

SB

430

SENATE COMMUNITY AND REGIONAL AFFAIRS  
COMMITTEE MINUTES

March 16, 1978

Present: Senators Willis, Ferguson, Hackney and Sumner. Palmer McCarter, Department of Community and Regional Affairs; Lee Sharp, Attorney for the City and Borough of Juneau; Jim Rolle, Alaska Municipal League; Doug Griffin, Department of Community and Regional Affairs; David Rose, Exec. Director for the Alaska Municipal Bond Bank; Lance Anderson, Alaska Municipal Bond Bank; Dave Gray.

Absent: Senator Orsini

Senator Willis called the meeting to order at 3:15 p.m. Senator Willis asked Jack Chenoweth, from the Legislative Affairs Agency to explain what the bill will do.

Jack Chenoweth stated that the bill would add to the Bond Bank Authority the opportunity to sell or purchase revenue bonds for local governments. Right now the statutes require that the Bond Bank Authority limit itself to dealing with just the general obligation issue. This would extend the Bank's authority to the field of revenue bonds.

Senator Hackney asked if this practice was unusual.

David Rose, Executive Director of the Alaska Municipal Bond Bank told the Committee members that the Bank would not sell the cities' bonds on their behalf, but would buy the municipal bonds and then issue its own bonds on the financial market. In return for placing its assets to back smaller municipalities in Alaska, the Bond Bank would require some degree of security from the cities. Some of the procedures included the dedication by municipal authorities of some portion of their regular revenues to the bonds bought by the Bond Bank. He also gave the following background on his organization: The Bond Bank was created in 1975 to assist small cities in marketing their general obligation debt in cases where they were unknown or had no financial track record. The Bond Bank in May of 1976 issued its first debt on behalf of cities. The Bond Bank has since sold and purchased \$1.2 million bonds for sewers in the City of Seward; Kodiak \$1.8 million for roads and drainage and fire equipment; Matanuska-Susitna Borough \$6.9 million for schools; City of Homer \$410,000 for a public safety building and communications building; for the City of Nome \$350,000 for a library extension and the construction of a new fire station; City of Soldotna \$300,000 for sewer construction; Juneau \$431 million for the construction of fire stations; Ketchikan \$375,000 for port construction. Mr. Rose said that a good example of the bond bank would be the Bethel project which borrowed money to build a municipal building-court house combination. If it had not been for the bond bank the only other money Bethel could get was at 10% interest, which is an extremely high percentage rate. The Bond Bank refinanced the Bethel project at 4.72% on an interim basis and secured them their long range money at 5.87%. Mr. Rose went on to say that Bethel is probably the cardinal example of a small city not very well known financially trying to require funds

for needed capital improvements. He noted that the Bond Bank felt that it would not engage in revenue sharing bond debt financing until it had established a fairly good track record with the bond bank, its officers feel that they have the market acceptance and the knowledge and the expertise to continue to assist cities on this other half of their infrastructural problems. Principally they would be helping cities in the utility area; they would also expect to see activity in the area of ports, and possibly in the airport area. Mr. Rose stated that the Bond Bank would like to urge the passing out of a Committee Substitute. Mr. Rose explained that the Bank found that when it markets general obligation bonds and uses the name of the Alaska Municipal Bond Bank Authority it has some difficulty because the word "authority" denotes a degree of risk. It may be therefore paying a fractional amount higher interest for the bonds. They would plan to sue the short title then, Alaska Municipal Bond Bank in marketing general obligation debt and continue to use Alaska Municipal Bond Bank Authority when they began marketing revenue debt because the word authority denotes risk and in marketing revenue bonds that would be more fitting. He noted that the Board of Directors met in January of 1978 and the vote was 4-0 in support of the bill, with Sterling Gallagher absent as the fifth member of the board.

Lance Anderson, representing the Board of Directors of the Alaska Municipal Bond Bank, stated that with the additional authority authorized by the legislation the bank can assist the municipalities in ways that they have not been able to up to date. He went on to explain that many of the needs of the small municipalities are in the revenue area. He felt the bank could be of substantial assistance to the municipalities.

Lee Sharp, City Attorney for the City and Borough of Juneau, asked that the committee amend the bill to take care of an additional problem which has caused the City and Borough of Juneau some trouble. He explained that the statutes state that you can pledge to levy taxes without limitation on greater amount for the purpose of securing and paying debt. In order for the Municipal Bond Bank to buy Juneau bonds the city has to promise to levy taxes without limitation on greater amount. He stated that Judge Kalamarides of Fairbanks declared that you cannot make that promise. As a result, the bond bank cannot buy the city's bonds because it has no authority too. There is a Supreme Court ruling pending on this decision to date but Mr. Sharp felt that to overcome this problem that a minor amendment be made and was sent forth in a letter to the committee on March 16, 1978. The amendment would be in that section of the law which is already in the bill on line 16 right after the word "generally" add the phrase "to the extent permitted by law". This would then allow the city to make whatever pledge as the court determines the law to be. He stated that the bond bank would then have the authority to buy the city's bonds or the bonds of any other municipality that is caught in the same similar bind. He added that he had talked with Eric Wohlforth, who is the council for the bond bank, and he agreed that this type of language would overcome

this current difficulty.

David Rose commented that with respect to the City and Borough of Juneau's request for amendment that deals with the section that is in the proposed committee substitute it would be very easy to add those words.

Jim Rolle, Alaska Municipal League, stated that the League has made this a project of theirs. He further stated that the Alaska Municipal League supported both the amendments by the City and Borough of Juneau and the proposed committee substitute, as Mr. Rose submitted.

Dave Gray, the Capital Site Planning Commission currently proposed legislation for a Capital Development Corporation. He asked if the Corporation could sell revenue bonds to the Municipal Bond Bank under this proposed amendment. Mr. Rose stated that it would be his opinion that it could not. The only bonds that the bond bank can buy would be from an organized municipality, in case of the capital, the bank may be able to buy the revenue bonds issued by the municipality at some later date to refund the debt of the capital development corporation. He stated that they could not buy any debt unless it was an established on-going real city, not some corporation.

Palmer McCarter, Department of Community and Regional Affairs, stated that the Department strongly supports the proposed committee substitute to Sb 430. He went on to say that with respect to the City and Borough of Juneau that their proposed amendment seemed like a very reasonable and legitimate suggestion as an additional amendment to the committee substitute and from his own divisional interest it would seem very appropriate; he could not, however, specifically support the amendment by the City and Borough without more authority from the Department.

Senator Ferguson stated that he appreciated C&RA coming out with their support and went on to say that the Department of Revenue was opposed to SB 430, and thought so without unjustifiable reasons. It was stated that the Department of Revenue had been notified of the hearing and had stated that they would like to have someone testify on their behalf but had a problem of a number of people being out of town.

After hearing all the testimony on SB 430, Acting Chairman Willis suggested that a committee substitute be drawn up along the lines that have been proposed with the Juneau amendment included and when Chairman Orsini is back again, he can re-schedule this bill for the committee's consideration at that time. He also suggested that the Department of Revenue be notified so that it could testify. Senator Ferguson asked unanimous consent for this action, there was no objection.

The committee then discussed with Mr. Lance Anderson his reconfirmation with the Alaska Municipal Bond Bank. Mr. Anderson outlined his background and went on to give his opinion of what it has been like to work with the Municipal Bond Bank and opinions on the Bond Bank itself. The committee members stated that they endorsed Mr. Anderson's re-appointment to the Alaska Municipal Bond Bank.

The meeting was adjourned at 4:15 p.m.

SENATE COMMUNITY AND REGIONAL AFFAIRS  
COMMITTEE MEETING

March 23, 1978

Present: Senators Orsini, Willis, Hackney and Sumner, Kenneth Kareen, Department of Administration; Sandra Withers, Department of Administration; Lee Sharp, City and Borough of Juneau; Doug Griffin, Department of Community and Regional Affairs; Dave Klemmer, Department of Revenue; Jim Rolle, Alaska Municipal League.

Absent: Senator Ferguson

SENATE BILL 430

The meeting was called to order by Chairman Orsini. The Committee had before it a proposed committee substitute based on the draft submitted by the Alaska Municipal Bond Bank Authority with one amendment recommended by the City and Borough of Juneau to clarify the legal obligations of municipalities.

Dave Klemmer, Department of Revenue, testified that Commissioner of Revenue Sterling Gallagher had recommended a \$75 million ceiling be placed on the sale of revenue bonds. He pointed out that the State of Alaska was initiating a new concept with the revenue bonds authority and that the \$75 million ceiling would provide a 1:3 ratio marketing ratio for the combined general obligation bonds (\$150 million) and revenue bonds (\$75 million).

Jim Rolle, Alaska Municipal League, opposed the placing of a ceiling on revenue bond sales since the needs of municipalities in this area could quickly exceed \$75 million.

Chairman Orsini asked Mr. Klemmer to put his Department's views in writing for the Committee.

SENATE BILL 373

Sandra Withers and Kenneth Kareen, Department of Administration, asked about the implementation of the bill. In particular, Ms. Withers asked what penalties were involved for failure to adhere to the bill provisions and Mr. Kareen questioned the inclusion of the Labor Relations Agency in adopting regulations under Sec. 14.20.565(c) since school teachers were not presently affected by the statutes. However, he stated that the Department of Administration supports the committee substitute for SB 373.

Chairman Orsini noted that the provision for issue progress reports, found in the original draft of the bill, had been deleted in the proposed committee substitute because earlier testimony had indicated that it was not likely to be productive. Senator Hackney asked that the comments of APEA and NEA-Alaska be obtained when this bill was brought up in committee again. Chairman Orsini announced that the C&RA committee meeting on March 30th would be a video-conference hearing on Senate Bills 501 and 373, held in the Governor's Conference Room. The meeting was adjourned at 3:55.

SENATE COMMUNITY AND REGIONAL  
AFFAIRS COMMITTEE MEETING

March 28, 1978

Present: Senators Orsini, Ferguson, Willis and Hackney. Lynn Wegener, Department of Community and Regional Affairs; Oren Pomeroy, Department of Community and Regional Affairs; Tom Hanna, Department of Environmental Conservation; Jerry Reinwand, Department of Environmental Conservation.

Absent: Senator Sumner

SENATE BILL 430

The proposed draft for SB 430 was discussed in last week's committee meeting. Chairman Orsini stated the only difference in the proposed draft is that it puts a \$150 million ceiling on the revenue bonds which is the same as the ceiling on the general obligation bonds. Chairman Orsini stated that the Committee was acting conservatively by putting a ceiling on revenue bonds. He explained that the reason was to see how the program works with respect to revenue bonds for which the state and municipalities had no prior experience. Senator Ferguson moved that the committee adopt the CS for SB 430. There was no objection. Senator Ferguson then moved that the committee move out SB 430 with a DO PASS recommendation. There was no objection.

SENATE BILL 426

Lynn Wegener, Administrative Director for the Department of Community and Regional Affairs, explained the necessity of the bill. He stated that the bill takes funds from the FY 78 senior citizens renters program and puts it to cover short-falls in the senior citizens property tax exemption program, the senior citizens special assessment program and the National Forest receipts. At that time, the committee questioned whether the action by the Department in seeking an appropriation adjustment was the proper procedure and asked instead if a Revised Program request would not have been more appropriate. Mr. Wegener replied that his department had been advised by the Office of Budget and Management to seek the transfer of funds to the senior citizens tax exemption program by means of an appropriation adjustment. It was also brought out in testimony that the transfer of \$25,000 to the agricultural land exemption account was no longer necessary and that Section 4 of the bill should therefore be deleted. This action would accordingly reduce the general fund figure in Section 7 from \$42,661,500 to \$42,636,500. Senator Ferguson moved that the committee pass the bill out with a NO RECOMMENDATION. Chairman Orsini suggested the committee send a letter to the Judiciary committee advising them of the facts brought out by the testimony and suggest the amendments to the language of the bill. There was no objection.

CS for HOUSE BILL 190

Chairman Orsini stated that the intent was to have a discussion on the

bill before the committee passed it out because of the confusing developments regarding this bill.

Jerry Reinwand, Deputy Commissioner of the Department of Environmental Conservation and Tom Hanna, also from the Department of Environmental Conservation, presented testimony. Mr. Reinwand commented on some potential problems that may be caused by the bill. He noted that the basic reason behind the bill was that Cook Inlet Air Resource Management District wanted to get rid of overlapping programs and duplication of authority. The CIARMD would like to have the authority to issue prevention of significant deterioration permits instead of the state issuing them. Mr. Reinwand stated that there probably would not be any problem authorizing the permit program to be transferred to them. He also stated that the reason it had not been done to date was because the Department had not received an application from the CIARMD requesting this. Mr. Reinwand stated that the Department did have some drawbacks about doing this. He stated that if the CIARMD was to issue a permit that would violate the state's regulations, EPA could impose sanctions taking away all planning money and cutting off program grant money. He explained that the state has an interest to make sure that in a situation such as this there should be some kind of state oversight responsibility. The Department had submitted some rough draft amendments for the bill to provide for state oversight.

Chairman Orsini asked if Mr. Reinwand would review the bill and get his comments back to the committee by Monday, April 3, 1978. Chairman Orsini suggested that the committee would have those comments incorporated into a draft bill before another committee hearing. He also said that a letter be sent to Cook Inlet Board explaining to them that under existing law they may be able to apply for the authority to issue permits and encouraging them to pursue this possibility.

The meeting was adjourned at 3:30 p.m.

Industrial Development Authority

Mr. Anderson, A. W. D.

⊗ Additional Authority.

/ smaller community /

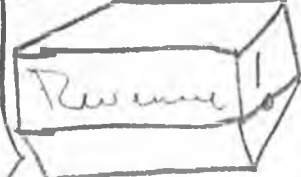
revenue

Doug Griffin

1.8 M Seward →

350 - 1 24 - Fire Station

{ Board of Directors }



Board -  
Double Bonded  
Revenue Bond

5.87 %

District - Risk greater!

Municipal Bonds -

Signature of Bonds -

N.S. Fournough

Only Default

to be paid



Not adequate

Maximum Pledge /  
Other Questions



Dave Gray

JIM Raley



Capital Develop Corp.

organized -

Pauline Messinger // // // // refund a dept.

— 430 —

2 Commissioners

✓ Joe  
F: SB 430

CHENOWETH COMMENTS RE SB 430 - 3-27-78

Chenoweth noted this morning that the prime interest of the Alaska Municipal Bond Bank Authority in having its authority extended to revenue bonds concerns its desire to become involved in a major way in the bonding of coastal development energy projects. Information to that effect is attached. He believes that both the CRA Department and Rose were prepared to discuss this topic but the question was never raised by the Committee.

Regarding the Department of Revenue's proposed ceiling of \$75 million on the revenue bond sales, Chenoweth remarked that in three years the AMBBA has sold about \$20 million of its \$150 million ceiling for general obligation bonds. However, discussions with CRA have led him to believe that, given the scope of the AMBBA's interest in coastal energy projects, a \$75 million revenue bond ceiling would be exhausted within several years. He also believes that CRA may have more precise data on this since their observer at the Committee hearings on 430 happened to be the Department's CEIP man.

Ben Harding

Mr. Anderson

Original C. O. Bonds - wanted good track record here first. Have experience, & expertise now.

wants CS.

b - Bond bank has authority to issue <sup>now</sup> only GO bond.  
Shouldn't subject city on revenue bonds

Lee Sharp - Bond <sup>BANK</sup> Rate or Amount - KALMARIDAS, decision  
Bank

- Juncos wants to use bond bank
- Juncos in Carter - old  
Jim Rolle - Municipal League

LANCE W. ANDERSON, C.P.A.  
1600 Oxford Drive  
Anchorage, Alaska 99501

Phone: (907) 274-9409

#### SUMMARY OF QUALIFICATIONS

Nature of  
Background:

Over 12 years of progressive assignments in private and public accounting sectors.

Capabilities:

Highlights of experience and qualifications:

...Budgets and forecasts...Accounting & Business Systems Development...Accounting Control...Management Reports & Advisory Services...Consolidations...Tax Preparation... Credit & Collection Management...Personnel Supervision... Data Processing Applications...Cost Accounting...Cash Flow Control...Financial Statements...Financial Planning... Commercial Real Estate Management and Development...

Personal  
Characteristics:

Ability to effectively plan and direct the work of support personnel, communicate effectively with management at all levels and establish well-structured financial and business controls to assure profit return.

Employment  
Experience:

Property Manager and Trust C.P.A. for Alaska Electrical Trust Funds 1977-1978. Presently employed with Alaska Electrical Trust Funds, the Taft Hartley multiemployer pension, health and welfare, legal aid and apprenticeship programs jointly sponsored and managed by IBEW Local 1547 and National Electrical Contractors Association.

Responsible for management of Real Estate ventures of Pension Trust including 40,000 square foot office building and proposed 125,000 square foot office building. Also responsible for supervision of accounting and financial activities.

Vice-President-Finance for NANA Corporation 1974-1977. Recently resigned as Vice-President, Finance of Corporation with over \$30,000,000 in assets and revenues of approximately \$30,000,000. Corporation was profitable during all three years of employment.

Responsible for total supervision of all accounting activities and procedures. During period of employment centralized all accounting functions and substantially converted them to a real-time computerized system. Company revenues during this period of time grew from approximately \$700,000 to the current

\$30,000,000 plus and accounting staff which grew from four to twenty-five.

Collateral activities included establishment of financial policies, determination of investment objectives, development of banking and auditing relationships and providing counseling to key executives regarding new commercial ventures.

Manager-Tax Department- Peat, Marwick, Mitchell & Co.  
1971-1974

Employed three years in the tax department of Peat, Marwick, Mitchell & Co. in Anchorage. Entered tax department under PMM accelerated tax training program. Responsibilities included account tax supervision for many accounts including:

- Alaska International Industries, Inc.
- Reeve Aleutian Airways, Inc.
- Alaska Mutual Savings Bank
- Yukon Office Supply, Inc.

Other activities included responsibility for Kodiak practice of PM&M, estate tax returns, and in-house tax training program.

Supervisor-Audit Department- Peat, Marwick, Mitchell & Co.  
1965-1971

Joined PM&M in August of 1965 and was promoted to supervisor in July, 1968. Responsibilities included management supervision of audit clients including direct responsibility for field work. Audit client responsibilities included the following clients:

- Alaska Mutual Savings Bank
- Alaska State Bank
- First National Bank of Fairbanks
- B&B Fisheries, Inc.
- Automotive Parts and Equipment, Inc.
- Alaska Federation of Natives

Also participated in management group activities including business development, staff evaluation and long-range planning.

Education:

Graduate of West Anchorage High School in 1962 and the University of Washington in 1965 with a major in accounting and a minor in finance. Attended numerous PM&M training courses as well as courses offered by the Alaska Society of CPA's several of which I also taught. Awarded a CPA certificate in 1967 and am a member of the Alaska Society of CPA's and the American Institute of CPA's.

Personal

Data:

Age: 34; Married, three children - ages 6, 10 and 13. Lifelong resident of Anchorage.



Official Business

# Alaska State Legislature

Senate

Committee on  
Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

January 31, 1978

Enclosed please find a copy of Senate Bill 430 which, if enacted, may have an effect on your municipality. Your comments or recommendations would be appreciated, as we intend to give this proposed legislation our consideration in the near future.

Please write to the Senate Community and Regional Affairs Committee, Pouch V, Juneau, Alaska 99811: or call 465-3712.

Sincerely,

A handwritten signature in cursive script that reads "Joe Orsini".

JOE ORSINI  
Chairman  
Community and Regional  
Affairs Committee

JO:gd

Enclosure: As stated

F: SB-430

CHAIRMAN:  
NORMAN J. LEVESQUE

BOARD MEMBERS:  
STERLING GALLAGHER  
LEE MCANERNEY  
LANCE ANDERSON  
JAMES R. EIDE



THE FINANCIAL PLAZA  
601 WEST FIFTH AVENUE  
SUITE 325  
ANCHORAGE, ALASKA 99501  
(907) 274-7366

EXECUTIVE DIRECTOR:  
DAVID A. ROSE

**ALASKA MUNICIPAL BOND BANK AUTHORITY**

February 6, 1978

Senator Joe Orsini  
Chairman, Community and Regional Affairs Committee  
Pouch V, State Capitol  
Juneau, Alaska 99811

Dear Joe:

Thank you for your recent letter requesting my comments on SB 430 which will be reviewed by your committee.

The Board of Directors, by resolution, fully supports the Bill provided a new Section is added as follows:

"\*Sec 2. AS 44.58.420 is amended to read:

Section 44.58.420. SHORT TITLE. This chapter may be cited as the Alaska Municipal Bond Bank Authority Act or the Alaska Municipal Bond Bank Act. The Alaska Municipal Bond Bank Authority created by this chapter may be referred to as the Alaska Municipal Bond Bank with the same legal effect as if the reference were to Alaska Municipal Bond Bank Authority;"

The above change will allow us to market bonds without the word "Authority" appearing in our name. We are advised that the word "Authority" infers that the bond is more of a revenue issue rather than general obligation. Also, some housing authorities and port authorities have recently fallen into market disfavor. If this amendment to title is passed, we plan to drop the word "Authority" on general obligation issues but would probably retain it for revenue issues. Dropping the word may provide market savings of as much as 20 basis points on G.O. issues.

Section 1 of SB 430 will enable us to meet the needs of smaller cities wishing to accomplish projects not properly classified as general obligation. These include utilities, docks, ports, etc. This change is extremely important if we are to be in a position to assist communities impacted by offshore energy exploration and development.

Hope you can schedule early action on the Bill. I'll be pleased to meet with the committee.

Sincerely,

David A. Rose, Executive Director



Official Business

# Alaska State Legislature

## Senate Committee on Community & Regional Affairs

Pouch V  
State Capitol  
Juneau, Alaska 99811

February 7, 1978

Sterling Gallagher  
Commissioner  
Department of Revenue  
Pouch S  
Juneau, Alaska 99811

Dear Commissioner Gallagher:

Senate Bill 375 ("An Act relating to the investment of permanent fund money in community capital facilities") and Senate Bill 430 ("An Act extending the authority of the Alaska Municipal Bond Bank") have been referred to the Senate Community and Regional Affairs Committee for review.

I would appreciate your comments and assessment of these proposed bills, particularly in regard to any impact SB 375 might have on your Department's planning for permanent fund monies. The Committee would also be interested in any effect which, in your view, the enactment of these measures could have on other areas of your Department's operations.

Sincerely,

A handwritten signature in cursive script that reads "Joe Orsini".

JOE ORSINI  
Chairman, Senate  
Community & Regional  
Affairs Committee

JO:gd

Enclosure(s): SB 375, SB 430

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

TREASURY DIVISION

February 24, 1978

JAY S. HAMMOND, GOVERNOR

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
POUCH SB  
JUNEAU, ALASKA 99811

The Honorable Joe Orsini  
Chairman, Senate Community & Regional  
Affairs Committee  
State Capitol  
Juneau, Alaska 99811

Dear Senator Orsini:

Re: Senate Bill 430 and Senate Bill 375

The Department of Revenue agrees in principal with both bills but disagrees in the existing procedure. The Department of Revenue is submitting amendments to the Alaska Municipal Bond Bank Authority statute concerning the Authority's ability to issue revenue bonds and placing certain limitations on the amount of revenue bonds which may be issued. These amendments, if adopted, represent the Department's concern.

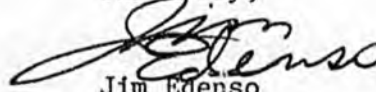
Attached is a copy of a draft bill that is currently in the Department of Law and will be introduced shortly. This draft amends the limitations as to the amounts of either general obligation or revenue bonds that may be outstanding at one time. It also proposes a short title which will allow for easier identification and ultimately better marketability of the Alaska Municipal Bond Bank bonds.

Senate Bill 375 amends the interim management statute (AS 37.10.065) for the investment of the Alaska Permanent Fund. AS 37.10.065 provides for a caretaker investment function, and it never was the legislative intent that this statute should become the definitive legislation for the permanent fund. The proposed investment activity to be included for the interim management statute would change the intent of the interim management statute which was to invest the Alaska Permanent Fund principal in low risk securities and not to invest the principal within Alaska. The Administration bill on the Alaska Permanent Fund, House Bill 298, provides for in-state investments of the kind described in Senate Bill 375.

The Department of Revenue does not wish to see the interim management statute turned into the permanent enabling legislation on the Alaska Permanent Fund. For these reasons the Department does not support either Senate Bill 430 or Senate Bill 375.

I will be very happy to discuss these bills with you at your convenience.

Sincerely,



Jim Edenso

Deputy Commissioner

JE:ge

Enclosure

# STATE OF ALASKA

F. 375 375  
353 710  
JAY S. HAMMOND, Governor

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B—JUNEAU 99801

March 3, 1978

The Honorable Joe Orsini  
Chairman, Senate Community  
& Regional Affairs Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Orsini:

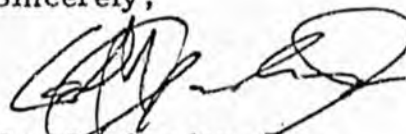
Thank you for your letter of February 7 regarding Senate Bill 375 and Senate Bill 430.

The Department is currently involved in analyzing the two aforementioned bills and as part of our normal legislative liaison with the Governor's Office will be forwarding our comments to Keith Specking.

The Department would very much like to be informed when you schedule a hearing on these bills. At that time a decision will be made as to whether our opinion is of sufficient importance and magnitude to warrant testimony before your committee.

Thanks again for the thoughtful notification in your February 7 letter.

Sincerely,



Carl M. Gonder, Jr.  
Deputy Commissioner

CMG: thw

**CHAIRMAN:**  
NORMAN J. LEVESQUE

**BOARD MEMBERS:**  
STERLING GALLAGHER  
LEE MCANERNEY  
LANCE ANDERSON  
JAMES R. EIDE



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F. 430  
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ANCHORAGE, ALASKA 99501  
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**EXECUTIVE DIRECTOR:**  
DAVID A. ROSE

## **ALASKA MUNICIPAL BOND BANK AUTHORITY**

March 10, 1978

Senator Joe Orsini, Chairman  
Community & Regional Affairs Committee  
Pouch V  
Juneau, AK 99811

Dear Senator Orsini:

Your scheduling of hearings concerning both confirmation of Mr. Lance Anderson as a board member re-appointee and Senate Bill 430 for Thursday, March 16, 1978 is sincerely appreciated.

Mr. Anderson has served as a director of the Bond Bank since its inception in 1975. During that period, his professional expertise in the areas of finance and accounting has been invaluable. His ability to demand factual presentation and his capacity to assimilate and analyze the information provided, has materially assisted other Board members in making correct decisions in both the loan making process and in marketing bonds. Mr. Anderson is a Certified Public Accountant formerly with NANA Regional Native Corporation and with the firm of Peat, Marwick, Mitchell & Company. He is currently serving as building manager for the Pension Trust of Local 1547 of the International Brotherhood of Electrical Workers. The other board members and I strongly recommend confirmation of his reappointment.

Senate Bill 430 as proposed by Senator Croft is excellent as proposed. We do, however, need two additional sections and hope these additions can be made in Committee. The revised bill is attached as an enclosure.

Section 2 expands the authority of the Bank so that it will be able to purchase municipal revenue bonds as well as general obligation bonds. Now that the bond bank is established in bond markets and is relatively widely understood in the financial arena, it can safely begin to introduce revenue debt. Revenue debt was not included in the original bill because without a "track record" to rely on, such marketing would not have had market acceptance. The broadening of the definition of municipal bonds will permit us to assist smaller cities in utility and port development and will enable us to utilize CEIP Federal money to leverage debt rather than State funds. Section 2 on the enclosure is identical to Section 1 of SB 430.

Section 3 will allow us to market general obligation debt without the stigma of the word "Authority" which frequently has the connotation of risk. Use of the short title could possibly have a positive effect worth 20 to 25 basis points.

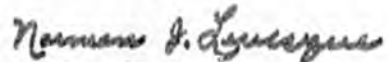
Section 1 retains the payover condition for general obligation bonds but removes it for revenue bonds. Since revenue bonds are more risk oriented than G.O., and garner higher interest rates, it is appropriate that payover not apply.

Section 4 calls for an immediate effective date so that we can assist cities during this construction season. Section 4 is identical to Section 2 of SB 430.

There is no State fiscal implication this year in these amendments. We expect that reserve funds for revenue debt will come primarily from the Federal CEIP rather than the State. Capital appropriations may be required in subsequent years dependent upon the level of demand and the State's ability to react to the demand.

We look forward to meeting with you and the Committee on March 16th.

Sincerely,



Norman J. Levesque  
Chairman of the Board

enclosure

NJL:pjd

STATE  
of ALASKA


## MEMORANDUM

TO:  Mr. Jerry Madden  
State-Federal Coordinator  
Division of Policy Development  
and Planning  
Office of the Governor

DATE: March 13, 1978

FILE NO.

TELEPHONE NO.

FROM: Ernst W. Mueller   
Commissioner  
Department of Environmental  
Conservation

SUBJECT: Application  
Alaska Municipal  
Bond Bank Authority  
State I.D. No. 78022801

In accordance with Circular A-95, the Department of Environmental Conservation has reviewed the above mentioned project. In this regard, we have no objections.

STATE  
of ALASKA

# MEMORANDUM

TO: [ The Honorable Ernst W. Mueller  
Commissioner  
Department of Environmental  
Conservation

DATE: March 10, 1978

FILE NO: 78022801

TELEPHONE NO:

FROM: Jerry Madden  
State-Federal Coordinator  
Policy Development and Planning  
Office of the Governor

SUBJECT: Alaska Municipal Bonds for  
Coastal Energy Impact Program

The subject project has been submitted to the State Clearinghouse for review. Your agency is invited to review and comment on the attached information concerning the project.

Pertinent comments might include how the project could effect your agency's present and future operations, and the project's potential impact on those concerns which fall within the responsibilities and expertise of your agency.

The Clearinghouse has assigned State I.D. No. 78022801 to the project. Please use this number in all future correspondence concerning this project.

To be considered, your comments should reach this office by April 1, 1978

JM/dkh

Attachments

RECEIVED  
MAR 13 1978

Department of  
Environmental Conservation

# FEDERAL ASSISTANCE

2. APPLICANT'S APPLICATION NUMBER

1. FUNDING NUMBER  
**AMBGA-1**

3. STATE APPLICATION IDENTIFICATION NUMBER

a. NUMBER  
**AMBGA-1**

1. TYPE OF ACTION  
(Mark appropriate box)

- PREAPPLICATION
- APPLICATION
- NOTIFICATION OF INTENT (OpI)
- REPORT OF FEDERAL ACTION

Leave Blank

b. DATE  
19 **78** Year month day  
**2 8**

b. DATE ASSIGNED  
19 **78** Year month day  
**2 3**

4. LEGAL APPLICANT/RECIPIENT

a. Applicant Name : **Alaska Municipal Bond Bank Authority**

b. Organization Unit :

c. Street/P.O. Box : **601 West Fifth Avenue, Suite 325**

d. City : **Anchorage** e. County :

f. State : **Alaska** g. ZIP Code: **99501**

h. Contact Person (Name & Telephone No.) : **David A. Rose (907) 274-7366**

5. FEDERAL EMPLOYER IDENTIFICATION NO.

6. PRO. GRAM (From Federal Catalog)

a. NUMBER

b. TITLE  
**Coastal Energy Impact Program**

7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT

**CEIP Credit Assistance Loan Funds are requested for loan to Alaska Municipal Bond Bank Authority to use as a funded reserve for marketing bonds of qualified applicants under terms of the CEIP and Alaska's Policy Guidelines.**

8. TYPE OF APPLICANT/RECIPIENT

- A-State
- B-Interstate
- C-Substate District
- D-County
- E-City
- F-School District
- G-Special Purpose District
- H-Community Action Agency
- I-Higher Educational Institution
- J-Indian Tribe
- K-Other (Specify):

Enter appropriate letter **A**

9. TYPE OF ASSISTANCE

- A-Basic Grant
- B-Supplemental Grant
- C-Loan
- D-Insurance
- E-Other

Enter appropriate letter(s) **C**

10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)

**State of Alaska**

12. TYPE OF APPLICATION

- A-New
- B-Renewal
- C-Revision
- D-Continuation
- E-Augmentation

Enter appropriate letter **A**

13. PROPOSED FUNDING

a. FEDERAL	\$ <b>50,000,000</b> .00
b. APPLICANT	.00
c. STATE	.00
d. LOCAL	.00
e. OTHER	.00
f. TOTAL	\$ <b>50,000,000</b> .00

14. CONGRESSIONAL DISTRICTS OF:

a. APPLICANT **Alaska**

b. PROJECT **Alaska**

16. PROJECT START DATE Year month day  
**1978 5 6**

17. PROJECT DURATION Months

18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY Year month day  
**1978 2 8**

15. TYPE OF CHANGE (For use of fee)

- A-Increase Dollars
- B-Decrease Dollars
- C-Increase Duration
- D-Decrease Duration
- E-Cancellation
- F-Other (Specify):

Enter appropriate letter(s) **[ ] [ ] [ ] [ ] [ ] [ ]**

19. EXISTING FEDERAL IDENTIFICATION NUMBER

20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code)  
**Dept. of Commerce, NOAA/OCZM, Washington, D. C. 20235**

21. REMARKS ADDED  
 Yes  No

22. THE APPLICANT CERTIFIES THAT:

a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved.

b. If required by OMB Circular A-95 this application was submitted, pursuant to its instructions therein, to appropriate clearinghouses and all responses are attached:

(1) **Alaska State Clearinghouse**

(2)

(3)

23. CERTIFYING REPRESENTATIVE  
**David A Rose, Exec. Director**

b. SIGNATURE  
*David A. Rose*

c. DATE SIGNED  
Year month day  
**19 78 2 24**

24. AGENCY NAME

25. APPLICATION RECEIVED  
Year month day  
**19**

26. ORGANIZATIONAL UNIT

27. ADMINISTRATIVE OFFICE

28. FEDERAL APPLICATION IDENTIFICATION

27. ADDRESS

29. FEDERAL GRANT IDENTIFICATION

31. ACTION TAKEN

<input type="checkbox"/> a. AWARDED
<input type="checkbox"/> b. REJECTED
<input type="checkbox"/> c. RETURNED FOR ASSIGNMENT
<input type="checkbox"/> d. DEFERRED
<input type="checkbox"/> e. WITHDRAWN

32. FUNDING

a. FEDERAL	\$	.00
b. APPLICANT		.00
c. STATE		.00
d. LOCAL		.00
e. OTHER		.00
f. TOTAL	\$	.00

33. ACTION DATE Year month day  
**19**

34. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)

30. STARTING DATE Year month day  
**19**

35. ENDING DATE Year month day  
**19**

37. REMARKS ADDED  
 Yes  No

36. FEDERAL AGENCY A-95 ACTION

a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part 1, OMB Circular A-95, it has been so being made.

b. FEDERAL AGENCY A-95 OFFICE (Name and telephone no.)

SECTION I - APPLICANT/RECIPIENT DATA

SECTION II - CERTIFICATION

SECTION III - FEDERAL AGENCY ACTION

A. Total Borrowing Capacity

(1) Total debt limit (describe law) AS 44.58.180(c)  
 \$ 150,000,000

(2) Outstanding debt (as of January 31 1978)  
 chargeable against debt limit ..... \$ 16,880,000

(3) Unused borrowing capacity (as of January 31 1978)  
 (subtract sub-item (2) from sub-item (1)) ..... \$ 133,120,000

B. Tax Data (Fiscal Year begins the 1 day of the month of July)

	Fiscal Years		
	Current beginning 19 <u>    </u>	Previous Year 19 <u>    </u>	Two years previous 19 <u>    </u>
(1) Total assessed valuation ..... \$	<u>N/A</u>	\$	\$
(2) Ratio of assessed to actual valuation .....	%	%	%
(3) Legal limit for sub-item B(2) .....	%	%	%
(4) Tax rate per \$100 of assessed valuation \$	\$	\$	\$
(5) Legal limit for sub-item B(1) .....	\$	\$	\$
(6) Tax collection ratio as percent of billings .....	%	%	%

C. General Tax Increases. If there is need for additional tax funds to service the proposed loan, what is the maximum feasible amount, in terms of electorate approval, of the increase in the tax rate and/or the ratio of assessed to actual property valuation? Answer the following:

(1) The tax rate per each \$100 of assessed valuation could be increased from \$ N/A (present) to not more than \$ \_\_\_\_\_

(2) The valuation of assessed property value to actual value could be increased from N/A % (present) to not more than \_\_\_\_\_ %

D. Special Assessments. Are special assessments against certain property holders made?  Yes  No  
 If yes, state the expected additional tax revenue and explain how this revenue is calculated.

N/A

Will this special assessment tax be supported with a general tax plan?  Yes  No

See Audit Attached

Fiscal Year Beginning

19\_\_ 19\_\_ 19\_\_

(1) Cash balance (or deficit) from previous year	\$ _____	\$ _____	\$ _____
(2) Cash balance (or deficit) at end of year	\$ _____	\$ _____	\$ _____
(3) Unpaid bills at end of year	\$ _____	\$ _____	\$ _____

(4) Attach financial statements or audit for the past five fiscal years and mark Exhibit 2E(1).

3. Municipal Revenue Bond/Note Data.

A. Outstanding Revenue Supported Debt. If any of the proposed revenue bonds/notes will be payable from the same revenues as those currently pledged to any presently outstanding revenue bonds/notes, attach a copy of a resolution, ordinance or indenture authorizing the issuance of such obligations, together with a schedule of interest rates paid thereon.

N/A

B. Status of any Reserve and/or Sinking Funds. Identify below any reserve and/or sinking funds established by outstanding bond/note covenants, the required amount, and the present amounts in each such fund.

Name/Year of Issue/Debt	Name of Fund	As of <u>October 31</u> 19 <u>77</u>	
		Required Amount	Present Amount
All issues in Trust	Special Account	\$ 1,607,191	\$ 1,691,410
At Rainier National Bank, Seattle, Washington	Ordinary Reserve	\$ 803,595	\$ 834,955
		\$	\$
		\$	\$
		\$	\$

(1) Are revenues disposed of in the order required (flow of funds) by outstanding bond/note covenants?  Yes  No  
If no, state the order of disposition and explain why this differs from the required order.

(2) Name and Address (include Zip Code) of corporate trustee, if any

Area Code/Telephone

Rainier National Bank  
Seattle, Washington ATTN: Mr. D. C. Wilson

**PART VII**  
(Complete for Loan Guarantee Applications only.)

**LEGAL DATA**  
(This section is to be completed by an attorney at-law.)

**LEGAL AUTHORITIES**

Does a State agency have to clear or approve the proposed debt? (If yes, identify the agency and briefly explain its authority.)

YES	NO
	X

Applicant is a State agency

Give specific chapter and section citations to Constitutional, statutory and charter authorities or court decisions empowering the Applicant to construct, finance, maintain, and operate the proposed project in the manner contemplated in the Application.

Alaska Municipal Bond Bank Authority Act. AS 44.58

Is an election required to authorize and finance construction of the project, or does the right of referendum exist, with specific statutory citations therefor? (If yes, advise on the following.)

YES	NO
X	

(1) The plurality required for passage.

Majority of those voting

Alaska Constitution Art. IX Sec. 9  
AS 44.58.410(3)

(2) When may such an election be held?

Will there be regulation by any public authority as to the proposed user charges? (If yes, state by whom and cite specific Constitutional, statutory, or charter authority.)

YES	NO
	X

Give specific statutory citations by chapter and section in answering the following.

(1) What are the remedies of holder of proposed debt obligations in the event of default?

Will depend on proposed Tripartate Agreement. Could be forced levys collection of real property taxes or foreclosure under Indenture

(2) How may such remedies be enforced?

Depends on Tripartate Agreement and Indenture

If applicant plans to finance any portion of this project through the issuance of bonds or other instruments of indebtedness, provide information on the following:

(1) A definition of the security to be provided for proposed debt.

Depends on Project and Tripartate Agreement.  
Applicant must now take General Obligation Bonds from Municipalities

(2) Statutory authority for the issuance of said bonds or instruments of indebtedness.

AS 44.58

(3) Statutory limitations on the proposed bonds or instruments of indebtedness with respect to the following areas:

(a) Maximum term: \_\_\_\_\_ years

(b) Maximum interest rate: \_\_\_\_\_ % or ( ) No limitations

(c) Maximum principal maturity requirements: \_\_\_\_\_

(d) Other pertinent limitations:

CHAIRMAN  
NORMAN J. LEVESQUE

BOARD MEMBERS:  
STERLING GALLAGHER  
LEE McANERNEY  
LANCE ANDERSON  
JAMES R. EIDE



THE FINANCIAL PLAZA  
601 WEST FIFTH AVENUE  
SUITE 325  
ANCHORAGE, ALASKA 99501  
(907) 274-7366

EXECUTIVE DIRECTOR:  
DAVID A. ROSE

## ALASKA MUNICIPAL BOND BANK AUTHORITY

February 3, 1978

Mr. James Robey  
Coastal Energy Impact Program  
3300 Whitehaven Street  
Washington, D.C. 20035

Dear Mr. Robey:

The purpose of this letter is to support an application by the State of Alaska for Coastal Energy Impact Program loan funds. Additionally, it outlines concepts and procedures currently being considered which will establish mechanisms for the implementation of the program in Alaska.

Upon approval of the State application, it is contemplated that your organization will enter into a loan agreement with the Alaska Municipal Bond Bank Authority. Under the terms of this agreement, the Bond Bank will borrow funds from you and utilize them as a funded reserve, at the 100% level, to support the issuance of Bond Bank bonds. Upon the sale of Bond Bank bonds, proceeds will be used to purchase the bonds issued by coastal impact communities. In this manner, your loan to the Bond Bank will directly assist these communities. This approach and the loan agreement is designed to accomplish the following:

- 1.) Assist coastal cities by purchasing debt so that they may proceed with needed energy impact capital improvements;
- 2.) provide for the issuance of coastal cities debt at low interest rates (the funded reserve will permit the Bank to receive an extremely beneficial rate which will be passed through to the coastal cities);
- 3.) establish the reserve in such a manner as to make available for conversion to grant in the event a city project should fail and default occur or threaten;
- 4.) provide for investment of funds borrowed by the Bond Bank in such a manner that they earn the current Federal rate;
- 5.) safeguard said funds through proper placement with a trustee designated by the Bond Bank and acceptable to you;
- 6.) provide for periodic payment of interest due you from the proceeds of invested funds in accordance with instructions issued to the trustee;
- 7.) provide that before funds are committed for the purpose of funding a reserve, a tri-party agreement is executed between you, the Bank and the city involved which sets forth the terms and conditions under which the reserve is provided, the impact assumptions which are expected to obtain, and specific language which indicates the circumstances which must occur if the loan is to be converted to a grant.

Mr. James Robey

February 3, 1978

Page 2

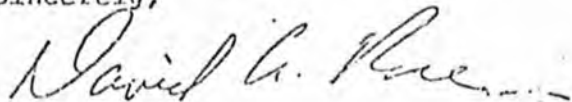
Other technical procedures and mechanisms will also be contained in the loan agreement between you and the Bond Bank.

It is anticipated that a draft loan agreement will be available for your review in Washington D.C. prior to February 23rd and 24th. On those dates the undersigned, the Bank bond counsel, and State lead agency representatives, will meet with you in Washington D.C. to discuss the proposed loan agreement and refine language in a manner which is mutually acceptable. Following agreement on language, the loan agreement will be presented to the Board of Directors of the Bond Bank for its approval by resolution.

In addition to discussion of the draft loan agreement, we will also provide a draft contract which the Bond Bank will enter into with a fund custodian-trustee. Since this contract will specify the manner in which funds borrowed from you will be invested and how interest due you will be paid, it is essential that there be mutual concurrence in this document as well.

If we can be of further assistance to you prior to our meeting on the 23rd and 24th of February, please do not hesitate to contact me or Mr. Wohlforth.

Sincerely,



David A. Rose  
Executive Director

**PART VI - FINANCIAL INFORMATION**  
**(COMPLETE FOR LOAN/GUARANTEE APPLICATIONS ONLY)**

**NOTE:** When all or part of the loan will be secured with general obligation bonds, special assessments and/or other tax supported obligations, complete Item No. 2, also complete this item when any revenue supported obligations will be additionally secured with full faith, credit and taxing power of the applicant.

When all or part of the loan will be secured with the revenues of a State or local municipal facility and revenue bonds, notes will be issued, complete Item No. 3, if such obligations will be additionally secured with the full faith, credit and taxing power of the applicant, also complete Item No. 2.

When the issuer is not a State, County Municipality or its agency, and is an organization such as a non-profit corporation or an Indian Tribe, complete Item No. 4 (Omit Items 2 and 3).

**I. Debt History**

**A. Postponements and Defaults.** Have there been any postponements or defaults in any payments of principal or interest past or current indebtedness by the Applicant?  Yes  No  
If yes, explain the circumstances, corrective action taken, and pertinent dates. Attach explanation as Exhibit 1A.

**B. Outstanding Bonded Indebtedness.** List below each medium and long-term indebtedness currently outstanding; and such short-term indebtedness as may have a bearing on the loan requested. If for outstanding indebtedness of a particular series, there are two or more interest rates, show the average interest rate on obligations still outstanding.

Name of Outstanding Indebtedness	Amount Outstanding as of January 31 19 78	Date of Issue	Average Interest Rate	Total Term of Issue
AMBBA Bonds Series 1976-B	\$ 7,145,000	19 76	6.68 %	20 yrs
" " Series 1976-C	\$ 400,000	19 76	5.70 %	10 yrs
" " Series 1977-A	\$ 680,000	19 77	5.48 %	10 yrs
" " Series 1977-B	\$ 4,920,000	19 77	5.98 %	20 yrs
" " Series 1977-C	\$ 3,735,000	19 77	5.99 %	20 yrs
	\$	19	%	yrs
	\$	19	%	yrs
	\$	19	%	yrs
	\$	19	%	yrs
	\$	19	%	yrs

**C. Federal Loans.** If any bonds or other instruments of indebtedness are presently held by the U. S. Government, specify the Agency and the instruments of indebtedness:

None

**Municipality  
of  
Anchorage**



POUCH 6-650  
ANCHORAGE, ALASKA 99502  
(907) 274-2525

GEORGE M. SULLIVAN,  
MAYOR

OFFICE OF THE MAYOR

March 16, 1978

The Honorable Joe Orsini, Chairman  
Community and Regional Affairs Committee  
Pouch "V"  
Juneau, Alaska 99811

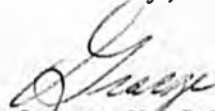
Dear Joe:

I want to thank you for the legislation that you have sent to me for review. It has been a great help to me, and a good deal of it I have forwarded to my various department heads to look over and comment. I've been out of the state for approximately the last three weeks and find my desk piled too high to see over; but I did want you to know that I appreciate the bills you are sending for me to look at, and also to tell you that I may be getting down there in the next week or two. I hope that while I'm there we can get together to discuss some of the proposed legislation that affects Anchorage.

With specific reference to a Bill you recently sent me, SB 430, an Act extending the authority of the Alaska Municipal Bond Bank; I can easily support this bill, although it will have little or no effect on Bond Funding for our own utilities.

I look forward to seeing you real soon in Juneau.

Sincerely,

  
George M. Sullivan  
Mayor

/gm



# THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

DATE: March 16, 1978

FILE NO. Legislature - 1978 Session

SUBJECT: SB 430, AMBBA Authority

Honorable Joe Orsini, Chairman  
Senate Community and Affairs Committee  
Pouch "V"  
Juneau, Alaska 99811

Dear Senator Orsini,

As you and the committee are no doubt aware, litigation involving the oil companies and the North Slope Borough have cast doubts on the meaning of sections of Title 29 which relate to the extent of the authority of municipalities to pledge taxes to secure debt. The decision in the Superior Court placed certain limitations on the language which municipalities and bond counsel had not previously believed existed. The definition of "municipal bond" as it appears in the Alaska Municipal Bond Bank Act reflects the commonly held view that there was no limitation on the authority of the municipality to levy taxes for the purposes of securing and paying debt and interest. The bond bank is authorized by the Act to buy only municipal bonds which are defined as bonds which have an unlimited tax pledge. Unfortunately, the decision in the North Slope case prohibits the municipality from making an unlimited pledge of taxes. Therein lies the problem. The AMBBA is authorized by law to buy bonds which boroughs, first class and home rule municipalities are unable to issue under the North Slope decision. To overcome this dilemma, we suggest that the following amendment be made to Senate Bill 430:

In line 16, after the word "generally" add the phrase "to the extent permitted by law".

This amendment would authorize the AMBBA to purchase municipal bonds where the municipality had made a pledge of its taxes to the extent authorized by law. The law being what the court says it is (until the legislature changes it), this amendment would authorize the purchase by the AMBBA of municipal bonds which it cannot now purchase under the North Slope ruling.

I believe that the proposed amendment is in keeping with the original purpose of defining a municipal bond in the

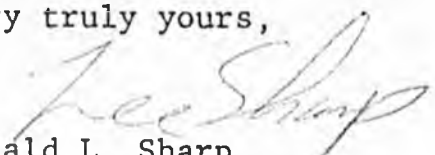
Joe Orsini  
March 16, 1978  
Page Two

manner it presently appears; that is, that the bond be backed by the maximum full faith and credit pledge which the municipality could lawfully make.

Today, I discussed this proposed amendment with Eric Wolforth, who is bond counsel for the AMBBA. He concurred that the proposed amendment would alleviate the problem created by the North Slope decision as it relates to the authority of the bond bank to purchase bonds.

We urge the committee to include the proposed language in a committee substitute for Senate Bill 430.

Very truly yours,



Gerald L. Sharp  
City/Borough Attorney

GLS/sm

cc: Senators Willis, Ferguson, Hackney and Sumner


STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

7-393  
POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

MEMORANDUM

March 17, 1978

SUBJECT: SB 373; collective bargaining  
TO: Senator Joseph L. Orsini  
FROM: Richard A. Bradley, Legislative Counsel 

After the hearing on SB 373 recently, you asked me to comment on one question.

The testimony offered on SB 373 suggested that some municipalities and school districts had provisions in their collective bargaining agreements stipulating that negotiations under the agreement would be undertaken in private.

Your question to me was whether in the context of such a provision, the municipality or school district retained the authority to adopt an ordinance which would mandate collective bargaining in the public's view.

In my opinion, a municipality or school district retains the right to determine the public policy of the community it speaks for. Therefore, a municipality or a school district may adopt an ordinance or resolution articulating such a policy.

In areas such as the protection of civil rights, restraints inconsistent with that goal may be expected to yield and the fact that the restraints are located in contracts has not been found significant. Southern Illinois Builders Assn. v. Ogilvie, 327 F. Supp. 1154 (S.D. Ill. 1971) and Contractors Assn. of Eastern Pa. v. Sec. of Labor, 442 F. 2d 159 (3rd Cir.) cert. den., 404 U.S. 854 (1971), aff'g. 311 F. Supp. 1002 (E.D. Pa. 1970). See also Federal Housing Authority v. Darlington 358 U.S. 84, 91 (1958); Fleming v. Rhodes, 331 U.S. 100, 107 (1947).

Senator Joseph L. Orsini  
March 17, 1978  
Page 2

In my opinion, the strong public policy in favor of the public's right to know what government is doing militates toward a similar conclusion. In any consideration of such a move, a municipality or school district presently operating under such a contractual provision could move to an open policy in stages by either declining to negotiate such a provision in renewals of agreements or providing by ordinance for open negotiations in all future agreements.

RAB:hjd

SB-373

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU ALASKA 99811  
907 455 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 17, 1978

SUBJECT: SB 373; collective bargaining

TO: Senator Joseph L. Orsini

FROM: Richard A. Bradley, Legislative Counsel

B

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Senator Joseph L. Orsini  
March 17, 1978  
Page 2

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RAB:hjd

LANCE W. ANDERSON, C.P.A.  
1600 Oxford Drive  
Anchorage, Alaska 99501

Phone: (907) 274-9409

#### SUMMARY OF QUALIFICATIONS

Nature of  
Background: Over 12 years of progressive assignments in private and public accounting sectors.

Capabilities: Highlights of experience and qualifications:  
...Budgets and forecasts...Accounting & Business Systems Development...Accounting Control...Management Reports & Advisory Services...Consolidations...Tax Preparation... Credit & Collection Management...Personnel Supervision... Data Processing Applications...Cost Accounting...Cash Flow Control...Financial Statements...Financial Planning... Commercial Real Estate Management and Development...

Personal  
Characteristics: Ability to effectively plan and direct the work of support personnel, communicate effectively with management at all levels and establish well-structured financial and business controls to assure profit return.

Employment  
Experience: Property Manager and Trust C.P.A. for Alaska Electrical Trust Funds 1977-1978. Presently employed with Alaska Electrical Trust Funds, the Taft Hartley multiemployer pension, health and welfare, legal aid and apprenticeship programs jointly sponsored and managed by IBEW Local 1547 and National Electrical Contractors Association.  
Responsible for management of Real Estate ventures of Pension Trust including 40,000 square foot office building and proposed 125,000 square foot office building. Also responsible for supervision of accounting and financial activities.  
  
Vice-President-Finance for NANA Corporation 1974-1977.  
Recently resigned as Vice-President, Finance of Corporation with over \$30,000,000 in assets and revenues of approximately \$30,000,000. Corporation was profitable during all three years of employment.  
  
Responsible for total supervision of all accounting activities and procedures. During period of employment centralized all accounting functions and substantially converted them to a real-time computerized system. Company revenues during this period of time grew from approximately \$700,000 to the current

\$30,000,000 plus and accounting staff which grew from four to twenty-five.

Collateral activities included establishment of financial policies, determination of investment objectives, development of banking and auditing relationships and providing counseling to key executives regarding new commercial ventures.

Manager-Tax Department- Peat, Marwick, Mitchell & Co.  
1971-1974

Employed three years in the tax department of Peat, Marwick, Mitchell & Co. in Anchorage. Entered tax department under PMM accelerated tax training program. Responsibilities included account tax supervision for many accounts including:

- Alaska International Industries, Inc.
- Reeve Aleutian Airways, Inc.
- Alaska Mutual Savings Bank
- Yukon Office Supply, Inc.

Other activities included responsibility for Kodiak practice of PM&M, estate tax returns, and in-house tax training program.

Supervisor-Audit Department- Peat, Marwick, Mitchell & Co.  
1965-1971

Joined PM&M in August of 1965 and was promoted to supervisor in July, 1968. Responsibilities included management supervision of audit clients including direct responsibility for field work. Audit client responsibilities included the following clients:

- Alaska Mutual Savings Bank
- Alaska State Bank
- First National Bank of Fairbanks
- B&B Fisheries, Inc.
- Automotive Parts and Equipment, Inc.
- Alaska Federation of Natives

Also participated in management group activities including business development, staff evaluation and long-range planning.

**Education:**

Graduate of West Anchorage High School in 1962 and the University of Washington in 1965 with a major in accounting and a minor in finance. Attended numerous PM&M training courses as well as courses offered by the Alaska Society of CPA's several of which I also taught. Awarded a CPA certificate in 1967 and am a member of the Alaska Society of CPA's and the American Institute of CPA's.

**Personal  
Data:**

Age: 34; Married, three children - ages 6, 10 and 13. Lifelong resident of Anchorage.