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A PROSPECTUS OF
THE STATE OF ALASKA'S
FINANCES AND ITS
DEVELOPMENT OF ECONOMIC DIVERSITY

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MORGAN GUARANTY TRUST COMPANY OF NEW YORK
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Introduction:

Morgan Guaranty Trust Company of New York sincerely believes the State of Alaska has the opportunity for the first time in the past 100 years to diversify its economy through a well thought out economic development program ^{balance} which should ~~diversify~~ the economy. This development program must involve the State Government's administration and the Legislature, Native Corporations, and private commerce, industry and finance.

But this opportunity, as we all know, can be fraught with problems, selfishness of vested interests, and the results of bad management. It is important to minimize these potential threats to a successful development program. We believe that this can only be done by ensuring that the financial, economic, and legislative elements, necessary to commence the development program through the State of Alaska Permanent Development Fund, be firmly set in place and with reasonable consensus. Only in such a way can the foundation, on which the Permanent Development Fund must sit and rely, be strong enough to allow for the success of this rare economic diversity development opportunity.

Consequently, in the past six months we have started educating ourselves on the laws of the State, the opportunities and guidelines established by the Native Claims Act, and the economy. This educational process will continue certainly through 1976. However, at this time we offer our ideas, suggestions, and some analysis. This analysis is brief, but essential. It primarily involves a credit commentary of

the State and questions relating to revenue and economic development concepts and management. We also provide some suggestions about the Municipal Bond Bank. We explain our suggestions about the proposed constitutional amendment creating the Permanent Fund. And, finally, we embark on a discussion of the Permanent Development Fund.

We realize we are from the "lower 48" which has a history of telling Alaska and its people how it all should be done. What we offer is suggestions based on our experience in the public financial sector and private capital markets. Our task is to try to be of service, even at the risk of drawing conclusions and imparting suggestions which may be controversial or may be critical. We hope our forthrightness will be judged based on the value of truth behind it, not by its face and first impression.

* * *

Credit Commentary (Report Appended)

We are not comfortable with Alaska's present fiscal situation. And we understand neither is the Commissioner of Revenue and the present government. But neither are we comfortable of mortgaging the future, by spending today future oil revenues. Fiscal responsibility is essential in Alaska. Just as we are experiencing in New York, other Eastern States and certain cities in the "lower 48", we think Alaska can and must learn from some of these follies. We are heartened by the approach which the present Alaska Administration is taking to return to a balanced budget and shortly thereafter to considerable surpluses.

However, we want to caution that the debt per capita must be reduced and the size of government, especially in personnel, should not rise. Governmental bodies can no longer rely on the debt markets to fund their priorities. Governments can no longer expect note sales to be refunded by long term bonds for the bond market is not always receptive. Nor can Governments continue to rely on medium or poor quality management. We have seen what many years of bad management has wrought in Government operations and with it more and more people on Government payrolls. Unless and until Alaska can balance its budget, reduce its per capita debt, generate general fund surpluses, and implant top quality management, there will not be the opportunity for a successful Permanent Development Fund, for it will not have the strong foundation necessary for its operations.

Municipal Bond Bank (Report Appended)

The Municipal Bond Bank is conceptually a good vehicle to assist many of the Alaskan communities in having access to the debt markets. However, the Alaska Municipal Bond Bank has some serious deficiencies. They are bond anticipation note authorization, State moral obligation which is a dead issue in the market place, and no State control. In fact, the Alaska Municipal Bond Bank's deficiencies accent the lack of management and control we are experiencing in many governments and feel exist in Alaska. It appears evident in the State's fiscal situation, its present development programs and the Bond Bank. More importantly, the lack of management and control are having con-

siderable negative impact on government debt issuers' ability to arrange financing.

One Commission for Capital Allocation and Control

We believe it mandatory that the State establish one commission to be responsible for the following areas and details:

1. Authority over all debt authorizations -- by the State with general obligation debt; by the State's agencies; by those municipalities who issue apart from the Bond Bank; and by the Bond Bank.
2. Authority over the priorities for all spending. Without this number 1 would be non-operable. Total capital Allocation Authority.
3. Management and financial controls in terms of accounting and monitoring systems of all in number 1 above. Standard accounting practices must be universally adopted. The State must have the authority to audit the books of all government units.
4. The State must schedule all public sales, regardless of the issuing unit. The State must approve all offering circulars, which must be uniform.
5. With numbers 3 and 4, the State must establish and manage a local government financial advisory group for fiscal and debt management and to assist in the day-to-day operations of local subdivisions. Through such a department in this State Commission, the State's financial managers would know the financial conditions of all the subdivisions and would not be called on to bail out a subsidiary, which bail-out may have substantial impact on the State's own financial condition. The

State would know the financial demands being put on the subdivision.

This fiscal management and control commission would have an enormous task and equally enormous power and responsibility to all of Alaska's constituents. While we believe in smaller government payrolls, we feel that the creation of this commission will absorb other departments, divisions and commissions presently existing, and in the long run provide for better operations and minimal net increase in people working in government.

One may notice that we equate the State Government and its fiscal and management responsibility to a large private commercial and industrial corporation. The State is the parent and head office. Its agencies and local subdivisions are its subsidiaries. A subsidiary out of control and not supervised can bankrupt the parent. It is happening in many parts of the "lower 48". But in North Carolina and South Carolina very strong and wide sweeping capital allocation and management control commissions have proven very successful and operable.

We realize these suggestions may sound shocking and may be awesome to fulfill. Indeed, they may be, but we know through bitter experience they are very worthwhile and necessary objectives, which can be realized.

New Municipal Finance Regulations

Concurrent with these recommendations are the requirements being placed upon both governmental issuers and Municipal Securities dealers by the new Municipal Finance Regulating subdivision of the Securities and Exchange Commission. Although these regulations are only in draft form at this time, uniformity of accounting and uniform offering circulars

will be required. Full disclosure, similar to private issuers, is going to be the norm. And securities underwriters will be required to analyze prospective issues for their representation and financial soundness. Just as with the State of New Jersey which provided inadequate papers last week, any issuer may find access to the marketplace closed due to "incapable" or "bad" management.

Governor's State of Alaska "Mini-Hoover" Commission

It seems to us that the timing of these recommendations to the State of Alaska is very propitious, inasmuch as the Governor has created a "Mini-Hoover" commission to look into the operations and management of the State Government. If this commission were to analyze the functions of the principal Governmental departments keeping in mind better management, increased centralization, and tight control as the prerequisites of good government, we would suggest that the departments presently labelled Commerce and Economic Development, Public Works, Revenue, and Community and Regional Affairs be consolidated into one major commission. Moreover, the capital spending and aid programs of other departments would have to be approved by this "super" commission. Of course, we would hope that these recommendations, if considered reasonable, be forwarded to the Governor's "Mini-Hoover" commission for study. That commission must realize that no longer will the electorate and investors allow government to just "bump along" with inadequate, or barely adequate, management, systems and control. And certainly whatever recommendations this "mini-commission" makes to the Administration and

Legislature must incorporate the overt change, and requirements placed upon Governments and their subdivisions, by Federal laws, Federal Agencies, national securities dealers and investors, and, of course, lawyers of varying responsibilities.

Management

Once it is fairly well understood why the centralization and the systems and controls, required to allow it all to work, are needed, the necessity of outstanding (no exaggeration) management is paramount. For too long this nation has suffered from the weak or less than highly competent people being elected to government or wishing to be appointed to government. (In the case of Alaska, this may not at all be the case.) Government and the private sector have finally come to realize that the two sectors must work more closely together. Today, we and similar institutions are being called upon to give advice to, and design packages for, Governments. Our advice and products are:

1. Not new as in so many cases they are traditional in private enterprise;
2. Costly services to provide, due to emergency time frame requirements; and
3. Very difficult to implement due to the traditional lines of communication, the history of legislation already in existence, and the cumbersome apparatus that inherently has grown through poor management.

We would recommend that the State of Alaska would have less need over time for costly private advisory and design services, if fairly early-on it adopted a fiscal and management approach based on

the shock waves and warnings just coming to the fore and receiving initial analysis nationwide. The response would allow the State to have the expertise and systems in-house to manage itself well.

Permanent Development Fund

The foregoing discussion impacts directly on the Permanent Development Fund (PDF) and is essential in establishing the PDF framework. We feel there is no apparatus presently established in Alaska to achieve the goals of the PDF. We believe the PDF should be part of the super-commission, incorporating all economic development, commerce, revenue, and community and regional affairs. Certainly, the PDF's purpose is to diversify the economy. This requires most of the capabilities and analysis the commission would be doing for the State and its subdivision even if there were no PDF opportunity.

But let us present to you our views on the PDF. At the outset, we must all realize that the PDF opportunity afforded Alaska is unique among the States of the United States and among most of the nations and supra-national organizations of the world. In fact, the only similar opportunities exist in Saudi Arabia, Venezuela, and perhaps Iran. The similarity is not due to oil, although oil created the opportunity. Rather, these nations have a genuine positive flow of funds, generated by private commercial and industrial enterprise; these nations do not have immediate applications but have long term real economic development opportunities

and needs; and these nations, which are only a few of those which seek funds for development, are the only ones who have their own equity, if they utilize it properly.

A.) The State of Alaska's Permanent Development Fund's Uniqueness

It is important to understand Alaska's uniqueness here, because of the desire of so many people and institutions to study or allude to many development vehicles already established in the world. To cite just four examples: The World Bank, Asian Development Bank, Inter-American Development Bank, and the Development Bank of Puerto Rico. All of these have a great need for capital. None of them has its own source of equity. Each has received "equity" in the form of capital contributions, but mostly guarantees and promises to pay from its constituents, most of whom, in turn, have incredible short falls in capital, little access individually to the world capital markets, and yet huge economic development requirements. Therefore, we must be very careful, in our desire to establish the best vehicles for Alaskan economic development, that we do not borrow from established organizations methods which are neither warranted nor applicable.

The success of the economic development in Saudi Arabia, Venezuela, or Iran and Alaska will depend on the government's ability to join with private enterprises in economically sound and financially feasible projects. Government by definition is a user of funds. It cannot on its own generate funds. And taxes alone are not sufficient as a developing government's only source of funds. So long as Saudi Arabia and Alaska's PDF join with proven private enterprise corporations in private development projects,

then these development entities should be successful (assuming good management). In the right private development project, by definition, the PDF should profit and the economy would diversify.

Additionally, for a development project's success, it must export (or deliver) its product to a viable market. Nations with rapidly expanding exports attract the capital. Alaska must do the same in joining in private enterprises which will provide exports and diversify the economy.

B.) Corporate Structure:

We believe it is so very important for Alaska to create through the PDF a group which is corporate in nature, well-managed with high paid personnel, profit seeking in goal, and long term entrepreneurial in scope. The PDF would provide the capital for an Alaskan Development Corporation (ADC) to commence establishing the expertise to develop the economy further. The ADC could create a Development Bank (DB) which would make loans to the projects. The ADC could create a Finance and Investment Company (FIC) which could package project loans to be participated out (sold) to institutional lenders (insurance companies, state pension funds, savings banks, and major commercial banks) in the "lower-48" and perhaps in other areas of the world. The same investment arm could manage a series of investments in a trust or mutual fund, so that smaller institutions and individuals could buy into it. The significance of the FIC is that it would be attracting capital by offering certain assets. With Alaska, institutional lenders are dealing in an unknown caused by distance, size, type of terrain, etc. If institutional investors could buy loans (perhaps insured by PDF)

from proven management who has servicing and financial know-how capabilities, we believe added capital may be found for sizeable Alaskan commercial projects.

So the PDF has its management corporation (ADC), bank (DB) and finance and investment company (FIC). These three corporations would analyze projects, help design them financially, lend money, arrange a private placement on the project, sell loans, raise debt in the marketplace and work with a private lender/investment banker to attract capital.

In different ways, not well organized nor well managed, fragments of this type operation are happening with some international and Federal government entities. Alaska could do it, if the statutes are passed and management put in place.

C.) PDF Specifics:

We would recommend the PDF also address the following:

1. Only participate in major developmental activities, both non-renewable and renewable resource oriented. There are at least ten programs in Alaska for small development projects. Incidentally, we believe all the present programs, especially the 6 State ones, with which we are familiar, should be reviewed, moved into the super-commission, and perhaps be revamped or dissolved.
2. The projects should be capital intensive, although any project development which diversifies the economy, will attract people and, in some cases, must for its success.
3. The PDF can best fulfill its role with long term loans in

partnership with private industry and private lenders, rather than take equity participations, as a general rule. Equity participations do not provide a scheduled return and any liquidity is represented by the private company's dividend policy or the stock market.

4. The PDF should finance "missing links" in an otherwise viably forecasted project.

5. No organization should be an equity holder in PDF or its subsidiaries. Private lenders should maintain their identities by continuing their policies of making sound loans. This opportunity will arise by participating with the DB and FIC in making loans jointly.

6. The PDF must create a task force/steering committee to study the economy and geography so as to establish its priorities and feasibilities. We are apprehensive if the State Investment Advisory Committee has the time and/or expertise to be the task force or the steering committee for PDF's inception.

7. The PDF must necessitate that the Native Corporations develop their major projects in concert with the PDF.

8. The Native Corporations may be able to gain from the PDF enterprise by creating new villages and ancillary services.

9. The PDF may also have to establish a subsidiary to expand education, energy resources, and other necessities which indirectly diversify the economy. Whatever these may be, the PDF must charge private market rates. (However, most ancillary services should be left to the Native Corporations and municipal subdivisions.)

10. The PDF should not make grants or non-interest bearing loans.

11. The PDF should be designed, established, and managed so as to insulate itself best from vested interests and political suasion.

12. Various ways of effecting leverage of PDF's equity capital. One area is insurance, whereby the PDF insures the issuance and principal investment in PDF/DB bonds or loans. Also, the debt to equity ratios must be considered.

13. Any statutes involving State Government financing and lending should be reviewed in light of Internal Revenue Service regulations on interest rate arbitrage.

D.) PDF Legislation

We have appended suggestions to the proposed legislation creating a PDF. Our comments supporting our proposals are:

1. "A Minimum" of 10% allows the legislature, upon the presentation of the PDF's management, to appropriate more funds, rather than a legislative debate commencing as to the interpretation of "10%" vis-a-vis the final sentence of the paragraph.

2. "directly and indirectly" as there may be (we believe there are) real possibilities to perform in ways which are known as "indirect" but which have a direct impact on furthering economic development - e.g. loan guarantees, insurance of loans, selling loan participations, arranging private placements, etc.

3. "For projects relating to such principal.....section." We believe the language should be more specific than "investments", but wish to insure that funds may be invested in U. S. Government securities and money market instruments so as to provide an amount of liquidity for

the PDF's operation and earnings while awaiting the investment in a development project.

4. "Transfers.....pledged." We believe the PDF can expand its capital through the raising of debt - private and public. We believe through the combination of outstanding management and borrowing, the PDF will increase its development financing capacity many times. However, this can only be done if income from its investment is available to service debt expense. Usually, a project loan's debt expense will be serviced by a direct pledge of that project's income. Therefore, PDF's income cannot automatically go to the General Fund. Moreover, we are strongly opposed to the legislature and administration leaning upon the PDF so as to be able to balance the State budget, which may incorporate irresponsible fiscal management. But we do believe PDF's income, not otherwise so encumbered, may be deposited in the General Fund, if PDF's management so wishes and the Legislature so approves.

We must point out, that we approve of brief and succinct constitutional legislation, only if the power exists in the constitution for the legislature to pass statutes which will allow for the greatest flexibility and utmost specifics for implementing the PDF and creating a financial management corporation. We admit to an ignorance of the provisions of the Constitution of the State of Alaska.

Conclusion

None of what we have presented here can be accomplished without consistent implementation of concepts to preserve the ecology and environment. We do believe there are viable compromises.

We also believe that over a time period of adjustment modern, economically diversified Alaska and its native population and culture can live in harmony. We feel the natives should and must continue to share in the new prosperity of Alaska. We think vocational schools are the most important educational feature in assisting the economy's development.

We suggest the task force/steering committee must have a budget sufficiently large enough to retain legal counsel, engineering consultants, financial advisors, and any type of specialist necessary to create the best list of priorities and feasibility studies and to place on-stream the management of the PDF and its subsidiaries.

If it is financially and constitutionally possible, we would suggest that the foundation work, necessary to have a PDF and its subsidiaries established in 1977, be undertaken all during 1976, while awaiting the approval of the referendum by the voters next November. (Perhaps statutes can be passed in "escrow".) During 1976, the present economic, commerce, revenue and regional affairs departments should consolidate.

And lastly and most importantly, none of what should be done need be accomplished at the risk of panic or insufficient study. We endorse a policy of "go slowly".

RGAN GUARANTY TRUST COMPANY
OF NEW YORK

A P P E N D I X

State of Alaska
Summary Credit Commentary
and
Critique of Legislation for
Alaskan Municipal Bond Bank

November 18, 1975 (Revised January 2, 1976)
Morgan Guaranty Trust Company of New York

The Economy

Alaska's position as the stage for America's petroleum version of the "gold rush" makes analysis of the State's economy quite problematical in nature. Extensive capital development has fueled the economy, population has sky-rocketed as people have flocked to the State for high-paying pipeline jobs and the State is already anticipating sizeable cash flows from oil and gas related revenues.

In the case of a state with a viable in-place economy, the oil factor would have been advantageous as an added windfall economic stimulant. Alaska's economy, however, has never had the legitimacy of diversity. Before the oil boom, Alaska's major industry was its fisheries - an industry highly susceptible to foreign competition and roller-coaster prices. Manufacturing was nil, significant wholesale and retail activities were limited by the lack of a sizeable population base, while tourism, lumbering and extractive mineral production were seasonal in nature because of the long and harsh winter. The only stable employment base was in the federal and state government areas, with the U.S. military being a significant employer.

Unfortunately, oil development per se will change little of the above. The spurt of capital development caused by pipeline construction activity is a temporary factor which has created at least as many problems as it has solved. Inflation, fueled by pipeline and oil companies willing to pay bonus money to get the workers they need, and compounded by the need to "import" most food items from the lower forty-eight states, has pushed Consumer Price Index numbers to a level approaching a 20% increase for 1975. Housing accommodations are in desperately short supply due to the influx of oil related workers; and ancillary services such as telephones, police, water, sewer, schools and electrical facilities are vastly overburdened. Other categories of employment are in short labor supply due to pipeline wage competition. Those on fixed incomes in the State are in deep trouble financially.

A potential side benefit of the construction of the pipeline and ancillary facilities will be in the opening of new areas in the State for the development of other extractive and regenerative resources. Exploration for and production of coal, copper, iron and gold and other minerals should increase. Lumbering and the development of fish hatcheries will become more economically viable as the access to new regions is eased and the world's need for raw materials grows.

Alaska's quandary is how to gauge the current hectic pace of economic development, and plan for orderly future growth. Two questions come to mind:

1. Are the gas and oil revenue projections of Alaska premature in light of the short-term possibility of a world glut in oil supply?
2. In what manner should Alaska proceed, should its projected wealth become a reality, in order to stimulate dependable economic diversity and viability?

Financial Operations

Alaska's debt burden of \$1,673.33 per capita is extremely high. As a basis of comparison, median State per capita debt of the fifty states is \$136, according to Moody's - substantially below that of Alaska. Since per capita debt is a function of population, the level will most certainly be higher after the exit of those people associated with pipeline construction. In addition, debt retirement is somewhat slow: 17.4% of outstanding debt matures in five years and 39.6% in ten.

High per capita debt is due to the fact that extraordinary capital expenses for the governmental services associated with pipeline development have been borne through the issuance of debt, drawdown of cash surpluses, and failure to increase State tax revenues. The State is also more heavily involved than is the case in the 'lower forty-eight' in the direct development or subsidization of local services such as schools, ports, and roads, resulting in more dependence upon State financing.

Slow debt retirement is perhaps a result of historic anticipated cash flows from oil related activities. In any event, past debt management policies have placed an undue burden upon Alaska's financial future.

General Fund expenditures have been far in excess of current revenues since the receipt of some \$900 million into the General Fund in 1969-70 as a result of a large oil lease sale. At June 30, 1975, a surplus of \$517 million remained in the General Fund, down from \$645 million the year before. Budgetary increases based upon a governmental policy of running vast deficits coupled with delays in completion of the Trans-Alaska Pipeline (postponing oil royalty revenues) have led the State to anticipate that the current General Fund surplus will be fully eroded by July 1, 1976. In an effort to increase General Fund receipts, a 20 mill tax on the value of oil and gas reserves has been enacted for fiscal 1976 and 1977. This tax is being levied to offset anticipated severance tax revenues which have been delayed as a result of corresponding delays in pipeline completion. Revenues from this source are estimated by the State at \$211.7 million for 1976. In addition, the State intends to hold an additional oil and gas lease sale with regard to the Beaufort Islands area near Prudhoe Bay in 1976. The State speculates some \$250 million in revenues from this source.

Conclusion

Alaska's high per capita debt level and slow debt retirement is disturbing in light of the State's extreme level of budgetary imbalance. Anticipation of oil royalty revenues in future years (by borrowing against such revenues) is extremely dangerous in light of general economic questions being raised about the near-term cost viability of Alaskan oil. Pipeline cost overruns, question-mark Federal tax and energy policies,

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and a potential world oil glut can all contribute to a questionable short-term economic and financial future for the State. There is no doubt that Alaska's oil and gas reserves will eventually pay off significantly, but heavy current debt service requirements coupled with continued severe budgetary deficits could result in financial difficulties over the next three years. Maintenance of General Fund surpluses and a mandatory balanced budget would be a preferable policy as the future of Alaska's economy comes more clearly into focus.

Critique of Legislation for
Alaskan Municipal Bond Bank

The following comments result from a review of Alaska's Municipal Bond Bank legislation.

We are generally opposed to the use of the financing vehicle afforded by the legislation establishing the Alaska Municipal Bond Bank Authority. While we agree in principle that Alaskan municipalities will need assistance in entering the municipal debt market, we do not feel that this legislation offers a method of assistance commensurate with sound public finance. The following examples of the Act's deficiencies are cited:

1. The legislation allows the issuance of bond anticipation notes to provide municipalities a means of temporary financing. The current municipal market is evidence of the financial danger inherent in the sale of bond anticipation notes should it become impossible to fund such notes with the sale of bonds. The gap has narrowed substantially between documented disclosure requirements necessary for the sale of notes as opposed to bonds, and sound long-term financing is recommended should an option to sell notes or bonds exist.

2. The legislation makes it quite clear that Bond Bank obligations are not an obligation of the State, yet on the other hand it allows the establishment of a reserve fund for the benefit of bondholders. The reserve may be funded by legislative appropriation or from the proceeds of the sale of the bonds. Deficiencies in the fund may legally be made by the legislature through the use of a "moral obligation" certification/appropriation procedure.

The moral obligation pledge no longer provides the marketing advantage it once had. In addition, despite the fact that the bonds are not a direct obligation of the State, the moral pledge creates what can be construed as a contingency obligation for the State - an obligation which is unnecessary in a State with an already high debt load.

3. The legislation mentions little or no control over the debt policies of the participating municipalities. Recent municipal finance experience has demonstrated the value of State overview of municipal finance activities.

It is suggested, therefore, that this legislation be amended: to eliminate the power of the Bank to issue bond anticipation notes; to remove the moral pledge of the legislature to fund reserve fund deficiencies; and to provide for the establishment of a State administrative vehicle to overview and approve the financial planning and debt management of Alaskan municipal governments.

TEXT OF PROPOSED STATE OF ALASKA CONSTITUTIONAL AMENDMENT
TO CREATE A PERMANENT FUND

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

SECTION 1. Article IX, Section 7, Constitution of the State of Alaska, is amended to read:

Dedicated funds. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in Section 15 and except when required by the Federal Government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this constitution by the people of Alaska.

SECTION 2. Article IX, Section 15, Constitution of the State of Alaska, is amended by adding a new Section to read:

State of Alaska Permanent Development Fund. A
minimum of 10% of all mineral lease rentals, royalties, cash bonuses
and mineral severance taxes received by the State shall be placed in a
State of Alaska Permanent Development Fund, the principal of which shall
be used solely, directly or indirectly for projects relating to the
industrial and economic development of the State. Such principal not
invested in aforesaid projects shall be invested in accordance with
Section . Transfers may be made from the Permanent Development Fund
to the General Fund in an annual amount not to exceed such annual income of
the Permanent Development Fund, net of all such annual income otherwise
pledged. Such annual income not so transferred to the General Fund shall
become part of the principal of the Permanent Development Fund. The
legislature may appropriate additional amounts to the Permanent Development
Fund which shall become part of the principal of the Fund.

SECTION 3. The amendments proposed by this resolution shall be placed before the voters at the next statewide election in conformity with Article XIII, Section 1, Constitution of the State of Alaska, and the election laws of the state.