	422	45
Koniag	20.5	3.5	211	36
NANA	36.7	4.4	378	45
Doyon	35.3	4.4	364	45
Sealaska	27.0	3.9	278	40

C. DEMOGRAPHIC AND ECONOMIC DATA

1. Population

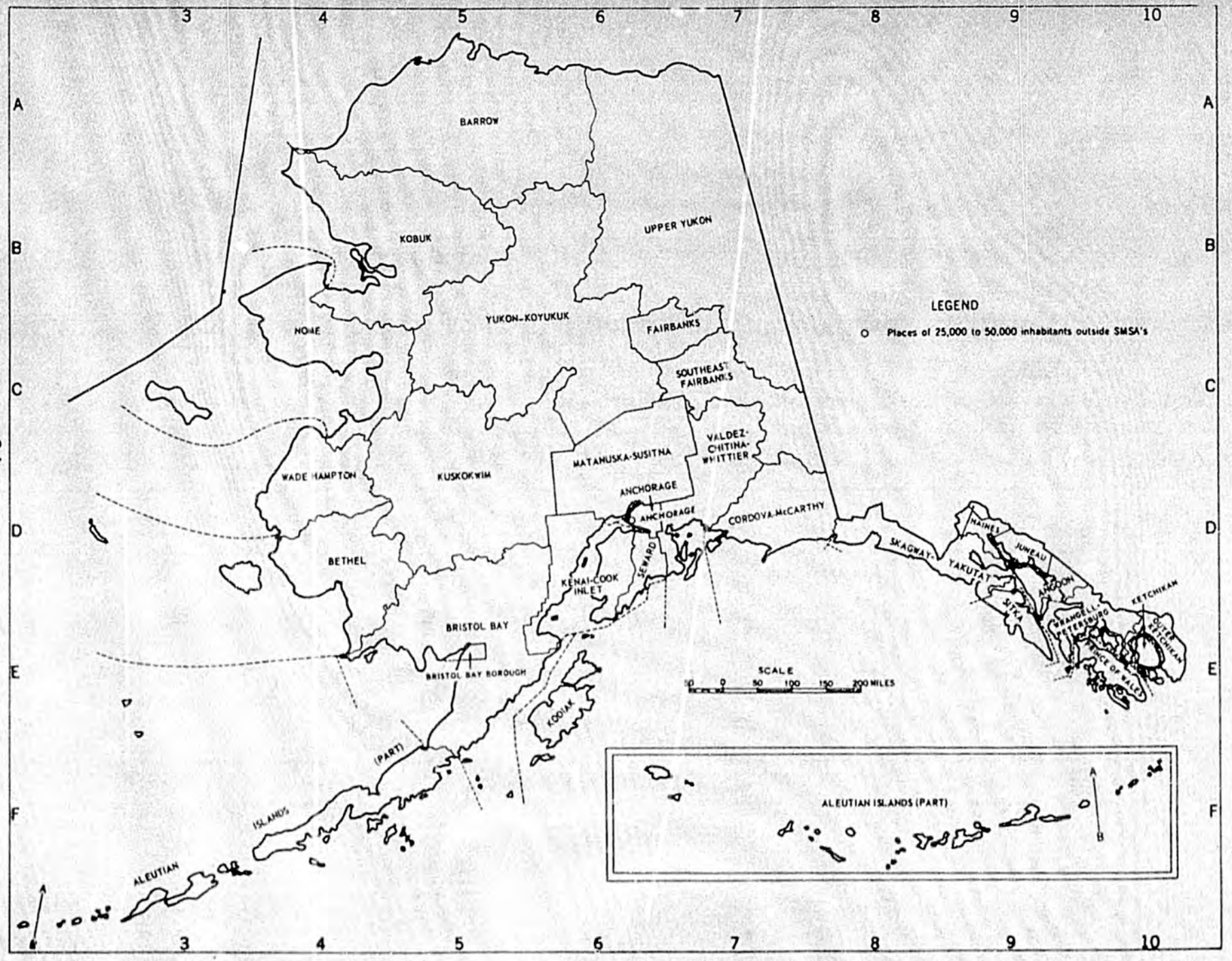
a. Distribution

The 1970 census count reported a population of 300,382 persons in the state of Alaska. Slightly more than half of this total was classified as rural, or belonging to the population of CEDC's impact area, as shown in the following table:

SUMMARY OF GENERAL CHARACTERISTICS: 1970

	All persons							Persons 14 years and over—Percent married		Persons 18 years and over—Percent male	Households			Population in group quarters	
	Number	Percent change 1960–70	Percent Negro and other races	Percent under 18 years	Percent 18 to 64 years	Percent 65 years and over	Fertility ratio[1]	Male	Female		Number	Percent change 1960–70	Persons per household	Number	Percent of total
The State	300 382	32.8	21.2	39.9	57.8	2.3	443	68.7	71.4	56.4	71 535	38.1	3.33	22 343	7.4
SIZE OF PLACE															
Urban	145 512	69.7	12.6	36.7	61.3	2.0	404	60.2	71.6	56.1	40 669	53.9	3.26	12 971	8.9
Urbanized areas	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Central cities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Urban fringe	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other urban	145 512	69.7	12.6	36.7	61.3	2.0	404	60.2	71.6	56.1	40 669	53.9	3.26	12 971	8.9
Places of 10,000 or more	80 889	40.6	11.2	35.7	62.4	1.9	360	66.4	70.7	52.0	25 678	44.7	3.06	2 401	3.0
Places of 2,500 to 10,000	64 623	129.0	14.5	37.9	60.0	2.0	473	53.2	73.1	61.3	14 991	72.6	3.61	10 570	16.4
Rural	154 870	10.3	29.2	42.9	54.5	2.6	482	61.3	71.1	56.8	30 866	24.6	3.79	9 372	6.1
Places of 1,000 to 2,500	37 853	58.0	27.1	42.2	55.1	2.7	485	62.4	71.0	55.6	9 599	55.9	3.71	2 254	6.0
Other rural	117 017	0.5	29.9	43.1	54.3	2.6	482	61.0	71.1	57.1	28 791	16.8	3.82	7 118	6.1

ALASKA
CENSUS DIVISIONS AND SELECTED PLACES



GENERAL POPULATION CHARACTERISTICS: 1970

Census Division Subdivisions	Population									Households					
		Sex		Race			Age			Total			Negro and other races		
	Total	Male	Female	White	Negro	Other	Median age	Percent under 18 years	Percent 65 years and over	In group quarters	Number	Population	Persons per household	Number	Population	Persons per household
ALEUTIAN ISLANDS																
Aleutian Islands div	8 057	5 772	2 285	5 564	237	2 256	23.1	26.9	1.0	3 339	1 225	4 718	3.85	472	2 156	4.57
ANCHORAGE																
Elmendorf Reservation	12 588	7 434	5 154	11 427	990	171	21.6	41.0	0.2	2 806	2 270	9 782	4.31	177	860	4.86
Greater Anchorage Area borough	102 994	52 289	50 705	93 994	2 997	6 003	23.9	39.4	1.6	1 366	30 959	101 628	3.28	2 053	8 492	4.14
Richardson Reservation	8 960	5 398	3 562	7 544	1 160	256	21.2	40.9	0.1	1 725	1 759	7 235	4.11	266	1 130	4.25
ANGOON																
Angoon div	503	265	238	114	-	389	21.0	45.5	9.9	8	134	495	3.69	69	388	5.62
BARROW																
Barrow div	2 663	1 433	1 230	330	14	2 319	18.0	50.5	2.8	95	463	2 568	5.55	359	2 319	6.46
BETHEL																
Bethel div	7 579	3 964	3 615	747	24	6 808	17.2	52.9	2.9	108	1 435	7 471	5.21	1 195	6 808	5.70
BRISTOL BAY BOROUGH																
Bristol Bay Borough div	1 147	788	359	922	31	194	23.4	31.9	2.3	411	192	736	3.83	40	179	4.48
BRISTOL BAY DIVISION																
Bristol Bay div	3 485	1 844	1 641	671	5	2 809	17.5	52.1	3.0	50	724	3 435	4.74	506	2 792	5.52
CORDOVA-MCCARTHY																
Cordova McCarthy div	1 857	1 026	831	1 529	2	326	26.0	38.7	4.4	83	591	1 774	3.00	83	320	3.86
FAIRBANKS																
Eielson Reservation	6 149	3 698	2 451	5 512	552	85	21.5	42.5	0.2	1 283	1 111	4 866	4.38	95	471	4.96
Fairbanks North Star borough	30 618	16 230	14 388	27 700	921	1 997	23.6	35.7	1.8	1 700	9 116	28 918	3.17	589	2 631	4.47
Wainwright Reservation	9 097	6 386	2 711	7 721	1 107	269	21.9	29.0	0.2	3 778	1 363	5 319	3.90	172	766	4.45
HAINES																
Haines borough	1 351	709	642	1 121	-	230	25.8	40.6	4.4	35	381	1 316	3.45	42	198	4.71
Klukwan Reservation	103	53	50	11	-	92	30.6	39.8	13.6	-	27	103	3.81	26	92	3.54
Terminal Reservation	50	24	26	43	-	7	43.3	36.0	2.0	-	16	50	3.13	1	7	...
JUNEAU																
Greater Juneau borough	13 556	6 897	6 659	11 422	106	2 028	26.0	39.1	3.8	212	4 223	13 344	3.16	479	2 041	4.26
KENAI-COOK INLET																
Kenai Peninsula borough (part)	13 500	7 218	6 282	12 355	53	1 092	23.6	43.0	2.3	254	3 742	13 246	3.54	266	1 104	4.15
Wildwood Reservation	750	450	300	692	52	6	21.9	41.3	0.1	142	147	608	4.14	9	45	5.00
KETCHIKAN																
Ketchikan Gateway borough	10 041	5 232	4 809	8 527	44	1 470	25.2	40.2	5.1	239	3 006	9 802	3.26	328	1 463	4.46
KOBUK																
Kobuk div	4 434	2 320	2 114	534	5	3 895	16.6	54.0	3.9	172	814	4 262	5.24	657	3 818	5.81
KODIAK																
Kodiak Island borough	6 357	3 468	2 889	4 445	52	1 860	23.5	39.3	3.2	202	1 802	6 155	3.42	386	1 850	4.79
Naval Reservation	3 052	1 897	1 155	2 770	105	177	21.9	36.6	0.2	776	582	2 276	3.91	41	215	5.24
KUSKOKWIM																
Kuskokwim div	2 306	1 314	992	584	35	1 687	19.9	47.0	3.3	255	463	2 051	4.43	354	1 676	4.73
MATANUSKA-SUSITNA																
Matanuska-Susitna borough	6 509	3 470	3 039	6 189	12	308	25.8	42.2	4.7	255	1 841	6 254	3.40	36	192	5.33
NOME																
Nome div	5 749	3 071	2 678	1 205	27	4 517	19.3	48.0	3.9	215	1 209	5 534	4.58	835	4 448	5.33
OUTER KETCHIKAN																
Outer Ketchikan div	1 676	917	759	757	5	914	21.5	44.9	3.2	53	391	1 623	4.15	189	914	4.84
PRINCE OF WALES																
Prince of Wales div	2 106	1 239	867	1 497	6	603	27.2	36.6	3.6	159	560	1 947	3.48	128	590	4.61
SEWARD																
Kenai Peninsula borough (part)	2 336	1 243	1 093	2 167	4	265	28.7	35.0	6.8	141	722	2 195	3.04	41	230	5.61
SITKA																
Greater Sitka borough	6 109	3 227	2 882	4 611	36	1 462	24.9	40.2	5.9	266	1 767	5 843	3.31	321	1 451	4.52
SKAGWAY-YAKUTAT																
Skagway Portion	708	390	318	662		46	25.2	39.5	5.5		232	708	3.05	7	46	6.57
Yakutat Portion	1 449	794	655	676		773	24.0	43.1	7.0	33	375	1 116	3.78	149	768	5.15
SOUTHEAST FAIRBANKS																
Southeast Fairbanks div	4 179	2 462	1 717	3 418	208	553	22.3	36.0	1.7	621	1 027	3 538	3.46	147	674	4.59
UPPER YUKON																
Upper Yukon div	1 684	1 091	593	588	13	1 083	25.8	34.3	4.8	384	338	1 300	3.85	223	1 031	4.62
VALDEZ-CHITINA-WHITTIER																
Valdez Chitina Whittier div	3 098	1 700	1 398	2 378	9	711	27.7	37.2	3.5	172	921	2 926	3.18	149	647	4.34
WADE HAMPTON																
Wade Hampton div	3 917	2 078	1 839	231	12	3 674	16.2	54.7	2.6	255	641	3 662	5.70	603	3 548	5.88
WRANGELL-PETERSBURG																
Wrangell Petersburg div	4 913	2 585	2 328	3 759	4	1 150	25.2	40.3	5.3	42	1 473	4 871	3.31	242	1 148	4.74
YUKON-KOYUKUK																
Yukon Koyukuk div	4 752	2 882	1 870	2 450	83	2 219	22.8	40.8	2.9	708	1 015	4 044	3.98	413	2 221	5.38

A breakdown of the total population according to census divisions is given in the table on the preceding page. A map outlining the census divisions is shown on the page opposite the chart.

As cited before, the impact area of CEDC excludes the population of five cities: Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka. In 1970, urban areas of 2,500 or more accomodated close to 50 percent of the total population of the state. The White population is generally concentrated in the cities. Anchorage and Fairbanks each reported 90 percent Caucasian populations. The Black population is also predominantly centered in these two cities. The Native population has historically been distributed in 190 villages located throughout the state. As shown in the chart on the following page, 70 percent of the entire Native population, live in places having populations of 25 to 2,450 persons.

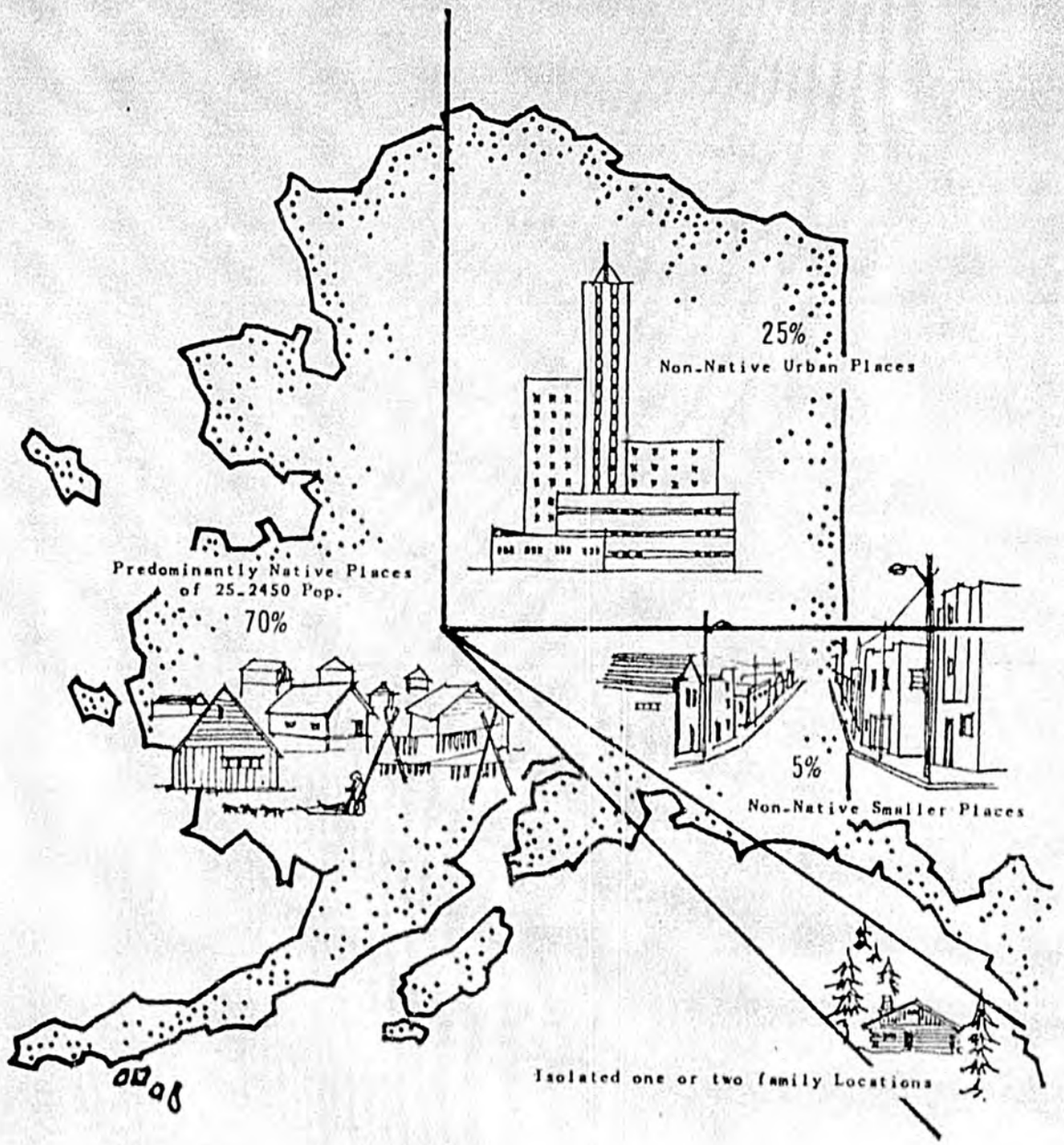
b. Age

The population of Alaska is young, with a statewide median age of 22.9 years. The rural areas, which comprise CEDC's impact area, reflect a median age of 22.3 years, just slightly below the statewide median age. The median age of Alaskan Natives is younger still, at 18.1 years.

AGE BY RACE AND SEX: 1970

TOTAL POPULATION		Urban						Rural		
			Urbanized areas			Other urban places of—				
Both Sexes	Total	Total	Total	Central cities	Urban fringe	10,000 or more	2,500 to 10,000	Total	Places of 1,000 to 2,500	Other rural
All ages	300 382	145 513	-	-	-	80 889	64 623	154 870	37 853	117 017
Under 1 year	6 969	3 518	-	-	-	2 014	1 504	3 451	903	2 548
1 year	6 351	3 111	-	-	-	1 745	1 366	3 240	812	2 428
2 years	5 886	2 772	-	-	-	1 414	1 358	3 114	812	2 302
3 years	6 291	2 791	-	-	-	1 498	1 293	3 500	869	2 631
4 years	6 578	2 879	-	-	-	1 500	1 379	3 699	899	2 800
5 years	7 123	3 190	-	-	-	1 653	1 537	3 933	1 008	2 925
6 years	7 327	3 218	-	-	-	1 653	1 565	4 109	963	3 146
7 years	7 631	3 320	-	-	-	1 732	1 588	4 311	1 025	3 286
8 years	7 767	3 186	-	-	-	1 637	1 549	4 081	959	3 122
9 years	7 361	3 179	-	-	-	1 651	1 528	4 182	982	3 200
10 years	7 367	3 203	-	-	-	1 731	1 472	4 164	942	3 222
11 years	7 047	3 022	-	-	-	1 587	1 435	4 025	923	3 102
12 years	7 010	2 988	-	-	-	1 637	1 351	4 022	932	3 090
13 years	6 610	2 935	-	-	-	1 607	1 328	3 675	892	2 783
14 years	6 214	2 720	-	-	-	1 490	1 230	3 494	784	2 710
15 years	6 013	2 544	-	-	-	1 441	1 103	3 469	859	2 610
16 years	5 511	2 399	-	-	-	1 442	957	3 112	735	2 377
17 years	5 303	2 406	-	-	-	1 442	964	2 897	690	2 207
18 years	4 847	2 497	-	-	-	1 279	1 218	2 350	623	1 727
19 years	5 094	2 88[illegible]	-	-	-	1 387	1 502	2 205	509	1 696
20 years	7 244	4 568	-	-	-	1 944	2 624	2 676	640	2 036
21 years and over	163 338	82 177	-	-	-	47 405	34 772	81 161	20 092	61 069
Under 5 years	32 075	15 071	-	-	-	8 171	6 900	17 004	4 295	12 709
5 to 9 years	36 709	16 093	-	-	-	8 326	7 767	20 616	4 937	15 679
10 to 14 years	34 248	14 868	-	-	-	8 052	6 816	19 380	4 473	14 907
15 to 19 years	26 768	12 735	-	-	-	6 991	5 744	14 033	3 416	10 617
20 to 24 years	35 576	21 795	-	-	-	10 452	11 343	13 781	3 613	10 168
25 to 29 years	26 711	13 699	-	-	-	7 573	6 126	13 012	3 336	9 676
30 to 34 years	22 588	10 850	-	-	-	5 814	5 036	11 738	2 854	8 884
35 to 39 years	20 561	10 066	-	-	-	5 561	4 505	10 495	2 496	7 999
40 to 44 years	17 460	8 270	-	-	-	5 221	3 049	9 190	2 177	7 013
45 to 49 years	15 132	7 284	-	-	-	4 984	2 300	7 848	1 862	5 986
50 to 54 years	11 807	5 587	-	-	-	3 912	1 675	6 220	1 506	4 714
55 to 59 years	8 550	3 920	-	-	-	2 682	1 238	4 630	1 140	3 490
60 to 64 years	5 310	2 391	-	-	-	1 560	811	2 919	741	2 178
65 to 69 years	3 131	1 310	-	-	-	759	551	1 821	443	1 378
70 to 74 years	1 573	634	-	-	-	333	301	939	223	716
75 to 79 years	923	358	-	-	-	167	191	565	154	411
80 to 84 years	585	258	-	-	-	129	129	327	92	235
85 years and over	675	323	-	-	-	182	141	352	95	257
Under 18 years	119 859	53 381	-	-	-	28 874	24 507	66 478	15 989	50 489
62 years and over	9 748	4 133	-	-	-	2 375	1 758	5 615	1 434	4 181
65 years and over	6 887	2 883	-	-	-	1 570	1 313	4 004	1 007	2 997
Median age	22.9	23.2	-	-	-	24.3	22.2	22.3	22.5	22.3

DISTRIBUTION OF ALASKA NATIVES
BY
NATIVE AND NON-NATIVE PLACES



c. Sex

Census figures for 1970 show 26,134 more males than females, an approximate ratio of 1.19 males to one female on a statewide basis. Data on the table below shows a slightly higher ratio of males to females, 1.29:1 in rural areas, with a more equal sex distribution among the rural Native population.

POPULATION BY SEX

	All Persons			Males			Females		
	Total	Native	Non-Native	Total	Native	Non-Native	Total	Native	Non-Native
ALASKA, Total	300,382	50,654	249,728	163,258	25,818	137,440	137,124	24,836	112,288
Urban	210,495	11,659	198,836	112,579	5,537	107,042	97,916	6,122	91,794
Rural	89,887	38,995	50,892	50,679	20,281	30,398	39,208	18,714	20,494

d. Race

In 1970, census data showed that 70 percent of Alaska's total population was Caucasian, and 30 percent was Native and other groups. Of this 30 percent, approximately 18 percent, or about 53,000 were Native, either Eskimo, Aleut, or Indian. The Eskimo population of 28,000 is the largest followed by an Indian population of 16,000, and the Aleut group of 6,500. The Black population made up five percent of the total population.

However, as the table on the following page illustrates, the racial distribution for CEDC's impact area varies from the statewide pattern. The target area reflects 72 percent Caucasian, but of the remaining 28 percent, 26 percent are members of either the Eskimo, Aleut, or Indian races.

e. Population Growth and Change

The 1970 census reported 300,382 people residing in Alaska. This was a 32.8 percent increase over the 1960 census count. Estimates made in 1973 projected the total population to be 350,000 in 1975. However, a study completed by the Alaska Department of Labor estimated the total resident population of Alaska at 404,634 on July 1, 1975. This is an increase of 33.82 percent since the 1970 census, a period of five years. This is a higher rate of increase than that of the decade between the 1960 and 1970 census count. It is also reported that most of this growth has occurred from 1973 to 1975.

Historically, natural increase has accounted for most of the population increase. However, since 1970, this trend has reversed itself, and interstate migration now accounts for 72 percent of the population increase since the 1970 census.

POPULATION OF CEDC IMPACT AREA BY RACE (1970 Census)

Census District	Race						
	White	Negro	Indian	Aleut	Eskimo	Other	Total
Prince of Wales	1,497	6	567	8	12	16	2,106
Ketchikan	3,564	9	990	33	43	84	4,723
Wrangell - Petersburg	3,759	4	975	42	15	118	4,913
Sitka	2,222	14	864	49	49	44	3,242
Juneau	6,990	19	361	28	37	71	7,506
Lyn Canal-Icy Straits	2,513	0	1,067	18	33	30	3,661
Cordova-McCarthy	1,529	2	49	223	12	42	1,857
Valdez-Chitina-Whittier	2,378	9	413	178	110	10	3,098
Palmer-Wasilla-Talkeetna	6,189	12	138	43	91	36	6,509
Anchorage	37,081	626	504	124	556	387	39,278
Seward	2,067	4	56	89	101	19	2,336
Kenai-Cook Inlet	13,047	105	478	382	103	135	14,250
Kodiak	7,215	157	106	1,582	56	293	9,409
Aleutian Islands	5,564	237	61	1,972	30	193	8,057
Bristol Bay	1,593	36	292	966	1,691	54	4,632
Bethel	747	24	65	18	6,669	56	7,579
Kuskokwim	584	35	745	4	924	14	2,306
Yukon-Koyukuk	2,450	83	2,013	3	160	43	4,752
Fairbanks	14,964	348	812	19	293	156	16,592
Upper Yukon	588	13	907	7	163	6	1,684
Barrow	330	14	10	1	2,302	6	2,663
Kobuk	534	5	8	0	3,869	18	4,434
Nome	1,205	27	19	4	4,448	44	5,747
Wade Hampton	231	12	17	4	3,650	3	3,917
	118,841	1,801	11,517	5,797	25,417	1,878	165,251
	72%	1%	7%	4%	15%	1%	

Excludes those persons living in cities - Anchorage, Fairbanks, Juneau, Ketchikan, Sitka.

This migration is attributed to the oil pipeline and construction industry, substantiated by a growth rate of 584.9 percent from 1970-1975 in the upper Yukon area, where work on the pipeline is underway. Only six percent of this growth is attributed to natural increase. This type of migration yields a new lower dependency ratio in Alaska, which reflects several possible characteristics of these new people: they could be young unmarried wage earners; married with no children; or job seekers, single or married, who have come to Alaska to work for a brief period and plan to return to their original place of residence.

Alaska's population continues to be relatively young. However, it is beginning to follow the national trend toward a lower birth rate, in accordance with a growing tendency to start families later and to have fewer children. Whether this tendency is a cause or effect of increased migration within the state is not known, but intrastate migration is also a characteristic, possibly a temporary one, of Alaska's present population. Poor fishing seasons and a depressed logging industry have caused a shift in some of the population from southeast Alaska to the Anchorage and Fairbanks areas.

These three characteristics, high interstate migration, intrastate migration and a lower dependency ratio combine to create a constantly changing profile of Alaska's population. It should be noted that migration within the state is not a characteristic of the Alaskan Natives, who comprise the majority of the rural population. This is substantiated by the following data, which was compiled from the 1970 census data. The recent intrastate migration reports also note that this movement is not taking place by the rural Native as much as by other races.

MOBILITY OF ALASKAN POPULATION
1965-1970

	Natives & Others	Whites & Blacks
ALASKA, Total	82.6	42.6
Urban	59.1	43.2
Rural	90.4	40.2
Regions:		
ALEUT	80.2	3.0
CALISTA	88.7	13.9
BERING STRAITS	90.6	48.1
BRISTOL BAY	92.3	39.8
CHUGACH	74.6	53.1
COOK INLET	46.1	43.7
AHTNA	78.1	62.5
KONIAG	75.9	30.9
NANA	94.3	45.7
DOYON	77.9	35.0
SEALASKA	81.9	57.2

The average age, racial breakdown by percentages, and sex ratios fluctuate most with a high interstate migration. Intrastate migration primarily influences the level of concentration in certain areas.

The table on the following page reports the 1975 estimated population and the components of change since 1970.

2. Unemployment, Underemployment

In 1975, 8.9 percent of the labor force in Alaska was unemployed. This is slightly lower than the state's average rate of 9.5 percent which has prevailed for many years. The fact that this rate has remained relatively constant during the population boom, means that the actual number of unemployed persons has risen in accordance with the actual population. Between 1960 and 1970, the number of unemployed more than doubled, increasing from 5,900 to 12,200.

Rural areas experience a higher rate of unemployment than urban areas. For example, rural Bristol Bay in 1971 had an unemployment rate of 34.7 percent, eight times the national average. The following figures illustrate the divergent employment figures between urban and rural areas.

ALASKAN ECONOMIC INDICATORS

	1970	1971	1972	1973	1974	1975[1]	Forecast 1976	% Change
[Thousands]								
Total Resident Population	302.4	311.0	322.1	330.4	351.2	387.0	396.2	+ 2.4
Labor Force	108.2	115.9	122.9	129.6	148.9	176.9	183.3	+ 3.5
Total Employment	98.5	103.8	110.0	115.6	134.0	161.1	165.8	+ 2.9
Wage & Salary Employment	93.1	98.3	104.2	109.9	128.2	155.2	159.8	+ 3.0
Number Unemployed	9.7	12.1	12.9	13.9	14.9	15.8	17.5	+10.8
Percent Unemployed	9.0%	10.4%	10.5%	10.7%	10.0%	8.9%	9.5%	--
[Millions of $]								
Wage & Salary Payments	$1,116.2	$1,283.7	$1,422.7	$1,546.8	$2,078.0	$3,160.0	$3,600.0	+13.9
Total Personal Income	1,412.8	1,548.4	1,697.1	1,957.8	2,398.0	3,550.0	4,040.0	+13.8
Alaska Gross Product	2,116.6	2,257.3	2,416.3	2,617.4	3,550.9	5,600.0	6,400.0	+14.3

[1] Preliminary Estimates

Source: 1970-74 Personal Income from U.S. Department of Commerce; 1970-72 Gross Product Estimates, University of Alaska; 1973-74 Gross Product by Division of Economic Enterprise; all 1975 estimates and 1976 projections by Division of Economic Enterprise.

ESTIMATES OF TOTAL RESIDENT POPULATION OF ALASKA
BY CENSUS DIVISIONS AS OF JULY 1, 1975 AND COMPONENTS
OF POPULATION CHANGE SINCE APRIL 1, 1970

CENSUS DIVISION	April, 1970 (Census)	July 1, 1975	Net Change 1970 – 1975 Number	Net Change 1970 – 1975 Percent	Components of Change: Births	Deaths	Natural Increase	Net Migration	Migration Percent
Aleutian Islands	8,057	7,086	–971	–12.1	669	115	554	–1,525	18.9
Anchorage	126,333	177,817	51,484	40.8	16,267	2,574	13,693	37,791	29.9
Angoon	503	481	–22	–4.4	62	37	25	–47	–9.3
Barrow–North Slope	3,451	6,454	3,003	87.0	337	116	221	2,782	80.6
Bethel	7,767	8,576	809	10.4	1,145	240	905	–96	–1.2
Bristol Bay Borough	1,147	1,914	767	66.9	69	24	45	722	62.9
Bristol Bay	3,485	3,847	362	10.4	407	126	281	81	2.3
Cordova–McCarthy	1,857	2,003	146	7.9	164	94	70	76	4.1
Fairbanks	45,864	55,517	9,653	21.0	6,090	914	5,176	4,477	9.8
Haines	1,504	2,069	565	37.6	152	70	82	483	32.1
Juneau	13,556	17,714	4,158	30.7	1,351	449	902	3,256	24.0
Kenai–Cook Inlet	14,250	15,621	1,371	9.6	1,407	331	1,076	295	2.1
Ketchikan	10,041	11,311	1,270	12.6	1,094	401	693	577	5.7
Kobuk	4,048	4,548	500	12.4	597	139	458	42	1.0
Kodiak	9,409	8,801	–608	–6.5	1,175	260	915	–1,523	–16.2
Kuskokwim	2,306	2,721	415	18.0	242	96	146	269	11.7
Matanuska–Susitna	6,509	12,462	5,953	91.5	723	237	486	5,467	84.0
Nome	5,749	6,660	911	15.8	765	268	497	414	7.2
Outer Ketchikan	1,676	1,764	88	5.3	211	77	134	–46	–2.7
Prince of Wales	2,106	2,502	396	18.8	177	69	108	288	13.7
Seward	2,336	3,149	813	34.8	228	125	103	710	30.4
Sitka	6,109	6,595	486	8.0	573	184	389	97	1.6
Skagway–Yakutat	2,157	2,732	575	26.7	224	91	133	442	20.5
Southeast Fairbanks	4,179	5,894	1,715	41.0	545	77	468	1,247	29.8
Upper Yukon	1,282	8,780	7,498	584.9	142	62	80	7,418	578.6
Valdez–Chitina–Whittier	3,098	9,639	6,541	211.1	296	93	203	6,338	204.6
Wade Hampton	3,917	4,284	367	9.4	602	119	483	–116	–3.0
Wrangell–Petersburg	4,913	5,270	357	7.3	584	236	348	9	0.2
Yukon–Koyukuk	4,752	8,423	3,671	77.3	458	117	281	3,390	71.3
TOTAL	302,361	404,634	102,273	33.8	36,756	7,801	28,955	73,318	24.2

3. Community Services

For the purpose of this proposal, community services are defined as those facilities or services provided by a municipality to fill a public need. This includes utilities such as water, sewer, electricity, and fuel; and services in such areas as medicine, crime prevention, and education. Facilities include communication systems and transportation centers, such as docks or airports.

Rural communities within Alaska are generally unable to provide the community services which are normally available in larger towns. Alaskan villages do not have a population base large enough to generate revenues sufficient to support community services. Most rural communities derive their limited revenues from liquor sales and bingo receipts.

Therefore, those services which exist are obtained from various government agencies and private companies. The eligible recipients of such programs vary. For instance, some programs are offered only to Natives, others have income criteria only. This type of financing results in gaps and unfulfilled needs in the rural community. Often, a community program is able to get partial funding with a condition that the remainder of the monies be obtained from another source. If a program cannot be found whose guidelines align with those of the initial funding source, the project will be not completed.

The following is an overview of federal, state, private, and commercial programs that affect rural Alaska.

a. United States

Bureau of Indian Affairs: business funds, education, training, welfare, emergency funds.

Public Health Service: hospitals, clinics, service to the rural poor.

Economic Development Administration: limited loan and grant monies for economic development projects in depressed areas.

Farmer's Home Administration: funds for rural home building; business loans.

Small Business Administration: funds for businesses that cannot get commercial financing.

Department of Labor: training of welfare recipients.

Bureau of Land Management: hiring of villagers for fire fighting.

Federal Aviation Authority: maintenance of rural airports.

b. State of Alaska

Department of Health and Social Services: welfare for the old, disabled, blind, and needy with dependent children.

Department of Education: rural schools.

State Housing Authority: funds for homes in rural villages.

Rural Development Assistance: funds for labor and materials in priority village projects.

c. Private

Rural Community Action Program: child care, training, alcohol information, youth activities.

Alaska Legal Services Corporation: free legal service for the poor.

Alaska Village Electric Cooperative: power to Alaska villages.

Alaska Native Arts and Crafts: central marketing outlet for member artists and craftsmen.

Alaska Native Industries Cooperative Association: purchasing association for IRA owned stores.

Radio Communication of America (RCA): commercial telephone.

Because the villages are isolated, have different subsistence patterns and are populated by different ethnic groups, there may not be a typical or average village. But the similarities are strong, and many problems and needs are shared by all the villages in rural Alaska. Most villages have only basic services and facilities, if any. And, as noted above, agencies have limited coverage or offer only specific services. Many services, like the medical or police protection, do not require full time service within a village. Costs and distances limit this kind of bush service. The isolation of the villages compounds the problem further, since there is little or no communication with the outside world on a regular basis via newspapers, radio, telephone, or television. Mail services is provided, but on a sporadic basis.

The village of Nondalton is an example of a village in rural Alaska and the services now becoming available to villages. It has a population of about 200 people, 99 percent of whom are Athabascan Indian. It is located at the base of small mountains, on the shore of the "Six-Mile" conclusion of Lake Clark in the Bristol Bay region. There are approximately 30 families in the village, most of whom live in wood frame houses built of timber from the surrounding area.

There is one road, from the airstrip to the town. The airstrip is gravel, 2,300 feet long, and unlighted. It is fortunate to have an air taxi service available from Iliamna, a town 20 minutes distant by air. The twin otter plane is the only cargo plane which can be accomodated by the airstrip. In the summer, there is access to the village by boat to Lake Clark, and by foot from the lake to the village.

The village has two commercial businesses, both of which are retail stores. One is a privately owned store selling groceries, snow machines, and some hardware. It also shows movies and has a pool table. The other store is a CEDC backed cooperative, selling groceries, hardware, clothing, snow machines, and parts, and may eventually sell outboard motors.

Villagers obtain from 30 percent to 70 percent of their food by hunting caribou, moose, and small game, and fishing. The remainder of them purchase groceries. There are few opportunities for regular employment in the village, and the existing possibilities are provided primarily by government agencies. Other employment is seasonal, and includes fire fighting in the summer months, as well as occasional guiding of outside hunters and fishermen.

Education through grade eight is available in the village school established by the Bureau of Indian Affairs. For secondary education, young people must become boarding students in Anchorage or at the BIA school in Mount Edgecumbe, or travel outside to a government reservation school.

The village school has a generator to provide electricity, and a few houses operate from the same generator. The remaining families have electricity only if they own individually purchased generators. Most homes are heated by wood, as it is available locally and is less expensive than fuel oil.

The U.S. Public Health Service has very recently built a public water and sewer system which eventually will serve all the homes as well as the school, the stores, and the public health clinic. At this time, about two-thirds of the houses are using this system. The clinic operates part time, and medical treatment must be obtained from larger towns.

The one church in the community is Russian Orthodox.

The village council sponsors a winter carnival, and other organized recreation includes village snow machine races, dog sled racing, and religious celebrations.

4. Existing Viable Economic Activity Geared to Special Impact Program Beneficiaries

Employment and business opportunities in rural Alaska are few. The cost of goods and services in villages is excessively high. Therefore, most rural residents rely heavily on subsistence fishing, hunting, and food gathering for survival. While it is impossible to place a dollar value on the products gathered by these activities, they are recognized as a significant utilization of resources.

The use of natural resources, then, is the primary economic activity in rural Alaska. Included in this activity are fisheries, mining, arts and crafts, and agriculture. Fisheries production has traditionally been the major source of income for the rural population. However, with the severe depletion of the salmon, the people have had to search for alternative sources of income. Arts and crafts provide supplemental income to many households. Very few geographic localities in Alaska are suitable to agricultural activity and mining is also restricted to specific areas. Therefore, these activities are not major employment or income sources for rural residents.

Secondary economic activities available to rural residents are predominantly service-oriented, with government agencies and programs providing the greatest input. Grocery, dry goods, and fuel retailing is also significant. Other service activities include construction, lodging, restaurants, financing, utilities, transportation, and communications.

Most of CEDC's special impact beneficiaries are engaged in fisheries production, arts and crafts, and retailing with some activity in credit unions, construction, lodges, and fuel distribution. Day to day living for these people, however, primarily depends on subsistence fishing and hunting.

While the pipeline and other construction activities have created an economic boom in Alaska as a whole, it must be emphasized that the rural areas have received few, if any, income benefits from the oil industry. Instead, they have experienced increased costs of such necessities as food, fuel, and freight charges.

D. COMMUNITY ORGANIZATION

1. Organization

Alaska has not yet had 20 years of statehood. Many of its political organizations and departments are still in the growth and development stages. The size of the state has made it difficult to govern and to organize. Most state and federal agencies divide the state according to their own specific boundaries.

With statehood, Alaska was divided into boroughs, governmental units similar to counties. There are now 12 boroughs, most of which are centered around one or more urban population centers. The remainder of the state is, by law, the "Unorganized Borough". Each organized borough has its own governing body, while the unorganized borough is governed by the state legislature. The minimum borough powers are taxation and education. Other powers are added by vote of the borough population.

The only other local government recognized in the state constitution is the municipal or city government. Most villages are now organized, according to state requirements, as either first class or second class cities. Those towns incorporated as first class cities can plan and zone, and if they are part of the unorganized borough, they have power of education. Second class cities have schools operated by the BIA or the Alaska Unorganized Borough School District.

Some villages retain the self-government of traditional councils, or those organized by the 1936 Indian Reorganization Act. Many villages maintain these traditional bodies in addition to the new municipal and borough organizations. Other community-based organizations include village corporations formed under the Alaska Native Claims Settlement Act.

Special interest organizations such as local school boards and church groups are influential within the community. In addition, villages are included as part of many regional and state programs which divide the state into different sets of regions. Election commissions, census bureaus, regional land claims corporations, and other organizations have jurisdiction in villages on a regional basis. The areas of control, as well as the physical boundaries are often unclear or confusing.

2. Effectiveness

Because Alaska is still so young and its organizations are new and still forming, it is difficult to assess the effectiveness of these many community organizations. Many are still in the process of establishing priorities and projecting target dates for attaining these goals. Some, such as school boards, are only advisory bodies. Some have authority to establish regulations, but no power to enforce. Most municipal bodies have insufficient revenues with which to carry out programs. Because the population of rural villages is so small, the same community leaders tend to serve in many capacities, thus diluting the system of checks and balances.

These organizations are attempting to organize to provide those services and facilities that the federal government, state, and private companies have been unable to supply. This organization effort is made more difficult by the fact that the village residents are just now becoming familiar with business procedures, and most do not have managerial expertise or bureaucratic experience to equip them to utilize sources available to them.

However, some of these organizations are manifesting signs of effectiveness. The regional corporations, for example, are moving very quickly toward becoming competent profit corporations, and have set up operational business organizations in a very short period of time. School boards have gained more control of the local educational opportunities through the unorganized borough. Last year, the State Operated School System operated most of the schools in the unorganized borough. In July of 1976, the Alaska Unorganized Borough School District will be replaced by 21 separate local school boards, operating with state funds. Native culture is being incorporated into school systems and more bush schools are being constructed.

Regional health associations have caused a decrease in the infant mortality rate and tuberculosis, a long-time cause of death among Alaskan Natives has almost disappeared. In the past six months community mental health services has been introduced to villages on a local level.

Another effect of community organizations is that many communities have drafted, and are beginning to function with, operational overall economic development plans.

E. CEDC IMPACT AREA BENEFICIARIES

1. Definition and Brief Description

The impact area of CEDC covers all rural areas of Alaska, excluding the urban centers of Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka. The population base of CEDC's impact area is roughly 15,000 people who live in over 200 villages. To be eligible for CEDC assistance, the applicant must represent more than 15 owners, a majority of whom are low income as defined by the Community Service Administration (CSA).

2. Why Impact Area Was Chosen

The impact area beneficiaries as defined above were selected because their financial and technical needs have traditionally, and still have not been met.

Commercial lending institutions have been unresponsive to rural needs. Many business ideas have been rejected without initial feasibility studies on the grounds of inherent high risk of rural areas, compounded with the lack of business experience. Because experience and credit rating establishment cannot be obtained without first receiving commercial loans, the unresponsive commercial credit cycle is not broken. Commercial interest rates, moreover, have been prohibitive to fledgling rural business. Their funds, in addition, are not accompanied by needed technical assistance or business advice.

Villages, many times, are not aware of other funding institutions or do not know how to go about obtaining assistance. Most funding sources require sophisticated economic analysis that the average individual cannot complete. Cost of consultant services to do this type of analysis are prohibitive to the individual.

Most of these other funding sources fill specialized needs. All of these organizations specify who they can assist and how this assistance is implemented. For example, some organizations can deal with minority individuals while others can work with groups only. Many agencies restrict how their funds are disbursed. Some, for example, can provide up to 75 percent of available collateral. Other specify that they will not provide operating capital.

CEDC makes an effort to fill this unmet need for business funds and technical assistance. In the process, CEDC hopes to positively affect the well being of the whole community. By injecting funds into a project or establishing an economic base, a villager has more funds to spend on medical services or other goods. By going through the experience of developing a project, village organizers can apply their knowledge to other projects.

3. CEDC Benefits

Basically, CEDC has benefited rural communities in several major ways. The ventures have brought monies and/or cost savings to village residents. CEDC has provided a variety of training programs to venture boards and employees. The villages have adapted CEDC as a means to control the development of their economics. And the development of community ventures have brought many external benefits to their communities.

CEDC assisted ventures have brought monies and/or cost savings into the communities. Wages from part-time work in construction and full-time employment is a substantial amount in communities that previously had limited job opportunities. Fishing enterprises have increased prices to

the fishermen and improved markets for their product. Arts and crafts cooperatives have also brought increased prices for the participants. Retail cooperatives and credit unions have reduced cost of goods and borrowed funds by sometimes as much as 50 percent. This savings ultimately means that limited incomes can be stretched over more goods and services.

Patronage refunds and dividends also compute into real income for residents. If ten retail stores had their usual profit levels for the 1974 year end, mandatory refunds would amount to $19,000 from book credits of $75,000. Other monies going into the village include lodging payments by traveling CEDC staff and program funds from other agencies.

Various training assistance is available for CEDC assisted ventures. Board training is given to ventures when first incorporated and on a periodic basis thereafter. There is also a management and bookkeeping program for venture employees. Specialized training is formulized when necessary. For example, courses in refrigeration repair and boat maintenance were organized with other agencies. The experience of project development is also a form of training. The residents must learn why steps such as incorporation are taken and the ramifications of their decisions. This process is completed to enable villagers to independently develop projects in the future.

CEDC is also a tool that villagers use to control the development of their community. Many villages, as noted before, do not have rudimentary community services. Without these preconditions, economic development cannot occur. Some villages choose to set up retail stores and petroleum distribution businesses to establish this foundation. Other villages have obtained CEDC assistance to control resources such as fisheries that otherwise would have been developed by outside firms. This way, they insure that local resource development benefits the residents and not just outside investors.

The development of community owned ventures also brings many other benefits to the communities. Many times, funds are received from other agencies that otherwise would not be obtained. A CEDC investment within a community is an indication to other agencies that the village is stable or growing and, therefore, is a good investment. Sometimes other agency funds are obtained to supplement CEDC funds. For example, the Alaska State Rural Development Assistance will provide labor monies to assist in the construction of a CEDC retail store.

There are also intangible benefits. For example, the accomplishment of a project is a positive influence. It is a knowledge gained from the development of a project which is also carried onto other projects. While this kind of externality is very nebulous and cannot be measured, it is a very important by-product of a CEDC assisted venture.

CEDC Organizational Structure

A. COMPOSITION OF THE MEMBERSHIP AND BOARD OF DIRECTORS

1. Membership

The membership of Community Enterprise Development Corporation (CEDC) of Alaska is comprised of:

(a) Community-based enterprises which have received financial assistance from CEDC;

(b) Each of the following Rural Alaska Community Action Program (RurAL CAP) regional development corporations:

1. Copper River Native Association
2. Aleutian Planning Commission
3. Kawerak, Inc.
4. Bristol Bay Native Association
5. Yupiktak Bista
6. Koyukon Development Corporation
7. Gwitcha Gwitchin Ginkhye
8. Kodiak Area Community Development Corporation
9. Mauneluk, Inc.
10. Southeastern Alaska Community Action Program (SEACAP)

(c) Each of the 12 regional corporations as defined under the Alaska Native Claims Settlement Act (ANCSA) of 1971; and

(d) Three representatives of the Alaska business community.

The community enterprises, RurAL CAP regional corporations, and the ANCSA regional corporations select one person to represent that organization on the membership of CEDC. The person chosen is usually committed to, and involved in, community activities, and generally exhibits leadership qualities. For this reason, the representative may hold one of the few full time jobs available in the area, but nevertheless represents the viewpoint of the low-income, rural people of the village at CEDC meetings. These representatives are responsible for reporting back to their organizations on the activities of CEDC. In this way, communication between people of the target area of CEDC and the corporation is maintained.

The largest single block of members of CEDC is made up of the representatives from the community enterprises. By this large representation, CEDC is controlled and directed by those people whom it was designed to serve. Any community-based enterprise which has received financial assistance from CEDC may petition the CEDC board of directors for membership in the corporation.

The delegates from the RurAL CAP regional corporations and the ANCSA regional corporations represent the people of the target area of CEDC, as their memberships include the low-income, rural residents of each region. The RurAL CAP corporations and ANCSA regional corporations are designated by geographical boundaries. By including these organizations on its membership, CEDC assures that a statewide perspective in the implementation of its programs is maintained. The representatives from these organizations also provide CEDC with input concerning the economic needs and potentials of the various regions. In addition, they are helpful in the coordination of the program of CEDC with those of other native corporations.

Three representatives from the business community are appointed by the executive committee. They are chosen from a field of persons currently active in the established business community, and who have indicated an interest in the economic development of rural Alaska. These persons are selected on the basis of the expertise and skills which they can offer CEDC, and for the assistance they may provide in establishing solid relationships with other business institutions in Alaska.

The membership meets at least once a year to elect the board of directors, and to process any business which should properly come before the membership.

2. Board of Directors

The board of directors of CEDC is elected at the annual membership meeting held in December. With the exception of the three representatives of the Alaska business community, who are appointed by the executive committee, each director is elected from the membership by the membership.

The board of directors consists of 30 members, including the officers of the corporation. The seats on the board are distributed according to the following schedule:

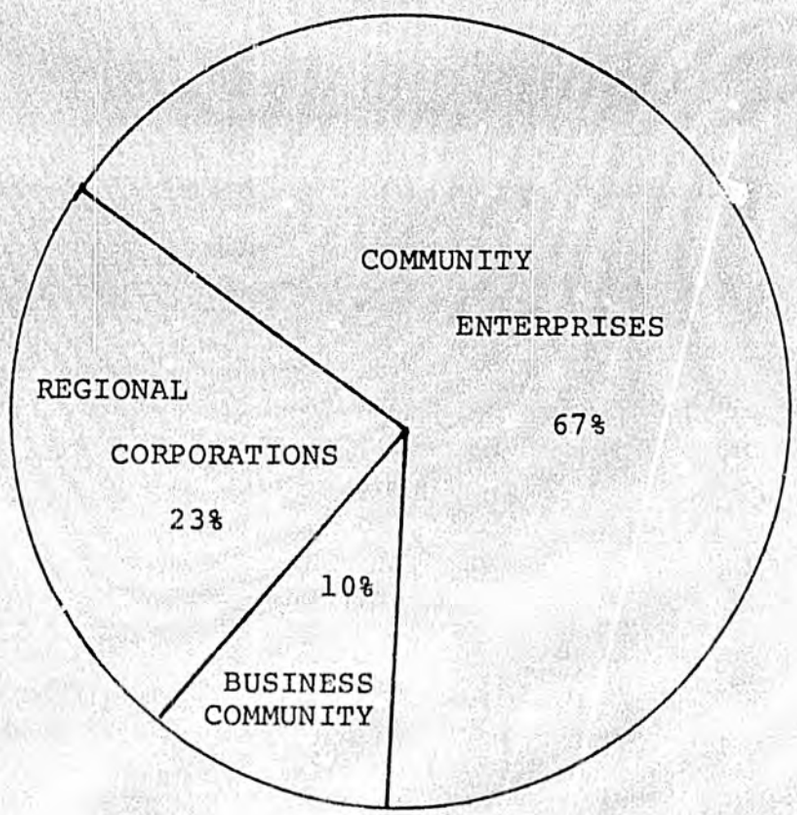
(a) Twenty seats on the board are held by representatives from the community-based enterprises which have received financial assistance from CEDC;

(b) Seven seats on the board are filled by representatives of the twelve ANCSA regional corporations and RurAL CAP regional corporations combined; and,

(c) Three seats on the board are filled by representatives from the Alaska business community. These persons are appointed to the membership by the executive committee and are automatically seated on the board of directors. They are voting members of the board, and may be appointed to committees, but may not hold an office in the corporation.

The following diagram illustrates this distribution.

ALLOCATION OF SEATS ON CEDC BOARD OF DIRECTORS



The board meets three times a year, unless a special meeting is called. At these meetings, the board ratifies the actions taken by the executive committee since the last board meeting, reviews the progress of CEDC, sets policy which provides direction for the management of the corporation, and makes recommendations to the membership.

a. Board of Directors Committees

The board elects an executive committee, which consists of four members-at-large, and the five officers of the corporation: chairperson, vice chairperson, treasurer, recording secretary, and corresponding secretary. In order to assure total representation of the target area, no more than two members of the executive committee may be from the same region, as defined under the Alaska Native Claims Settlement Act. One-third of the members of the executive committee serve overlapping terms, to provide for organizational continuity within the corporation.

The executive committee meets on the average of every six to eight weeks, and assumes the duties of the board of directors concerning the management of the corporation. All actions taken by the executive committee are subject to ratification by the full board of directors. Such actions include the review and subsequent decision concerning requests for technical, training, and financial assistance to enterprises, the monitoring of on-going projects, review of the financial situation and budget matters of the corporation, and the defining of goals and policies to be followed by the corporation. In its reports to the board of directors, it may make recommendations for action to be considered by the board and the membership.

The board has seven subcommittees: the grant and loan review committee, the personnel and program policy committee, the by-laws committee, the refunding committee, the budget and finance committee, the education and information committee, and the election committee.

These committees are appointed by the chairperson of the board, and meet periodically to make recommendations to the executive committee, board of directors, and staff concerning procedures and programs of the corporation.

b. Low-Income Representation

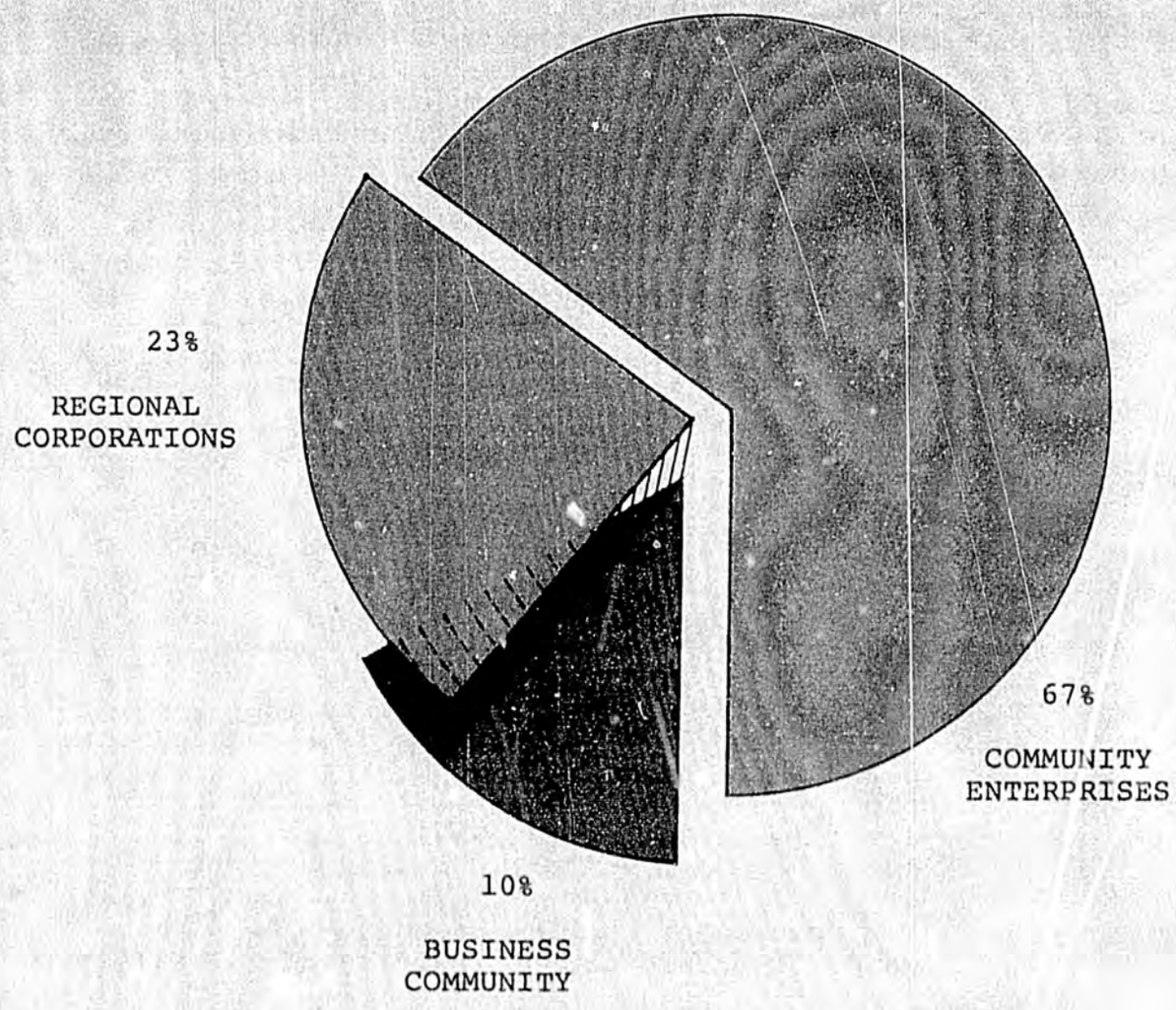
The board is made up of thirty directors, twenty of whom are representatives of the community enterprises which have received financial assistance from CEDC. Every enterprise applying for assistance from CEDC must first demonstrate that it is a community-owned business located in the target area of CEDC. It must further show that its members fall within the poverty guidelines as established by CSA. By definition, a CEDC-supported enterprise is comprised of low-income residents of its target area. Therefore, a certified representative of such an enterprise represents the interests of low-income rural residents of Alaska. These representatives hold two-thirds of the seats on the CEDC board.

The seven representatives elected to the board from the 22 RurAL CAP and ANCSA regional corporations are also representative of either minority or low-income, rural residents who are included on the memberships of those organizations.

These two categories of directors, both of which represent the interest of the low-income residents of the special impact area of CEDC, combine to make up 90 percent of the board of directors of the corporation. This distribution is illustrated in the diagram on a following page.

DISTRIBUTION OF LOW-INCOME AND BUSINESS REPRESENTATION

ON CEDC BOARD OF DIRECTORS



c. Proportion of Low-Income Individuals Serving on CEDC Board*

Of 27 board members surveyed, 14 responses were received. Of these, four report incomes below the poverty guidelines; two report incomes of $10,000 or less per year; one earns $15,000 or less; and seven report incomes of more than $15,000. Thirteen did not respond.

(*Excluding the three business community representatives)

d. Business and Financial Representation

The representatives from ANCSA regional corporations serve a dual function on the board of directors. Each regional corporation has become an active part of the current business and financial structure in Alaska. Therefore, as well as representing the low-income residents of their regions, the representatives from the regional corporations also reflect the business, industrial, and financial interests of their areas.

In addition to the representatives from the ANCSA regional corporations, the business community is represented on the board by three persons selected by the executive committee to represent the Alaska business community on the membership of CEDC. These three members are automatically seated on the board of directors, and lend their expertise to the CEDC board in its financial decisions by serving on the grant and loan review committee.

These representatives may also act as liaisons between CEDC and other Alaska business institutions. Presently serving in this capacity are representatives from the legal profession, the banking industry, and private enterprise.

One business representative, an attorney, is currently in private practice in Anchorage, and previously served as Assistant Attorney General and Assistant District Attorney for Anchorage. The person is also a trained geologist with experience in oil exploration, and emphasizes public land and natural resource development in his law practice.

Another member represents the banking industry. As a vice president of a major Alaskan bank, he is in charge of all branch managers in the Anchorage area. This person also serves on the investment committee of the Cook Inlet Regional Corporation.

The third member from the business community is an electrical engineer with an Anchorage contracting company. This person has extensive experience with the development of small businesses, and is currently the chairman of SCORE/ACE, the volunteer arm of the Small Business Administration. As a member of the Kiwanis Club and Rotary Club, he is also active in civic affairs.

The distribution of business representation on CEDC's board is shown in the illustration on the preceding page.

e. Minority or Indigenous Group Membership

Of the 30 directors on CEDC's board, 28 are members of minority or indigenous groups. Fifteen members are Eskimo; two are Aleut; and elever are American Indian. Two members are Caucasian.

f. Age Distribution

The distribution of age groups of the members surveyed is:

Age	Percentage
20-29	7
30-39	20
40-49	40
50-59	20
60-69	13
	100

g. Outside Business, Community, and Political Activities of Board

Board members surveyed report that they receive income from such sources as commercial fishing, bulk fuel distribution, arts and crafts, construction, legal profession, air taxi service, finance, taxi cab service, canneries, hunting, and guiding. Several board members work directly for their respective regional corporations.

The directors of two RurAL CAP corporations are members of the executive committee of CEDC, as are executive directors of two additional native corporations. One member is the director of a regional health corporation, and still another is a state senator. Many CEDC board members also sit on the boards of their regional corporations.

Examples of other organizations to which members of CEDC's board belong are: village corporations, village councils, school boards, legal aid service, the Fish and Game Advisory Board, special interest lobbying groups, Alaska Village Electrical Cooperative, Alaska Federation of Natives, Association of American Indian Affairs, SCORE/ACE, and the National Council on Alcoholism. This is not a complete list, but each of the organizations mentioned is a community-oriented group, often with business interests, and always with political input and leverage.

B. AFFILIATION WITH OTHER GROUPS AND INSTITUTIONS

CEDC coordinates its programs with the 12 regional corporations as designated by the Alaska Native Claims Settlement Act of 1971. These corporations, represented on the membership of CEDC, are expected to be profit-making corporations, and have as a goal the economic and social development of their respective regions. They work with and through the 203 village corporations which were designated as eligible for land and money benefits under the Alaska Native Claims Settlement Act. Many of CEDC's programs are planned in cooperation with these village corporations as well as the regional corporations.

CEDC also coordinates its efforts with the ten RurAL CAP regional corporations, which, while operating as nonprofit corporations, also have as their goal the development of rural Alaska.

CEDC often works closely with the Alaska Federation of Natives (AFN) which provides technical assistance to native individuals and enterprises.

Federal and state government agencies and certain private institutions fulfill several functions for CEDC. Some of these agencies are regulatory agencies, controlling areas of procedure for the ventures as well as the corporation; some organizations have monies available which ventures may obtain as alternate funding sources or in conjunction with CEDC funding; and many agencies offer research services, technical assistance, and information necesssary for the completion of CEDC programs. Those agencies most often used by CEDC, and their functional relationships to CEDC are listed in the accompanying table.

NAME OF AGENCY	FUNCTIONAL RELATIONSHIP		
	Funding	Technical Assistance	Regulatory
Federal			
ACTION Volunteer Programs		X (Also rep. on board)	
Department of Agriculture			
Cooperative Extension Service (University of Alaska)		X	
Farmers Home Administration	X	X	
Forest Service		X	
Alaska District Engineer		X	
Department of Commerce			
Economic Development Admin.	X	X	
National Marine Fisheries Service		X	
Federal Communications Commission			X
Housing and Urban Development	X	X	
Health, Education & Welfare		X	
General Services Administration	surplus property		
Department of the Interior			
Bureau of Indian Affairs	X	X	
Bureau of Land Management		X	
Internal Revenue Service			X
Interstate Commerce Commission			X
Department of Labor		X	
Land Use Planning Commission		X	
Small Business Administration	X	X	
Department of Transportation		X	X
Federal Aviation Admin.			
State			
Department of Commerce	X	X	
Department of Community and Regional Affairs			
Division of Economic Opportunity		X	
Division of Rural Development Assistance	X	X	
Department of Economic Development	X	X	
Division of Tourism	X	X	
Department of Fish and Game		X	X
Department of Labor	Training	X	
Department of Natural Resources		X	
Department of Public Safety			X
Revenue Department			X
Other			
Alaska Economic Development Office (OMBE)	X	X	
Aleyeska Investment Company (MESBIC)	X		
Campaign for Human Development	X		
American Indian Tribal Commission	X	X	

C. CEDC STAFF

1. Organization

The board of directors is responsible for the management of the corporation. This board appoints a president, to whom the duties of the administration of CEDC's programs are delegated. The president maintains active communications with the chairman of the board, and works closely with the executive committee in developing programs consistent with board policy and Community Services Administration guidelines, which will promote the objectives of the corporation.

To responsibly administer the operations of CEDC, the president must employ and coordinate a staff fully qualified to establish and maintain business enterprises in rural Alaska.

The staff of CEDC is organized into five departments: executive, administration and personnel, development, fisheries, and operations.

a. Executive Department

The executive department consists of the president, in charge of the management of the corporation; the executive vice president, who acts as president in his absence and completes special projects assigned by the president; the external auditor, who performs financial audits for the non-fishing ventures and operational audits for other CEDC ventures; and the executive secretary.

This group of people works closely with the directors of the other departments to maintain the flow of communication within the corporation. Responsibility and authority are delegated by the president to the department heads, who provide the president with the information required to insure that CSA requirements, board recommendations, and policies, department budgets, and the overall plan for CEDC are being followed. The department heads also provide support information to assist in decisions made by the president.

c. Department of Administration and Personnel

The department of administration and personnel is a support department for the president, providing legal, clerical, research, accounting, travel, and training services. The director of administration and personnel is responsible for CEDC's personnel and recruitment, manages CEDC's property, and supplies, and supervises a staff of nine persons. This staff includes the attorney, who serves as legal counsel for the board of directors, ventures, and CEDC; the controller of the corporation, who monitors the budget and supervises

the internal accounting staff; the training coordinator, who provides board training to the ventures; the project coordinator, who works on special projects assigned by the director of administration; an IBM mag card operator; a receptionist; and the board secretary.

c. Department of Development

The department of development works with all ventures not connected with the fishing industry. This department screens the requests for assistance, and prepares feasibility studies which result in the financing and development of new enterprises in rural Alaska. The development staff works with the operations department (for three months to one year after the ventures have been established) in providing support and follow-up services. The director of development supervises a staff of four development specialists, one researcher, and one secretary.

d. Fisheries Department

The department of fisheries is responsible for planning and developing ventures in the fishing industry. The director of this department supervises a staff of three fisheries specialists and one development specialist. This staff must research requests for assistance from fishing enterprises, prepare feasibility studies for the financing and establishment of these enterprises, and provide follow-up services to the fisheries.

e. Department of Operations

The department of operations is responsible for providing those support services to the ventures which are necessary for the enterprises to operate successfully. These services, including accounting assistance and training, management training, marketing, merchandising, and purchasing assistance, aid the ventures in attaining self-sufficiency and autonomy from CEDC. The department of operations is divided into two offices: field accounting and expediting. Field accounting consists of the manager of field accounting, six field accountants, and one accounting technician. Field accountants visit each venture and assist in the preparation of financial statements and documents as well as providing training in basic bookkeeping techniques. Expediting, comprised of the expediting manager, an expediter, two expediting assistants, one bookkeeper, and one secretary, provides a purchasing service to the ventures, as well as management training. Both divisions report to the director of operations, who coordinates their work.

The CEDC staff currently has 41 positions: four in the executive department; ten in the department of administration and personnel; seven in the development department; five in the fisheries department; and 15 in the department of operations. Of these 41 positions, 38 are filled at the time of this report.

2. Minority or Indigenous Group Membership

Women currently hold 15 of the 38 occupied positions on the CEDC staff. Eight of these women hold responsive positions within the corporation, and of these eight, five attained their current positions through in-house promotions.

Seventeen members of the CEDC staff are members of a minority race or are indigenous to Alaska, according to the following distribution: ten staff members are Alaska Natives; two are black; two are Asian; and three are indigenous to the state. Therefore, 45 percent of CEDC's employees are members of a minority race or are indigenous to the area.

3. Education and Experience Brought to CEDC

See chart on following pages.

D. OWNERSHIP AND CONTROL OF CEDC AND CEDC SUBSIDIARIES

1. Present Structure

CEDC is organized under the laws of the State of Alaska as a voluntary, nonprofit corporation. Under the direction of the CEDC board of directors and the Office of Economic Development, Community Service Administration, the articles of incorporation and by-laws were amended in February 28, 1974.

As cited in the amended by-laws, the purposes of the corporation are to assist communities in the development of economic self-help programs by:

(a) providing financial and technical management in cooperatively or broadly owned enterprise formation;

(b) providing technical assistance in management, marketing, and production methods;

(c) directly providing loans and grants to such enterprises and assisting them in broader capital formation;

(d) providing training to potential enterprise managers and employees;

(e) actively encouraging enterprises to become autonomous and self-sufficient by providing business management, accounting, bookkeeping, production, merchandising, and marketing training to individuals in the community.

3. Education and Experience Brought to CEDC - Employees Earning $15,000 or more per year Effective May 31, 1976

NAME	CURRENT POSITION	YEARS OF EXPERIENCE PRIOR TO CEDC	TIME WITH CEDC	LAST POSITION HELD ORGANIZATION	LAST POSITION HELD TITLE	TOTAL YRS. OF EDUCATION	EDUCATIONAL SPECIALIZATION	FUNCTIONAL SKILLS
Jerry Nelson	President	19	June, 1972	City of Yakutat	City Manager	12	Diploma General Studies	General Management Economic Development
Joli Morgan	Director of Adminis. & Personnel	19	October, 1969	State of Alaska	Director Vista	15	Social Sciences	Administration
Donald McDonald	Attorney	24	October, 1973	Boyko & Assoc.	Attorney	19	B.A & J.D. Law	Legal
Edward Davis	Controller	35	July, 1973	Airway Rent - A-Car	Manager of Operations	16	Accounting	Accounting
Jeffrey Hiatt	External Auditor	6	1 1/2 yrs. & February,1976	State of Alaska	Exec. Dir. Public Off. Commission	17	Business Accounting	Business Analysis Administration Accounting
Kay Koweluk	Director of Development	5	2 summers June, 1973	CEDC	Development Specialist	16	B.A. Economics	Economic Development
Iven Findley	Director of Operations	1	February, 1975	CEDC	Field Accountant	16	B.S. Business Administration	Accounting & Finance Administration
Robert Manny	Director of Fisheries	10	October, 1975	CEDC	Development Specialist	18	M.B.A Business Administration	Economic Development
Ronald Gibbens	Expediting Manager	17	August, 1974	Dunham & Smith	Marketing Represen.	14	Business	Wholesale & Retail Merchandising & Marketing
Faith Mellin	Admin. Project Coordinator	12	November, 1970	Alaska Legal Services	Legal Secretary	14	Business	Economic Development Research Legal Secretary

3. Education and Experience Brought to CEDC - Employees Earning $15,000 or more per year

NAME	CURRENT POSITION	YEARS OF EXPERIENCE PRIOR TO CEDC	TIME WITH CEDC	LAST POSITION HELD ORGANIZATION	LAST POSITION HELD TITLE	TOTAL YRS. OF EDUCATION	EDUCATIONAL SPECIALIZATION	FUNCTIONAL SKILLS
Hyoung Kim	Development Specialist	5	January, 1976	Airport Lodge	Manager	19	B.A Public Admin. B.S.Accounting	Business, Accounting Management
John Evans	Development Specialist	4	November, 1975	Municipality of Anchorage	Appraiser	16	B.S. Economics	Business, Accounting Appraising
Dennis Freeman	Development Specialist	5	April, 1976	Saga Food Services, Inc.	Manager	18	M.B.A Finance	Business, Finance Management
James Reid	Development Specialist	3	April, 1976	Waukesha Alaska Corporation	Assistant Manager, Const Equip. Sales	18	M.B.A. Marketing	Economic Development Market Analysis
Walter Johnson	Fisheries Specialist	27	June, 1975	Alaska Federation of Natives	Job Placement Officer	12	General Studies	Fishing Administration
John Bailey	Fisheries Specialist	15	September, 1975	Peter Pan Fisheries	Fish Processing Specialist	12	General Studies	Fish Production
Rodney Price	Fisheries Specialist	5	March, 1976	U.S. Civil Service	Manager Recreation Area	12	General Studies	Fishing Management
Kieth Loan	Development Specialist	8	April, 1976	Elmendorf Air Force Base	Administration Officer	18	M.B.A. Finance	Business Management
Richard Bigsby	Field Accountant	3	April, 1976	Richard Bigsby Acctg. Bkpng.Ser.	Owner/ Manager/Acct.	14	B.S. Accounting	Accounting
Robert Bohnert	Field Accountant	4	March, 1976	Coopers & Lybrand CPAs.	Tax Specialist	16	B.A. Economics & Accounting	Accounting tax law

3. Education and Experience Brought to CEDC - Employees Earning $15,000 or more per year

NAME	CURRENT POSITION	YEARS OF EXPERIENCE PRIOR TO CEDC	TIME WITH CEDC	LAST POSITION HELD ORGANIZATION	LAST POSITION HELD TITLE	TOTAL YRS. OF EDUCATION	EDUCATIONAL SPECIALIZATION	FUNCTIONAL SKILLS
Celestino Ranon	Field Accountant	12	December, 1975	H. Serafica & Sons	Assistant Manager	14	C.P.A. B.S. Commerce	Accounting, Business
Mary Clemens	Field Accountant	2	May, 1976	Great Northern Airlines	Accounts Payable Supervisor	17	B.S. Business Administration & Economics	Bookkeeping, Accounting Secretarial Skills, Data Processing
Spencer Lorton	Field Accountant	20	May, 1976	Aleyeska Pipeline Service	Control Accountant	21	C.P.A. Ordained Minister Lt. Cmdr. US Navy	Accounting Business Public Speaking
Robert McCleave	Field Accountant	2	May, 1976	Duke Power Company	Office Assis.	16	B.S. Financial Management	Accounting, Business
Diane Lund	Expediter	6	August, 1973	CEDC	Operations Admin. Assis.	12	General Studies	Bookkeeping, Purchasing Marketing, Office Skills

Effective May 31, 1976

Owners of CEDC who exercise control of the corporation are those member ventures and regional corporations that have petitioned and been accepted by the full board of directors. Members must also be in good standing (not be in arrears on debt service for more than 12 months) to be eligible to vote or hold office. Details of this ownership are provided in section IV 1.

During the current grant period, CEDC has taken equity positions with three ventures: Ahtna Lodge in Glennallen, Golovin Fish Processing Co-op, Inc., in Golovin, and Yakutat Gulf Fishing Company in Yakutat. CEDC participated as a limited partner with the Ahtna Development Corporation and the Tazlina Village Corporation. CEDC purchased preferred stock in the Golovin cooperative, and common stock in the Yakutat venture.

CEDC has a number of control provisions with varying influence on its equity investments. It has the general right to review venture financial statements and monitor overall operations. CEDC's powers are strictly delineated on the Ahtna project as outlined in the partnership agreement. Being the major owner of common stock in the Yakutat venture, CEDC has full control control of its activities.

2. Proposed Changes

In the past, CEDC considered changing its structure from a 501 (c) (4) to a 501 (c) (3) structure to procure the necessary tax exemption to obtain foundation monies. CEDC has also investigated the establishment of a for-profit holding company to accomodate its equity investments. Both changes will be delayed indefinitely until the advantages of these changes outweigh the disadvantages; or until CEDC is forced to make such a move by regulatory agencies such as the Internal Revenue Service.

CEDC initiated its investigation into the 501 (c) (3) corporation structure with plans to obtain funds from foundations and its own revenue producing activities. CEDC instituted an extensive search for foundation monies but without success. The corporation was also advised that it would continue its income generating activities without losing its nonprofit status, as long as the revenues generated did not meet CEDC's administrative outflow. Therefore, the change to a 501 (c) (3), at this point in time, would not serve a useful purpose and would require amendments to corporate documents and other undesirable consequences.

To accommodate its equity investments, CEDC considered the establishment of a wholly owned, for-profit holding company. The reasoning was that CEDC would protect its nonprofit status, "expense" administrative costs, and be eligible for consolidated tax return filing. However, CEDC has learned that these advantages may not be achieved through the holding company. Community development corporations already have recognized nonprofit status with the Internal Revenue Service; a holding company may make it more difficult to monitor and assist investment projects. CEDC administrative funds used in venture operations cannot be written off to offset profits by other ventures as consolidated tax statements cannot be formulated to include CEDC and its assisted ventures. In addition, holding companies may result in greater costs for CEDC.

E. DESCRIPTION OF CEDC'S DECISION-MAKING PROCESS

A community desiring assistance from CEDC first submits a letter to the president stating the type of business desired, and the kind of assistance needed. The president and the development department then investigate the request to determine if the proposed enterprise qualifies for CEDC assistance under the general policy guidelines set by the board of directors. The president makes preliminary decisions on these requests, based on policies adopted by the CEDC board of directors.

If an in-depth study for financial or technical assistance is indicated, the president submits the results of the preliminary research to the grant and loan review committee. This committee must be composed of a quorum of the executive committee, and is headed by the board chairperson. Currently serving on the grant and loan review committee are the board chairperson, vice chairperson, treasurer, corresponding secretary, two members-at-large from the executive committee, and the three representatives from the business community. Staff members present at the grant and loan review committee meetings include the president, attorney, controller, and director of development.

The grant and loan review committee reviews the preliminary information and makes its recommendations to the executive committee. The executive committee decides whether or not to continue with the project, and if approval is given, it authorizes the staff to complete a proposal for establishing the enterprise.

The proposal is completed through the cooperation of the staff, members of the community, and outside organizations, who work together in researching, planning, and identifying the financial need. The completed proposal is first presented

to the community for its approval. If accepted by the community, and if CEDC venture capital or technical assistance is involved, the president then submits it to the grant and loan review committee for consideration. This committee reviews the proposal and makes its recommendations to the executive committee.

The executive committee subsequently meets with the president of the corporation and decides whether to approve or reject CEDC assistance to the community. This decision is based on the proposal itself and on input from the community, staff, and grant and loan review committee. Those proposals accepted by the executive committee, when required, are forwarded to CSA for concurrence prior to the disbursement of funds.

All decisions made by the executive committee are subject to ratification by the board of directors which is charged with the responsibility of the management of the corporation.

The final decision-making and policy-making body of the corporation is the membership, which reviews all actions taken by the board of directors through an annual report submitted to the membership at the December annual meeting.

CEDC Impact Statement

A. FINANCIAL IMPACT

Community Enterprise Development Corporation's (CEDC) financial impact is quantifiable in several areas. The changes of 1975 sales, profits, wages/salaries, book credits and dividends over the previous year provide the direction and amount of change of CEDC's impact. As stipulated by Community Services Adminstration (CSA) regulations, CEDC can work only with those community owned businesses that can not obtain financing from regular funding institutions.

During 1975, CEDC invested $2,065,175 in loans, grants and equity investments in 20 community ventures. This is 2.82 times larger than the 1974 commitment of $733,550. In addition to increasing the total dollars invested, CEDC was able to leverage other funding. The leverage of new CEDC investments was a ratio of 1:1.36. The total investment financing impact resulting from CEDC investments and leverage was $3,621,998. The sources of funds and commitment amounts are provided in Table I.

CEDC assisted community ventures generated $5,975,962 in gross sales during 1975. This represents a 47 percent increase over 1974 figures.

Salaries and wages paid by CEDC assisted community ventures totaled $999,963. This is a 35 percent increase over 1974 and closely follows the change in sales. The number of full and part-time jobs created by CEDC assisted ventures increased to 506 in 1975. The number of full-time positions increased nine percent over the previous year. The net effect on personal income was positive and the average income per person of CEDC assisted venture employees rose $498.37 from the previous funding period. These figures do not include construction employment or casual labor.

Venture profits in 1975 were $119,833. The total net profit for assisted community ventures during 1975 was two percent of gross sales. The overall effect was positive and a step towards self-sufficiency for many of the CEDC assisted ventures. Net losses did occur, however, in 11 of the 26 ventures. Of the cooperative store losses, $9,461 is directly attributed to Alaska Consumer Federation failure.

Distributed reported dividends amounted to $7,115 while book credits (retained earnings of cooperatives) reached $474,758. The increase in book credits is nine percent over 1974.

Increased purchasing power is harder to determine due to different markup rates over landed cost for the same commodity, transportation costs, and the competition structure. (Landed cost is the wholesale price of a commodity in Anchorage.)

Private stores directly in competition with CEDC cooperatives generally have average discount structures for all items marketed in the store ranging from 46 percent as in King Salmon to as high as 50 percent. This means that if a store sells an item for $1.85 and has a 46 percent discount, the landed wholesale cost is $1.00. Cooperative community stores are operating with a 35 percent discount schedule. Taking the same wholesale item with a landed cost of $1.00, the cooperative store price would be $1.54.

The resulting savings of $.31 is a direct increase in spending power of 20 percent. Based on 1975 cooperative store gross sales of $1,462,322, the increased purchasing power is $303,308. This amount may vary depending upon the exact discount structure of competitive private stores. Additional purchasing power in the form of dividends and owner's equity will also raise the purchasing power of cooperative store members.

The general trend of all financial indicators is positive overall. The impact for the refunding period, May 1975 to September 1976, can be determined by projecting adjusted yearly figures through September 1976. Total wages and salaries and gross sales are calculated and shown in Table II. Based on the current percentage of sales, pro forma profit will total $261,081 during the funding period and purchase power from savings in cooperative community stores would increase $126,479 to total $429,787.

B. TRAINING AND TECHNICAL ASSISTANCE

The impact of CEDC's technical and training assistance is an increase in knowledge and skills within the communities. No quantifiable effect can be measured as no testing program has been developed at this time.

The trips taken by CEDC for technical and training assistance are listed by month. These include board training, accounting, retail store operations, fisheries, business management, and business development. The information is for the period of May 1975 to April 1976. The data was obtained from CEDC's travel records.

Month	Trips	Month	Trips
May 1975	35	November	6
June	23	December	21
July	36	January 1976	26
August	39	February	18
September	25	March	24
October	39	April	25
		Total	307

TABLE I
SOURCE OF FINANCING
FOR CEDC SPONSORED VENTURES
JANUARY 1, 1975 to JUNE 1, 1976

NEW VENTURES	CEDC LOAN	CEDC GRANT	CEDC INVESTMENT	SBA	BIA	REGIONAL CORPORATION	COMMUNITY	BANKS	STATE	OTHER
Ahtna*			$230,000			$282,000	$50,000	$195,251	$781,005	
Angoon Lodge*	$ 125,000	$ 60,000				26,000				
Bering Strait Federal Credit Union*		11,700	20,000			20,000	55,000			
Elim Fish Processing*	525,000						2,000		25,000	
Golovin Fish Processing	460,000		220,000	$83,566		22,000	500			$50,000
Kaltag	25,948	5,000					285			150
Kasigluk	15,000						693			5,000
Kiana	45,000	15,776					7,174			
Kotzebue	15,000	4,000					N/A			N/A
Kuskokwim	78,293	31,014					N/A			N/A
Kvichak-Naknek Aquatic*	30,000						6,000			
Manokotak	15,000						300			12,708
Nelson Lagoon*	44,000	22,244								
Norton Sound	15,000									
Northwest Skin Sewers		12,200			$4,680		93			700
Tanana Chiefs			20,000							
Togiak	5,000						1,718		18,624	
Yakutat Gulf Fishing Co.	15,000									
Total	$1,413,241	$161,934	$490,000	$83,566	$4,680	$330,000	$68,763	$195,241	$806,005	$65,558

CEDC Total - $2,065,175

Other Financing Total - $1,556,823

Leverage Ratio for New Ventures - 1:1.36

Total - $3,621,998

*New Ventures Which Have Not Had Previous Affiliation With CEDC.

TABLE II
CEDC ASSISTED VENTURE
CHARACTERISTICS FOR 1975

VENTURE	YEAR END	JOBS (1)	SALARIES & WAGES	GROSS SALES	PROFIT	PERCENT OF SALES	BOOK CREDITS	AMOUNT OF DIVIDENDS	SALARIES & WAGES	GROSS SALES
Ahtna	N/A	15	174,000	628,789	4,820	1	N/A	N/A	174,000	628,789
Akiachak	9/30/75	2	12,399	85,047	10,088	11.9	0	0	17,565	120,511
Aleknagik	10/30/75	2	13,255	94,722	1,273	1.3	811	203	18,778	134,221
Angoon Lodge (2)	N/A	1	7,743	N/A	N/A		N/A	N/A	9,028	N/A
Chaninik	11/30/75	2	3,766	30,373	(906)	3	0	0	5,336	43,038
Elim (3)	N/A	1 full 22 part	51,500	N/A	N/A	N/A	N/A	N/A	51,500	N/A
Golovin	12/31/75	1 full 32 part	67,485	421,320	(25,960)	6	(25,960)	0	65,023	597,010
Goodnews Bay	12/31/75	2	6,069	53,233	1,898	3.6	1,982	277	8,599	75,431
Innuit	8/31/75	2	10,307	57,991	(4,438)	7.7	(4,438)		14,605	82,173
Kaltag	2/28/76	2	4,988	53,975	2,718	5	2,175	128	7,068	76,482
Kasigluk	3/31/76	2	12,056	122,451	11,749	10	23,629	2,257	17,083	173,513
Kash Kash	6/30/75	2	4,731	35,495	(5,067)	14.3	225		6,704	50,296
Kiana	12/31/75	2	141	30,799	(3,257)	11		743	200	43,642
Koliganek	8/31/75	2	10,693	72,863	(1,193)	1.6	9,859		15,028	103,246
Kotzebue (4)	9/30/74	3 full 280 seasonal	135,652	1,338,696	(91,774)	6.6	232,324		192,219	1,896,932
Kuskokwim	2/28/74	N/A	26,289	79,414	(4,425)	5.6			104,155	125,529
Manokotak	4/30/75	2	7,334	46,912	1,586	3.4	13,884		10,393	66,473
Nelson Lagoon (5)	12/31/75	1	2,340	24,975	2,522	10.1			6,632	70,779
New Stuyahok	8/31/75	2	22,738	120,120	(1,917)	1.6	3,462		32,220	170,210
Nondalton	1/31/75	2	6,783	95,840	8,393	8.8	5,708	1,427	9,871	135,805
Northwest Skin	12/31/75	1 full 20 part	0	6,809	(417)	6.1	0	0	0	9,790
Togiak	12/31/75	2	24,794	174,454	9,993	2.2	7,264	1,824	33,859	247,216
Toksook Bay	12/31/75	1	2,039	18,252	1,020	5.6	(5,336)	206	2,889	25,863
Wildwood Village	9/31/75	5	42,416	442,264	1,183					626,688
Yakutat Gulf	12/31/75	4		93,951	(36,840)	4.0	(56,152)		52,680	133,129
Yukon Delta Fish (4)	12/31/74	10 full 80 seasonal	350,445	1,847,217	238,784	12.9	265,121		49,658	2,617,506
TOTAL		506	999,963	5,975,962	119,833	2.5	474,758	7,115	1,412,119	8,254,272

1. Only jobs created for daily and continued operation of the venture are included.

2. Figures are based on pro-forma calculations from venture feasibility analysis.

3. Wages are based on pro-forma requirements ending September 1976.

4. Financial information included was from 1974 reports. Current information is not available at this date.

5. Figures represent six month reporting period.

The average length of training and technical trips is three days. Using an eight hour day, these visits represent 7,368 hours of training input. Projecting the average number of trips per month, the total time spent for training and technical assistance during the funding period amounts to 7,493 hours. Trips to communities were low during November due to in-house travel restrictions during the month.

Additional training was provided to board members in Anchorage. Training provided included such topics as: the role of the board, by-laws, parliamentary procedure, responsibilities of board committee functions, how to read financial statements, and how to read feasibility studies.

C. INDIVIDUAL DEVELOPMENT AND SOCIAL IMPACT

Community members gain not only from the economic impact, direct training, and technical assistance of CEDC assisted ventures, but also from experiencing ownership opportunity and individual assistance.

Individuals involved with CEDC assisted ventures have increased awareness of business and the world outside their community. New abilities have been developed and the developers have become leaders and assets to their communities. The regional corporations created by the Alaska Native Claims Settlement Act of 1971 are among the largest corporations within the United States. The regional leaders and the corporations will have a profound influence on the future of Alaska.

There are also intangible benefits. The accomplishment of a project is a positive influence. It is a source of pride and confidence building for the community. The knowledge gained from the development of a project is also carried into other projects. While this kind of eternality is very nebulous and cannot be measured, it is a very important by-product of a CEDC assisted venture.

D. CHANGING TRENDS IN PUBLIC ASSISTANCE

CEDC's objective of appreciable impact is measured by a variety of CSA indicators as defined in CSA Instruction 6158-1. Several of the indicators, changes in employment, income, net inflow into a community, and increased skills for managers and workers, have been used to demonstrate CEDC impact. Further impact can be shown by reduction of public assistance rolls in communities with CEDC ventures.

For analysis, only changes in Aid to Dependent Children (ADC) were used for comparison between areas receiving CEDC assistance and those not receiving assistance within the state of Alaska. The other public assistance areas, Old Age Assistance, Aid to the Blind, and Aid to the Disabled, were not used because they are not direct targets of CEDC type assistance, although benefits to people receiving assistance from these programs may be positive.

Two examples of CEDC impact in reduction of public assistance are provided in Graph I. The number of ADC cases for the communities of Golovin and Angoon are plotted from 1969 through 1975. The implementation of CEDC assisted community ventures is noted with an asterisk for both communities. The upward trend in ADC cases was reversed and the number of cases reduced.

The amount of reduction of cases will vary in relation to the total number of ADC cases within the community and the type of CEDC assisted venture. In some communities, CEDC assisted fishing ventures have decreased the number of ADC cases by as much as 40 percent. This was due to the large number of employees required for the fish processing facility operation.

The general change in ADC trends in CEDC assisted communities can be evaluated by comparison of the average spending per case between those communities and the state. Measurable changes will indicate impact.

The average dollar payments per ADC case was calculated for 1969 through 1975 for a sample of CEDC assisted communities. These averages are provided in Table III. The average ADC payments for the State of Alaska was determined for the same time period. The averages are also shown in Table III.

AVERAGE ANNUAL ADC
PAYMENTS PER CASE
TABLE III

Year	State Average	CFDC Assisted Community Average
1975	$275.90	$271.25
1974	262.35	235.99
1973	206.57	182.65
1972	209.98	189.12
1971	219.10	193.09
1970	229.24	217.71
1969	157.26	144.13

Source: Annual Reports 1969-1975; Department of Health and Social Services, Division of Family and Children Services, State of Alaska.

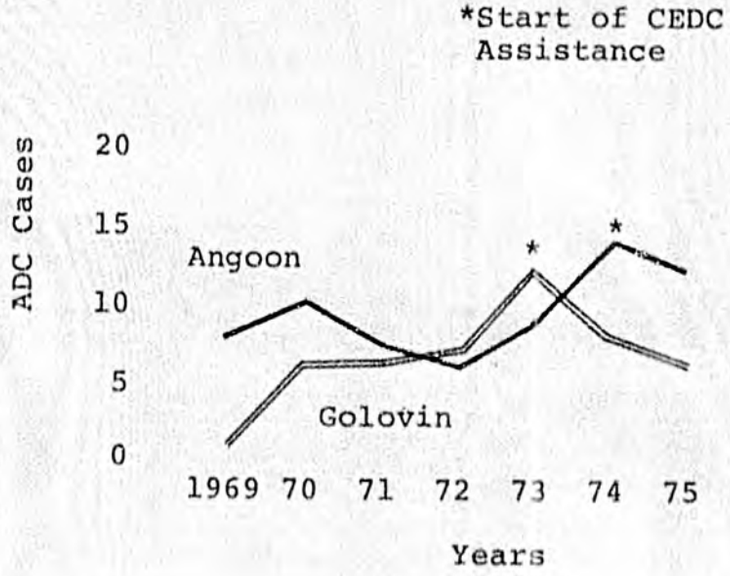
Linear regression equations using the least squares method of fit for both sets of averages were determined. The regression line used for trend analysis of ADC payments for communities with CEDC assisted ventures is provided in Graph II. Linear estimates were determined using the current spending trends. Communities in which CEDC assisted ventures are located will be spending an average of $5.86 less per case in 1980.

The trend of total state spending for ADC was also determined using linear regression. The graph of State spending is included in Graph II. The trend of total spending for Aid to Dependent Children is rising much faster than the average payments in CEDC assisted communities. Favorable impact upon reduction of ADC payments is measurable in areas where CEDC has become involved in community ventures.

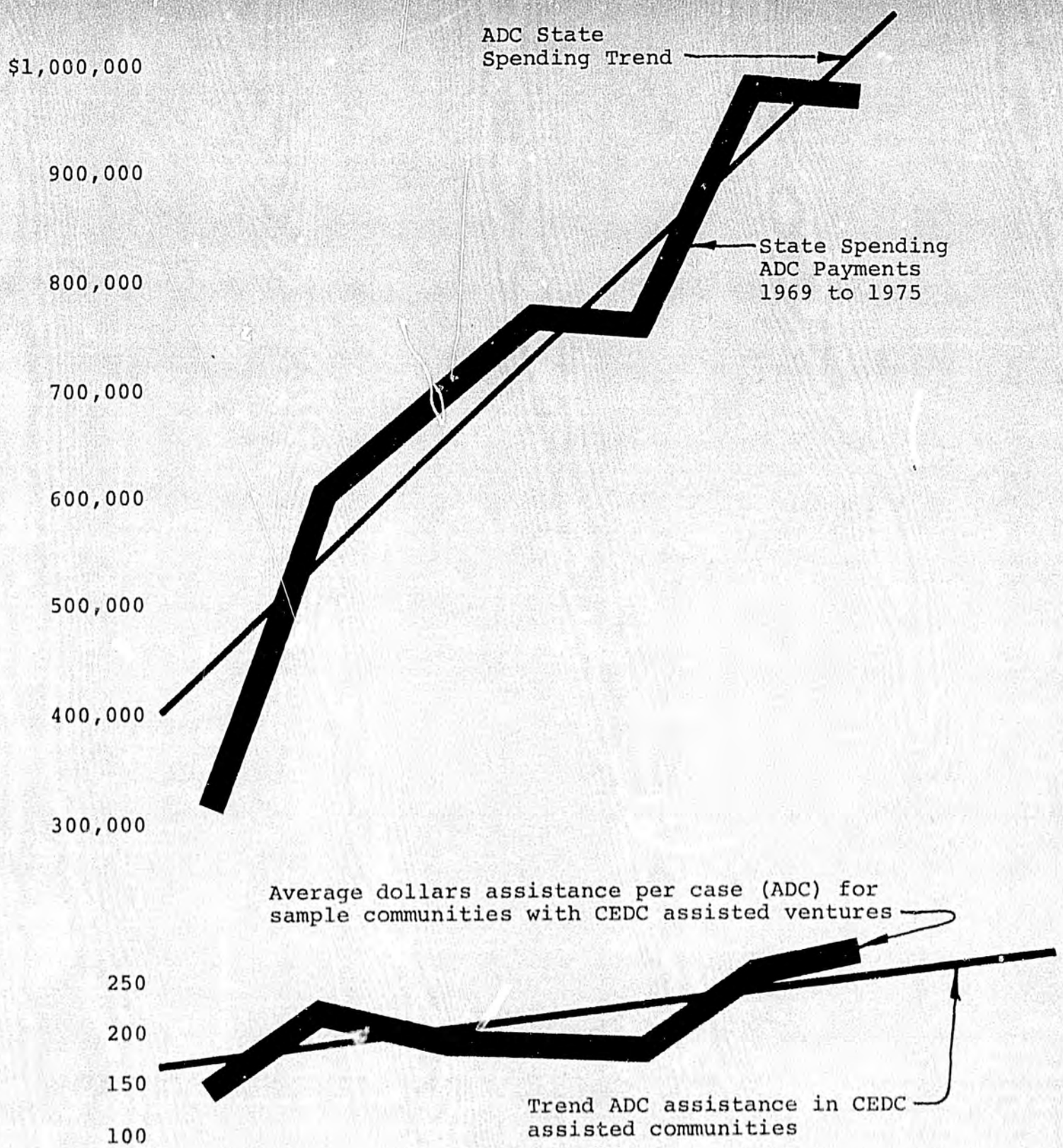
GRAPH I

EXAMPLES OF TREND CHANGES
IN ADC CASES IN COMMUNITIES
WITH CEDC ASSISTED VENTURES

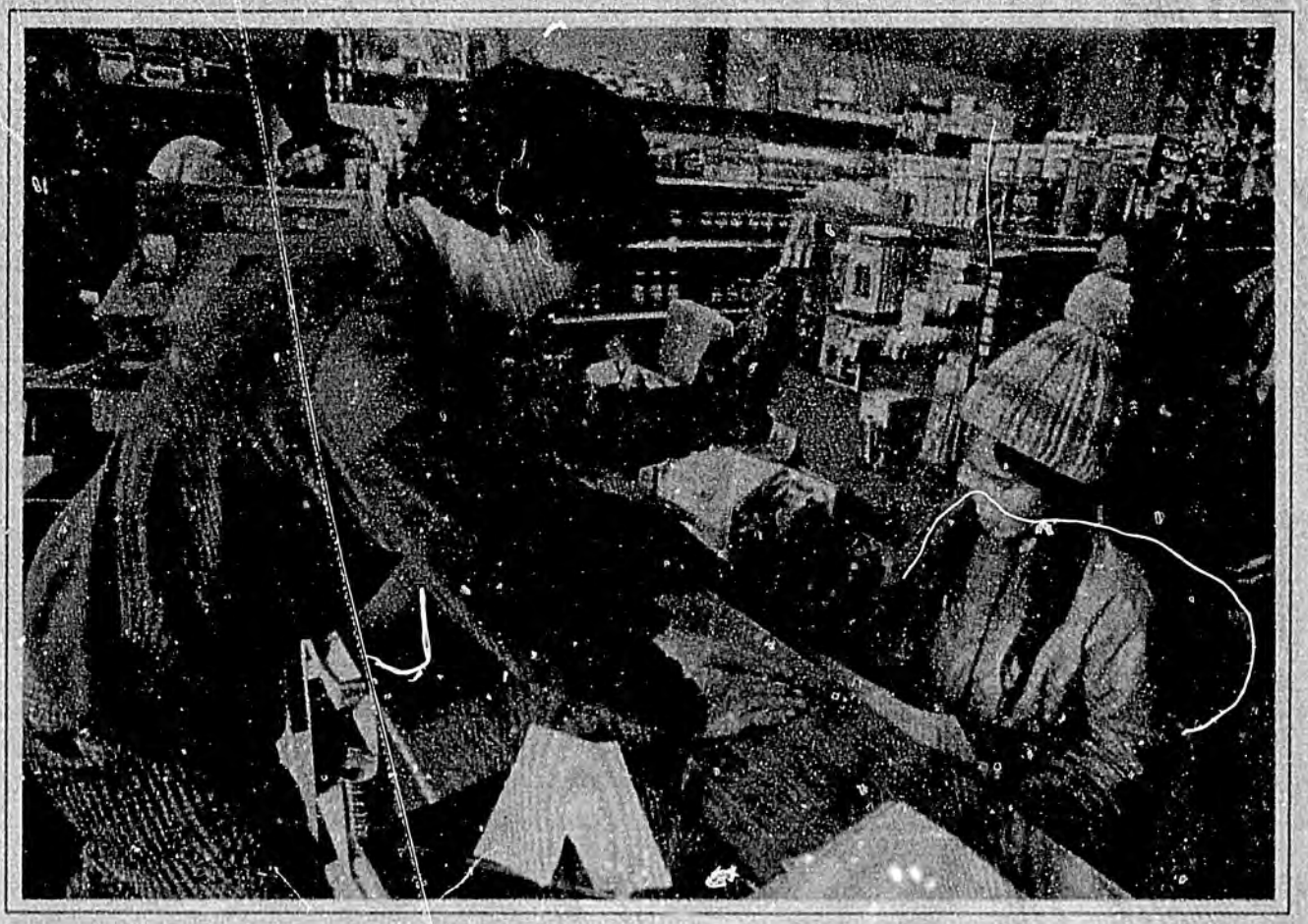
(1969-1975)



GRAPH 2


ADC State
Spending Trend
$1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
State Spending
ADC Payments
1969 to 1975
Average dollars assistance per case (ADC) for
sample communities with CEDC assisted ventures
250
200
150
100
Trend ADC assistance in CEDC
assisted communities
1969
1970
1971
1972
1973
1974
1975

Review of Present Funding Period



A. ACCOMPLISHMENTS IN RELATION TO GOALS

In January of 1975 Community Enterprise Development Corporation of Alaska (CEDC) requested a grant from the Community Services Administration (CSA) in the amount of $10 million. The goals that the corporation set for itself in its proposal were based on this funding level. In reviewing these goals and accomplishments one must keep in mind that CEDC did not receive this amount of funding and therefore encountered difficulties in attempting to accomplish everything it had originally planned.

The following is a discussion of the accomplishments which CEDC made during this funding period in relation to the goals that it had set in its last refunding proposal. These goals are separated into three categories for ease of reference. They include long range goals, venture development goals, and corporate development goals. In addition, the venture development category has been divided into separate sections for each different type of development project. The corporate development category has been divided into income producing activities, membership and board of directors development program, staff development, and development of corporate assets.

1. Long Range Goals

In order to establish CEDC as a self-sufficient corporation, devoting its resources to the low-income, rural communities of Alaska, the corporation has begun to take equity positions in many of the ventures it has financed. This lowers the debt structure for the venture, and in addition, increases the return on CEDC's investment. The policy of taking an equity position in high risk high return investments is one that will continue during the next funding period.

CEDC attempted to develop a long range plan for the corporation through the hiring of a planner. However, due to many problems encountered this goal was never realized. The first problem was that the salary was too low to attract the type of individual that was needed to accomplish this tremendous task. Perhaps an additional problem was the fact that due to the shortened grant period and shortage of personnel, more time was devoted to tackling day-to-day problems instead of focusing on the overall planning for the corporation. However, the need for this type of planning is recognized by the corporation and is now beginning to be dealt with. CEDC is hiring a consultant during the summer to aid the management in identifying long range goals and planning the strategy necessary to attain these goals.

2. Venture Development Goals

a. General

CEDC desired to fund new ventures that would create jobs for rural, low-income people by increasing the venture capital from $610,000 to $7,000,000. Although the venture capital was not increased this substantially, new jobs for the rural low-income people were still created as evidenced by the impact statement which is included in this refunding proposal.

In an attempt to build CEDC's revolving fund through a positive program of collection on delinquent loans or refinancing ventures that are viable but unable to meet current obligations, CEDC began reviewing its delinquent accounts and determining the ventures' ability to repay their outstanding balance. Through the rewriting of loans, refinancing of ventures, the writing off of uncollectible sums, and the collecting of many past due accounts CEDC was able to decrease its outstanding loans in arrears from $143,731 in January of 1975 to $8,688 in May of 1976. As a result, CEDC's revolving fund has increased from $225,000 to $820,000.

In the past proposal it was suggested that CEDC's professional staff be increased in the areas of expediting, field accounting, fishing, training, internal accounting, special services, development, and planning. Due to the decrease in the amount of the administrative budget, CEDC was unable to increase its staff in all of these departments. However, increases were made in expediting, fisheries, and operations in an attempt to better respond to the demand for assistance from CEDC ventures.

CEDC has joint ventured with the regional and village corporations on occasions, such as on the Ahtna and Angoon lodge projects, but not to the degree that was originally anticipated in the last refunding proposal. However, representatives from the regional corporations are now eligible for membership in CEDC and several regional representatives are currently serving on the board of directors and executive committee. In this way, CEDC hopes to create a better working relationship with the regional corporation and begin to coordinate business development efforts.

b. Consumer Stores and Bulk Fuel Facilities

After reviewing several of the existing ventures CEDC began to realize that the goal of bringing all of these ventures to a state of self-sufficiency within 24 months was perhaps too idealistic. It was discovered that CEDC simply did not have the staff or the time required to review all of the existing ventures as well as develop and provide assistance to the new ventures. However, the corporation has made an attempt to review these enterprises and to evaluate their needs.

Based on these reviews, an intermediary loan fund was established, as suggested by the staff and approved by the board of directors. The purpose of this fund is to refinance those ventures that were undercapitalized from the beginning and are therefore experiencing financial difficulties. It is hoped that by consolidating all of the venture's debts and introducing additional working capital the venture will begin to operate successfully. Under this plan four stores were reviewed, and through the use of short term and revolving loan funds, additional capital was introduced into these stores. Of the four stores that were reviewed and refinanced in this manner, three are showing an increased profit. CEDC is continuing to review its existing ventures with the hope of assisting all of them to become more profitable and more capable of handling day-to-day matters on their own.

In conjunction with this endeavor, the corporation is to assist the venture in the development of a comprehensive plan for the upgrading of its store. This plan includes at least: land needed for expansion; facility (store, building, warehouse); energy (electricity, heat); inventory; management training; membership and board training; and short range and long range financing needs. In an attempt to implement the development of such a plan, a reporting system for the field accounting and expediting personnel was established. Each time a venture is visited by one of these individuals, a venture analysis form is completed. This analysis covers such items as general office management, the bookkeeping system, a budget evaluation, a management/personnel evaluation, the amount of participation by the board of directors and membership, and the relationship of the management to the board of directors. An analysis of the facility includes such items as the condition and type of shelves, space utilization, traffic pattern, condition of storeroom, overall heating capabilities of the building, and the general overall appearance of the store.

A report on the amount and type of training that should be provided to the venture is also completed. Although an effort has been made to follow up on each of the recommendations contained in these reports, there simply was not sufficient staff or time in which to act on all of the recommendations. Therefore, only the more immediate and pressing problems were dealt with.

At the time the refunding proposal was submitted, CEDC felt it was necessary to develop more bulk fuel facilities at already existing store locations. This was to be accomplished through the undertaking of three feasibility studies for bulk fuel storage at rural locations that already had a consumer store that was satisfactory to the consumer needs

of the community. In addition, CEDC was going to include, as a standard part of each feasibility study undertaken on behalf of a new consumer store, a section on the feasibility of establishing bulk fuel storage at the co-op location. After reviewing and researching several requests for bulk fuel facilities, it was determined that the majority of these projects just were not feasible. This was generally due to the high cost of constructing such a facility and the expense of purchasing and storing the fuel in large quantities with an inventory turnover occurring only once a year. CEDC realizes the rural communities' need for this type of facility and is therefore encouraging the establishment of a state program which would coordinate the creation of bulk fuel facilities in the rural locations.

Due to the decreased amount of funding, the establishment of fishing ventures as a priority, and the shortening of the grant period, only three new stores were developed during the present funding period instead of the proposed eight.

c. Fishing Ventures

Since fisheries were designated as the priority for this past funding period, much of the staff's time and efforts was directed toward this area of development.

The main goal relating to the fishing ventures that was established was that of better accommodating the needs of these ventures by: providing 90 day short term loans (maximum of $200,000 per venture) to each fishing venture that was current in its obligations to CEDC which was to be repaid on a percentage of gross sales until it was paid in full; providing longer repayment terms (15 to 20 years depending on the size of the loan); increasing the total loan amount to more than $300,000 to any one fishing venture; reviewing existing ventures for refinancing needs and providing technical assistance to enable ventures to become self-sufficient which would include the hiring of additional staff and consultants in engineering or architectural areas.

To accomplish all of this, CEDC established a separate department for all fishery related ventures. Additional staff was hired to better meet the needs and demands of these ventures. Through the combined efforts of this department and the entire staff much of this has been done. Short term loans were provided to Golovin, Unalakleet, and Elim for use as working capital during the fishing season. In addition, the Golovin Co-op was recently refinanced and improved. CEDC was successful in increasing the amount of money loaned to a single venture, but unsuccessful in attempting to increase the repayment terms.

CEDC indicated in the last refunding proposal that five fishing cooperatives that were existing at the time of the proposal would be self-sufficient at the end of 24 months. It appears that although this has been accomplished to some degree, perhaps this prediction was too idealistic. Of the fishing ventures now in existence, three can be considered to be independent from CEDC. These are: Kuskokwim Fishermen's Cooperative, which employs a professional manager to assist in directing the affairs of the co-op; Yukon Delta Fish Marketing Co-op, which has competent local managers and to which only accounting assistance is provided upon request; and Unalakleet, which has repaid all of its outstanding loans to CEDC and operates successfully. The Kotzebue Sound Area Fishermen Co-op could possibly be considered self-sufficient from the standpoint that it is current on its repayment of its outstanding debt to CEDC and that the venture is managing to at least break even. However, this venture is experiencing serious difficulties which are complicated by political conflicts and pressures. CEDC will continue to work with this venture in an attempt to resolve its problems if possible.

It was also suggested in the last refunding proposal that the two fishing ventures at Yakutat and Hydaburg would be operational above the break even point at the end of 24 months. Due to unforeseen problems, this was not accomplished. Although the Yakutat venture is operational, it is currently experiencing difficulties due to the late delivery of its boat and the subsequent king crab strike in Cook Inlet during the 1974 season. CEDC is continuing to work with this venture in an attempt to resolve its problems and turn the venture into a profit making business. The Hydaburg venture is not operational due to complications encountered with the feasiblity study.

It was the desire of the corporation to establish two new fishing ventures or substantially expand two existing fishing ventures during the next 24 months. This was accomplished by the expansion of the plant facility at Golovin and the investment in the Elim and Naknek-Kvichak Aquatic Co-op project. In addition, several other projects are contemplated for the near future.

d. Lodges and Hotels

The goal of funding two lodge/motel complexes within the next 24 months was realized through the Ahtna and Angoon projects.

Although it was suggested in the last refunding proposal that CEDC fund six village guesthouses, it was later determined that not only did CEDC have inadequate funds for these types of projects due to the decrease in venture capital, but the need for this type of facility had decreased. Instead, CEDC

began receiving an increasing number of requests for the lodge/motel complex which requires substantially more investment capital.

e. Credit Unions

Due to the success CEDC had experienced in establishing credit unions, it was proposed that $20,000 be invested in five new credit unions and that a grant of $10,000 be given to each of these credit unions. The funds would be utilized in the promotion of the credit union activities and an educational training program would be arranged for village credit union members. However, due to the decrease in venture capital funds and the subsequent establishment of this area as a low priority item, there were not sufficient funds to invest in these type of projects. In addition, the Alaska USA Federal Credit Union has since that time begun making their services available to various regional and village corporations. Therefore, the needs of the rural people are currently being met by this one large credit union.

f. Catalytic and Social Projects.

In the last refunding proposal there were several goals that were directed towards the investment in catalytic or social projects that would have a direct benefit to a specific CEDC assisted venture, existing or proposed. However, due to the decrease in venture capital funds, no affirmative action was taken on these projects. CEDC continues to coordinate its efforts with state agencies in an attempt to guarantee that the village has the neccesary facilities for a proposed venture, but no CEDC investment capital is being utilized for this purpose.

3. Corporate Development Goals

a. Formation of 501 (c) (3) Corporation

In the last refunding proposal it was recommended that CEDC receive IRS recognition as a 501 (c) (3) charitable, non-profit corporation by amending its articles of incorporation and by-laws to meet the technical requirements of the Internal Revenue Service (IRS). After contacting the Berkeley Law Project and the Center for Community Economic Development and discussing this possibility at length with their attorneys, it was the consensus of opinion that CEDC should retain its present tax status for as long as possible. It was felt that it would not be advantageous for CEDC to change its tax status unless it had a large commitment of funds from a private foundation, or until such time as our proposed income producing activities (expediting and field accounting) began to actually show a substantial profit.

Before determining whether or not to change the tax status of the corporation, an attempt was made to obtain funds from the various foundations throughout the nation. Each foundation which had shown an inclination in the past to fund organizations similar to CEDC or whose requirements could be met was contacted either by letter or, when possible, in person. The foundations were hesitant to invest in CEDC due in part to the condition of the general economy of the nation at the time, but mostly because of the remoteness and inaccessibility of CEDC to the foundations. CEDC is continuing to attempt to obtain foundation funds for its ventures and has been successful on three separate occasions.

A comprehensive listing of all of the foundations which could provide funds for the new ventures has been compiled and is kept for use by the development specialists when funding is being identified for the new enterprise.

b. Income Producing Activities

The establishment of a for-profit accounting service was postponed due to a number of complications. Perhaps the most critical was the high turnover (100 percent) of field accountants. This hampered any attempt to establish field accounting as a for-profit business, and because of this more time was devoted to the expediting service and less to the accounting service. However, preliminary research was completed and several alternative methods of computing fees and costs have been suggested. These will now be reviewed by management and work on this project will proceed.

After much research and the preparation of a preliminary study, it was determined that before an expediting for-profit service could be established the current operation would have to be upgraded and improved. To this end, a consultant was hired to review the expediting service and make suggestions for improvements. It was noted in the consultant's report that the problems that are presently being encountered by the expediting service were created by the rapid expansion of the services provided by that department. It is the consensus of opinion that establishment of this department as a for-profit service should be postponed until such time as the department is stronger and until the ventures it services are also stronger and more capable of paying for the cost of the services.

The establishment of a marketing division to act as a medium to direct and promote the flow of goods from the producer to the user of fish products was not possible due to the lack of sufficient venture capital and administrative funds. However, the creation of such a position is contemplated for the 1976-78 funding period.

c. Membership and Board of Directors Development Program

The training of CEDC's membership, board of directors and executive committee in a wide assortment of topics was stressed in the last refunding proposal. To this end, CEDC held a total of five training sessions during the last funding period. General training in the areas of responsibilities, duties, and function was provided to the membership and board of directors. More specialized training in the areas of financial statements and feasibility studies, parliamentary procedure, and responsibility of officers was provided for the executive committee members. In addition, members of the executive committee were given the opportunity to travel to various meetings and training sessions throughout the United States. The effects of these training programs are evidenced by the more professional and businesslike manner in which the meetings are now conducted.

d. CEDC Staff Development

The idea of having a high level of skills and knowledge among the staff of CEDC through the institution of a program for in-house staff training and development through workshops, seminars, and other activities was discussed but never implemented to any great degree. It was determined that the greatest amount of importance lay with providing the necessary assistance to the ventures and since there was such a tremendous amount of work to be done with a small staff in a short period of time, most staff members found little or no time to attend training seminars. One or two guest speakers gave presentations to the staff during the fall of 1975, but no further in-house training and development has been instituted.

In order to have enough staff members to extend technical and training assistance to all ventures CEDC attempted to increase its staff to accommodate the quality assistance to the present and new ventures. However, many difficulties were encountered due to the cut in the administrative budget and the deletion of two trainers from the staff. The current staff members are being utilized to their utmost and in some cases are being overtaxed. Because of the lack of trainers, insufficient staff, and high turnover in staff, the quality of assistance provided to the ventures has not improved substantially over the past year.

It was proposed in the last refunding proposal that the fringe benefit program be studied and a new program implemented that would encourage employees to remain with the corporation so that there would be a relatively low turnover of staff. A study of the benefit program was completed, but because of the decrease in the administrative budget, the only addition was dental coverage. Due to several factors, including the non-competiveness of CEDC's salaries to those of state and local government, the turnover of the CEDC staff was very high. A study has been completed recently which evaluates the cause and effect of this turnover and measures are being taken to prevent such a reoccurrence.

In an attempt to increase the number of employees from CEDC's target area, all vacancies were advertised on a statewide basis. As a result, seven individuals from CEDC's target area were hired during this grant period.

e. Development of CEDC Corporate Assets: Land and Office Building

In the last refunding proposal, it was suggested that CEDC should increase its corporate assets through the purchase of an office building. A review of the existing office buildings available in Anchorage was completed and a feasibility study prepared by Mr. Stuart Lichtman of the Rockville Consulting Group. This study has been submitted to CSA. However, due to unforeseen problems, this project has temporarily been delayed. It is the intent of this corporation to continue to pursue the purchase of an office building in order to increase its corporate assets.

f. Expansion of Services to Individuals and Other Organizations

CEDC was to develop an assistance project in loan packaging for minority individuals from urban and rural communities. This project was not developed and has now been terminated. The reason for the termination is that the Alaska Federation of Natives, with the support of CEDC, has been successful in obtaining an OMBE grant and has established an Alaska Economic Development Office in Anchorage to assist minority entrepreneurs.

Except for the area of CEDC's expediting service, CEDC does not plan to provide technical or training assistance to individuals or groups that fall outside of CEDC's assistance guidelines. In the past, it was proposed that CEDC sell its services on the open market in the area of accounting, training, fish marketing, and retail store development. CEDC's short term goal is to strenghten its assistance capability to existing and developing ventures and to charge for these services based on the venture's ability to pay. CEDC will evaluate the expansion of services after it is able to assist an existing venture reach a more stable performance curve. Although expansion of services for sale is not contemplated during the next two years, CEDC will continue to collect cost accounting information to be used as a data base in the event that CEDC decides to market its services.

B. EVOLUTION OF GOALS AND STRATEGY DURING PRESENT FUNDING PERIOD

In the last refunding proposal, CEDC established numerous goals and objectives to be met by the staff during that funding period. Due to the decrease in the amount of venture capital that was requested and the shortened grant

period, the staff was hard pressed to achieve these goals. In addition, several changes occurred within the corporation which changed and altered some of those goals and which provided the staff with improved ways of attaining other goals.

One of these major changes was in the composition of the membership, board of directors, and executive committee of CEDC. In the past the board of directors and executive committee has shown a tendency to lean more toward social projects instead of sound business investments. However, with the inclusion of the business and regional corporation represenatives, this trend appears to be changing. Now when a proposal is reviewed, it is first analyzed on its business potential and then its social impact is taken into consideration. This is resulting in the investment of capital in stronger, more viable businesses.

Perhaps the most emphasis this grant period was placed on the development and operation of fishing ventures. Since fishing was established as the priority area and since it requires a tremendous amount of time and effort, most of the staff's time and energies were directed toward these ventures. In order to help eliminate the duplication of effort of staff members and to improve the quality of technical assistance that is provided to the fishing ventures, a separate fisheries department was created midway through the grant. This department is responsible for both the development and operational phases of the fishery related ventures. Having one group of people coordinating all of the effort for these ventures has eliminated many of the difficulties encountered in the past.

In addition to creating the fisheries department, CEDC also expanded its expediting department. Prior to this time the only service this department provided was the purchasing of grocery inventory for the stores. This has now been expanded to include outboard motors, snow machines, motorcycles, hardware tools, electrical and household applicances, and a myriad of other items. In order to keep pace with the work created by this expansion, four new employees were added to this department during the grant period. Although this department is experiencing difficulties resulting from its rapid growth, corrective measures are being taken and changes implemented.

During the entire period of the last grant CEDC has attempted to continue to provide quality technical and financial assistance to its ventures. At times, this has been impeded by lack of personnel and investment capital, but for the most part the corporation has improved the services it provides and through the changes in the composition of its board of directors, the creation of a fisheries department, and the expansion of the expediting service it will hopefully continue to improve in the future.

C. PROBLEMS ENCOUNTERED DURING PRESENT FUNDING PERIOD

1. Venture Staff Turnover

a. Problem

Within the past funding period eight bookkeepers and five managers have left CEDC assisted ventures or have been replaced, thus requiring additional CEDC technical assistance. The level of self-sufficiency of these ventures is then set back.

b. Solution

Ventures have been encouraged to pay better salaries and provide more policy guidance to the manager. CEDC is informing the venture board of directors as to what information to expect from the manager and bookkeepers and how to analyze this information. This enables the venture to become more self-sufficient.

2. Limited Venture Capital

a. Problem

In the past budget CEDC requested $7,000,000 in venture capital and was granted $1,800,000; thus fewer projects resulted. Fishery ventures which require larger investments are CEDC's highest priority and the lack of venture capital inhibits this economic growth.

b. Solution

CEDC is requesting $13,000,000 in venture capital to enhance the fisheries development as well as fulfill other economic development goals.

3. CEDC Staff Turnover

a. Problem

Staff turnover and lack of experienced personnel have resulted in magnifying existing problems and creating numerous other problems. A lack of available experienced personnel in the field accounting division and a 100 percent turnover in the year ending May 1, 1976 has upset the consistent and systematic delivery of technical assistance to CEDC assisted ventures. New employees can generally be hired; however, the overload on the existing staff while positions are advertised, prospective applicants interviewed, hired and finally orientated to our unique program lends to less effectiveness and efficiency. The personnel remaining have put up with poor physical office conditions and salaries below the state salary schedule. Both of these conditions lower employee morale.

b. Solution

A two step salary increase for personnel presently underpaid is being implemented. CEDC is also seeking more suitable office space and has set August 1976 as a target date to move. The field accounting division is now fully staffed and another position created to help fill the gap left by a totally new staff. This gap is largely the result of the extensive orientation and directly a result of the complexities of hiring professional staff members.

4. Planner

a. Problem

The budgeted salary in the last refunding proposal was not sufficient to attract an experienced planner.

b. Solution

The necessity to develop long range plans has been recognized and at present is being administered by the president and the board. During the last 12 months of the 1976-1978 grant period, a formal overall economic development plan will be drafted.

5. Retail Training

a. Problem

Another problem area was in providing training to store managers, bookkeepers and venture board of directors. Expediting was to provide manager training, however due to their rapid growth, most of their time was spent expediting. Due to high turnover in CEDC field accounting staff and venture staff, training in general was adversely affected.

b. Solution

Additional expediting staff have now been hired and the management training function is again being performed on a time available basis. CEDC is proposing that one more person be hired in expediting to allow for an increase in retail management training.

6. Board Training

a. Problem

This last year CEDC's trainer primarily worked with the board of directors of the Golovin and Elim fishing ventures, where a majority of CEDC's venture capital has been invested. Other than making the board aware of the financial state of the venture and problem solving in crisis situations, board training for non-fishing ventures has been minimal.

b. Solution

CEDC is requesting two trainers to conduct the board training and coordinate training throughout our total venture assistance project.

7. Community Services Administration

a. Problem

CSA's intervention into the day to day transactions of CEDC has caused organizational problems and loss of credibility and dependability in dealings between CEDC and other agencies, institutions, and individuals. CEDC must have mobility to respond to venture and community needs.

b. Solution

CEDC has tried to maintain good rapport with all CSA personnel in the present funding period and will continue to do so. CEDC will continue to earn the respect and confidence of CSA to enable the corporation to operate more independently and with greater mobility. CEDC would support increases in OED professional and clerical staff to respond to CEDC's needs more readily until full autonomy is reached.

D. UNMET NEEDS

1. Board of Directors

The CEDC Board of directors has had extensive training during the past funding period. Considering the positive impact this training has had, the board feels a continued effort in this area is needed.

The board still relies heavily on the executive committee and the staff in decisions regarding corporate affairs. The board of directors also realizes the importance of business experience, and realizes training cannot fulfill the need for actual business experience.

2. Staff

An in-house staff two hour training session was conducted by Al Fleming after he had given a three day session to the CEDC board. Also, a two day staff retreat was conducted by Mr. Fleming in June. More sessions of this kind are of utmost importance to allow the staff to be informed and to understand the CEDC organization, thus having more pride in their work and knowledge of CEDC's objectives and goals.

Each professional person providing services to the rural areas should be sent to training sessions annually. This provides the employees time to regroup their energies and stimulate the thought processes. Alaskans are isolated and new developments in every professional field are taking place quickly. Therefore, if these sessions were outside the state, it would provide even greater exposure and possible greater impact at the venture level.

CEDC has determined staff training and development is a higher priority and it is our feeling that the target areas will directly benefit.

Due to the historically high turnover, and the lateral growth that CEDC hopes to experience in the near future, an office procedures manual would be helpful and meaningful (to new and remaining employees as well). This manual would include orientation material, data processing procedures, and guidelines to be used in dealing with ventures.

The office building CEDC has utilized since 1968 has not been adequately maintained and is in desperate need of repair. The unsatisfactory working environment has had a detrimental impact on the staff, and problems in attaining new office space have adversely affected employee morale and professionalism.

3. Ventures

In identifying the ventures' needs, the overpowering response is the lack of technical assistance. Specifically, board and manager training is needed by the existing ventures. Requests for this training are relayed by the ventures as well as other agencies and native corporations in the rural areas. CEDC would have the materials and expertise to accommodate these needs with additional trainers and a full experienced staff. There are other agencies with which CEDC can coordinate and compliment, given the personnel to administer the programs.

4. Community

The unmet needs of the communities served by CEDC include health education, housing, transportation, communication, sanitation and water. Because a majority of these communities have an average per capita income below the poverty level, they cannot provide the above services or facilities. Their limited incomes are further taxed by the extremely high cost of living in rural Alaska. The community's ability to collect sufficient revenues for these services is precluded by the village's small population base.

The absence of some of these services may hinder business development. Without a water or sanitation system, fish processing plants cannot be operated; while the business may attempt to construct them, the costs of the venture would cause a severe financial strain.

It has been CEDC's policy to seek these catalytic funds from other sources, thus enabling economic development.

There is also a need for business education for rural people in Alaska. By recognizing this need and relating it to the community college in the economic centers, CEDC can provide some assistance in this area. CEDC also encourages the ventures to coordinate these training sessions (which are given at minimal cost) for their membership.

5. Community Services Administration

CEDC has experienced delays in project approvals which have caused unanticipated problems in putting the proposals into operation. Because of the highly seasonal nature of business in Alaska, due solely to climatic conditions, a delay in project approval can result in delaying implementation of new ventures a full season or a year. The delays necessitate budget revisions resulting in increased costs and under-capitalization. CEDC would support an increase in CSA professional and clerical staff.

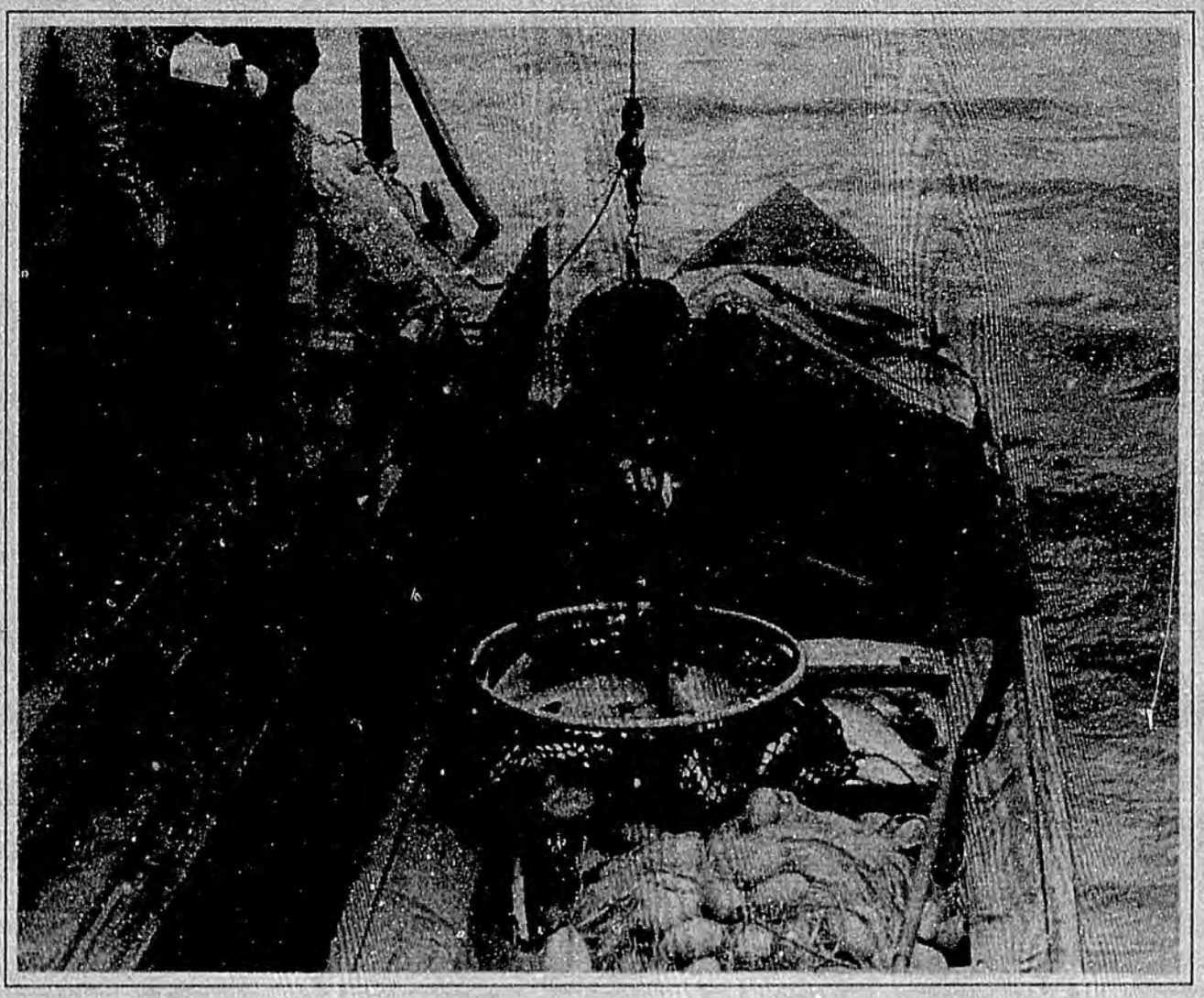
There is need for a clarified and consistent level of autonomy from CSA in day to day transactions.

In dealing with financial institutions, government agencies, and native corporations, CEDC must demand respect and maintain a good rapport to have a positive impact in the target areas. The lack of mobility in day to day transactions has and will apparently continue hindering CEDC's dependability and credibility.

CSA's involvement in staffing of CEDC, salary increases, travel and other day to day corporate transactions has caused varied organizational problems. An apparent mistrust or doubt of professionalism and performance has discouraged and frustrated employees.

In order for CEDC to have the greatest impact in Alaska, it must command respect from the people of Alaska. Alaskans have historically been independent, thus indications of lack of control and independence shed doubt on the abilities of CEDC and create dissatisfaction with its assistance and programs.

Overall Development Plan
for
Proposed Funding Period



Introduction

To implement its two major programs, venture and corporate development, Community Enterprise Development Corporation (CEDC) is requesting a $17 million grant from Community Services Administration (CSA). Two-thirds of this total is allocated for the new venture development. About one-tenth of this total is earmarked for existing venture programs. Twenty-four percent of the $17 million budget is for administrative costs; of the $4 million administrative budget, 68 percent is directly related to venture support.

The priorities over the next two years were established by input from the CEDC membership, Alaska Native Claims Settlement Act (ANCSA) regional and village corporations, and RurAL CAP corporations. Individuals such as the governor, congressional delegates for Alaska, and executive directors of programs such as SBA, EDA, and State of Alaska Department of Commerce were also asked to provide their thoughts on CEDC activities. Generally the CEDC membership stated their need as the expansion of technical assistance and funding programs for existing CEDC assisted ventures. ANCSA corporations were more concerned with the development of new ventures. They also cited the need for CEDC to conduct greater outreach activities.

In response to CSA instructions, CEDC has taken positive steps toward its long term goal of self-sufficiency from CSA. CEDC will continue to increase its assets and investment portfolio. CEDC will increase its loan interest rate from 4½ to 7½ percent to increase its return on funds. CEDC will become more involved with equity investments. And it will consider the charge back of development consulting fees, on a project by project basis, to ensure more utilization of consulting funds by other projects. CEDC will fulfill its ten percent non-federal share obligation.

As its short term objective, CEDC has taken steps to assist its ventures to become more autonomous. CEDC will increase its staff by six in October 1976 to provide more technical assistance to its ventures. CEDC has recommended the implementation of funding programs designed to enable ventures to begin establishing their track record with commercial lending institutions.

CEDC will continue to provide board training activities over the next two years. It will concentrate on the executive committee and the grant and loan review committee. One training session each quarter is planned on relevant topics. More opportunities for training sessions will also be given to CEDC management.

To cut down on the extensive staff turnover, the board has recommended a more competative salary fringe benefit schedule. CEDC also is in support of increasing the professional and clerical staff of the Office of Economic Development within CSA to enable that office to respond to CEDC needs in a more timely manner.

A. CORPORATE DEVELOPMENT

Introduction

The corporate development program is the foundation for all of CEDC's activities -- its administration, venture development, and support functions. The underlying goal of the 1976-1978 corporate development program is the continuing effort to build a permanent statewide community development corporation that has the ability to creatively foster rural business development.

CEDC will continue to remain a statewide corporation, providing assistance to low-income, rural communities that want business development. CEDC, with its professional staff, travel budget, consulting capability, and venture capital, is the only central statewide program that can immediately and directly respond to a request for business development from any rural Alaskan village. In addition, CEDC coordinates and utilizes other federal, state, and private programs. Rural isolation and lack of business experience limit the ability of many communities to independently marshal all the available resources that any small business depends upon for its survival and growth.

CEDC is entering its eighth year, and can reflect on a relatively stable succession of management, maturing membership, and board of directors, and a professional staff. CEDC will continue to encourage board development, to ensure that it takes an active role in the policy and planning functions of the corporation. CEDC will continue to strengthen the internal administration of the program. And the corporation will promote the development of CEDC as an institution as outlined in CSA instructions.

CEDC has identified five major corporate development component plans to be instituted over the next two years. The first that is outlined in the proceding section is the board and committee development activities. This will ensure the continuing development of the CEDC board of directors. The second program deals with rural outreach, a new component based upon requests by rural communities that wish to learn more about CEDC and its assistance programs. Program three is the internal corporate development which addresses CEDC's long range self-sufficiency plans. Internal administration plans are covered in section four, and institutional development activities are outlined in section five.

1. Board and Committee Development Introduction

CEDC is owned by a membership that represents distinct ethnic, cultural, educational, and geographic backgrounds. The three major groups that determine the goals for the corporation are: representatives from the statewide Rural Alaska Community Action Program's regional development corporations; representatives from the Alaska Native Claims Settlement Act regional corporations; and representatives from the ventures that have received financial assistance from CEDC and have petitioned and been accepted for membership by the CEDC board of directors. In addition, three individuals from the Alaska business community serve on the membership and board.

From the membership, 30 directors are elected with seven seats reserved for regional representatives, 20 seats reserved for venture representatives, and the remaining three seats for the business community representatives. Each year about one-third of the board members are new to the CEDC corporation.

The board and its internal executive committee acts on all major issues and questions regarding long term planning corporate policy, and financial assistance to ventures. The board has responsibility for the hiring and delineation of the duties of the corporate president, review of the president's annual budget, determination of the corporate organizational structure, and acquiring funds for operation of the corporation.

Community Need

Rural communities need to feel confident that their applications for financial assistance will receive a fair and impartial review by the CEDC board of directors or its committees.

Member organizations of CEDC need to be assured that the assets of the corporation will be safeguarded, wisely invested, and that the corporate by-laws will be followed.

The Community Service Administration requires that the board members understand the CDC concept and will abide by all conditions and instructions attached to the CSA grant.

The individual board members need the knowledge and skills necessary to properly exercise their corporate responsibilities and duties.

Also, the CEDC staff needs to feel that the board is taking an active interest in the corporation and will ensure that the staff is managed in a professional and equitable manner.

Because the executive committee and the grant and loan review committee are the "working" groups within the board structure, they will receive a major portion of the formal and informal training related to corporate management, feasibility studies, and the concept of the Community Development Corporation as outlined in CSA Instructions 6158-1 and 6402-2.

Goals

(1) To have a representative membership that is knowledgeable about:

- (a) the history of CEDC;
- (b) the articles of incorporation;
- (c) the by-laws;
- (d) long range planning concepts;
- (e) the CDC concept.

(2) In addition to the above to have a board of directors that is knowledgeable about:

- (a) responsibility and liability of a board of directors;
- (b) how to set goals and measurable objectives;
- (c) management evaluation techniques;
- (d) board/staff relationship;
- (e) all conditions and instructions that apply to the grant from CSA;
- (f) refunding requirements.

(3) In addition to the above to have an executive committee and a grant and loan review committee knowledgeable about:

- (a) review of feasibility studies and financial statements;
- (b) financing concepts;
- (c) management principles and budgeting;
- (d) CSA organizational structure;
- (e) support organizations (NCCED, CCED, etc.)

Strategies

(1) To hold a one day orientation session for the full membership each December.

(2) To hold a one day training session for the full board of directors in March and October of each year.

(3) To hold a one day training session each quarter for the full executive committee.

(4) To hold a one day training session each quarter for the full grant and loan review committee.

(5) To provide a three day orientation program at the CEDC Anchorage office for each new member of the executive committee in February of each year.

(6) To arrange for the chairperson to attend the annual meeting of NCCED and quarterly meetings of NCCED if elected to the NCCED board of directors.

(7) To arrange for two members of the executive committee to accompany the chairperson on each visit to NCCED.

(8) To arrange for the chairperson, vice chairperson, and treasurer to visit the CSA office once each year.

(9) To arrange for the chairperson and three members of the executive committee to visit two different CDCs each year.

(10) To arrange the rotation of the location of the executive committee meeting to different ACSA regions, except when an executive committee meeting will coincide with a full board or membership meeting scheduled in Anchorage.

(11) To continue to encourage people from the Alaska business community to apply for the three available seats on the CEDC membership and board of directors.

(12) To continue to place all three members of the business community on the grant and loan review committee with full voting powers.

(13) To develop a two year training plan based on these strategies.

Estimated Cost and Sources of Funds

Cost: See CSA budget form 325 and 325a.

Source: Community Service Administration.

2. Rural Outreach

Introduction

Prior to each refunding period, CEDC sends a questionnaire to each regional and village corporation (see appendix).

This year many of the returned questionnaires suggested that CEDC expend more effort on providing villages and regions with information on the CEDC venture development program.

In the past years CEDC has been reluctant to administer a formal informational program directed at the rural communities. The major reason for this attitude was the belief that CEDC should only respond to a written request to visit a community and that the corporation should not be encouraging business development unless such development was already a "a felt need" and a priority at the local level. This viewpoint was supported by a continuing back log of applications for assistance, and also by the broad geographic structure of the CEDC membership and board of directors.

Until December of 1975, one representative from each of the ten RurAL CAP regional development corporations was guaranteed a seat on the board of directors. It was assumed that each regional representative would, at the conclusion of the March, October, and December board meetings, share with their regional low-income constituents the updated information they had received about CEDC and its venture development program. Even though CEDC has been incorporated since 1968, it has now become apparent that the corporation is at times misunderstood at the regional level and often unknown to many low-income villages.

At the December 1975 annual meeting CEDC's by-laws were amended to include representatives from the newly formed 12 ANSCA regional corporations. This amendment brought new geographical areas within the CEDC membership that were not included under the RurAl CAP regional program and doubled CEDC exposure to many existing regional areas*. At the same time the by-laws were also amended to reduce the seats available on the board of directors for regional representatives from ten seats to seven seats, and the ten RurAl CAP regions were no longer guaranteed a seat on the board, but had to stand for election with the ANCSA regions.

The effect of having 22 regions competing for seven board seats, coupled with the extensive overlapping of regional boundaries, provides a high probability that as many as eight regions (more than half of the state) may not be potentially represented on the CEDC board. Therefore, even less information about CEDC may flow from the regional representatives to the villages in the region and perhaps even less coordination of regional economic activities with CEDC development activities will occur. The outreach project will attempt to overcome this communication barrier.

(*The boundaries of the ANCSA regions often parallel the boundaries of the RurAL CAP regions for election along with the new 12 ANCSA regional corporations.)

Community Need

All rural low-income communities have the right to information concerning economic development programs funded by the federal government which are available to their community. Many communities have requested that CEDC provide them with detailed information about the corporation and the venture application process.

Goals

(1) For CEDC to be a visible corporation in rural Alaska.

(2) At the end of the 1976-1978 refunding period less than 15 percent of returned refunding questionnaires will cite lack of knowledge about CEDC as a major concern.

Strategies

(1) Prepare a list of communities that have received CEDC assistance, communities that have requested CEDC assistance and communities that have not contacted CEDC.

(2) Prepare literature and an audio visual presentation on the history of CEDC and its present programs.

(3) Arrange for the president of CEDC to visit each RurAL CAP and ANCSA regional office during the next two years.

(4) Arrange during the next two years for the president or a CEDC staff member or a CEDC board member to visit each community within the ANCSA regions for the purpose of showing the audio visual presentation and answering any questions that low-income residents may have regarding CEDC, venture development, etc.

(5) To develop a series of mailings to each village that will include CEDC annual report, impact statement, and a quarterly newsletter.

(6) To encourage all CEDC board members to share with their local communities the information they receive at the March, October, and December board meetings.

(7) To actively work with all regional organizations and statewide organizations and to keep regional corporations informed about the progress of ventures within their region.

(8) To actively seek input from regions, villages, and individuals concerning changes and improvements that could be made by CEDC and benefit rural, low-income people.

Estimated Cost and Sources of Funds

Cost: See CSA form 325 and 325a.

Source: Community Service Administration

3. Internal Corporate Development

Introduction

CEDC's major long term goal is to be an established Alaskan business development corporation that can exist with or without substantial government funding. This goal, which is consistent with CSA instruction 6158-1, is not possible for the next few years due to CEDC's administrative budget and the lack of major revenue producing ventures owned by CEDC.

Because self-sufficiency is not a short term goal does not preclude CEDC from reviewing the strengths and weaknesses of the corporation, and striving to improve CEDC's position in relation to other corporations within the Alaskan financial community. Although self-sufficiency may be years away, it will be directly related to the type and quality of decisions and policies made in previous years. It is for this reason that internal corporate development will be considered as an identifiable project during the 1976-1978 refunding period. The key to this project is receiving enough funds to have a real impact on CEDC's venture and corporate development program.

The main emphasis will be the development of CEDC's capital asset and investment position on our corporate balance sheet, and the increase of the corporation's net worth. These activities will be based on milestone charts, work plans, board action, and the development of a long range plan during the last 12 months of the 1976-1978 grant period.

Community Need

Existing and developing ventures are making initial business decisions based on the assumption that CEDC will be able during the next few years to provide a stream of technical, training, and financial assistance.

At the present time CEDC, and the ventures dependent on CEDC, are in an extremely vulnerable situation. The corporation is completely dependent on CSA grant funds for the administrative and venture capital budget. The corporation does not have title to any land or buildings, nor does the corporation have an investment portfolio that could be traded for cash in the event CSA funds were discontinued. CSA and its Office of Economic Development have been fortunate to survive the volatile politics of Washington, D.C. But nothing is

absolute, and CSA is not immune from changes in federal policy. A recent decision of the U.S. Treasury Department to change from direct grants to a letter of credit is an excellent example of the negative impact a decision at the highest level of government can have on a small corporation (like CEDC) that is dependent on government funds.

Community ventures have a need for a dependable source of business assistance. Consequently CEDC has an obligation to its member ventures to strive to lay the base for eventual self-sufficiency.

Goals

(1) To obtain 17 million dollars for 1976-1978 refunding period.

(2) To develop an investment plan aimed at increasing CEDC's capital assets.

(3) To own and occupy a first-class office building in the Anchorage area.

(4) To begin to have a stream of revenue flowing into CEDC by the beginning of 1978.

Strategies

(1) Submitting refunding proposal to CSA/OED by June 30, 1976.

(2) Purchase or construct a corporate headquarters in the Anchorage area by 1978.

(3) Purchase real estate in the Anchorage area or other areas of the state if such a purchase would have direct benefit to CEDC or a low-income owned venture.

(4) Continue to develop information (cost accounting data) and plan for the selective charging for services to ventures with the ability to pay. (This project was covered extensively in the May 1975 refunding proposal pages 110 to 117).

(5) By mid-1977 to have 50 percent of all venture capital invested in equity positions; by mid-1978 to have 75 percent of all venture capital invested in equity positions.

(6) To increase CEDC interest charges on loans from 4½ to 7½ percent on October 1, 1976.

(7) To review all new venture development activities and determine if a venture shall repay CEDC for consultants and professional fees paid for by CEDC. (Such payments to CEDC would be contingent on the venture being able to secure financing as a direct result of CEDC assistance.)

(8) To seek refinancing of selected ventures by other traditional financial institutions thereby releasing CEDC funds for new venture development.

(9) To continue to be aware of additional sources of funds for rural economic development, and to aggressively pursue the securing of federal, state, and private funds for corporate and venture programs.

Estimated Cost and Sources of Funds

Cost: $17 million (venture and administration). See CSA budget forms 325 and 325a.

Sources: Community Service Administration.

4. Internal Administration

Introduction

a. Overview

It is a generally recognized axiom that the key to any successful business is directly dependent on the quality of management and the attitude, knowledge, and skills of staff.

This concept is as valid for a nonprofit corporation (CEDC) as it is for the top ten U.S. corporations. CEDC, like any business, functions on the basis of a written set of goals and objectives. CEDC management develops programs based on these objectives, follows a framework of policies formulated by the board (and CSA), designs a budget, hires staff, and reports back to the board. This is the procedure CEDC has followed since 1968.

b. Management Function

CEDC, since its incorporation, has been managed by a succession of four individuals:

1968 - 1970	Harold Wolff, Executive Director
1970 - 1972	Joseph E. Smith, Executive Director
1972 - 1973	Ronald Haines, President
1973 - Present	Jerry H. Nelson, President

The president is employed by the board and receives authority from the board to hire a staff. The main function of the president is to advise the board on all matters relating to the corporation and to carry out the directive and policy of the board (providing it is in agreement with CEDC by-laws and CSA grant conditions.)

During the last two years, the relationship of the board to the staff has seen a very positive change. The board, once a "rubber stamp" of staff action, has now gained most of the knowledge and skills needed to set policy, goals, and objectives. Consequently the management of CEDC has been able to develop and follow a realistic budget, and move away from "management by crisis" to a more orderly and planned day to day administrative program.

c. Organizational Structure

The board is responsible for the organizational structure of the corporation. During the 1976-1978 refunding period the corporation will expand the department structure of CEDC. This expansion has already started during the present grant period.

In the past, CEDC has been organized into four departments: executive, administration, development, and operations. On March 2, 1976, in response to a previous board recommendations, the president created a fisheries department.

The fisheries department was charged with the responsibility of developing and supporting all CEDC assisted fishery ventures. This includes plant and facility planning, processing techniques, production methods, marketing and feasibility studies. The department is currently staffed by a department director, three fishery specialists, and a business development specialist. The refunding proposal is requesting additional administrative funds to add a marketing specialist and a secretary to this department. If this department is successful it will then spin off after 1978 into a CEDC owned venture and charge a fee for marketing services.

Within the department of operations is the CEDC expediting service. This service provides a central point of contact between CEDC assisted rural stores and Anchorage and Seattle wholesale warehouses. The expediting service, in addition to handling grocery orders from the co-op stores, also is the second largest distributor in Alaska of Johnson outboard motors. The total purchase volume that passes through expediting averages $100,000 a month. This figure temporarily increased to $250,000 a month due to the Golovin and Elim Fish marketing co-op's purchase of supplies and equipment through the expediting service in April and May. The refunding proposal is requesting one additional expediting assistant position.

In October 1976, the expediting service will be transferred from a division within operations to full department status with the expediting manager reporting directly to the president.

Cost accounting data is also being collected on the expediting service. During 1976-1978 a plan will be implemented charging a percentage fee for the service to ventures with the ability to pay. If expediting remains successful it also will spin off as a venture owned by CEDC by the end of 1978.

d. Program Administration

Personnel

During the present grant period, CEDC has experienced a high percentage of staff turnover. Fifteen people left CEDC from November 1975 to April 1976.

The major problem has been CEDC's inability to keep pace with Alaska's cost of living, the salaries and benefits offered by oil companies, state and federal agencies. For example, a member of the CEDC staff can transfer to the State of Alaska for an automatic salary increase from 12 to 30 percent.

The cost of living over the last ten years in Alaska has increased an average of 60 percent with many specific items such as housing increasing over 100 percent. According to the U.S. Labor Department Cost of Living Index of Jaunary 1976, the cost in PERCENTAGE TERMS, with 1967 as the base year, was essentially no different from any west coast city. However, in 1967, according to the Review of Business and Economic Corditions, University of Alaska, September, 1970, the cost of living in Anchorage as compared to Seattle was 40 percent higher. Thus an increase of 60 units in the cost of living index is, in actuality, an increase from $1.00 in 1967 to $2.24 today.

Pipeline related companies have had a profound impact on salaries and available personnel by offering extremely high salaries and employing many people. These companies have further compounded problems by accelerating the cost of living. This influence is expected to continue with future petroleum development.

The State of Alaska, federal agencies and private companies have kept pace with pipeline salaries and benefits. The State of Alaska employees have a strong union which has instituted automatic cost of living increases, merit increases, pension plan, and other fringe benefits. Federal employees have a 25 percent, tax free cost of living allowance over base salaries. Some regional and village corporation provide housing to its employees as another benefit.

Many problems are created by the turnover at CEDC. The process of 'filling in' until replacements are found causes hardships on remaining personnel. Without adequate manpower, project development can easily require double the amount of time required to complete projects. Or, work such as financial statements are not completed. As a result, ventures become unstable and lose confidence in CEDC.

In terms of dollars and cents, CEDC must spend $2,500 for ads, interviews, testing and training for each position to be filled. Over the past funding period, this represents $37,500 in expenses and staff time. This figure represents a minimun as other costs are incurred in terms of loss of venture sales, increased venture development costs, et cetera.

As CEDC gets further and further behind the salary structure, its future development potential and impact is severely threatened. Recognizing staff importance, CEDC is recommending a number of salary and benefit changes. In terms of salary, CEDC is recommending the adoption of the State of Alaska schedule, including cost of living and merit step increases. Benefits would be expanded to include a retirement plan and educational expenses, in addition to the already existing annual/sick leave and insurance coverage.

Salaries would be automatically increased to reflect State of Alaska wages for comparable positions, effective upon refunding. The salary policies would include a five percent merit increase at the end of the 90 day probationary period when and if the person becomes a permanent employee. Employees that earn $12,500 or less will receive a merit salary review every six months from their date of hire. Employees that earn more than $12,500 would receive a merit salary review every twelve months from their date of hire. All employees will receive, after completion of their probationary period, a cost of living increase to be computed semi-annually on June 30 and December 31 to be effective on July 1 and January 1. The cost of living shall be based point for point on the Anchorage cost of living index as determined by the State Department of Labor.

Fringe benefits would include the existing annual/sick leave three weeks accumulated for the first two years of employment; four weeks accummulated after the second year), life insurance, and medical coverage. A retirement plan would be instituted based on employee salary and longevity with CEDC. An educational benefit (75 percent of tuition upon completion with a passing grade) would be included to encourage staff development; plus a conference expense (one conference, workshop, or seminar related to the skill area of the professional employees per year) to encourage maintenance of necessary skills.

In addition to a restructing of the CEDC salary and fringe benefit program CEDC will annually review job descriptions, personnel policies, and internal office procedures. An affirmative action plan will be drafted and presented to the board for approval. CEDC also plans to develop an employee handbook that will serve as an orientation and reference document.

Of major concern to management are the physical working conditions provided for employees. CEDC's present office on Northern Lights Boulevard is rented and sub-standard: the roof leaks, carpets are torn, heating in the winter is poor, and the general condition of the building is run down. This has a negative effect on employee productivity and morale. CEDC plans to move to newly constructed office space by the fall of 1976.

CEDC will also continue to pursue the purchase or construction of a CEDC corporate headquarters in the Anchorage area during 1976-1978.

A staff training program on safety will be presented during the 1976-1978 grant period. Not only will office safety be covered, but an emphasis on survival and first aid will be stressed. A majority of CEDC employees must travel across vast wilderness areas during winter when a small careless act (not taking gloves, for example) may prove fatal.

Property

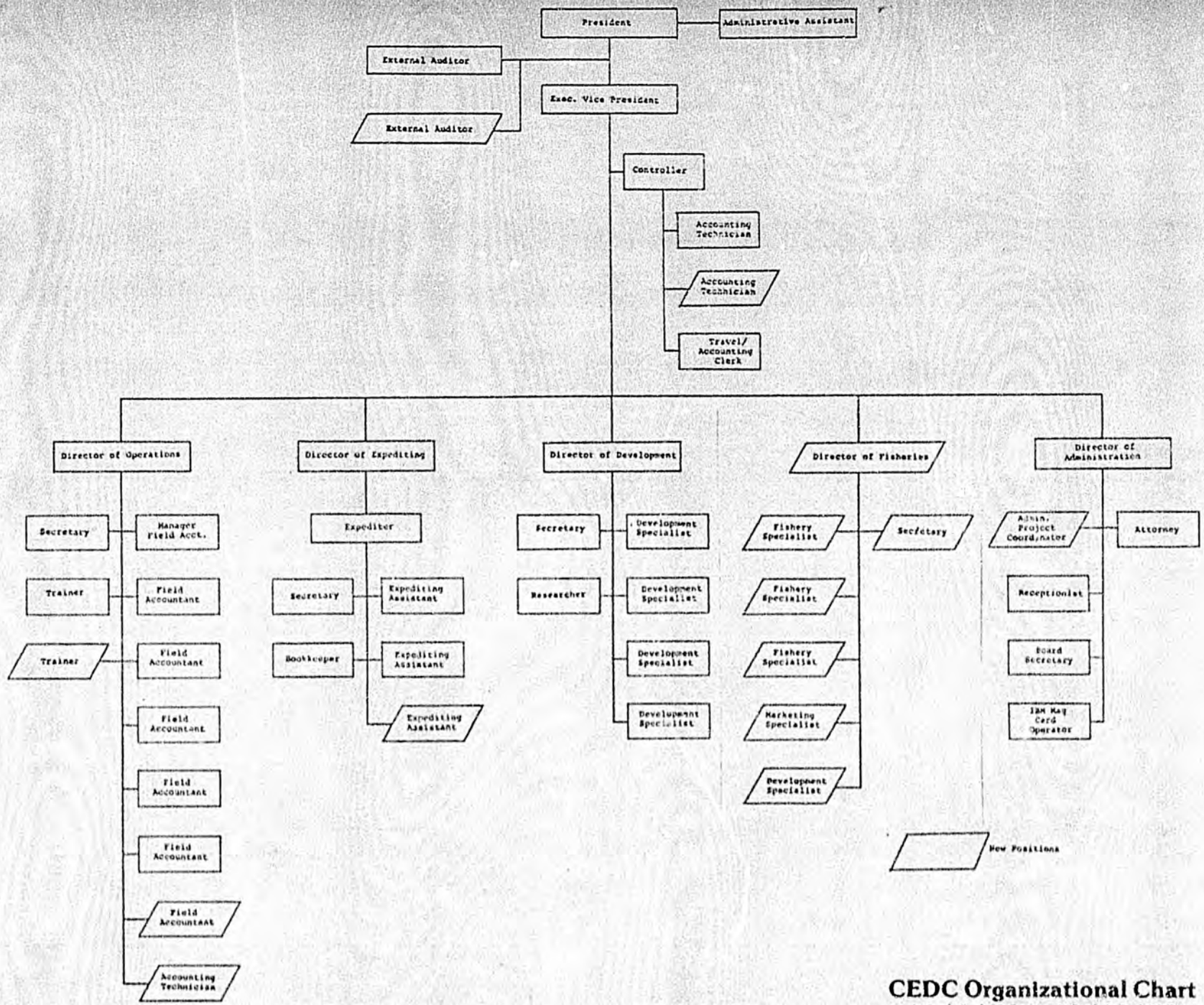
CEDC will seek whenever possible to utilize GSA excess property for the corporation and when requested, for the use of a venture.

Internal Accounting

CEDC's internal accounting section, which is managed by the controller, is responsible for control of the CSA grant, CEDC's administrative budget, monitoring of loan repayments, monthly corporate financial statements, quarterly financial report to CSA, and annual preparation for the audit of CEDC by an outside accounting firm.

During the 1976-1978 grant period, the internal accounting department will review and streamline CEDC internal accounting procedures. This will be done in consultation with the auditor.

Also an extensive search of CEDC grant records from 1968 to the present will be conducted in order to ensure that all administrative and venture capital has been properly accounted for and applied against the proper account.



CEDC Organizational Chart
11/1/76 to 10/30/78

The internal accounting section will also assume the accounting work load generated by the expediting department. The transferring of expediting accounting to internal accounting will provide a check and balance (control) over the flow of cash through that department, and will enable CEDC to keep more detailed cost accounting information on the expediting service.

The current bookkeeping position in expediting will not be eliminated due to the high volume of record keeping still required for the ordering of food, non-food items, and outboard motors.

Legal Services

CEDC will continue to provide legal assistance to developing and existing ventures. A staff attorney will handle the daily legal work load generated by the ventures. Complex or time consuming legal issues will be referred to private law firms.

Clerical Services

Clerical support to the staff will continue to be handled by department secretaries and the IBM mag card operator and leased copying equipment.

CEDC also provides clerical service to the CEDC membership, board of directors, and board committees. This is a full time job and requires a person skilled in taking dictation, typing, research, filing, and the ability to schedule and arrange meetings, plus monitor travel plans. In addition this person writes news releases and other public relations material for the corporation.

Data Processing

CEDC is at a point in its administrative development that demands consideration of alternative systems for storage, computation, and retrieval of information.

CEDC development specialists are engaged in writing development programs that are becoming increasingly more complex, require numerous calculations and pro forma statements that must project financial conditions two to three years in the future.

Field accounting personnel are responsible for completing quarterly financial statements for over 30 ventures. Each statement must also contain a ratio analysis and comparison with past reporting periods.

Expediting personnel purchase over $100,000 worth of inventory each month for approximately 20 stores and maintain records on over 200 Johnson outboard motors.

Internal accounting must monitor the monthly loan repayment schedule for 33 ventures with an outstanding balance of over $1,500,000.

The travel section of internal accounting makes all travel arrangements for the CEDC staff, membership, board, and committees. This averages out to 100 individual trips a month using commercial and private air transportation.

During 1976-1978 CEDC will review these functions and prepare a function/cost/benefit study aimed at determining what function would be more appropriate for data processing equipment.

Administrative Budget

The drafting of an administrative budget is always a difficult task. This is especially true when the funds requested represent hard earned tax dollars during a period of high unemployment and economic instability. CEDC would like to say the administrative budget will be less than the last refunding period. Unfortunately, this is not true. CEDC is requesting an administrative budget that is two and a half times more than the budget received in May 1975.

There are many factors that contribute to the need to increase CEDC's administrative funds: the cost of all goods and services have increased rapidly during the last refunding period; and the previous budget was for 18 months, while the requested budget is for 24 months. CEDC also needs to increase staff and provide a new salary and fringe benefit program.

The following is a brief review of the administrative budget.

(1) Salaries $2,128,352

This represents a 24 month period, an increase in the staff and an adjustment of salaries to bring them to competitive levels with state salaries. The salaries detailed on CSA form 325a are the minimum comparable state salary levels with a $2,500 increase for the second year. This increase represents the amount of funds needed to provide for the merit and cost of living increases discussed in this section.

The new positions are:

fishery department staff (6 positions)
1 trainer
2 accounting technicians
1 administrative project coordinator
1 expediting assistant
1 external auditor
1 field accountant

(2) Fringe Benefits $425,323

This represents the same fringe benefits as before, plus the development of a retirement program. The new fringe is an increase of five percent.

(3) Consultants and Contract Services

2 audits of CEDC	$17,000	
legal fees	20,000	
board training	20,000	
fisheries ventures	25,000	
other ventures	72,000	
staff training	10,000	
subtotal consultants		$164,000

(4) Travel $801,091

Travel includes per diem (see budget support sheet Part II for a detailed breakdown of travel).

(5) Space $335,000

At the present time, CEDC is paying 65¢ a square foot. The building is run down and working conditions are unsafe. The current Anchorage market is 85¢ to $1.40 a square foot. CEDC needs approximately 11,000 square feet to house the CEDC staff, a small warehouse and a maintenance room for the warranty work on outboard motors.

(6) Consumable Supplies $51,080

Due to an increase in staff and rising cost of paper, etc.

(7) Lease and purchase of equipment $88,800

Office equipment for additional staff members (desks, chairs, calculators, etc.) and IBM dictation system, Xerox copier, additional truck for expediting and fisheries.

(8) Other

recruitment (newspaper)	$ 3,600
postage	10,800
insurance	25,200
telephone	57,600
staff training (workshops, seminars)	5,000
gas and oil (one car and three trucks)	8,000
truck/auto repair	3,600
office equipment repair	2,400

professional fees	15,000	
NCCED fees	10,000	
publications and memberships	1,500	
miscellaneous	6,000	
subtotal other	$148,700	
Grand Total		$4,420,346

Community Need

Communities need to be assured that their tax dollars are having the maximum benefit possible within the CEDC program.

Ventures have the need for a professional business assistance staff with a complete and available range of business skills.

Staff members have a right and a need for a fair and efficient administration, just compensation and a safe working facility.

Goals

(1) To provide management and administration that is professional and knowledgeable concerning the goals and objectives of the program.

(2) To have a corporate structure that can respond to target area needs.

(3) To spin off department functions into profitable ventures when possible.

(4) To reduce personnel turnover to 30 percent by mid-1977 and 20 percent by mid-1978;

(5) To adopt when practical better methods of processing and utilizing information.

(6) Obtain adequate financing for the administrative support program.

Strategies

(1) Develop detailed milestone charts, work plans and an Overall Economic Development Plan (OEDP).

(2) To provide training to all levels of management and administration personnel.

(3) To seek a contractual relationship between the board and president;

(4) To develop an affirmative action plan, new salary structure, and retirement program.

(5) To annually review CEDC personnel policies, organizational structure, and administrative budget.

(6) To move to better office space and pursue the construction or purchase of a corporate headquarters utilizing interest earned funds and venture capital.

(7) To review office procedures and data processing systems and draft a proposal for board review.

(8) To obtain adequate funds for program administration.

Estimated Cost and Services of Funds

Cost: $4,142,346

Source: Community Service Administration.

5. Institutional Development

Introduction

In accordance with CSA Instruction 6158-1, Special Impact Program Policies and Priorities, Part 6: Institution Building, CEDC allocates a part of the administrative budget and staff time to development of the CEDC corporation as a professional and permanent institution in the state of Alaska. This has not prevented CEDC from also continuing to influence other federal, state, and private organizations to participate in rural economic development.

During the current grant period CEDC assisted ventures have received financial and technical assistance from 18 federal agencies, nine state agencies, and four nonprofit organizations. From January 1975 to June 1976, CEDC has been instrumental in developing $1,556,823 worth of investment capital from government organizations and banks (this is in addition to CEDC venture capital).

CEDC's main emphasis during 1976-1978 will be transferring the refinancing responsibility for existing ventures from CEDC to the traditional financial institutions. This project will require the coordination of all CEDC technical and training resources in order to bring existing ventures to a point of financial stability and profit that will make the refinancing attractive to the banking community.

As CEDC existing ventures establish a positive track record with the banking community CEDC will then encourage the financing of new ventures by banking institutions.

One of the primary institutions that CEDC will continue to support is the Office Economic Development with the Community Service Administration. CEDC's future is dependent on the viability of CSA/OED as an independent agency that can directly respond and provide assistance to the rural Alaskan CDC. An increase of the professional and clerical staff of OED would be very beneficial to CEDC.

Community Needs

Ventures need to be able to obtain normal bank financing, and banks need to be less conservative when reviewing a proposal from a small, isolated rural community.

CEDC needs to have CSA improve its processing time of new venture proposals.

Goals

(1) To refinance five existing ventures through banks or other institutions by 1978.

(2) To obtain initial financing for four small to medium ventures from banks by 1978.

(3) To develop $2 million dollars of outside venture development capital.

(4) To obtain the required ten percent non-federal share.

(5) To receive a written response to venture proposals sent to CSA/OED within four weeks, as opposed to the current eight to sixteen weeks.

Strategies

(1) To bring five ventures to a point of self-sufficiency during 1977.*

(2) To develop four new ventures financing packages that will be acceptable by a bank by the end of 1977.

(3) To continue to work with all federal, state, and private organizations.

(*Note: Self-sufficiency when used by CEDC refers to more than a venture breaking even or making a profit. The term represents all the knowledge, skill, and attitude areas that a business needs in order to be completely independent of government assistance. For example, the ability of a venture manager to discuss (unaided) a loan with a bank loan officer would be a part of self-sufficiency.)

(4) To continue to support such organizations as Rural Alaska Community Action Program, Alaska Federation of Natives, Alaska Native Foundation, Rural Development Council, and Alaska Native Claims Settlement Act regional corporations.

(5) To visit CSA once each quarter in order to keep CSA informed of the progress that CEDC is making and to speed up the review process of CEDC venture proposals.

(6) To continue to have business community representatives on CEDC membership and the board.

Cost and Sources of Funds

Cost: See CSA for 325 and 325a for travel budget to CSA, Washington, D.C. and visit to regional corporations. Other costs are a part of the normal day to day administrative budget, i.e., phone, postage, staff time, etc.

Source: Community Services Administration

B. VENTURE DEVELOPMENT PROGRAM

Introduction

CEDC is requesting $13 million in venture capital for the period October 1, 1976 to September 30, 1978. The major emphasis of CEDC's venture development program is again the financing of new rural businesses, and $11.5 million has been allocated for this purpose. CEDC is also recommending $1.5 million to fund programs designed to meet the financing needs of CEDC assisted ventures and to move them toward more automony from CEDC.

Various policy changes have been determined for the next funding period. One major change is the increase in interest rate of CEDC loans from 4 1/2 to 7 1/2 percent. Another modification is the movement toward more equity positions in CEDC assisted ventures in the future. CEDC will also consider, on a project by project basis, the charge back of consulting fees utilized in the development of new ventures.

The increase in funding is also necessitated by the unavailability of money from other sources. Alaska has always been a capital poor state due to its low population and limited economic base. It has had to attract money from outside the state. Its need for funds, however, is tremendous, due to the large development projects and high cost of operation in Alaska.

Rural areas of Alaska have an aggravated lack of capital situation. Because of the extremely high risk nature of rural businesses, inaccessibility of the collateral, and limited management expertise, commercial banks rarely provide funds to rural businesses. With the state usury law which restricts interest rates, banks also require extensive compensating balances to offset the added risk of rural businesses.

As a consequence, there is great demand for available special programs for small businesses. Small Business Administration (SBA) has limited funds for its Loan Guarantee Program and its Economic Opportunity Program. These funds are quickly allocated at the beginning of each fiscal year. Likewise, Economic Development Administration (EDA) funds are already allocated for the next two year funding cycle.

Over the past grant period, CEDC has received an increase in the number of sound business requests from groups eligible for assistance. From January 1975 to May 1976, CEDC received over 50 requests for assistance in developing various types of businesses. If CEDC had the necessary staff and financing capability to respond to those applicants within CEDC's priority areas, venture capital requirements would have been about $10 million in additional funds.

Due to the necessity to use a majority of CEDC funds in financing fishing ventures, $4 million would have been allocated for the development of four fishing ventures. Assuming an 80 percent financing requirement, $700,000 would have covered ten retail requests. Office building complexes would have required $2 million, assuming a leverage base from CEDC funding of one-third of the total financing requirements. With a 50 percent leverage base, CEDC would have utilized $3 million for lodge requests. Bulk fuel projects would have consumed $250,000 in venture capital.

CEDC anticipates an increase in the number of requests for business assistance in the next two years. Alaska Native Claims Settlement Act (ANCSA) regional and village corporations have begun planning the development of their resources. Most of these corporations do not have the expertise or the resources needed for acquiring professional assistance to analyze business possibilities, obtain financing, or operate a business.

The following is a description of CEDC's venture development program. Part one deals with the general policy changes that have been adopted by CEDC. Part two covers the major priority areas of the new venture development programs. Part three details the programs available to CEDC member ventures.

1. Venture Development Policy Changes

CEDC has begun to effect changes designed to move the corporation more toward its long range goal of self-sufficiency from CSA. The policies discussed below represent changes substantially different from past practices. Each represents a way by which CEDC will be more effectively utilizing its limited resources.

One major change is the increase in CEDC loan interest rate from 4½ to 7½ percent, compounded simple. When CEDC was first established, interest rates were set at 4½ percent to be comparable with other funding sources such as Farmer's Home Administration (FHA) and SBA. Although their rates fluctuated, CEDC interest rates remained at that level. Now with the great disparity that exists and the need to return more money to the corporation, CEDC will increase its interest rates to 7½ percent, effective October 1, 1976. This rate will apply to all CEDC loan programs.

Effective October 1976, CEDC will concentrate more on equity financing than in the past. Equity financing will be utilized with high risk, high return projects. This will enable CEDC to reduce the fixed obligations of the venture, thereby increasing the chances of venture survival during its early years of operation. Equity participation will also allow CEDC to realize a greater rate of return on its monies. A great deal of flexibility exists for CEDC in the structuring of its equity participation, depending on venture needs. It could, for example, purchase preferred stock in cases where various loan characteristics are favorable. Each equity investment must return to CEDC its opportunity cost, the minimum standard being interest rates earned on deposit.

On a project by project basis, CEDC will consider the charge back of consulting fees used in the development of new ventures. This will enable more ventures to have the use of these funds for architectural, engineering, and legal fees. Consulting fees will be returned to the consulting budget upon receipt of venture financing. Ventures that will experience undue hardship by payment of consulting fees will obtain a waiver from the CEDC executive committee.

CEDC is also moving away from providing grants for catalytic and social projects, as it did in the past. CEDC, however, still retains the right to provide grants in its new venture development projects from venture capital, revolving fund, or other monies. This option is retained because of unusual circumstances that may cause hardships for the business. One such situation is the installation of water and sewer systems for fishing ventures where available systems are not adequate.

2. New Venture Development

New business venture capital will be allocated among the following industry priorities: fisheries, retail, tourism-real estate, and timber. Venture capital funds will be allocated according to the following schedule:

fisheries (4 small, 1 large project)	$ 7,550,000
retail (6 ventures)	600,000
tourism - real estate (4 projects)	2,000,000
timber (1 - 2 projects)	750,000
other (1 - 2 projects)	560,000
total	$11,460,000

A brief description of each industry component follows.

a. Fisheries

Introduction

The Alaskan commercial fishing industry will continue to be one of the mainstays of the state's economy for years to come. A "renewable resource fund" was established in 1974 which will receive not less than five percent of the receipts paid to the state from mineral (includes oil and gas) lease and rental bonuses. This fund will begin to receive at least $50 million per year beginning in mid-1977 from expected gas and oil development efforts. Large portions of these monies are expected to be spent in commercial fishery enhancement programs.

Expansions in the state operated salmon hatchery program are expected in the near future. Programs to improve salmon spawning maturation areas that have been disrupted by logging activity or by natural causes such as the 1964 earthquake are being developed. The end goal of these programs is to reverse the long term decline in salmon runs that has been occuring for the past 30 years. They represent a very positive effort to expand and improve the renewable resource base of the state.

Commercial fishing is of tremendous importance to many rural Alaskan communities. Many coastal and inland river village residents rely on this industry for the majority of their annual incomes. The residents benefit primarily from the industry through their fishing efforts. Very few benefit from profits generated by processing and marketing activities; these benefits normally are gained by outside investors.

During the past few years, several rural communities have attempted to gain more control over the fishing resources near them. Two years ago, five commercial fishing ventures owned by low-income rural residents were functioning in the communities of Kotzebue, Golovin, Unalakleet, Emmonak, and Bethel. Since that time, two other villages have organized at Elim and Yakutat. Several other communities are organizing to operate similar ventures.

The economic impact of these ventures has been quite significant from increased local employment and increased price levels enjoyed by fishermen for their harvests. Many of the ventures have generated ancillary projects that have created local sanitation, water, fuel, and electrical supplies for both processing facilities and the communities.

CEDC has and will continue to aid rural communities develop fishery-related enterprises which will allow them to obtain a larger share of the $200-$300 million annual wholesale value of this industry's sales.

Community Needs

Rural communities in commercially important areas that wish to engage in processing and marketing ventures require assistance in several areas. They each require extensive technical, financing, marketing, and logistical assistance. CEDC endeavors to provide such assistance whenever possible, but has experienced severe limitations in its ability to provide the large amounts of financing required to construct or modify facilities and provide working capital.

The following table reflects approximate levels of the capital required to construct a small and medium size processing facility in a rural area. The small processing facility would have the ability to generate some 500,000 to 700,000 pounds of frozen salmon products during a typically short run cycle of approximately three months.

The medium size plant would be capable of producing two to three million pounds of fish and shell fish products in an area where both types of fisheries existed.

	SMALL	MEDIUM
Buildings	$400,000	$900,000
Equipment	$400,000	$1,750,000
Working Capital	$200,000	$600,000

The medium size plant will require a significantly larger working capital fund to obtain the large volume of raw products expected.

A small facility can be housed in a structure of approximately 60' X 100' that contains processing, freezing, and packaging areas. This portion of the plant can be expected to cost some $60 per square foot to construct. Also required are auxiliary structural areas to provide office, dock, restroom, shower, gear storage, and clothes drying areas. Approximately 3,500 square feet are required for such areas at costs of

approximately $40 per square foot. The complex refrigeration and power generating equipment necessary to efficiently blast freeze the large quantities of raw product delivered by fishermen during the relatively short salmon runs is quite costly. Some $317,000 have been expended by the Golovin Fish Processing Cooperative for this type of equipment. In addition, other equipment items required to package, handle, weigh, and transport products as well as dispose of processing wastes can easily be expected to cost $80,000 to $90,000.

Much greater expenses are incurred in constructing larger facilities because of the requirements to process other types of products and store larger volumes of packaged goods. The medium size cold storage facility projected will frequently be engaged in processing salmon, crab, and bottom fish simultaneously. Crab processing requires a separate equipment layout because the crab must be kept alive until processed, then frozen and packaged immediately after a cooking cycle. Normally, this size facility must service larger vessels than does a small plant, and significantly more dock space is required.

The working capital required for these plants provides the funds necessary to purchase the supplies required for processing each year, such as fuel, boxes, liners, sanitation materials, tools, knives, stones, steels, and protective clothing articles for employees. It also includes funds for gear and commissary items required by fishermen and their families during the fishing season. Working capital is also required to obtain raw products for processing. Experience with the rural plants at Golovin and Elim in Norton Sound reveals that annual capital requirements will average $232,000 for Golovin and $189,000 for Elim. These amounts will be required to fund the following expenses:

	GOLOVIN	ELIM
Labor	$ 47,000	$ 44,000
Boxes	8,000	3,000
Fuel	34,000	12,000
Plant Supplies	3,000	3,000
Licenses & Taxes	3,000	2,000
Fish Purchases	72,000	65,000
Commissary Items	65,000	60,000
Total	$232,000	$189,000

Funding institutions of all types view new fishing ventures in rural communities as extremely high risk endeavors. For this reason, CEDC has found it necessary to act as the primary lending source for the fishing ventures it has assisted.

Rural commercial fishing ventures have a need for marketing and transportation assistance to permit them to realize maximum profits from their products. Both services are costly to obtain. Regularly scheduled means of transportation are usually unavailable to rural communities and as a result, ventures experience high costs for transportation services and/or the untimely receipt of goods and merchandise. High cost "bare-boat" or air carrier charters are frequently required to meet their needs.

CEDC intends to complete a study during the intial months of this grant period that will provide the information required to consumate the purchase of a vessel that can be operated to satisfy the transportation needs of rural fishing ventures. The vessel will be capable to carrying fuel and cargo from the Seattle, Washington area to ventures located as far north as Kotzebue, and be configured to provide transportation of frozen fish products produced by the ventures back to the Seattle area for sale.

Marketing services available for commercial fishing ventures are costly to employ. Typical brokerage sales service fees are five percent of sales in addition to all handling charges. Brokering sales normally results in high sales prices, but also results in lengthly delays between the production of products and cash receipts from sales.

CEDC intends to provide these services in a manner that will provide an expense savings to ventures assisted and sufficient income to the corporation to offset all operating and maintenance expenses. Preliminary evaluations of this proposal indicate that if such services are provided to Golovin next year, the cooperative should realize a savings in product transportation expense of some two to five cents per pound shipped to the Seattle area.

The board of directors has directed that the staff provide marketing services to the fishing ventures assisted. Toward that end, a marketing specialist will be employed and a marketing plan developed that will best meet the needs of the customers of these ventures. Customers will be identified, their needs cataloged, and the information will be provided to ventures in order that the needs may be met. Initially, the marketing service will be brokerage oriented and will attempt to bring buyers and sellers together for mutual benefit. It is CEDC's intention to permit ventures to generate a higher profit and receive from them income sufficient to defray the costs of providing the service.

In summary, communities desiring to operate their own fish processing facilities require large infusions of high risk capital, technical assistance, marketing, and transportation services. CEDC will endeavor to aid rural communities develop their fishing resources by providing for all of the above needs because of the very positive economic and social impacts that accrue from such assistance.

Goals

(1) To provide a complete range of financial and technical assistance to new or developing fishing ventures.

(2) To aid four small commercial fishing ventures through the development, construction, and initial operation phases.

(3) To aid one medium (or larger) size venture through the development and construction phases.

(4) To aid all existing fishery ventures become more self-sufficient by providing extensive technical assistance and training during this grant period.

(5) To develop the ability to provide surface transportation and marketing services to fishery ventures at significantly lower costs than they currently experience.

Strategies

(1) To provide new ventures with adequate financing through combinations of equity investments, long-term, and short-term loans.

(2) To obtain refinancing assistance from other financial sources for ventures that have proven to be properly managed and operate in a solvent manner.

(3) To provide adequate technical assistance to enable ventures to operate successfully.

(4) To provide adequate surface transportation services using a CEDC-owned vessel.

(5) To provide marketing services to ventures at a lesser rate than normally experienced.

Estimated Costs and Sources of Funds

(1)	Facility construction (4 small size)	$3,200,000
(2)	Facility construction (one medium size)	2,650,000
(3)	Working capital for above	1,400,000
(4)	Vessel for transportation service	500,000
		$7,550,000

CEDC has experienced a great reluctance on the part of federal and commercial agencies to participate in the financing of new commercial fishing ventures in rural areas. Concerted efforts to obtain funds from other sources for the Golovin and Elim Fish Processing Cooperative projects currently under construction, generated less than one-tenth of CEDC's contribution. This limited participation rate is expected to prevail during this funding period. However, efforts to obtain assistance from other funding sources as required to aid ventures initially or expand their scopes of operation will continue. CEDC will also attempt to cultivate the interest of commercial lenders in refinancing ventures that have proven to be competently managed and profitable. Such refinancing efforts could return substantial portions of CEDC's venture capital contributions for use in the new enterprise development.

As other funding institutions have the ability to witness successful results from CEDC's efforts to aid new fishery ventures, they are expected to begin to participate at greater expenditure levels. One commercial lender has expressed a strong interest in providing refinancing assistance for ventures that have demonstrated ability to operate profitably. CEDC does not expect any groups currently being assisted to be in such a position until the end of this grant period.

For this grant period, the primary source of funds will be the Community Services Administration.

b. Retail Venture

Introduction

Many villages in rural Alaska do not have retail stores and more have inadequate ventures with poor merchandise selection, no services, excessive prices, et cetera. And without an outlet for necessary supplies, population and economic growth do not occur. Retail businesses also result in savings for rural residents, allowing more funds for other necessities.

CEDC has recognized this relationship and has fostered retail development since 1968. Early retail projects were very basic. With minimal funds, stores were established in available village structures, with little equipment, inventory, and working capital. Some training was given in board functions, basic bookkeeping, and business management.

To better respond to the supply needs of these ventures, CEDC assisted in the development of a wholesale business in 1972. Due to a myriad of problems, the venture failed. An expediting division within CEDC was formed to fulfill the purchasing and expediting needs of CEDC assisted retail ventures. The expediting division expanded its services to include suggested retail prices in order to maintain adequate operating margins. An expediter was hired to assist the consumer stores with proper display of goods, product introduction, and ordering techniques. The division also expanded its product line from groceries to include hardware, outboard motors, snowmachines, tools, and other products.

Community Needs

Those communities that request retail store development assistance usually do not have the capability of evaluating whether their business idea is feasible for obtaining financing and maintaining the business once operational. Presently CEDC provides all of these services at no cost, though a nominal cost to the applicant may be instituted.

Although only three out of 18 retail ventures have failed since 1968, these consumer outlets have not operated at their full capacity. The sales volume can be increased substantially in each venture by improving ordering skills, product introduction, and promotion. Much improvement can be made in general bookkeeping and managerial skills.

Retail ventures recognize these areas for improvement and have requested more technical assistance from CEDC. They realize that their skills in board function, bookkeeping, and business management must improve if they are to become more autonomous from CEDC.

In addition, CEDC recognizes its obligations to these ventures. CEDC will continue to provide technical assistance to these businesses. To introduce more self-monitoring by the ventures, CEDC will institute a monthly income statement system maintained by venture managers; this will also enable CEDC to more effectively monitor the ventures. CEDC will reevaluate the financing needs of each venture during the next grant period. Whenever possible, CEDC will obtain commercial loans for these ventures to develop their credit track record. Otherwise, CEDC will finance venture needs with one of its funding programs.

Although CEDC has an emergency short term loan program, this fund does not adequately fill the needs of existing CEDC assisted ventures. A business may require $30,000 for building materials or inventory which exceeds the short term limit of $15,000. While a venture has a reliable history of loan repayments, it may not have the ability to repay a loan in six months without depleting its inventory or cash. The long term financing available through CEDC may also be unsuitable, due to the critical timing needs of CEDC assisted ventures; therefore, CEDC is pursuing the establishment of an intermediary loan revolving fund. (See Section 3.)

CEDC has always wanted to provide mechanisms by which it could enable its ventures to become more autonomous. To do so, CEDC is recommending the institution of a loan guarantee program for CEDC member ventures. A loan guarantee program will enable ventures to establish credit track records with commercial lending institutions. After a member venture has participated in this program, it will hopefully be able to obtain loans on its own merit. (See Section 3.)

Goals

(1) Develop three new retail ventures each year for the next two years;

(2) Provide technical assistance to these ventures from the development stage through the operational stage;

(3) Provide formal bookkeeping training sessions to CEDC assisted ventures, with positions open to interested village and regional corporations;

(4) Provide formal management/retail training to CEDC assisted ventures, with attendance open to interested village and regional corporations;

(5) Refinance existing ventures with CEDC and other financing sources, as needed;

(6) Institute the use of venture budgets on the village level, with village ventures assuming more self-monitoring responsibility.

Strategy

(1) Development department will develop three retail requests annually as received;

(2) Operations and expediting will provide technical assistance to these ventures as they are developed;

(3) Hold annual bookkeeping training sessions in Anchorage in April for CEDC assisted ventures and interested village or regional corporations; funds from other agencies will be coordinated by CEDC;

(4) Retail store managers will be brought into Anchorage in groups of four or five to receive specialized management/retail training in October; funds from other agencies will be sought by CEDC;

(5) CEDC will introduce the use of budgets and monthly income statements to five ventures during the first year of the upcoming grant period; an additional five will be added during the second year.

Costs and Resources Required

(1) Approximately three to six months are required to develop one retail venture. Investment costs for a small store are about $70,000; a large store can exceed $1.5 million. Development costs fall in the $5,000 to $15,000 range which includes salaries, legal fees, travel, and per diem, architectural and other costs. CEDC will provide these funds, though consulting fees may be repaid by the venture at the discretion of the CEDC board of directors on a project by project basis, upon disbursement of funds to the venture.

(2) Operations department will concentrate its efforts on providing the bookkeeping and managerial foundation to the new venture during its first year of operation. Expediting will provide two weeks of retail management training at the venture site during its set-up phase. CEDC administrative funds will cover travel and salaries involved.

(3) Travel and per diem for participating bookkeepers will be approximately $11,000 for two years. This will be assumed by CEDC if no other agency participates in the funding. Training personnel will be sought by the University of Alaska and other sources.

(4) Travel and per diem for participating retail managers will be about $13,000 for two years. This cost will be covered by CEDC if no other agency participates in the funding. Training personnel will be provided by operations and expediting.

(5) Development and operations staff will reevaluate CEDC assisted ventures for refinancing, seek outside financing, and make arrangements with the village. Costs will be assumed by the CEDC administrative budget.

(6) Budget and monthly income statement training will be conducted by operations' personnel. Costs for implementing this program will be included in the CEDC administrative budget.

c. Tourism - Real Estate

Introduction

Alaska has always had a magnetic appeal for tourists due to its natural beauty, history, and challenge. According to the Alaska State Division of Economic Enterprise, 215,000 tourists spent approximately $72 million in Alaska during 1975. Tourists stay an average of 13 days in Alaska, spending $360 each. These figures are expected to double by 1980. Future investment opportunities are excellent, especially for year round facilities.

In addition, with regional population growth and business development, real estate development in rural Alaska is becoming an increasingly recognized need with excellent investment potential, as property values appreciate more rapidly than in the past. Housing needs, especially apartment and transient facilities, have increased appreciably with little accommodation thus far, especially in regional centers where population has grown substantially. Lodge requests to CEDC have increased due to their natural local development, investment potential and labor intensity.

Community Needs

Most villages, while they have the scenic beauty, tradition, and other attractions, do not have the financial and technical background required to develop their local resources. Village residents do not have the experience to determine what type of facility can best fulfill their needs, nor to develop plans for construction, financing, and operation. CEDC has these services available at no cost, or nominal cost to the applicant.

Tourism facilities provide many jobs to local people. Local people can be employed during the construction phase of the project. Many people can be employed to operate the facility and in its maintenance and service to patrons. Secondary employment can also be realized by other local residents to fulfill needs not provided by the tourist facility; a local laundry can cater to tourists, for example.

Goals

(1) Assist four villages with tourism-real estate projects over the next two years;

(2) Leverage CEDC funds with other sources as much as possible.

Strategy

(1) Development department will respond to tourism-real estate requests as they are received.

(2) Development department will pursue outside sources of funds from all agencies with assistance monies available.

Costs and Sources of Funds

(1) Two million dollars in venture capital is required for tourism-real estate development projects. A small lodge project, such as the Raven-Beaver lodge in Angoon, requires a minimum of $250,000 in initial funds. A large lodge or apartment project such as the Ahtna lodge in Glenallen can exceed $1.5 million in funds. CEDC will make every attempt to utilize its funds as seed capital to attract other funds.

(2) Development department will require two staff persons' efforts to evaluate projects, obtain financing, and establish ventures. These costs will be assumed by CEDC. Some consulting money will be required to develop these projects; venture pay back of these fees will be considered by the CEDC board of directors on a project by project basis.

d. Timber

Introduction

Within Alaska, there are 28.2 million acres of commercial timber resource (capable of producing 20 cubic feet of industrial wood per acre annually); 13.2 million board feet is in coastal areas. In 1973, 685 million board feet of timber was harvested, according to the Alaska State Division of Economic Enterprise. End product value of cants and wood pulp exceeded $134 million. More than 3,000 persons with earnings of $52 million annually are employed in the Alaska timber industry.

Ownership and developmental plans are being formulated by the State of Alaska and ANSCA corporations. Comprehensive environmental impact analyses are being concluded. Extensive timber development may occur in Southeast, Kodiak Island, Cook Inlet, Tanana, Yukon and Kuskokwim Rivers, and other interior locations.

Community Needs

The needs of each area differ with the resource, accessibility, market and other factors. Areas such as Southeast, Kodiak Island and Cook Inlet have high yield, high quality timber stands that are relatively accessible. These resources are available for extensive development for the pulp mills or cant market. Interior and western stands are less accessible, smaller, and of lower quality and yield.

Any substantial industrial timber development in Alaska must be tied to the export market. In 1962, the average per capita consumption of wood was 200 board feet. One modern, efficient sawmill would fulfill all of Alaska's needs. Timber developers must cope with the problems of a small, local market or competition with lower '48 suppliers.

Many other problems complicate timber development. High production and marketing costs exist. Transportation problems of bringing in equipment and supplies, logging and transport of the product to market areas must be resolved. Current information on available resources must be increased. Other reasons for high venture failure in this industry include poor management, lack of experience, and undercapitalization.

The potential returns from timber related businesses are many. Since timber is a renewable resource, it is a lasting economic base. Some ANCSA corporations own land with extensive timber resource; timber development by these groups reverses the trend for outside groups to benefit solely from its exploitation. Being a labor intensive industry, many people are employed in all phases of its production. Local development of the timber resource can also reduce the high cost of construction.

Because of these inherent difficulties and the great need for capital and specialized expertise, CEDC will work closely with the Alaska State Division of Lands, State Forester, and the U.S. Forestry Service in evaluating CEDC's role in Alaska timber development.

Goals

(1) Evaluate CEDC's role in rural Alaska timber development by the end of the first year under the 1976 - 1978 grant period;

(2) Assist in one or two rural timber development projects eligible for CEDC assistance.

Strategy

(1) Work with the Alaska State Division of Lands, State Forester and the U.S. Forestry Service in evaluating CEDC's role in timber development by utilizing a project as the basis for evaluation;

(2) Utilize CEDC venture capital in the development of one or two timber related projects, if feasible.

Costs and Sources of Funds

(1) One development specialist's time can be utilized in the evaluation of CEDC's involvement within the timber industry. This will be assumed by CEDC.

(2) Costs of timber development projects can vary greatly. One small sawmill project (including a portable sawmill, minimal logging and transportation equipment) can represent a $300,000 investment. More extensive operations can easily run into the millions of dollars. While some CEDC monies can be utilized extensively for small projects, larger projects will require joint ventures or the use of CEDC monies as seed capital. Timber ventures will require professional management to oversee the operations. Operations department will provide accounting training where necessary, and monitor the operation.

e. Other Projects

Introduction and Community Needs

CEDC has reserved $560,000 in venture capital funds for "other" projects. Primarily this category is intended to cover those projects that are of positive benefit to the communities eligible for CEDC assistance, but do not fall in the priority areas discussed thus far. These projects in the past have included bulk fuel, construction, credit unions, air charter services, and other industry areas. Another possible use of these funds is the purchase of an office building by CEDC. Without this category of funds, these projects may not be accommodated due to the limited venture capital funds.

Goals

Develop one to four "other" projects over the next two years.

Strategy

Development will respond to these "other" applicants as the requests are received.

Costs and Sources of Funds

Developmental and investment costs can vary greatly depending on the type of project. For example, a bulk fuel project can cost $50,000 while construction firm bonding can run to $200,000; or a building down payment might be $500,000. CEDC will utilize its funds as seed capital, and will leverage as much funding from other sources as possible. Developmental costs will be borne by CEDC administrative monies, though consulting fees may be reimbursed upon the discretion of the CEDC board of directors.

3. Existing Venture Development

During the 1975 fiscal year, one-half of CEDC assisted ventures lost money. This was primarily due to the fact that ventures were not closely monitored and problems were not addressed quickly, due to the shortage of CEDC personnel. Some businesses were underfinanced from their inception and have experienced difficulties throughout their life. Others encountered unusual problems during the year. Still others require funds for the expansion of physical plant, equipment, and inventory.

CEDC's goal for existing ventures over the next two years is the reevaluation of venture viability, refinancing and the movement toward autonomy from CEDC. Included in this effort is a greater level of bookkeeping and management training. Financing will be the vehicle to enable ventures to realize their full potential.

A variety of CEDC funding programs are available to CEDC member ventures. Each financing program has been formulated to fulfill different venture needs. Some are more suited to long term needs such as physical plant construction, while others are designed for seasonal working capital needs. Each program, therefore, has its own criteria for eligibility, procedures, terms and conditions.

CEDC is recommending the funding of the following programs for existing CEDC ventures.

Short Term Revolving Fund	90,000
Intermediary Revolving Loan Fund	200,000
Fisheries Revolving Loan Fund	750,000
Loan Guarantee Program	500,000
	$1,540,000

A description of these programs follows.

a. Short Term Revolving Fund

(1) Recipient

The short term revolving fund is available to all members in good standing with CEDC.

(2) Total Fund

The total fund will be obtained from the CEDC venture capital in the amount of $90,000 each year.

Any interest earned on these funds will be returned to the CEDC revolving fund.

(3) Term

Each venture will be able to obtain no more than $15,000, with a term not to exceed six months at 7½ percent simple interest.

The $15,000 limit has been imposed because of the difficulty in repaying a larger loan without depleting the cash or inventory of the venture.

(4) Procedures

Requests for short term loans will be made by the venture to the CEDC president. If he feels that a request merits further consideration, he will instruct the CEDC staff finance committee to evaluate the venture's need and ability to pay back the loan and to establish a strict budget that the venture must follow during the term of the loan. The staff recommendation will be given to the CEDC president who will make a decision considering the data but independent of the staff committee.

If the decision is positive, the loan will be issued with standard legal documentation attaching the venture's assets as collateral. If the decision is not favorable, the request will be rejected. A report of the proceedings will be made by the president to the grant and loan review committee. CSA will be notified when copies of the loan documents are forwarded to them. The venture will be monitored closely during the life of the loan.

(5) CEDC Staff Finance Committee

The CEDC staff finance committee will be composed of the executive vice president (chairperson), director of operations, director of development, manager of field accounting, controller, and president who serves as an ex-officio member. The CEDC executive committee treasurer will also serve on the staff finance committee.

These committee members will ensure that an objective analysis of the venture's need and ability to pay back a loan is completed. The committee will take into consideration such factors as the business' history of loan payments, current operations, and projected sales volume. With these facts, the committee will establish a rigid budget for the venture to follow during the term of the loan.

(6) Loan Documentation

Loan documentation will include the CEDC staff finance committee findings and the standard legal documents.

Staff findings will include, but are not limited to, an evaluation of the venture's actual need, ability to pay back a loan, and a budget that the venture must follow during the term of the loan.

Legal documentation will include a promissory note, loan and security agreement, and a management contract if one is not already in effect. Venture assets will be attached as collateral for the loan.

(7) CEDC Recourse

CEDC will reserve the right to retain a manager, at the venture's expense, if the manager does not follow terms of the loan documents and budget.

Any controversies or claims arising out of or relating to this agreement will be settled in arbitration in Anchorage in accordance with the rules of the American Arbitration Association and judgment upon award rendered will be entered in any court having jurisdiction.

b. Intermediary Revolving Loan Fund

(1) Recipient

The intermediary revolving loan program will be available to all non-fisheries ventures, including, but not limited to, retail stores, bulk fuel businesses, credit unions, arts and crafts, and other ventures currently members in good standing with CEDC.

(2) Total Fund

The total fund will be obtained initially from CEDC venture capital in the amount of $200,000. This will ensure sufficient capital to respond to the immediate demand for this type of financing by CEDC assisted ventures and future needs of other ventures.

Any interest earned on these funds will be returned to the CEDC revolving fund.

(3) Term

A single venture will not be able to obtain more than $30,000, with a term not to exceed five years at 7 1/2 percent simple interest.

The $30,000 limit has been imposed because loans greater than that amount result in great difficulty in payback, especially when a venture has a substantial long term loan outstanding.

(4) Procedures

Requests for intermediary loans will be made by the ventures to the CEDC president. If he feels that a request merits further consideration, he will instruct the CEDC staff finance committee to evaluate the venture's need and ability to pay back the loan and to establish a strict budget that the venture must follow during the term of the loan. The staff recommendation will be given to the CEDC president who will make a decision considering the data but independent of the staff committee.

If his decision is positive, the loan will be issued with standard legal documentation attaching the venture's assets as collateral. If the president's decision is not favorable, the request will be rejected. A report of the proceedings will be made by the president to the grant and loan review committee. CSA will be notified when copies of the loan documents are forwarded to them. The venture will be monitored closely during the life of the loan.

(5) CEDC Staff Finance Committee

The CEDC staff finance committee will be composed of the executive vice president (chairperson), director of operations, director of development, manager of field accounting, controller, and president who serves as an ex-officio member. The CEDC executive committee treasurer will also serve on the staff finance committee.

These committee members will ensure that an objective analysis is completed on the venture's need and ability to pay back a loan. The committee will take into consideration such factors as the business' history of loan payments, current operations, and projected sales volume. With these facts, the committee will establish a rigid budget for the venture to follow during the term of the loan.

(6) Loan Documentation

Loan documentation will include the CEDC staff finance committee findings and the standard legal documents.

Staff findings will include, but are not limited to, an evaluation of the venture's actual need, ability to pay back a loan, and a budget that the venture must follow during the term of the loan.

Legal documentation will include a promissory note, loan and security agreement, and a management contract if one is not already in effect. Venture assets will be attached as collateral for the loan.

(7) CEDC Recourse

CEDC will reserve the right to retain a manager, at the venture's expense, if the manager does not follow terms of the loan documents and budget.

Any controversies or claims arising out of or relating to this agreement will be settled in arbitration in Anchorage in accordance with the rules of the American Arbitration Association and judgment upon award rendered will be entered in any court having jurisdiction.

c. Fisheries Revolving Loan Program

(1) Recipient

The fisheries revolving loan program will be available to all CEDC assisted fishing ventures, currently members in good standing with CEDC.

(2) Total Fund

The total fisheries revolving loan fund will be established from CEDC's venture capital fund up to $750,000. This amount is necessary because of the extreme working capital requirements of the fisheries.

Any interest earned will be put back into the CEDC revolving fund.

(3) Use of Funds

The funds will be used for, but not limited to, cash flow requirements, equipment breakdown, purchase of additional equipment and supplies, transportation costs, et cetera.

(4) Term

A single fishing enterprise will not be able to obtain more than $250,000, with a term not to exceed six months at 7½ percent simple interest.

(5) Procedures

Requests for monies from the fisheries revolving loan fund will be made by written request and submission of a budget by the venture to the CEDC president. If he feels that the request is warranted, he will instruct the CEDC staff finance committee to evaluate the venture's need and ability to pay back the loan. The staff recommendation will be given to the CEDC president who will make a final decision.

If this decision is positive, the loan will be issued with standard legal documents. The loan will be secured against the venture's product, inventory, equipment, and accounts receivable.

A report of the proceedings will be made by the president to the CEDC grant and loan review committee. CSA will be notified of the transaction when copies of the loan documents are sent to them. CEDC will audit the expenditure of the funds at its discretion during the season and at the end of the term of the loan.

(6) Staff Finance Committee

The CEDC staff finance committee will be composed of the executive vice president (chairperson), director of operations, director of development, manager of field accounting, controller, and president who serves as an ex-officio member. The CEDC executive committee treasurer will also serve on the staff finance committee.

These committee members will ensure that an objective analysis of the venture's need and ability to pay back a loan is completed. The committee will take into consideration such factors as the business' history of loan payments, current operations, and projected sales volume. With these facts, the committee will establish a rigid budget for the venture to follow during the term of the loan.

(7) Loan Documentation

Legal documentation of the loan will include a promissory note, loan and security agreement, and a management contract if one is not already in existence. CEDC will have first lien on business' product, inventory, equipment, and accounts receivable.

(8) CEDC Recourse

In the event of loan default, CEDC will have the right to retain a manager, at cost to the fishery, if terms of the agreement are not followed.

Any controversies or claims arising out of or relating to this agreement will be settled in arbitration in Anchorage in accordance with the rules of the American Arbitration Association and judgment upon award rendered will be entered in any court having jurisdiction.

d. Loan Guarantee Program

(1) Recipients

The loan guarantee program will be available to all ventures currently members in good standing with CEDC.

(2) Total Fund

The total fund will be obtained initially from CEDC venture capital in the amount of $500,000. This will ensure sufficient capital to respond to immediate demand for this type of financing by CEDC assisted ventures.

(3) Term

A venture will not be able to obtain more than $50,000, with a term not to exceed ten years, at those interest rates charged by commercial lending institutions. Loan guarantees will not exceed 90 percent of the total commercial loan.

(4) Procedures

Requests for loan guarantees will be made to the CEDC president. If he feels that a request merits further consideration, he will instruct the CEDC staff finance committee to evaluate the venture's needs and ability to pay back a commercial loan. The staff recommendation will be given to the CEDC president who will make a decision considering the data but independent of the staff committee.

If this decision is positive, the development department will complete a formal financing proposal to be presented to the participating lending institution. If the president's decision is not favorable, the request will be rejected.

A report of the proceedings will be made by the president to the grant and loan review committee. CSA will be notified when copies of the loan documents are forwarded to them. The venture will be monitored closely during the life of the loan.

(5) CEDC Staff Finance Committee

The CEDC staff finance committee will be composed of the executive vice president (chairperson), director of operations, director of development, manager of field accounting, controller and president who serves as an ex-officio member. The CEDC executive committee treasurer will also serve on the staff finance committee.

These committee members will ensure that an objective analysis is completed on the venture's need and ability to pay back a loan. The committee will take into account such factors as the business' history of loan payments, current operations, and projected sales volume. With these facts, the committee will establish a rigid budget for the venture to follow during the term of the loan.

(6) Loan Guarantee Documentation

Loan documentation will conform to the requirements of the commercial lending institutions, in addition to the standard documentation required by CEDC.

CEDC legal documentation will include a promissory note, a loan and security agreement, and a management contract if one is not already in effect.

(7) CEDC Recourse

CEDC will reserve the right to retain a manager, at the venture's expense, if the manager does not follow the terms of the loan documents and budget.

Any controversies or claims arising out of or relating to this agreement will be settled in arbitration in Anchorage in accordance with the rules of the American Arbitration Association and judgment upon award rendered will be entered in any court having jurisdiction.

C. MECHANISMS FOR EVALUATING CEDC'S OVERALL DEVELOPMENT PLAN, ITS COMPONENT PROJECTS AND ACTIVITIES

CEDC's evaluation process is quite complex, utilizing a number of participants, tools and mechanisms. The basic foundation of the evaluation process is a series of checks and balances. Included as participants of this process are the CEDC membership, board of directors, executive committee, and staff; Office of Economic Development (OED) program and business analysts also play major roles. They utilize a number of reporting tools such as audits, special reports, and formal evaluation sessions.

1. Evaluation Participants

a. CEDC Membership

The membership of CEDC is primarily concerned with ensuring that the corporation follows its overall intent and goals established for the period. To do so, it selects a board of directors to review the progress of the corporation and to provide direction to the staff during the course of the year. The membership receives copies of the minutes of each board meeting held during the year. During its annual membership meeting, the body hears reports by the board and staff. Major policy or program decisions are reviewed and acted upon.

b. CEDC Board of Directors

The board of directors is primarily concerned with whether or not the corporation follows its priorities and goals. This body elects nine members to the executive committee to ensure that its directives are followed. The full board reviews and ratifies all actions taken by the executive committee and staff.

c. CEDC Executive Committee

The executive committee is concerned with the management of the corporation. It meets every four to eight weeks with the president of the corporation. The executive committee reviews and determines the specific operations of the corporation. This body reviews the corporation's budget, project progress, and other functions. The executive committee has many tools available to use in assessing CEDC's performance. It can, for example, hire an outsid audit firm, retain legal counsel, or direct the staff to investigate areas of interest. The staff also provides the committee with documents such as feasibility studies, CSA correspondence, status reports, et cetera.

In turn, the executive committee must be evaluated by the full board of directors during its biannual meeting. All actions of of the executive committee are reported to OED to ensure that they are in compliance with the special impact stipulations. The executive committee frequently calls upon legal counsel and the president of CEDC to ensure that these special conditions, laws, and regulations are followed.

d. CEDC Staff

The staff of CEDC is concerned with the proper administration of the program, some evaluation processes, but mostly with providing the necessary information through which the board or OED can make an evaluation of its operations. The staff,

therefore, has developed many tools to be used in the evaluation process. These tools and mechanisms are discussed in greater detail in the following section.

While the direction and goals of the corporation are determined first by the membership, full board, and then the executive committee, the staff reporting system and evaluation process works in reverse. Staff members report to department heads who are responsible to the president. The president reports to the chairperson of the executive committee.

e. Office of Economic Development

Within the Office of Economic Development, the positions of program analyst and business analyst have been formulated to ensure that CEDC follow CSA regulations and procedures. OED personnel receive copies of CEDC monitoring report, budgets, feasibility studies, et cetera. OED personnel also conduct periodic on-site visits to CEDC's office and to various CEDC assisted ventures. A formal evaluation is conducted prior to CEDC refunding.

2. Reporting Tools

a. Internal Control of CEDC

The corporation must comply with all State of Alaska and U.S. federal government laws. In addition, it must meet all of the special conditions and legislation as specified by CSA. The following is a discussion of those policies and procedures designed to protect its assets, regulate corporate activities, and provide guidance to the staff.

CEDC's articles of incorporation and by-laws specify the corporation's purpose and how to conduct its business. These documents are reviewed annually. Any proposed changes are submitted to the CEDC membership at least 30 days prior to the annual membership meeting. Those changes approved by the membership are sent to OED for concurrence.

CEDC bases its administration and operation on an OED approved budget. Attached to this budget are a number of special conditions that regulate expenditures of OED approved administrative and venture capital funds. The approved budget and special conditions form the basis for the public audit of CEDC, OED inspections and CEDC's daily expenditures. The corporation utilizes the standard double entry bookkeeping system for its internal accounting. Vouchers, purchase orders and trip reports are obtained before any expenditures are made to ensure that corporate spending remains within the budgeted amounts. Monthly financial statements are made by CEDC's internal accounting department. These statements are sent to CEDC's executive committee, president, and

department heads. These statements are also summarized on CEDC's monitoring report that is submitted quarterly to OED. Annual audits including inventory of CEDC property, are forwarded to the CEDC membership, president, and to OED via the Region X office in Seattle, Washington.

In addition to these business regulations, the corporation meets all labor laws, health regulations, and other requirements. Because of the large staff, detailed personnel policies have been outlined, based upon state and federal labor laws.

The primary reporting tool utilized by OED is the quarterly monitoring report submitted by CEDC. This report includes OEO form 315 and 315a (budget forms), loan receivable schedule, revolving fund expenditures, consulting monies, and reports from the departments of CEDC regarding their activities and venture status reports. The venture status reports include a brief narrative of the business, loan status, and financial statements.

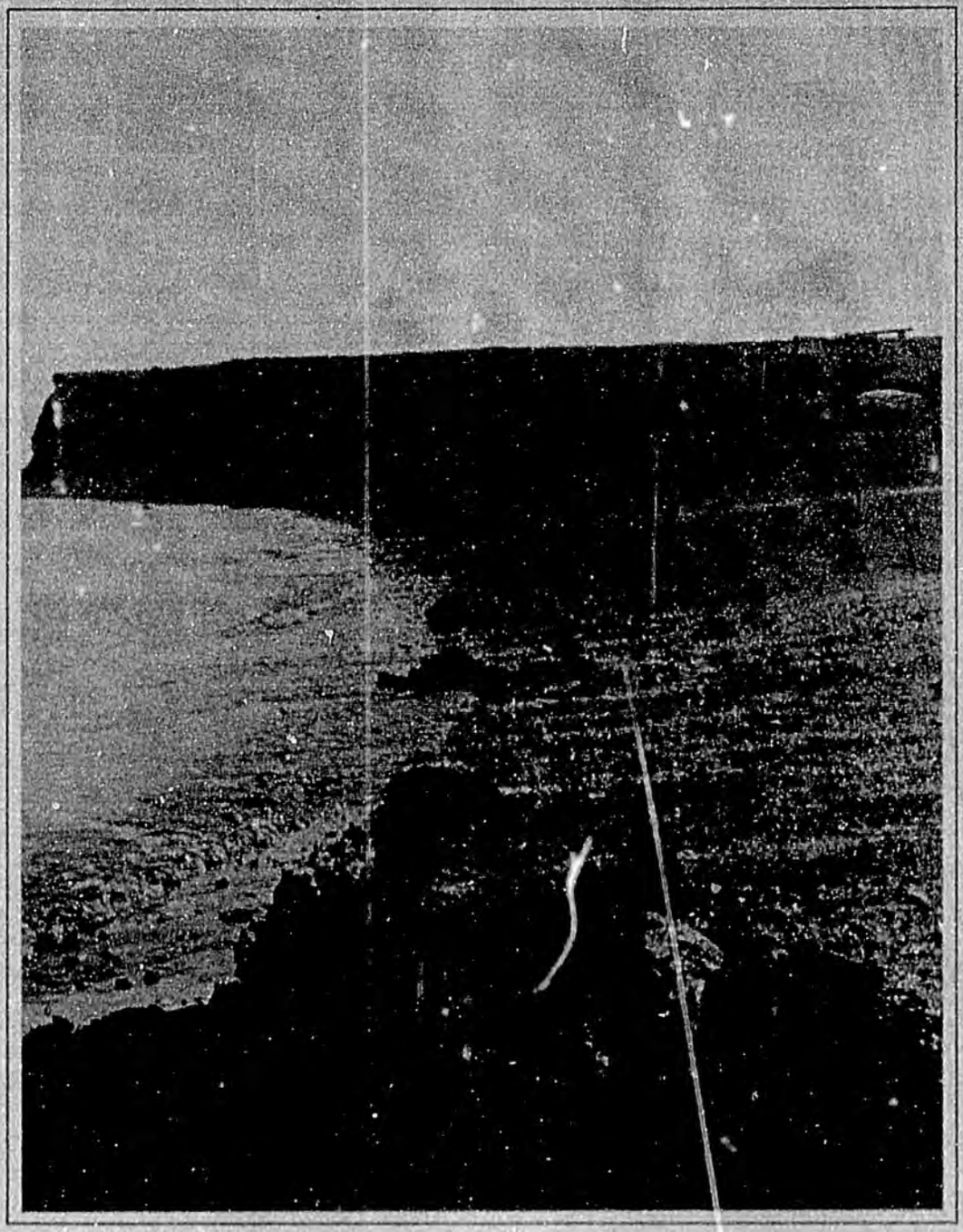
OED also receives feasibility studies on proposed business ventures that require monies from CEDC's venture capital funds. CEDC also compiles information for OED when making any changes in its operation. CEDC seeks permission to make these changes, and provides justification and back-up materials.

b. Venture Reporting Tools

The initial venture reporting tool is its feasibility study. The study first determines if the venture is feasible and outlines the perimeter of its operations. The study also ensures that the venture meets all of the state and federal regulations. The venture is properly incorporated as outlined in its articles of incorporation and by-laws. The study also outlines how the business meets health codes and other requirements.

Once the business is operational, the main evaluation tool is the venture's financial statement. These statements are compiled quarterly by CEDC field accountants. Each venture board of directors and manager are provided copies for their evaluation and institution of changes, if needed. Copies of financial statements are also provided to the CEDC president and department heads for their suggestions. A yearly audit by CEDC or an independent firm is conducted. In addition, CEDC will be instituting a monthly income statement system to improve venture monitoring. Other visits by CEDC industry specialists also result in venture evaluation, with emphasis on technical operations.

Conclusion



Introduction

In 1968, Community Enterprise Development Corporation of Alaska (CEDC) was incorporated and received a one year research and demonstration grant of less than $800,000 of administration and venture capital. Utilizing a staff of six persons, CEDC provided assistance to four ventures: the Kotzebue Fishing Co-op, the Yukon Delta Fishing Co-op, the Kuskokwim Fishing Co-op, and the Manokotak Residents Co-op Store.

Between 1968 and 1976, the corporation increased its staff to 38 persons, established 60 ventures, and is currently providing technical assistance to 30 active enterprises. In 1975, these enterprises had gross sales of $5,975,962, and paid out $999,963 in wages to 506 low-income rural residents.

During this same year, CEDC was able to leverage $1,556,823 for a combined investment in rural businesses of $3,621,998. This leverage ratio (1:1.36) was made possible through CEDC's success in encouraging other institutions to participate in the task of providing capital to remote, low-income communities.

CEDC has not only survived during the last eight years, but has created a positive track record. This record is the result of the support of Community Services Administration (CSA) and its Office of Economic Development, the dedication of the CEDC board of directors, and the proven ability of rural people to own and manage complex businesses.

CEDC has a loan portfolio of over $1,500,000 with a loan repayment delinquency rate of less than one-half of one percent (.45 percent). The corporation also has been fortunate in receiving a 100 percent vote of confidence from the governor of Alaska, the Honorable Jay Hammond, and from Alaska's congressional delegation: Senator Ted Stevens, Senator Mike Gravel, and Congressman Don Young.

In addition, a wide variety of statewide regional and village organizations have voiced support for the past record of CEDC and for its future continuation. (See appendix.)

The next two years may well be the corporation's most critical time period. It will be during these two years that CEDC will complete the planning and separation of the fisheries department and the expediting department into wholly owned, for-profit subsidiaries. This action is predicated on CEDC receiving $17 million for the 1976-1978 refunding period.

A. FISHING

The strategy for fisheries development is to assist communities in gaining control of their renewable fishing resource; presently many of the traditional fish processing companies are totally or partially owned by foreign corporations.

This is a very expensive undertaking that will require $7,550,000 to establish one large and four small fisheries during the next two years. The goal is to enable communities to share in the $200 to $300 million annual wholesale value of the fishing industry by developing a series of modern installations owned jointly by coastal communities and CEDC. CEDC expects a monetary benefit by maintaining an equity position in these enterprises and selling marketing and transportation services back to the enterprises.

The impact of fisheries development on the local community is measurable in terms of increased employment, higher prices paid to fishermen, and the ownership of capital assets by the community. In addition, water, sanitation, electricity, and bulk fuel facilities available to the community are often direct by-products of the implementation of a fishing venture.

The Norton Sound area will serve as an excellent example of the impact that CFDC can have utilizing its venture capital and technical support services. Except for a futile effort in 1969, Norton Sound has lacked a community-owned fishing industry. Outside corporations would purchase fish only at the peak of the seasonal run and then would quite often offer low prices and at times issue worthless checks. Fishing was done using outdated methods and gear, and unsafe vessels.

Today there are modern facilities at Golovin, Elim, and Unalakleet. These facilities are owned by the respective communities, employ community residents in the plant, and have assisted fishermen in purchasing modern nets and gear, and in building new boats. Shore based freezer facilities provide a means for extending the fishing season and for harvesting species of fish that do not run during the traditional peak salmon period.

B. CO-OP STORES

The same concept of community ownership will be applied to the development of village cooperative stores. CEDC is requesting $600,000 of investment capital for six new stores. At the present time, the 15 current stores are purchasing over $100,000 of merchandise monthly through CEDC's expediting department. The addition of six new ventures will generate at least $1,680,000 of annual purchases through the expediting department. This will form the initial market for the expediting department's transition to a for-profit corporation.

C. TOURISM

Two million dollars of venture capital is requested for CEDC's continuing program of tourist related enterprises. These projects tend to be located in communities that are adjacent to state highways or inland marine waterways, but do not have access to Alaska fishing or timber resources. This is a gradual program of assisting one or two communities a year to build and operate a motel or lodge facility. The goal of this program is to help low-income communities obtain a share of the 72 million tourist dollars that are spent each year in Alaska, and to generate employment in the community during the construction phase, and permanent jobs upon completion of the facility.

D. TIMBER

Next to fishing, timber harvesting is the second major industry in Alaska and is the most labor intensive. Over 3,000 people a year with earnings of $52 million produce timber products having an annual value of $134 million.

The harvesting and conservation of timber are complex activities that require high capital equipment budgets. Because this is a new priority area, CEDC's approach will be one of caution, research, and limited investment.

E. OTHER VENTURES

Fisheries, grocery stores, lodges/tourism, and timber have been identified by CEDC as the first four priority areas for new venture development during 1976-1978. CEDC is also requesting $560,000 in venture capital for small projects that are of a direct benefit to the community, require little staff time, but fall outside of the four major priority areas. Examples include construction of a bulk fuel facility, equity investment in an air taxi service, and partial funding for the purchase or construction of an office building for the corporation (CEDC).

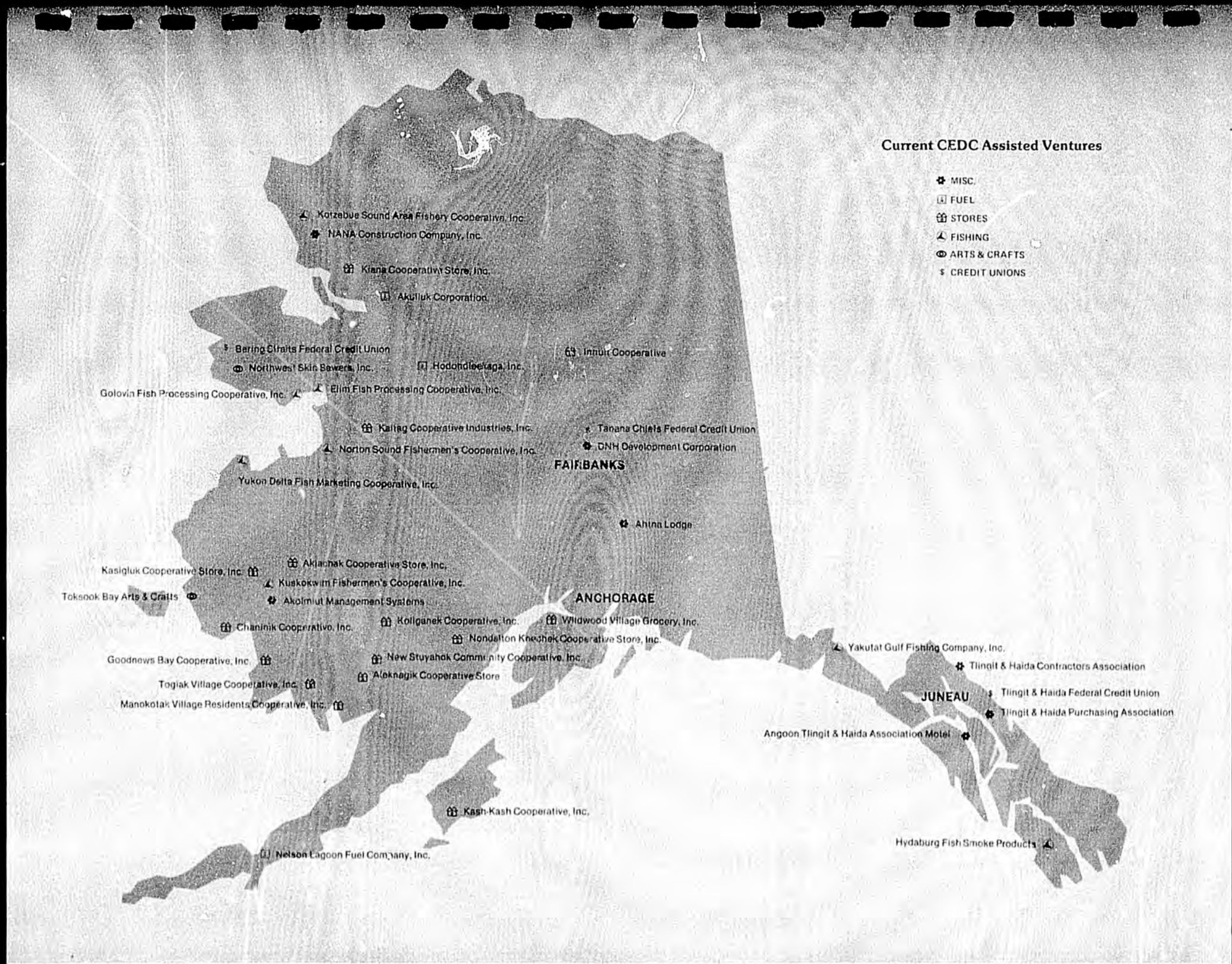
F. ADMINISTRATION

The administration of the venture development program will require $4,142,346. Sixty-eight percent of the administrative budget is directly related to existing venture support and new venture development, i.e., accounting assistance, legal advice, fishery assistance, consulting services, training, et cetera.

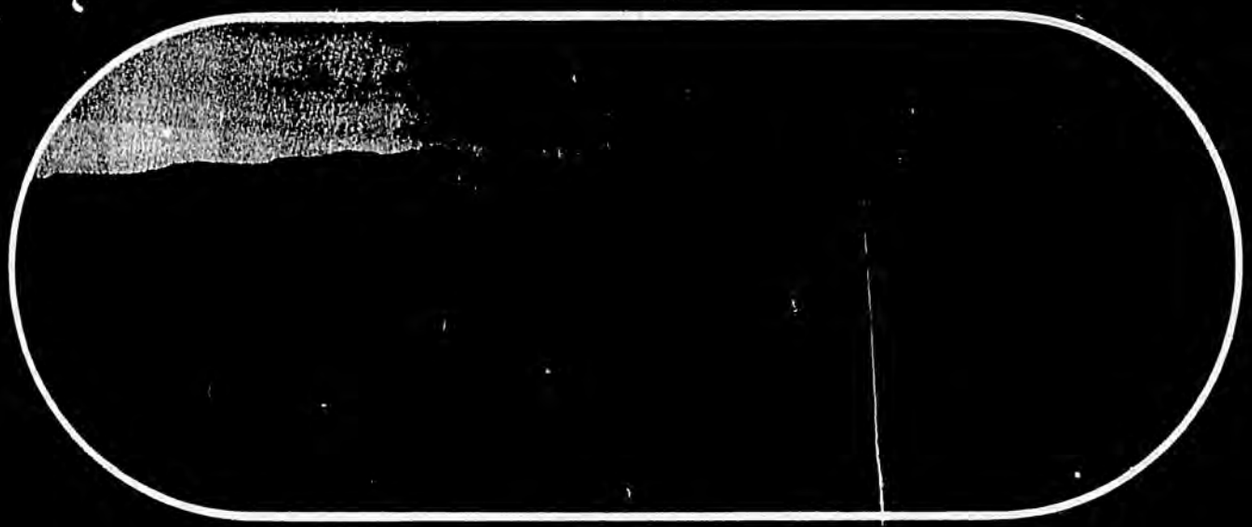
G. RECOMMENDATIONS

In conclusion, CEDC seeks to provide business opportunities to 165,000 rural residents spread out over 586,412 square miles. In addition, CEDC seeks to develop a long range program which will guarantee that the corporation will eventually be able to perform without total federal support.

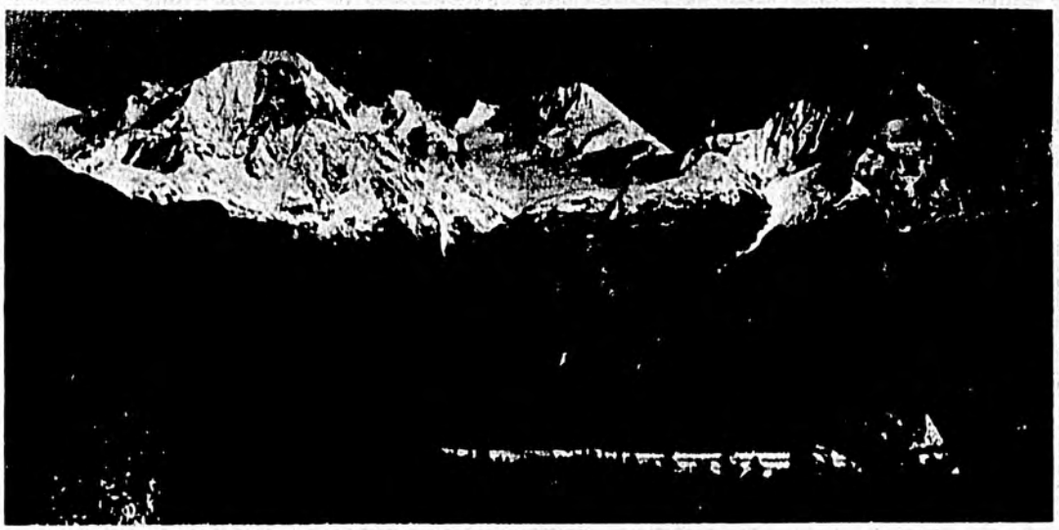
In order to accomplish these two goals, CEDC is recommending CSA/OED approval of a grant of $17 million for a two year period. Viewed on a per capita basis, this is a request for $51 per year for each rural, low-income resident -- a modest investment request, but with a very great potential for return both in terms of future taxes, rents, revenues, jobs, and perhaps more importantly, in terms of human resource development and integration into the economic system.


Current CEDC Assisted Ventures
MISC.
FUEL
STORES
FISHING
ARTS & CRAFTS
$ CREDIT UNIONS
Kotzebue Sound Area Fishery Cooperative, Inc.
NANA Construction Company, Inc.
Kiana Cooperative Store, Inc.
Akuliuk Corporation
Bering Straits Federal Credit Union
Northwest Skin Sewers, Inc.
Hodondleeaga, Inc.
Inuit Cooperative
Golovin Fish Processing Cooperative, Inc.
Elim Fish Processing Cooperative, Inc.
Kallag Cooperative Industries, Inc.
Tanana Chiefs Federal Credit Union
Norton Sound Fishermen's Cooperative, Inc.
DNH Development Corporation
FAIRBANKS
Yukon Delta Fish Marketing Cooperative, Inc.
Ahtna Lodge
Kasigluk Cooperative Store, Inc.
Akiachak Cooperative Store, Inc.
Kuskokwim Fishermen's Cooperative, Inc.
Toksook Bay Arts & Crafts
Akolmiut Management Systems
ANCHORAGE
Chaninik Cooperative, Inc.
Koliganek Cooperative, Inc.
Wildwood Village Grocery, Inc.
Nondalton Kneehek Cooperative Store, Inc.
Yakutat Gulf Fishing Company, Inc.
Goodnews Bay Cooperative, Inc.
New Stuyahok Community Cooperative, Inc.
Tlingit & Haida Contractors Association
Aleknagik Cooperative Store
Togiak Village Cooperative, Inc.
JUNEAU
Tlingit & Haida Federal Credit Union
Manokotak Village Residents Cooperative, Inc.
Tlingit & Haida Purchasing Association
Angoon Tlingit & Haida Association Motel
Kash-Kash Cooperative, Inc.
Hydaburg Fish Smoke Products
Nelson Lagoon Fuel Company, Inc.

1976
ANNUAL REPORT



COMMUNITY ENTERPRISE DEVELOPMENT CORPORATION of ALASKA



Turnagain Pass, Alaska

Community Enterprise Development Corporation of Alaska
1011 E. Tudor Road, Suite 210
Anchorage, Alaska 99503
Phone: (907) 279-4551
Cable Address: ENTERPRISE

Funded by the COMMUNITY SERVICES ADMINISTRATION
Grant No. 00007F-F-77-02, which will expire on
September 30, 1978

Cover photo: Golovin Bay, Alaska

Community Enterprise Development Corporation of Alaska (CEDC) is a private, nonprofit corporation funded by the Office of Economic Development, Community Services Administration, Washington, D.C. It operates on the belief that one way to break the poverty cycle in Alaska's rural communities is by providing an opportunity for low income groups to participate in the free enterprise system.

CEDC's impact area is all of rural Alaska, excluding the urban cities of Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka. This area covers approximately 586,412 square miles and is populated by over 155,000 people living in more than 200 towns and villages.

Chaninik, Alaska

Bethel, Alaska

Using seed capital from the Community Services Administration (CSA), other state and government agencies, and private sources, CEDC develops and supports business enterprises in the low income areas of rural Alaska. Along with financial assistance in the form of loans and grants to new businesses, CEDC endeavors to fill in the educational and experience gaps of emerging rural businessmen by providing technical and training support to these businesses.

To ensure that the greatest number of people will benefit from the program, the CEDC board of directors only approves assistance to those businesses that have broad ownership. In addition, the business must also be able to show that it will have an economic impact on the community in which it is based. These businesses operate independently of CEDC and are managed by their own staff and board of directors.

Since it was organized in 1968, CEDC has assisted over 60 community owned businesses throughout the State of Alaska. These businesses vary according to community needs and desires but generally include industries such as fish processing, consumer stores, hotel/motel facilities, apartment complexes, fuel distribution, construction, and credit unions. These private businesses, and the people who own and manage them, are one step closer to achieving an economically healthy rural Alaska.

Chairman's Report

I am once again pleased to present the annual report of Community Enterprise Development Corporation of Alaska to its membership. This report highlights the accomplishments of the corporation during the last year and emphasizes the progress CEDC has made toward becoming a strong business development corporation.

Perhaps the most encouraging and gratifying of the corporation's accomplishments this year was the receipt of $5 million in supplemental grant funds from the Community Services Administration (CSA). These supplemental funds were announced during June of this year and represent an increase in CSA's confidence in our program. CEDC was one of the few community development corporations (CDCs) around the country who had managed to expend their venture capital prior to the end of their grant period and thus require supplemental funding. I feel this is a great credit to the executive committee and the staff of CEDC and something that the membership should be proud of.

The importance of training for our board of directors was emphasized again this year by our corporation. To this end, executive committee members traveled to several training seminars throughout the United States and participated in the quarterly meetings of the National Congress for Community Economic Development. In addition, three training sessions were held in Alaska for the board of directors with one of these sessions being specifically designed for the executive committee. It is my feeling that these training sessions have enabled our executive committee and board of directors to become more active in the management of our corporation.

According to the by-laws of CEDC this is the last year I can serve as chairman of your corporation. I would therefore like to take this opportunity to thank each of you for the support you have given me throughout these past two years. These years have been filled with hard work and frustrating times, but I feel that the corporation has improved and will continue to grow and prosper during the years to come. I have felt honored to represent this corporation at meetings throughout the country and in meetings with the CSA officials. It has also been my pleasure to serve as Alaska's representative on the board of directors of the National Congress for Community Economic Development. This has been a gratifying experience because I have realized the r spect that other CDCs have for our corporation, a respect which I hope will increase each year. I urge you to continue to work together as a team to further the goals of this corporation. If each member of this corporation continues to take an active part in the development of CEDC, then it will continue to be a strong business development corporation which is respected throughout the nation.

It has been a pleasure for me to serve as your chairman for the past two years and I thank you for the opportunity.

Sincerely,

Hjalmar Olson

Hjalmar Olson
Chairman
CEDC Board of Directors

President's Report

The year 1976, as you will note from reading this annual report, was one of rapid growth and a period of transition for Community Enterprise Development Corporation of Alaska.

CEDC's assets as of September 30, 1976, are $8,552,996, which is a substantial increase from a year ago. During this same period the corporation was able to decrease the delinquency rate on loans from $135,000 to $5,602 on outstanding loans which totalled $2,009,226. The decreasing of CEDC's delinquent loans has not been an easy feat to accomplish. As many of you will remember, in the earlier days of CEDC there was no program for billing ventures for their loans. The billing procedure was instituted several years ago at the urging of the Office of Economic Development and the successful results were achieved through the dedicated efforts of CEDC's controller, Lorne Davis.

At the February board of directors meeting, the board voted to hire Touche Ross & Company to prepare CEDC's 1976 annual audit. An annual audit was prepared for the year ending April 30, 1976, and a second operation/financial audit was prepared as of September 30, 1976. This represented the end of CEDC's 18 month grant for 1974-76. Both of these audits have not identified any major deficiencies within CEDC.

During the past several months two new departments have been created within CEDC's organizational structure. These include the fisheries department, with a professional staff of seven people, and an expediting department, with a professional staff of nine people. The fisheries department is in the final stages of organization and planning while the expediting department has been active and operational for quite some time. In fact, the expediting department's sales for 1976 will exceed $2.5 million.

CEDC relocated to new office space at 1011 East Tudor Road in mid-August of this year which resulted in an improved working environment and better atmosphere for CEDC staff members. Furthermore, with the large conference room the office provides, CEDC's executive committee will be able to conduct their meetings in the office. This will enable the committee members to have immediate access to CEDC staff and corporate information and should assist them in making sound investment decisions.

As a closing comment I wish to express my sincere appreciation to the board of directors and particularly the chairman of the board, Hjalmar Olson, for the confidence and support that I have received during 1976.

Sincerely,

Jerry Nelson

Jerry H. Nelson
President

Executive Committee's Report

On behalf of the board of directors, the executive committee is pleased to present this annual report of its activities to the membership of CEDC. This report covers the period from December 1975 to November 1976 and is presented so that CEDC's membership may be aware of the accomplishments and achievements of its corporation during the past year.

The executive committee began their year by selecting a committee to work with the staff in preparing the corporation's refunding proposal. This committee worked industriously for the next several months resulting in CEDC's refunding proposal being submitted to the Community Services Administration, Office of Economic Development on June 21, 1976. This proposal is for a two year period beginning October 1, 1976, and requested a total of $17 million.

Grant and Loan Review Committee

CEDC Board Training

Another priority item for the executive committee was the selection of the business representatives that were to serve on the board of directors according to the revised by-laws. The three individuals selected represent the fields of banking, private industry, and law. In addition to serving as a member of the board of directors, these individuals were selected to serve as members of the grant and loan review committee which is charged with reviewing all of the requests for financial assistance that are submitted to the corporation. These members have proven to be a valuable asset to that committee and it is hoped that the executive committee will again be able to find such qualified individuals this year.

EXECUTIVE COMMITTEE

Together with approving substantial investments in the Golovin and Elim Fish Processing Co-ops, the South Naknek store Pay N Tuk, and the Naknek Cooperative store, the committee also approved the refinancing of two of CEDC's existing ventures. These two ventures, Chaninik Cooperative Store and New Stuyahok Community Cooperative, were refinanced to enable the ventures to improve their existing facilities and increase their inventory. This represents the first time that CEDC has refinanced any of its consumer store ventures and it is the committee's hope that this will pave the way for future refinancing or expanding of troubled stores.

The committee approved the transferring of the interest monies earned on the corporation's deposits to the revolving fund. This move will increase the amount of funds over which the board of directors has direct control and provides it with some independence and flexibility.

CEDC Board of Directors

CSA Pre-review visit

In addition to holding meetings throughout the state this year, the executive committee members also traveled to Washington, D.C., San Francisco, Atlanta, and St. Louis to attend seminars, training sessions, and meetings of the National Congress of Community Economic Development. These trips were a part of the continuing training efforts of the corporation and were complimented by training sessions conducted for the full board of directors by Mr. Al Fleming of Lokahi Pacific and Quechan, Inc., a training firm based in Kenai, Alaska, in February, March and October of 1976. It is the hope of the corporation that through continued training the board of directors and membership will become increasingly aware of their responsibilities and duties and thereby continue to play an active role in the development of this corporation.

Executive Committee Members:

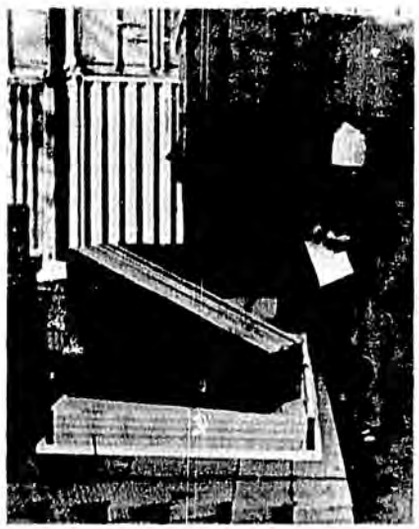
Hjalmar Olson, Chairman
Al Ketzler, Vice Chairman
Myrtle Johnson, Treasurer
Marie Olson, Recording Secretary
Donald Nielsen, Corresponding Secretary
George Keene, Member at Large
Robert Nick, Member at Large
Hank Eaton, Member at Large
Helena Nelson, Member at Large

CEDC has a continuing responsibility to its membership to keep them informed as to the status of the various ventures that the corporation is assisting. However, it would be impractical to report on all of the 32 ventures that CEDC is currently providing either financial or technical assistance. Therefore, the following represents only a highlighting of those ventures that are new or were particularly active during the past year.

Ahtna Lodge

In October of 1975 the Community Services Administration (CSA) approved an investment by CEDC in a lodge facility located in the Ahtna region. This investment was made in conjunction with the Ahtna Development Corporation and the Tazlina Village Corporation with CEDC's involvement being in the form of a limited partnership. The lodge, known as "The Ahtna", is a 30 unit facility which includes a restaurant, cocktail lounge, banquet facilities, and gift shop. Its location, at the junction of the Glenn and Richardson highways, provides it an excellent opportunity to capture the tourist trade as well as that of the pipeline related activities. The grand opening of "The Ahtna" was held on July 10th of this year, but the facility was actually open for business by the early part of June. Since its opening this summer the lodge has experienced a 100 percent occupancy rate which is considerably higher than that which was projected for this period. Although the lodge has experienced some problems due to the unique construction requirements in that region, it appears to be prospering and the outlook is very favorable for the winter months.

Ahtna Lodge, Glennallen



Pre-cut materials for Chaninik CO-OP

Kwigillingok, Alaska

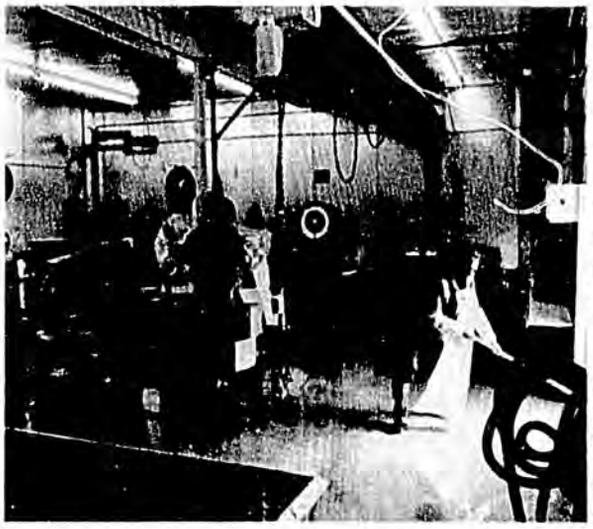
Chaninik Cooperative

The Chaninik Cooperative, located in Kwigillingok, Alaska, was incorporated in 1971 for the purpose of establishing a consumer store in the community. The store was originally financed by CEDC with a long term loan shortly after the co-op was organized. The store was originally located just outside of the community of Kwigillingok in a small, poorly insulated structure. Over the course of the next five years this facility proved to be inadequate in its ability to service the community needs. Since the structure was located in the outskirts of the community and was small, more and more villagers began finding other sources to meet their grocery needs. In an attempt to change this trend, the Chaninik Co-op requested CEDC assistance in constructing a new facility. Consistent with CEDC's goal of providing modern, up-to-date facilities, the revelopment study prepared by the CEDC development staff recommended the construction of a new retail store in addition to the refinancing of Chaninik's outstanding loan balance with CEDC. The new store will be a 24' x 52' facility located within the town of Kwigillingok and will provide a basic food line for the community in addition to an excellent selection of hardware and dry goods. The pre-cut building materials were shipped to Kwigillingok in early October with construction estimated to be completed by the early part of December and the grand opening of the new store tentatively scheduled for mid-December. This is CEDC's first attempt at upgrading and remodeling an existing venture through the refinancing of its existing debt together with additional funds and it is felt that the store will be a great success.

New Stuyahok Community Cooperative

The New Stuyahok Community Cooperative was founded in May of 1970 and its first CEDC financing was received in July of 1970 to establish a cooperative store in the community. Throughout the past six years the co-op has provided a needed service to the community of New Stuyahok by selling groceries, hardware, and clothing as well as being an outlet for outboard motors and snow machines. The co-op has shown an increasing profit each year and the community is displaying a renewed interest in the management of the store. The cooperative was anxious to expand the store's operations and requested additional financing from CEDC in July of this year to accomplish this. After considerable research it was determined that the co-op's outstanding loan balance should be refinanced with an additional sum to cover the increased inventory and improvement of the facility. This refinancing was approved by the CEDC executive committee in August of this year and the loan has now been disbursed. The store has already shown an improvement due to this restructuring of its outstanding debt and it is projected to show a continued profit.

Golovin, Alaska



Golovin Fish Processing Cooperative, Golovin

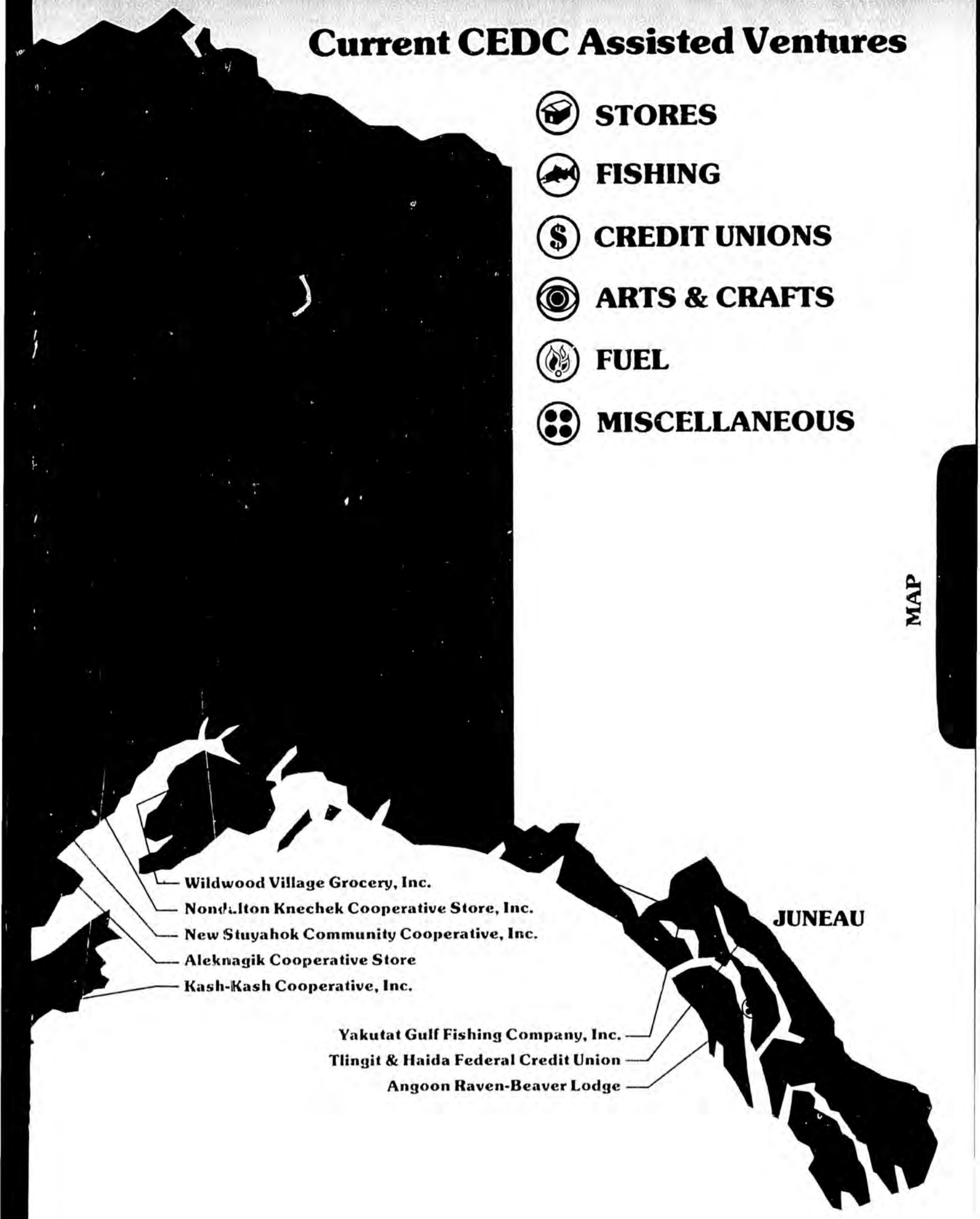
Golovin Fish Processing Cooperative

The Golovin Fish Processing Cooperative was officially formed in January of 1974 by a membership representative of the residents of the Golovin Bay area (Golovin, White Mountain, and Council). In 1975 the co-op was successful, with CEDC financial and technical assistance, in obtaining the Small Business Administration's processing plant facility located in Golovin. After some modifications, the plant was operational during the 1975 fishing season and the co-op did reasonably well in spite of some mechanical difficulties. In December of 1975 the co-op requested additional financial and technical assistance from CEDC to enable them to continue the plant improvement program the co-op had begun during the summer. This request was prompted by two factors which were not foreseen prior to that season. The village of Elim had requested that Golovin freeze the fish caught in the Moses Point area in order to receive a much greater income for their fish resource. In addition, the Golovin Co-op was required to invest additional money during the 1975 season to make emergency repairs to their freezing system. The co-op therefore wanted to extend their building to provide additional cold storage area, concrete the existing floor and complete the freezer modifications that were already begun. The feasibility study for this expansion was completed and CSA approval was received in February of 1976. The modifications to the plant were begun in March of this year with the plant being completed in time for the beginning of the fishing season in June. The co-op experienced a good year and should have no problems getting ready for next season.

Kotzebue Sound Area Fishery Cooperative, Inc.
NANA Construction Company, Inc.
Kiana Cooperative Store, Inc.
Akuliuk Corporation
Innuit Cooperative
Hodohdleekaga, Inc.
Northwest Skin Sew
s, Inc.
Bering Straits Federal Cr
nion
Golovin Fish Processing Coope
Elim Fish Processing Cooperative,
Kaltag Cooperative Industries, Inc.
Norton Sound Fishermen's Cooperative, Inc.
DNH Development Corporation
Yukon Delta Fish Marketing Cooperative, Inc.
Ahtna Lodge
Akiachak Cooperative Store, Inc.
Kasigluk Coo
rative Store, Inc.
Kuskokwim Fishermen's Cooperative, Inc.
Akolmiut Management Systems
Toksook Bay Arts & Crafts
Koliganek Cooperative, Inc.
Chaninik Cooperative, Inc.
Goodnews Bay Cooperative, Inc.
Togiak Village Cooperative, Inc.
Manokotak Village Residents Cooperative, Inc.
Kvichak-Naknek Aquatic Cooperative
Naknek Cooperative
South Naknek Pay N Tuk
Nelson Lagoon Corporation Fuel Company

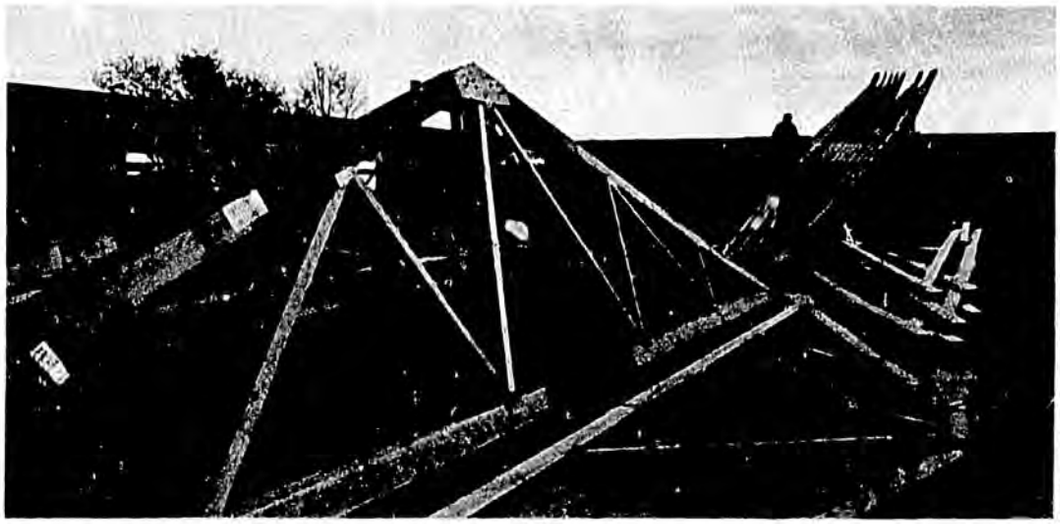
Current CEDC Assisted Ventures

- STORES
- FISHING
- CREDIT UNIONS
- ARTS & CRAFTS
- FUEL
- MISCELLANEOUS



Kvichak-Naknek Aquatic Cooperative

The Kvichak-Naknek Aquatic Cooperative was started last autumn by a group of fishermen in the Naknek area as an alternative to the cannery system. The co-op started with a herring roe-on-kelp harvest this season with the objective of maximizing the income both to the fishermen and to the co-op. From the profits obtained from this operation the co-op hopes to go into salmon harvesting and processing. The long range goals of this co-op are to effect a positive and continuous impact on the community of Naknek and the Bristol Bay area. One of the major impacts will be the retention of the profits within the Bristol Bay area. Another will be the establishment of an economic institution that has its headquarters in the area, and is more responsive to the community. Finally, it will attempt to expand the fishing season by going beyond the narrow specialization (salmon) and economic instability of the present canneries to harvesting and processing of other types of seafood. This season saw the co-op experience an excellent harvest of herring roe-on-kelp and they were able to obtain a higher price for their product than originally was anticipated. It is hoped that with this beginning the co-op will be able to attain its other goals.



Naknek Cooperative, Naknek

Naknek Cooperative

The Naknek Cooperative was organized in February of 1976 for the purpose of providing the community with a new consumer store facility. This represents one of the most ambitious retail ventures that CEDC has ever assisted. The enthusiasm for this venture is exhibited by the participation of over 240 people in a community of only 318 people. The financing of this venture will be in cooperation with the United Bank Alaska and the village corporation in Naknek (Paug-Vik). To ensure the completion of construction of this store facility during the 1976 season, Paug-Vik is building the 48' x 120' structure which features 2,880 square feet of retail selling space, a small coffee shop, storage area, and retail offices. A professional manager will be retained by the co-op to manage this new store and to train a local individual to operate this venture in the future. In addition to this manager/consultant and his trainee, four other individuals will be employed full time by the co-op to assist in the operation of this facility. The construction of the facility was begun in early September with the foundation being laid and the structural framework being completed. The entire facility is expected to be completed by the end of November with the grand opening tentatively scheduled for mid-December. When completed this will be the largest retail facility in the area and the largest retail facility that CEDC has assisted thus far.

Pay N Tuk Cooperative

The Pay N Tuk Cooperative was formed in May of 1976 by the residents of the South Naknek community. The cooperative was organized to open a new store in the community because the existing store operated by the local cannery was not providing the community with the services they required. In addition, the cannery had previously stated its intention to close its doors in the near future. With this in mind, the residents of South Naknek decided to open their own store in order to be assured that the needs of the community would be met. This store is located in the old school building which has been leased from the Bristol Bay Borough. The store will employ a manager and a bookkeeper who will run the operation of the facility. Through the use of interim financing the store was able to have its grand opening on September 21st. Although the store has experienced some of the usual start up problems that are common to all new business operations, it initially appears to be doing well. It is hoped that eventually the co-op will have its own building in which to accommodate its store facility.

Pay N Tuk Cooperative, South Naknek

Moses Point, Alaska

Elim, Alaska
Elim Fish Processing Cooperative

Elim Fish Processing Cooperative

The Elim Fish Processing Cooperative was organized in November of 1975 and requested financing and technical assistance from CEDC in the establishment of a gill and gut salmon processing plant. This plant is located on their reservation adjacent to the abandoned FAA landing site at Moses Point on Norton Bay. The facility was designed so that the Elim product would be iced and then transported approximately 45 miles to the processing plant in Golovin where it would be frozen and subsequently transported to Seattle for sale with the Golovin product. The feasibility study for this project was completed and approval received from the Community Services Administration in February of 1976. Immediately upon receipt of the approval, the building materials for the facility were ordered and construction began in March. In addition to the construction of the gill and gut facility, the co-op members worked throughout the winter building boats to be sold to the fishermen the next summer. Although problems were encountered during the construction, the plant was ready for operation at the beginning of the fishing season on June 15th. The Fish and Game Department closed the area's fisheries on July 8th and did not reopen the area until July 26th. During this closed period the fish peaked out and for the first time in the area's history the fishermen harvested a limited amount of fish. This has naturally created some problems for the venture, but the CEDC staff is working together with the co-op management in reassessing their situation and working out viable alternatives so that the co-op will be able to operate next season.

TOUCHE ROSS & CO.

510 L STREET, SUITE 600
ANCHORAGE, ALASKA 99501

November 5, 1976

Board of Directors
Community Enterprise Development
Corporation of Alaska
Anchorage, Alaska

We have examined the balance sheet of Community Enterprise Development Corporation of Alaska as of September 30, 1976, and the related statements of revenues and expenditures and changes in fund balance for the seventeen months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Corporation has kept its records and prepared its financial statements for previous years on the cash basis. Effective May 1, 1975 the Corporation adopted the accrual basis of accounting and made appropriate adjustments to fund balances to reflect the effects thereof, as described in Note B.

In our opinion, the aforementioned financial statements present fairly the financial position of Community Enterprise Development Corporation of Alaska at September 30, 1976, and the results of its operations and changes in fund balance for the seventeen months then ended, in conformity with generally accepted accounting principles.

Touche Ross & Co.

Certified Public Accountants

COMMUNITY ENTERPRISE DEVELOPMENT CORPORATION OF ALASKA

BALANCE SHEET
September 30, 1976

	Grant Fund		Revolving Fund		
	Grant No. 00007-F-75-02	Short-term Loans	General	Expediting	Total
ASSETS					
Cash	$ 56,382	$10,500	$ 32,936	$162,872	$ 262,690
Time certificates of deposit	1,908,912		500,000		2,408,912
Letter of credit	3,000,000				3,000,000
Accounts receivable		40,000	50,898	19,117	110,015
Prepaid expenses	8,880				8,880
Short-term loans to ventures		39,500			39,500
Merchandise held for sale				8,263	8,263
Long-term loans to ventures			2,015,420		2,015,420
Investments in ventures			917,000		917,000
Allowance for loss on investments (Note C)			(150,000)		(150,000)
Equipment (net of accumulated depreciation of $4,735)				13,196	13,196
	$4,974,174	$90,000	$3,366,254	$203,448	$8,633,876
LIABILITIES AND FUND BALANCE					
Accounts payable	$ 64,905	$ —	$ 5,000	$ 5,652	$ 75,557
Accrued payroll and related taxes	23,286				23,286
Short-term notes payable				30,000	30,000
Consumer deposits				84,044	84,044
Loans approved, not disbursed	15,652				15,652
Unapplied grants	4,940,948				4,940,948
Fund balance (deficit) (Note B)	(70,617)	90,000	3,361,254	83,752	3,464,389
	$4,974,174	$90,000	$3,366,254	$203,448	$8,633,876

See notes to financial statements.

COMMUNITY ENTERPRISE DEVELOPMENT CORPORATION OF ALASKA

STATEMENT OF REVENUES AND EXPENDITURES
Seventeen Months Ended September 30, 1976

	Grant Fund	Revolving Fund	
	Grant No. 00007-F-75-02	General	Expediting
Revenues (Note A):			
Grant	$3,059,052	$ —	$ —
Equity in venture capital expenditures		1,317,210	
Interest		543,568	
Expediting			260,942
Miscellaneous		31,712	
	3,059,052	1,892,490	260,942
Expenditures (Note A):			
Venture capital expenditures —			
Loans	826,710		
Investments	490,500		
Grants	15,776	258,041	
Provision for loss on investments (Note C)		155,912	
	1,332,986	413,953	
Cost of merchandise sold			227,163
General and administrative expenditures —			
Salaries and wages	880,799		
Fringe benefits	128,910		
Travel	324,569		
Consultants and professional services	144,995		
Space costs and rentals	93,466		
Lease and purchase of equipment	51,256		
Consumable supplies	25,161		
Other	76,910	783	22,125
	1,726,066	783	249,288
	3,059,052	414,736	249,288
Excess of revenues over expenditures	$ —	$1,477,754	$ 11,654

See notes to financial statements.

COMMUNITY ENTERPRISE DEVELOPMENT CORPORATION OF ALASKA

STATEMENT OF CHANGES IN FUND BALANCE
Seventeen Months Ended September 30, 1976

	Grant Fund		Revolving Fund	
	Grant No. 00007-F-75-02	Short-term Loans	General	Expediting
Fund balance, April 30, 1975, as previously reported	$ 388,040	$ —	$ 249,134	$ —
Adjustments to record:				
Approved short-term loan fund	(79,980)	79,980		
Unapplied grant funds, as of April 30, 1975	(197,411)			
Payroll tax adjustment	(1,266)			
Venture capital expenditures of prior years	(180,000)	10,020		
Expediting fund balance			(32,098)	32,098
Equity in venture capital expenditures of prior years			1,706,464	
Fund balance, April 30, 1975, as restated	(70,617)	90,000	1,923,500	32,098
Transfer			(40,000)	40,000
Excess of revenues over expenditures for the seventeen months ended September 30, 1976			1,477,754	11,654
Fund balance, September 30, 1976	$ (70,617)	$90,000	$3,361,254	$83,752

See notes to financial statements.

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA

NOTES TO FINANCIAL STATEMENTS
Seventeen Months Ended September 30, 1976

NOTE A — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization —

Community Enterprise Development Corporation of Alaska was organized for the purpose of financing minority business enterprises throughout rural Alaska. Initial funding of loans to and investments in such ventures has been provided by the Community Services Administration (formerly Office of Economic Opportunity). Collection and reinvestment rights of loans to and investments in ventures vest in the revolving fund.

Basis of accounting —

The accompanying financial statements have been prepared on the accrual basis of accounting as follows:

1. Grant revenues are recognized at the time grant expenditures are incurred. Administrative expenditures are recorded as incurred.

2. Venture capital expenditures (long-term loans and investments) are recognized as revenue in the revolving fund when approved by CSA.

3. Merchandise held for sale is stated at the lower of cost (first-in, first-out method) or market.

4. Investments in which the Corporation has 20% to 50% ownership and exercises significant management influence have been accounted for on the equity method. Other minority investments are carried at cost, net of allowances for possible losses.

5. Grant fund expenditures include amounts disbursed to the revolving fund for the lease and purchase of equipment required in performance of the grant. Equipment purchased with revolving funds is capitalized and depreciated on a straight-line basis over the estimated useful life of the assets.

6. Estimates of in-kind contributions and related expenditures have not been included in the financial statements.

Income taxes —

The Corporation is exempt from Federal and Alaska income taxes under Section 501(c)(4) of the Internal Revenue Code of 1954.

NOTE B — CHANGE IN ACCOUNTING:

During the year ended April 30, 1975 and prior years, the Corporation accounted for revenues and expenditures principally on the cash basis of accounting. Because management believes that recognition of revenues and related assets when collection rights accrue to the revolving fund provides improved financial disclosure and is consistent with the terms of the grant, effective May 1, 1975, the Corporation changed its accounting for such revenues and expenditures to the accrual method of accounting (see Note A). The effect of this change was to increase previously reported revolving fund balances by $1,706,464. Because of the change, the financial statements for the current period are not comparable to those of prior years.

NOTE C — ALLOWANCE FOR LOSS ON INVESTMENTS:

At September 30, 1976 the Corporation's investment of $150,000 in Alaska Consumer Federation has been determined to be worthless. Approval to write off the investment has been granted by Community Services Administration pending final bankruptcy proceedings. Accordingly, an allowance for the full amount of the investment has been established.

NOTE D — REVOLVING FUND REVENUES AND EXPENDITURES:

During the seventeen months ended September 30, 1976, the previous requirement that interest earned on cash investments be returned to the U.S. Treasury was waived. The current period's statement of revenues and expenditures includes approximately $265,000 of such interest revenue which had previously been reported as accounts payable.

Revolving fund expenditures for the period include the write-off of a $215,650 loan to "Old Harbor" which was purchased from the grant fund at the request of the Community Services Administration. The loan is considered worthless.

NOTE E — CHANGE IN FISCAL YEAR:

The Corporation has changed its fiscal closing date to September 30 for both financial reporting and income tax purposes. The major reason for the change is to coincide with the CSA grant period. Accordingly, the financial statements include the results of operations for the seventeen months from May 1, 1975 to September 30, 1976.

Sales, Profit, Value of Real Estate, Employment
Statistics CEDC Assisted Ventures - 1976 Fiscal Year

Venture	Year End	Sales Volume	Net Profit	Depreciated Value of Land, Building, Fuel Tanks, Boats	Replacement Value[9]	Total Payroll	Maximum Number of Venture Employees During Each Quarter
Stores:							
Akiachak Cooperative*	September	$ 102,784	$ 23,481	$ 31,728	$ 83,200	$ 13,251	5
Aleknagik Cooperative Store	October	86,999	4,374	32,287	62,400	10,953	3
Chaninik Cooperative Store	November	45,975	397	29,935	62,400	11,908	4 (16 Construction)
Goodnews Bay Cooperative	December	61,299	8,661	10,000	50,000	7,120	3
Innuit Cooperative	August	73,347	(2,930)	10,979	53,600	13,741 (Est)	3
Kaltag Cooperative*	December	90,000	9,816	8,874	50,000	7,142 (Est)	3
Kasigluk Cooperative, Inc.*	May	211,496	29,230	7,109	83,200	14,356	3
Kiana Cooperative Store	December	69,010	(3,216)	45,995	83,200	7,115	4
Koliganek Cooperative, Inc.	August	55,517	(568)	8,241	50,000	7,538	4
Manakotak Village Residents Cooperative*	April	78,704	5,704	11,207	83,200	11,826	3
New Stuyahok Community Cooperative	August	92,578	476	13,780	83,200	16,055 (Est)	4
Nondalton Knechek Cooperative	January	137,134	66	60,173	129,600	23,376	5
Pay N Tuk Cooperative*	August	82,500	5,414	9,800	50,000	13,190	2
Togiak Village Cooperative	August	196,718	21,946	8,207	129,600	26,471	2
Wildwood Village Grocery	August	603,000	9,823	137,473	115,400	53,466	6
Store Subtotal		$1,987,061	$112,674	$425,788	$1,169,000	$237,508	70
Fisheries:							
Elim Fish Process Cooperative	December	$ 218,989	$(80,915)	$145,820	$ 145,820	$ 35,300	88
Golovin Fish Processing Cooperative	December	351,194	(31,229)	195,537	195,537	88,623	92
Kotzebue Sound Area Fisheries[1]	December	1,338,696	(91,774)	N/A	200,000 (Est)	192,219	3
Kvichak-Naknek Aquatic Cooperative	Information Not Available						
Norton Sound Area Fishermen[2]	December	417,341	6,254	195,590	300,000	91,886	150
Yakutat Gulf Fishing Company***	December	100,309	(35,962)	235,830	235,830	43,067	9
Yukon Delta Fish Marketing**	December	1,370,614	(22,932)	1,013,493	1,213,493	335,416	500
Fisheries Subtotal		$3,797,143	$(256,558)	$1,786,270	$2,290,680	$786,511	842
Lodges:							
Ahtna Development Company[3]	June	$302,281	$(29,378)	$1,771,993	$1,771,993	$88,266	23
Angoon (Raven-Beaver) Lodge	October	14,295	4,574	177,662	177,622	9,010	1
Lodge Subtotal		$316,576	$(24,804)	$1,949,655	$1,949,615	$97,276	24
Other:							
Akuliak Incorporation[4]	December	$ 76,439	$ 5,177	$47,630	$ 72,700	$ 4,200	1
Bering Straits Federal Credit Union[5]	December	528,600	16,710	-	-	10,905	3
DNH Development Corporation	Information Not Available						
NANA Construction	June	6,631,594	363,247	-	-	1,333,692	130
Northwest Skin Sewers[6]	December	6,854	(417)	-	-	-	1 Full
Nelson Lagoon Cooperative Fuel Company	June	31,210	168	42,144	46,200	6,300	1
Tlingit & Haida Federal Credit Union[7]	December	839,714	13,509	-	-	N/A	4 (Plus 1 Part-time)
Toksook Bay Arts and Crafts[8]	December	18,252	1,020	1,298	50,000	2,319	1
Other Subtotal		$8,132,663	$399,414	$91,072	$168,900	$1,363,416	142
Grand Total		$14,233,443	$230,726	$4,252,785	$5,578,195	$2,484,711	1,078

Notes:

* Represents actual venture performance figures for the first six months fiscal year 1976 with the remainder computed on a pro rated basis.
** Represents actual venture performance figures for the first nine months of fiscal year 1976 with the remainder computed on a pro rated basis.
*** Represents actual venture performance figures for the first ten months of fiscal year 1976 with the remainder computed on a pro rated basis.

[1] Represents actual fiscal year 1975 figures - 1976 unavailable at this time.

[2] Represents actual fiscal year 1975 figures - 1976 unavailable at this time.

[3] Represents four months operation.

[4] Represents pro forma figures for fiscal year 1975 - 1976 unavailable at this time.

[5] Represents pro forma figures for fiscal year 1975 - 1976 unavailable at this time.

[6] Represents fiscal year 1975 figures - 1976 unavailable at this time.

[7] Represents nine months operation in 1976.

[8] Represents fiscal year 1975 figures - 1976 unavailable at this time.

[9] Replacement costs were computed on the Marshall-Swift system based upon materials used, total square capacity, and regional location.

OVERVIEW - CEDC AND ALASKA PERMANENT FUND

Introduction

The following proposal outlines how CEDC and the Alaska Permanent Fund (AkPF) could work jointly in the economic development of rural Alaska.

Direct Investment

One means of AkPF participation would be for the Fund monies invested directly in CEDC or CEDC associated investments. This can either be through debt, equity, or other securities.

1. Debt

In this example, the AkPF would act as a type of bank in that monies are borrowed from it at a specified interest rate. Because of the assumed objectives of this fund (to benefit Alaskans), the interest rate may be below commercial rates.

One configuration would be where CEDC borrows money directly from the Fund and thus becomes liable for the debt. In turn, CEDC invests the monies in any manner which it chooses, with the main stipulation that it pays off its debt. CEDC would continue operating as is, using the fund monies as equity in its ventures or debt capital for assisted ventures.

A more restricted form would be where CEDC owned ventures borrow money directly from the Fund. Money would thus be released on a case-by-case basis.

The final method, CEDC assisted ventures (e.g. co-ops) would borrow money directly from the Fund. The existence of this capital would enable more high risk ventures to be initiated without being restricted by CSA or the size of the CSA appropriation for CEDC.

2. Equity

The methods of equity investment would be very similiar to debt investment by the AkPF, with the main difference that the Fund would be in an ownership position and be able to receive a higher return (or realize greater losses).

Direct investment of the Fund in CEDC would involve the owners of CEDC relinquishing much of their ownership control to the AkPF. This disadvantage (from the owners' point of view) would be offset by a large increase in CEDC's capital requiring no fixed interest charges.

Another method, similiar in effect to that above, would be the formation of a holding or development corporation owned jointly by CEDC and the AkPF. This corporation would take over the investment activities of CEDC and be self-supporting.

The third method would be one in which CEDC and the AkPF invest jointly and become co-owners of various ventures.

Finally, the AkPF may be a source of equity capital for CEDC assisted ventures. This would enable the ventures to have a lower debt burden, although they would be subject to outside ownership and control.

3. Other

Other types of securities (preferred stock, bonds, limited partnerships, etc.) issued by either CEDC, a CEDC holding corporation, CEDC owned ventures or CEDC assisted ventures would be purchased by the AkPF.

4. Sale of Debt Securities

In a case similiar to number three above, CEDC sells to the AkPF loans which it has made to the ventures. Because of the high risk nature of some of these loans and the low interest rates charged, many may have to be sold at a discount. The effect would be to increase CEDC's options in its asset structure and equity without necessarily being restricted to notes receivable.

Management of Fund

This scheme would involve allocation of a portion of the Fund to be used in CEDC's special impact area. This portion of the AkPF would be managed by CEDC. CEDC would in turn be paid for these management services. The fee would be based on either: (1) a fixed yearly payment, (2) the size of the monies involved or, (3) a percent of the income returned to the AkPF.

Loan Guarantee Program

To enable many CEDC ventures to acquire conventional financing, a loan guarantee program may be set up. On loans that require this, the AkPF would provide the needed guarantees.

Conclusion

This report has provided a very brief overview of some of the options available to the AkPF in working jointly with CEDC. These options are based on the principle that the assets of the AkPF will not diminish but increase. This therefore eliminates the use of AkPF monies for either grants or subsidies. The Fund will be a self-supporting entity that can be used to benefit Alaskans far into the future instead of being consumed within a hundred years. The options presented in this report can serve to plan for the future.