

COMMITTEE REPORT
SENATE

FURTHER:

5/3/84

Date 5/26/84

Mr. President

The Committee on FINANCE considered CSHB 685(Loans)

Alaska Resources Corporation and repealing the Alaska renewable resources development fund and the Alaska renewable resources investment fund; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

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MEMBERS HAVING
OTHER RECOMMENDATIONS

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Chairman

Chairman recommendation

Introduced: 2/13/84
Referred: Resources, House Special
Committee on State Loans and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 685

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Resources Corporation
7 and repealing the Alaska renewable resources develop-
8 ment fund and the Alaska renewable resources invest-
9 ment fund; and providing for an effective date."

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

11 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

12 (1) it is in the best interests of the state to terminate the
13 operations of the Alaska Resources Corporation; and

14 (2) the Alaska Resources Corporation has made substantial loans
15 and equity investments in certain businesses as part of the performance of
16 its duties.

17 (b) It is the purpose of this Act to effect an orderly wind-up of
18 the affairs of the Alaska Resources Corporation.

19 * Sec. 2. AS 37.12.010 is amended to read:

20 Sec. 37.12.010. ALASKA RESOURCES CORPORATION CREATED. There is
21 created the Alaska Resources Corporation to carry out the purposes of
22 this chapter. The corporation is a public corporation of the state
23 and an instrumentality of the state within the Department of Revenue
24 [COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence in-
25 dependent of and separate from the state. The exercise by the corpo-
26 ration of the powers conferred by this chapter is considered an essen-
27 tial function of the state.

28 * Sec. 3. AS 37.12.015 is repealed and reenacted to read:

29 Sec. 37.12.015. PURPOSE. The purpose of the corporation is to

1 effect an orderly wind-up of its affairs.

2 * Sec. 4. AS 37.12.022 is amended to read:

3 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development
4 capital fund is established in the corporation, consisting of money
5 [OR ASSETS] appropriated [OR TRANSFERRED] to the corporation [AND
6 PAYMENTS OF PRINCIPAL AND INTEREST ON LOANS AND EQUITY INVESTMENTS
7 MADE BY THE CORPORATION]. The development capital fund shall be used
8 to pay for liabilities of the corporation that might arise during the
9 wind-up of its affairs [FINANCE PROJECTS THAT QUALIFY FOR ASSISTANCE
10 UNDER THIS CHAPTER, AND TO PAY THE OPERATING EXPENSES OF THE CORPO-
11 RATION. IF MONEY REMAINS IN THE DEVELOPMENT CAPITAL FUND AFTER FI-
12 NANCING PROJECTS THAT QUALIFY FOR ASSISTANCE UNDER THIS CHAPTER AND
13 AFTER PAYING THE OPERATING EXPENSES OF THE CORPORATION, THE MONEY
14 SHALL BE INVESTED BY THE CORPORATION UNDER AS 37.10.070(a)].

15 * Sec. 5. AS 37.12 is amended by adding a new section to read:

16 Sec. 37.12.023. DEPOSIT OF MONEY. Repayments of principal and
17 payments of interest and other income from loans of the corporation,
18 dividends received from capital stock investments, and money received
19 from the sale of equity investments or other assets of the corporation
20 must be deposited in the general fund.

21 * Sec. 6. AS 37.12.030 is repealed and reenacted to read:

22 Sec. 37.12.030. COMPOSITION AND TERM OF BOARD OF DIRECTORS. The
23 board consists of the commissioner of revenue, who shall serve as
24 chairman, and the commissioners of two other principal executive de-
25 partments designated by the governor. The term of office of these
26 board members continues until the corporation is dissolved.

27 * Sec. 7. AS 37.12.050(a) is amended to read:

28 (a) Two [THREE] members of the board constitute a quorum for the
29 transaction of business and the exercise of the powers and duties of

1 the board.

2 * Sec. 8. AS 37.12.055 is amended to read:

3 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the
4 board [RECEIVE \$200 FOR EACH DAY SPENT ON OFFICIAL BUSINESS OF THE
5 CORPORATION, AND] are entitled to per diem and travel expenses au-
6 thorized by law for state boards and commissions under AS 39.20.180.

7 * Sec. 9. AS 37.12 is amended by adding a new section to read:

8 Sec. 37.12.071. ADDITIONAL POWERS. Notwithstanding other pro-
9 visions of law governing disposal of state property, the board may, at
10 either public or private sale, dispose of the assets of the corpo-
11 ration as required in AS 37.12.075. In addition, the corporation may
12 spend money to protect the assets of the corporation.

13 * Sec. 10. AS 37.12.075 is repealed and reenacted to read:

14 Sec. 37.12.075. DUTIES. In carrying out the purposes of this
15 chapter the board shall

16 (1) contract with the Department of Revenue to manage the
17 assets of the corporation;

18 (2) divest the corporation of all equity investments by
19 July 1, 1989; and

20 (3) divest the corporation of all other remaining assets,
21 with the exception of the outstanding loan portfolio, by July 1, 1989.

22 * Sec. 11. AS 43.05.010 is amended by adding a new paragraph to read:

23 (17) contract to manage the assets of the Alaska Resources
24 Corporation as provided in AS 37.12.075, and administer the outstand-
25 ing loan portfolio upon dissolution of the corporation.

26 * Sec. 12. All but \$500,000 of the unexpended and unobligated money in
27 the development capital fund is transferred to the general fund.

28 * Sec. 13. AS 37.11.010 -- 37.11.090, AS 37.12.035, 37.12.045, 37.12.-
29 060, 37.12.070(5), 37.12.070(6), 37.12.070(11), 37.12.080, 37.12.085,

1 37.12.125(1), 37.12.125(4), 37.12.125(5), 37.12.125(6), 37.12.125(7), and
2 AS 44.66.010(7) are repealed.

3 * Sec. 14. The Alaska Resources Corporation is dissolved. As of the
4 date of dissolution, administration of the outstanding loan portfolio along
5 with all attendant rights and obligations of the corporation is transferred
6 to the Department of Revenue.

7 * Sec. 15. AS 37.12.010 -- 37.12.125 are repealed.

8 * Sec. 16. Sections 1 -- 13 of this Act take effect immediately in
9 accordance with AS 01.10.070(c).

10 * Sec. 17. Sections 14 and 15 of this Act take effect July 1, 1989.

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From The
**SENATE
FINANCE COMMITTEE**

This note went with the fiscal notes:

Both of these fiscal notes need to move together. The total figure is 444.59 but as a technicality, both notes are needed.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: CS HB 685 (Loans)
 Title: An act relating to the Alaska Resources Corporation.
 Sponsor: Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|------------------------|-------|--------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | - | 98.70 | - | - | - | - |
| 200 TRAVEL | - | 25.00 | - | - | - | - |
| 300 CONTRACTUAL | - | 310.89 | - | - | - | - |
| 400 SUPPLIES | - | 10.00 | - | - | - | - |
| 500 EQUIPMENT | - | - | - | - | - | - |
| 600 LANDS & STRUCTURES | - | - | - | - | - | - |
| 700 GRANTS, CLAIMS | - | - | - | - | - | - |
| 800 MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 444.59 | - | - | - | - |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|--------|---|---|---|---|
| GENERAL FUND | - | - | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | 444.59 | - | - | - | - |
| TOTAL | - | 444.59 | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | 2 | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attached page for analysis.

Prepared By: Milt Barker
 Division: Treasury Division

Phone: 465-2350
 Date: May 25, 1984

Approved by Commissioner: _____
 Agency: Revenue

Date: May 25, 1984

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

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 Title: An act relating to the Alaska Resources Corporation.
 Sponsor: Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: Alaska Resources Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|------------------------|-------|--------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | - | 98.70 | - | - | - | - |
| 200 TRAVEL | - | 25.00 | - | - | - | - |
| 300 CONTRACTUAL | - | 310.89 | - | - | - | - |
| 400 SUPPLIES | - | 10.00 | - | - | - | - |
| 500 EQUIPMENT | - | - | - | - | - | - |
| 600 LANDS & STRUCTURES | - | - | - | - | - | - |
| 700 GRANTS, CLAIMS | - | - | - | - | - | - |
| 800 MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 444.59 | - | - | - | - |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|--------|---|---|---|---|
| GENERAL FUND | - | 444.59 | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | 444.59 | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | 2 | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attached page for analysis.

Prepared By: Milt Barker
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Phone: 465-2350
 Date: May 25, 1984

Approved by Commissioner: _____
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Date: May 25, 1984

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- Impacted Agency(ies)

Analysis for Alaska Resources Corporation

Personal Services

| | |
|---------------------------------|-----------------|
| 1 Investment Officer - Range 23 | \$62,550 |
| 1 Secretary - Range 14 C | 36,150 |
| Total | <u>\$98,700</u> |

Salaries and benefits for two full-time positions. This is a reduction of 7 positions in the FY 84 operating budget.

People will monitor and wind down ARC's current investments.

| | |
|---------------|----------|
| <u>Travel</u> | \$25,000 |
|---------------|----------|

Travel is for investment site inspection and Board meetings of companies where ARC holds equity interest.

Contractual

| | |
|---------------------------------------|------------------|
| Rent (lease attempting to get out of) | \$67,891 |
| Telephone | 10,000 |
| Audit and Accounting Reports | 13,000 |
| Legal Fees | 100,000 |
| Consultant Fees & Expenses | 120,000 |
| Total | <u>\$310,891</u> |

Supplies

| | |
|-----------------------------------------------------------|----------|
| Rental of office machines and purchase of office supplies | \$10,000 |
|-----------------------------------------------------------|----------|

CS HB 685 (LOANS)

Sectional Analysis

- Sec. 1 Findings and Purpose - Legislature finds it is in the best interests of the State to terminate the Alaska Resource Corporation (ARC) and therefore, provides for orderly wind-up of affairs.
- Sec. 2 Amends AS 37.12.010 by removing ARC from within Commerce and Economic Development and places it within Revenue.
- Sec. 3 Repeals and reenacts AS 37.12.015 to provide for the orderly wind-up of ARC's affairs.
- Sec. 4 Amends AS 37.12.022 by limiting the Development Capital Fund to money appropriated to ARC for operating expenses. Repeals authority to finance projects and invest money. In addition, the fund retains \$500,000 to pay for liabilities arising from the wind-up (see Sec. 15).
- Sec. 5 Amends AS 37.12.023 to require all incoming ARC loans, investments, sale of equity investments or other assets to be deposited into the general fund.
- Sec. 6 Repeals and reenacts AS 37.12.030 making the composition of the board of directors three commissioners as designated by the Governor with the Commissioner of Revenue as chairman.
- Sec. 7 Amends AS 37.12.050(a) by establishing that two members of the board constitute a quorum.
- Sec. 8 Amends AS 37.12.055 by limiting the board members compensation to per diem and travel expenses under AS 39.20.180.
- Sec. 9 Amends AS 37.12.071 to authorize the board to dispose of the assets of the corporation to achieve the wind-up and expend money to protect the assets of the corporation.
- Sec. 10 Repeals and reenacts AS 37.12.075 by outlining the duties of the board to:
- (1) have Revenue manage assets;
 - (2) divest all equity investments and other remaining assets by July 1, 1989.

- Sec. 11. Amends AS 38.05.180(g) by removing reference to the Alaska Renewable Resource Development Fund. This is purely a clean-up technical amendment suggested by legislative counsel and concurred in by the Attorney General's Office.
- Sec. 12. Amends AS 38.05.180(1) same as Sec. 11.
- Sec. 13. Amends AS 43.05.010 to provide the Department of Revenue with the authority to contract to manage the assets of ARC and administer the outstanding loan portfolio.
- Sec. 14. Amends AS 44.83.181(c) same as Sec. 11.
- Sec. 15. Provides for all unexpended and unobligated money in the development capital fund to be transferred to the general fund except for \$500,000 to be used as outlined in Sec. 4.
- Sec. 16. Repeals:
- (1) AS 37.11 Alaska Renewable Investment Fund;
 - (2) AS 37.12.035 Term of office for board members;
 - (3) AS 37.12.060 Executive Director;
 - (4) AS 37.12.070(5) ARC's authority to accept grants from government entities;
 - (5) AS 37.12.070(6) ARC's authority to accept grants from other than AS 37.12.070(5);
 - (6) AS 37.12.070(11) ARC's authority to invest in projects and purchasing any debt;
 - (7) AS 37.12.080 ARC's authority to provide financial assistance for project;
 - (8) AS 37.12.085 ARC's determination of eligibility for financial assistance;
 - (9) AS 37.12.125(1) definition of applicant;
 - (10) AS 37.12.125(4) definition of project;
 - (11) AS 37.12.125(5) definition of rehabilitation, enhancement and development;
 - (12) AS 37.12.125(6) definition of resource;
 - (13) AS 37.12.125(7) definition of small enterprise;

(14) AS 44.66.010(2)(7) termination date of June 30, 1992 for ARC;

(15) AS 44.83.080(16)(E) recommendation to the Legislature for appropriation of part of the income of the renewable resource investment fund for a power project.

Sec. 17 Dissolves ARC as of date of dissolution (July 1, 1989) and transfers management to Revenue.

Sec. 18 Repeals AS 37.12.010 - 37.12.125 Alaska Resource Corporaton on July 1, 1989 (See Sec. 20).

Sec. 19 Sec. 1-16 has immediate effective date.

SEc. 20 Sec. 17 and 18 dissolving ARC on July 1, 1989.

CS HB 685

Relating to Alaska Resource Corporation

Re: Explanation of need for ARC retaining \$500,000 in the Development Capital Fund to pay for liabilities arising during the wind-up of its affairs per Sec. 4 and Sec. 15 of the bill.

As shown on the attached ARC statement of income and expenses from July 1, 1983 to April 30, 1984, the operating expenses pertaining to assets acquired through foreclosure totaled \$347,703. These expenses include costs to acquire, maintain, manage, insure, etc. of various properties. Also attached is the expenses for April, 1984, for owned assets as an example of these costs. We have recently been informed by our insurance agent that the insurance costs for the Gibson Cove facility may very well reach \$200,000 for the coming year.

In addition, we are involved in numerous actions which may eventually result in lawsuits against ARC for amounts ranging from \$10,000 to \$1,000,000. The fund would be used in payment of these actions.


MEMORANDUM

TO: Norm Staton
Department of Revenue

DATE: 16 May 1984

FILE NO:

TELEPHONE NO:

FROM: Donald L. Norton 
Alaska Resources Corporation

SUBJECT: Legal Needs

Items needing access and availability to legal counsel are the following:

1. SeaWard Shipyard--breach of covenants
2. Review of draft of Waiver of Covenant of SLC Stock Purchase and Loan Agreement (4/8/81) requiring ARC prior written consent for purchase, sale, or logging of any timber.
3. Smitty's Refrigeration Invoice--exceeds contract
4. Joe Nord Claim on Martin Plant work--negotiate settlement.
5. Legal counsel appointment on Ball Brothers, Inc. matters:
 - a. Judgement collection--Canada (~~1~~ 1 million)
 - b. NEFCO counterclaim (4.7 million)
6. Potential dispute on ARC guaranty to CFAB on Sterling Seafoods.
7. Draft Lease Agreement covering bunkhouse--Gibson Cove, Kodiak.
8. Letter to Mulk Prudent regards deleting packaging machine from sale transaction, for credit against Note for \$5,000.
9. Legal Counsel with regard to Anchor Renewable Farms investment, and breach of conditions of Subordination Agreement by Agriculture Revolving Loan Fund:

Norm Staton
16 May 1984
Page 2

- a. Is Subordination Agreement voidable
- b. Need for prompt action to avoid third default,
and its effect for payment in full of
Parkinson D/T
- c. Commence foreclosure if determined
appropriate: (Judicial/Non-Judicial)

DLN:momk

ASSETS

| | |
|----------------------------------------------------------|----------------------|
| Cash | \$ (73,065)* |
| Interest bearing deposits | 4,870,564 |
| U.S. Government Obligations | 8,032,425 |
| Purchased Interest, U.S. Government Obligations | 251,626 |
| | <u>13,081,550</u> |
| Loans Receivable | |
| Fisheries | 3,708,765 |
| Agriculture | 252,648 |
| Forest Products | 1,315,730 |
| Commercial Fish | 8,191,485 |
| Forest Assistance | 5,265,066 |
| Manufacturing | 370,000 |
| Total loans receivable | <u>19,103,694</u> |
| Less reserves for uncollectible loans | <u>(3,984,717)</u> |
| Loans receivable, net | <u>15,118,977</u> |
| Accrued interest receivable, loans | 2,207,712 |
| Less allowances for uncollected interest, loans | <u>(1,538,349)</u> |
| Accrued interest receivable loans, net | <u>669,363</u> |
| Assets acquired through foreclosure (Note A) | 12,067,661 |
| Less allowances for assets acquired through foreclosures | <u>(4,973,401)</u> |
| Net assets acquired through foreclosure | <u>7,094,260</u> |
| Miscellaneous receivables | 1,398 |
| Prepaid rent | 7,752 |
| Investment in Capital Stock | 4,322,854 |
| Less reserves for uncollectible equity | <u>(1,041,601)</u> |
| Less committed undisbursed funds equity | <u>(17,378)</u> |
| Investments in capital, net | <u>3,263,875</u> |
| | <u>\$ 39,237,175</u> |

LIABILITIES & FUND BALANCE

| | |
|------------------------------|----------------------|
| Accrued Payroll | \$ 15,441 |
| Original Contributed Surplus | 42,307,047 |
| Retained Earnings | <u>(4,694,930)</u> |
| Net Income | 1,609,617 |
| | <u>\$ 39,237,175</u> |

*Book overdraft at all times covered under funds on deposit in repo account.

July 1, 1903 - April 30, 1904

INCOME

| | |
|--------------------------------------------------------|---------------------|
| Interest Income Investments | \$ 318,421 |
| Interest Income Loans | 1,380,283 |
| Interest Income U.S. Government Obligations | 685,111 |
| Miscellaneous Income | 5,918 |
| Gain or Loss on Sale of Investments | 10,000 |
| Rental Income From Assets Acquired Through Foreclosure | 70,070 |
| Other Income From Assets Acquired Through Foreclosure | 132,399 |
| Total Income | <u>\$ 2,602,202</u> |

EXPENSES

| | |
|----------------------------------------------------------------------|---------------------|
| Personal Services - Salaries & Benefits | \$ 213,930 |
| Risk Management | 400 |
| Travel & Moving - In-State Trans | 9,171 |
| Travel & Moving - In-State Per Diem | 5,432 |
| Travel & Moving - Out-State Trans | 5,366 |
| Travel & Moving - Out-State Per Diem | 3,079 |
| Board Member Expense | 11,533 |
| Moving & Relocation | 2,875 |
| Telephone | 9,827 |
| Postage & Mailing | 503 |
| Printing & Binding | 997 |
| Advertising | 2,930 |
| Subscriptions | 853 |
| Rents & Leases | 70,983 |
| Storage Fees | 220 |
| Professional Services | 29,222 |
| Conference Registration | 215 |
| Freight Express/Cart | 1,165 |
| Stationary & Supplies | 2,238 |
| Miscellaneous Expenses | 3,163 |
| Operating Expenses Pertaining To Assets Acquired Through Foreclosure | 347,703 |
| Judgement & Claims | 48,500 |
| Total Operating Expenses | <u>770,305</u> |
| Provision for Uncollectible Loans | 222,280 |
| Total Expenses | <u>\$ 992,585</u> |
| NET INCOME | <u>\$ 1,609,617</u> |

NOTE A

April 30, 1984

Assets acquired through foreclosure breakdown:Alaska Food Co.

| | |
|----------------------------------------------------|------------------------|
| Principal of ARC loans @ 4/30/83 | \$ 8,350,850.52 |
| Accrued interest of ARC loans @ 4/30/83 | 1,127,097.60 |
| Other income from assets acquired by ARC @ 6/30/83 | (9,038.16) |
| Other expenses paid out by ARC @ 6/30/83 | 63,373.09 |
| Capital expenses paid out by ARC @ 4/30/84 | 7,170.82 |
| Sale of Assets acquired by ARC @ 4/30/84 | (550,865.00) |
| Totals: | <u>\$ 8,988,588.87</u> |

Alaska Bait

| | |
|----------------------------------------------------------|----------------------|
| Principal of ARC loans @ 5/19/83 | \$ 577,349.54 |
| Accrued interest of ARC loans @ 5/19/83 | 96,691.43 |
| Professional Services (legal fees) paid by ARC @ 5/19/83 | 4,822.15 |
| Other expenses paid out by ARC @ 6/30/83 | 4,833.44 |
| Totals: | <u>\$ 683,696.56</u> |

Martins Seafoods

| | |
|----------------------------------------------------------|------------------------|
| Principal of ARC loans @ 5/16/83 | \$ 899,544.98 |
| Accrued interest of ARC loans @ 5/16/83 | 127,957.81 |
| Professional Services (legal fees) paid by ARC @ 5/16/83 | 30,611.23 |
| Other income from assets acquired by ARC @ 6/30/83 | (12,522.40) |
| Other expenses paid out by ARC @ 6/30/83 | 74,660.74 |
| Capital expenses paid out by ARC @ 4/30/84 | 36,602.20 |
| Totals: | <u>\$ 1,156,854.56</u> |

Seafoods of Alaska

| | |
|----------------------------------------------------------|------------------------|
| Principal of ARC loans @ 4/29/83 | \$ 802,458.37 |
| Principal of ARC loans @ 6/29/83 | 364,657.90 |
| Accrued interest of ARC loans @ 4/29/83 | 21,701.07 |
| Accrued interest of ARC loans @ 6/29/83 | 49,210.43 |
| Professional Services (legal fees) paid by ARC @ 4/29/83 | 13,024.05 |
| Other income from assets acquired by ARC @ 5/30/83 | (12,531.05) |
| Totals: | <u>\$ 1,238,520.77</u> |

Allowance for assets acquired through foreclosure breakdown:

| | |
|--------------------------------------------------------------|------------------------|
| Reserves to loans: Alaska Food Co. | \$ 3,380,000.00 |
| Alaska Bait | 154,930.00 |
| Seafoods of Alaska | 105,245.00 |
| Reserves to accrued interest: Alaska Food Co. | 1,127,097.60 |
| Alaska Bait | 85,216.40 |
| Seafoods of Alaska | 70,912.13 |
| Provision for decline in assets acquired through foreclosure | 50,000.00 |
| Totals: | <u>\$ 4,973,401.13</u> |

Recap:

| | |
|--------------------------------------------------------|------------------------|
| Assets acquired through foreclosure | \$12,067,660.76 |
| Less allowance for assets acquired through foreclosure | (4,973,401.13) |
| Total: | <u>\$ 7,094,259.63</u> |

E - Expansion
 S - Start up
 IB - Investment Banking
 VC - Venture Capital

ALASKA RESOURCES CORPORATION
 INVESTMENT RECAP

April 30, 1984

| COMPANY NAME | FISHERIES | SPECIAL FISH | AGRICULTURE | FOREST PRODUCTS | SPECIAL FOREST | MANU-FACTURING | COMMITTED UNDISBURSED FUNDS | MISCELL-ANEOUS | TOTAL DEBT | EQUITY AMOUNT | EQUITY % | TOTAL DEBT & EQUITY |
|-------------------------|------------------|------------------|----------------|------------------|------------------|----------------|-----------------------------|----------------|-------------------|------------------|----------|---------------------|
| ACT I (AK. F.I.S.H.) | 125,000 | | | | | | | | 125,000 | 125,000 | 13% | 250,000 |
| ALASKA TIMBER | | | | | 1,500,000 | | | | 1,500,000 | | | 1,500,000 |
| ALYESKA CANDY KITCHEN | | | 23,654 | | | | | | 23,654 | | | 23,654 |
| AMERICAN EAGLE | 129,758 | 49,861 | | | | | | | 179,619 | | | 179,619 |
| ANCHOR RENEWABLE FARMS | | | 119,872 | | | | | | 119,872 | | | 119,872 |
| ANDHORAGE TANK | | | | | | 370,000 | | | 370,000 | | | 370,000 |
| ARCTIC FROST SEAFOODS | 19,200 | | | | | | | | 19,200 | | | 19,200 |
| BALL BROTHERS, INC. | 808,664 | 2,564,950 | | | | | | 180,000 | 3,553,614 | 500,000 | 40% | 4,053,614 |
| BALL, ALBERT | 25,000 | | | | | | | | 25,000 | | | 25,000 |
| BALL, GERALD | 25,000 | | | | | | | | 25,000 | | | 25,000 |
| BALL, NEWTON | 25,000 | | | | | | | | 25,000 | | | 25,000 |
| ICICLE SEAFOODS | | 2,159,231 | | | | | 17,378 | | 2,176,609 | 2,222,622 | 39% | 4,399,231 |
| KACHEMAK | 202,502 | | | | | | | | 202,502 | | | 202,502 |
| KOKECHIK | 278,588 | | | | | | | | 278,588 | 490 | 49% | 279,078 |
| CLARK, INC. | | 395,000 | | | | | | | 395,000 | 25,000 | 1% | 420,000 |
| MASTERCRAFT | | | | 255,629 | | | | | 255,629 | | | 255,629 |
| PINES SAWMILL | | | | 5,100 | | | | | 5,100 | | | 5,100 |
| RICE FUR FARM | | | 109,122 | | | | | | 109,122 | | | 109,122 |
| SALAMATOF | | 3,022,442 | | | | | | | 3,022,442 | 976,264 | 35% | 3,998,706 |
| SAYLES MARINE, INC. | 95,126 | | | | | | | | 95,126 | | | 95,126 |
| PACIFIC FOREST PRODUCTS | | | | 1,000,000 | 3,765,066 | | | | 4,765,066 | | | 4,765,066 |
| SEAWARD SHIPYARD | 499,945 | | | | | | | | 499,945 | 150,000 | 22% | 649,945 |
| SMARAGD PARTNERS | 456,340 | | | | | | | | 456,340 | | | 456,340 |
| STEIK ENTERPRISES | | | | 55,000 | | | | | 55,000 | | | 55,000 |
| STERLING SEAFOODS | 125,000 | | | | | | | | 125,000 | 100,000 | 49% | 225,000 |
| TRINITY RESOURCES | | | | | | | | | | 206,100 | 32% | 206,100 |
| WYMAN | 893,642 | | | | | | | | 893,642 | | | 893,642 |
| TOTALS: | 3,708,765 | 8,191,484 | 252,648 | 1,315,729 | 5,265,066 | 370,000 | 17,378 | 180,000 | 19,301,070 | 4,305,476 | | 23,606,546 |

ALASKA RESOURCES CORPORATION

INVESTMENT ANALYSIS

@ April 30, 1984.

| Date Made | Project | Bank | Type of Account | Balance @ 4-30-84 | Interest Yield Rate | Date Interest Paid | Maturity Date |
|------------------------------------|---------------------------------|-----------------|--------------------------|---------------------|---------------------|--------------------|-----------------------|
| MONEY MARKET ACCOUNTS: | | | | | | | |
| 1-10-83 | Funds held for investment | ANB OF NORTH | Money Market - Checking | 100,672.01 | 9.00 | 4-30-84 | End of ea. month |
| 1-12-83 | Ball Brothers (pledged 180,000) | APB | Cash Investment-Checking | 181,368.84 | 9.25 | 4-30-84 | End of ea. month |
| 1-13-83 | Funds held for investment | 1st INTERSTATE | Cash Investment-Savings | 100,889.06 | 9.25 | 4-25-84 | 3rd wk. ea. month |
| 1-13-83 | " " " " | RAINIER | Investor Fund - Checking | 100,954.20 | 9.25 | 4-30-84 | Weekly |
| 1-13-83 | " " " " | AK. MUTUAL | Money Market - Checking | 100,784.15 | 9.00 | 4-30-84 | End of ea. month |
| 1-13-83 | " " " " | AK. STATE | Money Market - Checking | 100,715.27 | 9.120 | 4-30-84 | End of ea. month |
| 1-13-83 | " " " " | DEAN WITTER | Liquid Asset Fund | 347,053.63 | 9.44 | Compounds daily | Every 4-6 days |
| 2-07-83 | " " " " | UBA | Money Market - Checking | 100,912.36 | 9.50 | 5-07-84 | 1st. wk. of ea. month |
| 3-07-83 | " " " " | SNB | Hi Fi Plus - Checking | 100,739.91 | 9.00 | 4-30-84 | End of ea. month |
| 3-14-83 | " " " " | 1st BK OF KETCH | Money Market - Savings | 100,725.08 | 9.109 | 4-30-84 | End of ea. quarter |
| 5-31-83 | " " " " | B.M. BEHREND | Money Market - Checking | 100,748.76 | 9.00 | 4-15-84 | 15th of ea. month |
| | Totals: | | | <u>1,435,563.27</u> | | | |
| CERTIFICATES OF DEPOSIT: | | | | | | | |
| 3-12-84 | Funds held for investment | NBA | Time Certificate Deposit | 100,000.00 | 9.40 | | 5-11-84 |
| 3-13-84 | " " " " | DEAN WITTER | " " " | 150,000.00 | 9.70 | | 5-14-84 |
| 3-13-84 | " " " " | DEAN WITTER | " " " | 100,000.00 | 9.60 | | 5-14-84 |
| 4-02-84 | " " " " | AK. MUTUAL | " " " | 500,000.00 | 10.375 | | 6-01-84 |
| 12-6-83 | " " " " | AK. MUTUAL | " " " | 600,000.00 | 9.625 | | 6-04-84 |
| 4-03-84 | " " " " | AK. MUTUAL | " " " | 250,000.00 | 10.25 | | 6-04-84 |
| 12-12-83 | " " " " | AK. CONTINENTAL | " " " | 100,000.00 | 10.00 | | 6-08-84 |
| 4-23-84 | " " " " | AK. MUTUAL | " " " | 300,000.00 | 10.35 | | 6-22-84 |
| 4-30-84 | " " " " | AK. MUTUAL | " " " | 100,000.00 | 10.50 | | 6-29-84 |
| 1-04-84 | Kodiak Electric (pledged) | ANB OF NORTH | " " " | 40,000.00 | 9.45 | | 7-05-84 |
| 12-15-83 | Pacific Forest Prod. (pledged) | B.M. BEHREND | " " " | 1,000,000.00 | 10.324 | | 5-31-85 |
| | Totals: | | | <u>3,240,000.00</u> | | | |
| TREASURY NOTES & BONDS: | | | | | | | |
| 4-25-84 | Funds held for investment | DEAN WITTER | GNMA - Repo | 2,129,000.00 | 10.44 | | 6-25-84 |
| 9-30-83 | " " " " | " " | U.S. Treasury Note | 1,250,000.00 | 10.41 | | 9-30-85 |
| 2-03-84 | " " " " | " " | Fanny Maye | 1,500,000.00 | 10.86 | | 11-12-85 |
| 12-1-83 | " " " " | " " | U.S. Treasury Note | 1,000,000.00 | 10.60 | | 11-30-85 |
| 7-08-83 | " " " " | " " | Ryan Mtg. Accept. Bond | 1,100,000.00 | 11.375 | | 6-28-2013 |
| 7-28-83 | " " " " | " " | Ryan Mtg. Accept. Bond | 1,000,000.00 | 12.375 | | 7-28-2013 |
| | Totals: | | | <u>7,979,000.00</u> | | | |
| | | | | 105,000.00 | 9.50 | | |

for April 1984

Matured Investments:

| <u>Date</u> | <u>Type of Investment</u> | <u>Amount</u> | <u>Institution</u> | <u>Interest Yield</u> |
|-------------|---------------------------|---------------------|--------------------|-----------------------|
| 4-02-84 | TCD 180 days | 500,000.00 | Ak. Mutual | 9.875% |
| 4-03-84 | Repo Continuous | 250,000.00 | UBA | 9.50% |
| 4-23-84 | TCD 91 days | 300,000.00 | Ak. Mutual | 9.00% |
| 4-25-84 | Fed. Home Loan Bond | 2,000,000.00 | Dean Witter | 9.44% |
| 4-30-84 | TCD 91 days | 100,000.00 | 1st. Nat. of Anch. | 9.25% |
| | Totals: | <u>3,150,000.00</u> | | |

New Investments:

| | | | | |
|---------|---------------------|---------------------|-------------|---------|
| 4-02-84 | TCD 60 days | 500,000.00 | Ak. Mutual | 10.375% |
| 4-03-84 | TCD 62 days | 250,000.00 | Ak. Mutual | 10.25% |
| 4-23-84 | TCD 60 days | 300,000.00 | Ak. Mutual | 10.35% |
| 4-25-84 | GNMA - Repo 61 days | 2,129,000.00 | Dean Witter | 10.44% |
| 4-30-84 | TCD 60 days | 100,000.00 | Ak. Mutual | 10.50% |
| | Totals: | <u>3,279,000.00</u> | | |

for April 1984

Loans Receivable:

| Date | Investee | Principal Payment | Interest Payment | Total Paid |
|---------|----------------------|-------------------|------------------|------------------|
| 4-02-84 | Icicle Seafoods | 7,408.87 | 18,643.85 | 26,052.72 |
| 4-02-84 | Mastercraft | 3,145.24 | 2,454.76 | 5,600.00 |
| 4-04-84 | Alaska Timber | -0- | 15,500.00 | 15,500.00 |
| 4-05-84 | SeaWard Shipyard | 4,827.34 | 5,033.16 | 9,860.50 |
| 4-10-84 | Smaragd Partners | -0- | 10,073.85 | 10,073.85 |
| 4-12-84 | Rice Fur Farm | 5,400.00 | -0- | 5,400.00 |
| 4-17-84 | Anchorage Tank | -0- | 2,906.25 | 2,906.25 |
| 4-26-84 | Alyeska Candy Kitch. | -0- | 775.55 | 775.55 |
| | Totals: | <u>20,781.45</u> | <u>55,387.42</u> | <u>76,168.87</u> |

Income From Sale of Owned Assets:

| Date | Investee | Description | Amount |
|---------|-------------|---------------------------------------|------------------|
| 4-10-84 | Gibson Cove | Pynt. on Equip. purchase-Arctic Frost | 10,000.00 |
| 4-20-84 | Gibson Cove | Purchased desk-Amer. Wood Structure | 300.00 |
| 4-20-84 | Gibson Cove | Purchased PVC pipe-All Ak. Seafoods | 715.00 |
| | | Totals: | <u>11,015.00</u> |

Other Income From Owned Assets:

| Date | Investee | Description | Amount |
|---------|---------------|---------------------------------------|-----------------|
| 4-06-84 | Gibson Cove | Payment on claim-Amer. Seafood Export | 1,000.00 |
| 4-12-84 | Martins plant | Central storage lmo. rent returned | 70.00 |
| | | Totals: | <u>1,070.00</u> |

Other Revenue:

| Date | Description | Amount |
|---------|---------------------------------|--------------|
| 4-02-84 | Brd. Stipend to DLN from Icicle | 50.00 |
| 4-06-84 | Sierra Club photo copy pymt. | 11.25 |
| | Totals: | <u>61.25</u> |

Total Interest on Cash Investments:

184,619.45

Grand Total: 272,934.57

RE: OWNED ASSETS

for April 1984

| Date: | Who To: | What For: | Amount: |
|-----------------------|----------------------|----------------------------------------|-------------------------|
| <u>Alaska Bait #1</u> | | | |
| 4-12-84 | City of Hoonah | Electricity | 218.96 |
| | Hoonah Seafoods | Fuel & materials | 1,392.25 |
| | Rosser Smith | Payroll (4/1 to 4/15/84) | 795.10 |
| 4-19-84 | Cal Kerr | Reimbursement for photos | 6.95 |
| | One hour photo | Additional photo prints | 11.00 |
| 4-25-84 | Rosser Smith | Payroll (4/16 to 4/30/84) | 795.10 |
| | UBA-Fed. Dep. | Fed. & Fica tax for April | 537.80 |
| | Ak. Dept. of Labor | ESC tax for 1st quarter | 259.80 |
| | | | Totals: <u>4,016.96</u> |
| <u>Gibson Cove</u> | | | |
| 4-12-84 | Amer. Tire Warehouse | Tires for Ford pick-up | 179.30 |
| | City of Kodiak | Water, sewer, garbage - Madsen house | 49.00 |
| | Glacier State Tele | Plant phone charges | 157.11 |
| | Kodiak Elect. | Electricity (Madsen & Kalakala) | 941.94 |
| | Jeannie Northcutt | Payroll (4/1 to 4/15/84) | 804.30 |
| | Gil Reel | Payroll (4/1 to 4/15/84) | 1,131.95 |
| 4-25-84 | Jeannie Northcutt | Payroll (4/16 to 4/30/84) | 804.30 |
| | Gil Reel | Payroll (4/16 to 4/30/84) | 1,131.95 |
| | UBA-Fed. Dep. | Fed. & Fica tax for April | 1,766.70 |
| | Gil Reel | Expense reimbursement | 373.37 |
| | IRS-941 | Add'l Federal tax | 88.50 |
| | Ak. Dept. of Labor | ESC tax for 1st quarter | 677.65 |
| | | | Totals: <u>8,106.07</u> |
| <u>Martins Plant</u> | | | |
| 4-06-84 | George Tomberlin | Over charged on welding lead | 41.90 |
| 4-12-84 | Cascade Mach. | Materials | 310.31 |
| | Marsh & McLennan | Insurance | 4,800.00 |
| | Steel Fabricators | Materials | 392.00 |
| 4-25-84 | Gil Reel | Expense Reimbursement | 134.35 |
| | Gil Reel | Per dien 3/10-3/24/84 15days @\$25/day | 375.00 |
| | | | Totals: <u>6,053.56</u> |
| <u>Sterling Plant</u> | | | |
| 4-12-84 | Enstar Natural Gas | March charges | 142.61* |
| 4-25-84 | Homer Electric | 3/02/84 to 4/03/84 service | 1,598.65* |
| | Kenai Peninsula | Borough- Personal Property taxes | 3,539.40 |
| | | | Totals: <u>5,280.66</u> |

*Enstar Natural Gas \$142.61 billed to Roland Schwanke

*Homer Electric \$1,598.65 less \$569.52 = \$1,029.13 billed to Roland Schwanke

April 30, 1984.

| <u>Date:</u> | <u>Disbursed To:</u> | <u>Description:</u> | <u>Amount:</u> |
|----------------------------|----------------------|---------------------|----------------|
| <u>BALL BROTHERS, INC:</u> | | | |
| 4-25-84 | Security-Connecticut | Insurance | 297.27 |

Offered: 3/29/84
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 685 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the Alaska Resources Corporation and repealing the Alaska renewable resources development fund and the Alaska renewable resources investment fund; and providing for an effective date."

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

11 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

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- (1) it is in the best interests of the state to terminate the operations of the Alaska Resources Corporation; and
- (2) the Alaska Resources Corporation has made substantial loans and equity investments in certain businesses as part of the performance of its duties.
- (b) It is the purpose of this Act to effect an orderly wind-up of the affairs of the Alaska Resources Corporation.

* Sec. 2. AS 37.12.010 is amended to read:

Sec. 37.12.010. ALASKA RESOURCES CORPORATION CREATED. There is created the Alaska Resources Corporation to carry out the purposes of this chapter. The corporation is a public corporation of the state and an instrumentality of the state within the Department of Revenue [COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence independent of and separate from the state. The exercise by the corporation of the powers conferred by this chapter is considered an essential function of the state.

* Sec. 3. AS 37.12.015 is repealed and reenacted to read:

Sec. 37.12.015. PURPOSE. The purpose of the corporation is to

Offered: 3/29/84
Referred: Finance

Original sponsor: Rules/Governor

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 685 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the Alaska Resources Corporation
7 and repealing the Alaska renewable resources develop-
8 ment fund and the Alaska renewable resources invest-
9 ment fund; and providing for an effective date."

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

11 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

12 (1) it is in the best interests of the state to terminate the
13 operations of the Alaska Resources Corporation; and

14 (2) the Alaska Resources Corporation has made substantial loans
15 and equity investments in certain businesses as part of the performance of
16 its duties.

17 (b) It is the purpose of this Act to effect an orderly wind-up of
18 the affairs of the Alaska Resources Corporation.

19 * Sec. 2. AS 37.12.010 is amended to read:

20 Sec. 37.12.010. ALASKA RESOURCES CORPORATION CREATED. There is
21 created the Alaska Resources Corporation to carry out the purposes of
22 this chapter. The corporation is a public corporation of the state
23 and an instrumentality of the state within the Department of Revenue
24 [COMMERCE AND ECONOMIC DEVELOPMENT], but has a legal existence in-
25 dependent of and separate from the state. The exercise by the corpo-
26 ration of the powers conferred by this chapter is considered an essen-
27 tial function of the state.

28 * Sec. 3. AS 37.12.015 is repealed and reenacted to read:

29 Sec. 37.12.015. PURPOSE. The purpose of the corporation is to

1 effect an orderly wind-up of its affairs.

2 * Sec. 4. AS 37.12.022 is amended to read:

3 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development
4 capital fund is established in the corporation, consisting of money
5 [OR ASSETS] appropriated [OR TRANSFERRED] to the corporation [AND
6 PAYMENTS OF PRINCIPAL AND INTEREST ON LOANS AND EQUITY INVESTMENTS
7 MADE BY THE CORPORATION]. The development capital fund shall be used
8 to pay for liabilities of the corporation that might arise during the
9 wind-up of its affairs [FINANCE PROJECTS THAT QUALIFY FOR ASSISTANCE
10 UNDER THIS CHAPTER, AND TO PAY THE OPERATING EXPENSES OF THE CORPO-
11 RATION. IF MONEY REMAINS IN THE DEVELOPMENT CAPITAL FUND AFTER FI-
12 NANCING PROJECTS THAT QUALIFY FOR ASSISTANCE UNDER THIS CHAPTER AND
13 AFTER PAYING THE OPERATING EXPENSES OF THE CORPORATION, THE MONEY
14 SHALL BE INVESTED BY THE CORPORATION UNDER AS 37.10.070(a)].

15 * Sec. 5. AS 37.12 is amended by adding a new section to read:

16 Sec. 37.12.023. DEPOSIT OF MONEY. Repayments of principal and
17 payments of interest and other income from loans of the corporation,
18 dividends received from capital stock investments, and money received
19 from the sale of equity investments or other assets of the corporation
20 must be deposited in the general fund.

21 * Sec. 6. AS 37.12.030 is repealed and reenacted to read:

22 Sec. 37.12.030. COMPOSITION AND TERM OF BOARD OF DIRECTORS. The
23 board consists of the commissioner of revenue, who shall serve as
24 chairman, and the commissioners of two other principal executive de-
25 partments designated by the governor. The term of office of these
26 board members continues until the corporation is dissolved.

27 * Sec. 7. AS 37.12.050(a) is amended to read:

28 (a) Two [THREE] members of the board constitute a quorum for the
29 transaction of business and the exercise of the powers and duties of

1 the board.

2 * Sec. 8. AS 37.12.055 is amended to read:

3 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the
4 board [RECEIVE \$200 FOR EACH DAY SPENT ON OFFICIAL BUSINESS OF THE
5 CORPORATION, AND] are entitled to per diem and travel expenses au-
6 thorized by law for state boards and commissions under AS 39.20.180.

7 * Sec. 9. AS 37.12 is amended by adding a new section to read:

8 Sec. 37.12.071. ADDITIONAL POWERS. Notwithstanding other pro-
9 visions of law governing disposal of state property, the board may, at
10 either public or private sale, dispose of the assets of the corpo-
11 ration as required in AS 37.12.075. In addition, the corporation may
12 spend money to protect the assets of the corporation.

13 * Sec. 10. AS 37.12.075 is repealed and reenacted to read:

14 Sec. 37.12.075. DUTIES. In carrying out the purposes of this
15 chapter the board shall

16 (1) contract with the Department of Revenue to manage the
17 assets of the corporation;

18 (2) divest the corporation of all equity investments by
19 July 1, 1989; and

20 (3) divest the corporation of all other remaining assets,
21 with the exception of the outstanding loan portfolio, by July 1, 1989.

22 * Sec. 11. AS 38.05.180(g) is amended to read:

23 (g) The share of the net profit derived from a lease reserved to
24 the state under (f) of this section is royalty sale proceeds for the
25 purposes of the Alaska permanent fund under AS 37.13.010 [AND THE
26 ALASKA RENEWABLE RESOURCES DEVELOPMENT FUND UNDER AS 37.11.020].

27 * Sec. 12. AS 38.05.180(i) is amended to read:

28 (i) The commissioner may provide for the establishment of an
29 exploration incentive credit system under which a lessee of state land

1 drilling an exploratory well on that land may earn credits based upon
2 the footage drilled and the region in which the well is situated. The
3 commissioner may also provide for credits to be earned by persons
4 performing geophysical work on state land, if that work is performed
5 during the two seasons immediately preceding an announced lease sale
6 and on land included within the sale area and the geophysical informa-
7 tion is made public following the sale. Credits may not exceed 50
8 percent of the cost of the drilling or geophysical work. Credits may
9 be used during a limited period established by the commissioner and
10 may be assigned during that period. Credits may be applied against
11 (1) oil and gas royalty and rental payments payable to the state or
12 (2) taxes payable under AS 43.55. A [NO] credit may not exceed 50
13 percent of the payment toward which it is being applied. Amounts due
14 the Alaska permanent fund (AS 37.10.065) [AND THE ALASKA RENEWABLE
15 RESOURCES DEVELOPMENT FUND (AS 37.11.020)] shall be calculated before
16 the application of credits under this subsection.

17 * Sec. 13. AS 43.05.010 is amended by adding a new paragraph to read:

18 (17) contract to manage the assets of the Alaska Resources
19 Corporation as provided in AS 37.12.075, and administer the outstand-
20 ing loan portfolio upon dissolution of the corporation.

21 * Sec. 14. AS 44.83.181(c) is amended to read:

22 (c) The plan of finance shall include recommendations of the
23 most appropriate means to finance a project, including, but not
24 limited to,

25 (1) the issuance of revenue bonds of the authority;

26 (2) the issuance of

27 (A) general obligation bonds of the state; or

28 (B) revenue bonds of the authority that [WHICH] are

29 guaranteed or partially guaranteed by the state;

- 1 (3) an appropriation from the general fund
2 (A) to pay debt service on bonds or for other project
3 purposes; or
4 (B) to reduce the amount of debt financing for the
5 project;
6 (4) a loan from the general fund;
7 (5) financing arrangements with other entities using le-
8 veraged leases or other financing methods;
9 (6) assistance from any federal agency, including, but not
10 limited to, the Rural Electrification Administration;
11 (7) a loan from the power project fund (AS 44.83.170(a)) [,
12 OR FROM THE RENEWABLE RESOURCES INVESTMENT FUND (AS 37.11.050)]; or
13 (8) any combination of financing arrangements listed in
14 this subsection.

15 * Sec. 15. All but \$500,000 of the unexpended and unobligated money in
16 the development capital fund is transferred to the general fund.

17 * Sec. 16. AS 37.11; AS 37.12.035, 37.12.045, 37.12.060, 37.12.070(5),
18 37.12.070(6), 37.12.070(11), 37.12.080, 37.12.085, 37.12.125(1), 37.12.-
19 125(4), 37.12.125(5), 37.12.125(6), 37.12.125(7); AS 44.66.010(a)(7), and
20 AS 44.83.080(16)(E) are repealed.

21 * Sec. 17. The Alaska Resources Corporation is dissolved. As of the
22 date of dissolution, administration of the outstanding loan portfolio along
23 with all attendant rights and obligations of the corporation is transferred
24 to the Department of Revenue.

25 * Sec. 18. AS 37.12.010 - 37.12.125 are repealed.

26 * Sec. 19. Sections 1 - 16 of this Act take effect immediately in
27 accordance with AS 01.10.070(c).

28 * Sec. 20. Sections 17 and 18 of this Act take effect July 1, 1989.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: CS HB 685 (Loans)
 Title: An act relating to the Alaska Resources Corporation.
 Sponsor: Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|------------------------|-------|--------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | - | 98.70 | - | - | - | - |
| 200 TRAVEL | - | 25.00 | - | - | - | - |
| 300 CONTRACTUAL | - | 310.89 | - | - | - | - |
| 400 SUPPLIES | - | 10.00 | - | - | - | - |
| 500 EQUIPMENT | - | - | - | - | - | - |
| 600 LANDS & STRUCTURES | - | - | - | - | - | - |
| 700 GRANTS, CLAIMS | - | - | - | - | - | - |
| 800 MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 444.59 | - | - | - | - |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|--------|---|---|---|---|
| GENERAL FUND | - | - | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | 444.59 | - | - | - | - |
| TOTAL | - | 444.59 | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | 2 | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attached page for analysis.

Prepared By: Milt Barker
 Division: Treasury Division

Phone: 465-2350
 Date: May 25, 1984

Approved by Commissioner: _____
 Agency: Revenue

Date: May 25, 1984

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST

Bill/Resolution No: CS HB 685 (Loans)
 Title: An act relating to the Alaska Resources Corporation.
 Sponsor: Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: Alaska Resources Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|------------------------|-------|--------|-------|-------|-------|-------|
| OPERATING | | | | | | |
| 100 PERSONAL SERVICES | - | 98.70 | - | - | - | - |
| 200 TRAVEL | - | 25.00 | - | - | - | - |
| 300 CONTRACTUAL | - | 310.89 | - | - | - | - |
| 400 SUPPLIES | - | 10.00 | - | - | - | - |
| 500 EQUIPMENT | - | - | - | - | - | - |
| 600 LANDS & STRUCTURES | - | - | - | - | - | - |
| 700 GRANTS, CLAIMS | - | - | - | - | - | - |
| 800 MISCELLANEOUS | - | - | - | - | - | - |
| TOTAL OPERATING | - | 444.59 | - | - | - | - |
| CAPITAL | - | - | - | - | - | - |
| REVENUE | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|--------|---|---|---|---|
| GENERAL FUND | - | 444.59 | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| TOTAL | - | 444.59 | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | 2 | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attached page for analysis.

Prepared By: Milt Barker
 Division: Treasury Division

Phone: 465-2350
 Date: May 25, 1984

Approved by Commissioner: _____
 Agency: Revenue

Date: May 25, 1984

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Analysis for Alaska Resources Corporation

Personal Services

| | |
|---------------------------------|-----------------|
| 1 Investment Officer - Range 23 | \$62,550 |
| 1 Secretary - Range 14 C | 36,150 |
| Total | <u>\$98,700</u> |

Salaries and benefits for two full-time positions. This is a reduction of 7 positions in the FY 84 operating budget.

People will monitor and wind down ARC's current investments.

| | |
|---------------|----------|
| <u>Travel</u> | \$25,000 |
|---------------|----------|

Travel is for investment site inspection and Board meetings of companies where ARC holds equity interest.

Contractual

| | |
|---------------------------------------|------------------|
| Rent (lease attempting to get out of) | \$67,891 |
| Telephone | 10,000 |
| Audit and Accounting Reports | 13,000 |
| Legal Fees | 100,000 |
| Consultant Fees & Expenses | 120,000 |
| Total | <u>\$310,891</u> |

Supplies

| | |
|-----------------------------------------------------------|----------|
| Rental of office machines and purchase of office supplies | \$10,000 |
|-----------------------------------------------------------|----------|

CS HB 685 (LOANS)

Sectional Analysis

- Sec. 1 Findings and Purpose - Legislature finds it is in the best interests of the State to terminate the Alaska Resource Corporation (ARC) and therefore, provides for orderly wind-up of affairs.
- Sec. 2 Amends AS 37.12.010 by removing ARC from within Commerce and Economic Development and places it within Revenue.
- Sec. 3 Repeals and reenacts AS 37.12.015 to provide for the orderly wind-up of ARC's affairs.
- Sec. 4 Amends AS 37.12.022 by limiting the Development Capital Fund to money appropriated to ARC for operating expenses. Repeals authority to finance projects and invest money. In addition, the fund retains \$500,000 to pay for liabilities arising from the wind-up (see Sec. 15).
- Sec. 5 Amends AS 37.12.023 to require all incoming ARC loans, investments, sale of equity investments or other assets to be deposited into the general fund.
- Sec. 6 Repeals and reenacts AS 37.12.030 making the composition of the board of directors three commissioners as designated by the Governor with the Commissioner of Revenue as chairman.
- Sec. 7 Amends AS 37.12.050(a) by establishing that two members of the board constitute a quorum.
- Sec. 8 Amends AS 37.12.055 by limiting the board members compensation to per diem and travel expenses under AS 39.20.180.
- Sec. 9 Amends AS 37.12.071 to authorize the board to dispose of the assets of the corporation to achieve the wind-up and expend money to protect the assets of the corporation.
- Sec. 10 Repeals and reenacts AS 37.12.075 by outlining the duties of the board to:
- (1) have Revenue manage assets;
 - (2) divest all equity investments and other remaining assets by July 1, 1989.

- Sec. 11 Amends AS 38.05.180(g) by removing reference to the Alaska Renewable Resource Development Fund. This is purely a clean-up technical amendment suggested by legislative counsel and concurred in by the Attorney General's Office.
- Sec. 12 Amends AS 38.05.180(f) same as Sec. 11.
- Sec. 13 Amends AS 43.05.010 to provide the Department of Revenue with the authority to contract to manage the assets of ARC and administer the outstanding loan portfolio.
- Sec. 14 Amends AS 44.83.181(c) same as Sec. 11.
- Sec. 15 Provides for all unexpended and unobligated money in the development capital fund to be transferred to the general fund except for \$500,000 to be used as outlined in Sec. 4.
- Sec. 16 Repeals:
- (1) AS 37.11 Alaska Renewable Investment Fund;
 - (2) AS 37.12.035 Term of office for board members;
 - (3) AS 37.12.060 Executive Director;
 - (4) AS 37.12.070(5) ARC's authority to accept grants from government entities;
 - (5) AS 37.12.070(6) ARC's authority to accept grants from other than AS 37.12.070(5);
 - (6) AS 37.12.070(14) ARC's authority to invest in projects and purchasing any debt;
 - (7) AS 37.12.080 ARC's authority to provide financial assistance for project;
 - (8) AS 37.12.085 ARC's determination of eligibility for financial assistance;
 - (9) AS 37.12.125(1) definition of applicant;
 - (10) AS 37.12.125(4) definition of project;
 - (11) AS 37.12.125(5) definition of rehabilitation, enhancement and development;
 - (12) AS 37.12.125(6) definition of resource;
 - (13) AS 37.12.125(7) definition of small enterprise;

(14) AS 44.66.010(2)(7) termination date of June 30, 1992 for ARC;

(15) AS 44.83.080(16)(E) recommendation to the Legislature for appropriation of part of the income of the renewable resource investment fund for a power project.

- Sec. 17 Dissolves ARC as of date of dissolution (July 1, 1989) and transfers management to Revenue.
- Sec. 18 Repeals AS 37.12.010 - 37.12.125 Alaska Resource Corporaton on July 1, 1989 (See Sec. 20).
- Sec. 19 Sec. 1-16 has immediate effective date.
- SEc. 20 Sec. 17 and 18 dissolving ARC on July 1, 1989.

CS HB 685

Relating to Alaska Resource Corporation

Re: Explanation of need for ARC retaining \$500,000 in the Development Capital Fund to pay for liabilities arising during the wind-up of its affairs per Sec. 4 and Sec. 15 of the bill.

As shown on the attached ARC statement of income and expenses from July 1, 1983 to April 30, 1984, the operating expenses pertaining to assets acquired through foreclosure totaled \$347,703. These expenses include costs to acquire, maintain, manage, insure, etc. of various properties. Also attached is the expenses for April, 1984, for owned assets as an example of these costs. We have recently been informed by our insurance agent that the insurance costs for the Gibson Cove facility may very well reach \$200,000 for the coming year.

In addition, we are involved in numerous actions which may eventually result in lawsuits against ARC for amounts ranging from \$10,000 to \$1,000,000. The fund would be used in payment of these actions.

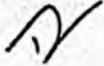
MEMORANDUM

TO: Norm Staton
Department of Revenue

DATE: 16 May 1984

FILE NO:

TELEPHONE NO:

FROM: Donald L. Norton 
Alaska Resources Corporation

SUBJECT: Legal Needs

Items needing access and availability to legal counsel are the following:

1. SeaWard Shipyard--breach of covenants
2. Review of draft of Waiver of Covenant of SLC Stock Purchase and Loan Agreement (4/8/81) requiring ARC prior written consent for purchase, sale, or logging of any timber.
3. Smitty's Refrigeration Invoice--exceeds contract
4. Joe Nord Claim on Martin Plant work--negotiate settlement.
5. Legal counsel appointment on Ball Brothers, Inc. matters:
 - a. Judgement collection--Canada (\$1 million)
 - b. NEFCO counterclaim (\$4.7 million)
6. Potential dispute on ARC guaranty to CFAB on Sterling Seafoods.
7. Draft Lease Agreement covering bunkhouse--Gibson Cove, Kodiak.
8. Letter to Muik Prudent regards deleting packaging machine from sale transaction, for credit against Note for \$5,000.
9. Legal Counsel with regard to Anchor Renewable Farms investment, and breach of conditions of Subordination Agreement by Agriculture Revolving Loan Fund:

Norm Staton
16 May 1984
Page 2

- a. Is Subordination Agreement voidable
- b. Need for prompt action to avoid third default,
and its effect for payment in full of
Parkinson D/T
- c. Commence foreclosure if determined
appropriate: (Judicial/Non-Judicial)

DLN:momk

ASSETS

| | |
|----------------------------------------------------------|----------------------|
| Cash | \$ (73,065)* |
| Interest bearing deposits | 4,870,564 |
| U.S. Government Obligations | 8,032,425 |
| Purchased Interest, U.S. Government Obligations | 251,626 |
| | <u>13,081,550</u> |
| Loans Receivable | |
| Fisheries | 3,708,765 |
| Agriculture | 252,648 |
| Forest Products | 1,315,730 |
| Commercial Fish | 8,191,485 |
| Forest Assistance | 5,265,066 |
| Manufacturing | 370,000 |
| Total loans receivable | <u>19,103,694</u> |
| Less reserves for uncollectible loans | <u>(3,984,717)</u> |
| Loans receivable, net | <u>15,118,977</u> |
| Accrued interest receivable, loans | 2,207,712 |
| Less allowances for uncollected interest, loans | <u>(1,538,349)</u> |
| Accrued interest receivable loans, net | <u>669,363</u> |
| Assets acquired through foreclosure (Note A) | 12,067,661 |
| Less allowances for assets acquired through foreclosures | <u>(4,973,401)</u> |
| Net assets acquired through foreclosure | <u>7,094,260</u> |
| Miscellaneous receivables | 1,398 |
| Prepaid rent | 7,752 |
| Investment in Capital Stock | 4,322,854 |
| Less reserves for uncollectible equity | <u>(1,041,601)</u> |
| Less committed undisbursed funds equity | <u>(17,378)</u> |
| Investments in capital, net | <u>3,263,875</u> |
| | <u>\$ 39,237,175</u> |

LIABILITIES & FUND BALANCE

| | |
|------------------------------|----------------------|
| Accrued Payroll | \$ 15,441 |
| Original Contributed Surplus | 42,307,047 |
| Retained Earnings | (4,694,930) |
| Net Income | 1,609,617 |
| | <u>\$ 39,237,175</u> |

*Book overdraft at all times covered under funds on deposit in repo account.

INCOME

| | |
|--------------------------------------------------------|---------------------|
| Interest Income Investments | \$ 318,421 |
| Interest Income Loans | 1,380,283 |
| Interest Income U.S. Government Obligations | 685,111 |
| Miscellaneous Income | 5,918 |
| Gain or Loss on Sale of Investments | 10,000 |
| Rental Income From Assets Acquired Through Foreclosure | 70,070 |
| Other Income From Assets Acquired Through Foreclosure | 132,399 |
| Total Income | <u>\$ 2,602,202</u> |

EXPENSES

| | |
|----------------------------------------------------------------------|---------------------|
| Personal Services - Salaries & Benefits | \$ 213,930 |
| Risk Management | 400 |
| Travel & Moving - In-State Trans | 9,171 |
| Travel & Moving - In-State Per Diem | 5,432 |
| Travel & Moving - Out-State Trans | 5,366 |
| Travel & Moving - Out-State Per Diem | 3,079 |
| Board Member Expense | 11,533 |
| Moving & Relocation | 2,875 |
| Telephone | 9,827 |
| Postage & Mailing | 503 |
| Printing & Binding | 997 |
| Advertising | 2,930 |
| Subscriptions | 853 |
| Rents & Leases | 70,983 |
| Storage Fees | 220 |
| Professional Services | 29,222 |
| Conference Registration | 215 |
| Freight Express/Cart | 1,165 |
| Stationary & Supplies | 2,238 |
| Miscellaneous Expenses | 3,163 |
| Operating Expenses Pertaining To Assets Acquired Through Foreclosure | 347,703 |
| Judgement & Claims | 48,500 |
| Total Operating Expenses | <u>770,305</u> |
| Provision for Uncollectible Loans | 222,280 |
| Total Expenses | <u>\$ 992,585</u> |
| NET INCOME | <u>\$ 1,609,617</u> |

NOTE A

April 30, 1984

Assets acquired through foreclosure breakdown:Alaska Food Co.

| | |
|----------------------------------------------------|------------------------|
| Principal of ARC loans @ 4/30/83 | \$ 8,350,850.52 |
| Accrued interest of ARC loans @ 4/30/83 | 1,127,097.60 |
| Other income from assets acquired by ARC @ 6/30/83 | (9,038.16) |
| Other expenses paid out by ARC @ 6/30/83 | 63,373.09 |
| Capital expenses paid out by ARC @ 4/30/84 | 7,170.82 |
| Sale of Assets acquired by ARC @ 4/30/84 | (550,865.50) |
| Totals: | <u>\$ 8,988,588.87</u> |

Alaska Bait

| | |
|----------------------------------------------------------|----------------------|
| Principal of ARC loans @ 5/19/83 | \$ 577,349.54 |
| Accrued interest of ARC loans @ 5/19/83 | 96,691.43 |
| Professional Services (legal fees) paid by ARC @ 5/19/83 | 4,822.15 |
| Other expenses paid out by ARC @ 6/30/83 | 4,833.44 |
| Totals: | <u>\$ 683,696.56</u> |

Martins Seafoods

| | |
|----------------------------------------------------------|------------------------|
| Principal of ARC loans @ 5/16/83 | \$ 899,544.98 |
| Accrued interest of ARC loans @ 5/16/83 | 127,957.81 |
| Professional Services (legal fees) paid by ARC @ 5/16/83 | 30,611.23 |
| Other income from assets acquired by ARC @ 6/30/83 | (12,522.40) |
| Other expenses paid out by ARC @ 6/30/83 | 74,660.74 |
| Capital expenses paid out by ARC @ 4/30/84 | 36,602.20 |
| Totals: | <u>\$ 1,156,854.56</u> |

Seafoods of Alaska

| | |
|----------------------------------------------------------|------------------------|
| Principal of ARC loans @ 4/29/83 | \$ 802,458.37 |
| Principal of ARC loans @ 6/29/83 | 364,657.90 |
| Accrued interest of ARC loans @ 4/29/83 | 21,701.07 |
| Accrued interest of ARC loans @ 6/29/83 | 49,210.43 |
| Professional Services (legal fees) paid by ARC @ 4/29/83 | 13,024.05 |
| Other income from assets acquired by ARC @ 5/30/83 | (12,531.05) |
| Totals: | <u>\$ 1,238,520.77</u> |

Allowance for assets acquired through foreclosure breakdown:

| | |
|--------------------------------------------------------------|------------------------|
| Reserves to loans: Alaska Food Co. | \$ 3,380,000.00 |
| Alaska Bait | 154,930.00 |
| Seafoods of Alaska | 105,245.00 |
| Reserves to accrued interest: Alaska Food Co. | 1,127,097.60 |
| Alaska Bait | 85,216.40 |
| Seafoods of Alaska | 70,912.13 |
| Provision for decline in assets acquired through foreclosure | 50,000.00 |
| Totals: | <u>\$ 4,973,401.13</u> |

Recap:

| | |
|--------------------------------------------------------|------------------------|
| Assets acquired through foreclosure | \$12,067,660.76 |
| Less allowance for assets acquired through foreclosure | (4,973,401.13) |
| Total: | <u>\$ 7,094,259.63</u> |

E - Expansion
 S - Start up
 IB - Investment Banking
 VC - Venture Capital

ALASKA RESOURCES CORPORATION
 INVESTMENT RECAP

April 30, 1984

| COMPANY NAME | FISHERIES | SPECIAL FISH | AGRICULTURE | FOREST PRODUCTS | SPECIAL FOREST | MANU-FACTURING | COMMITTED UNDISBURSED FUNDS | MISCELL-ANEOUS | TOTAL DEBT | EQUITY AMOUNT | EQUITY % | TOTAL DEBT & EQUITY |
|-------------------------|------------------|------------------|----------------|------------------|------------------|----------------|-----------------------------|----------------|-------------------|------------------|----------|---------------------|
| ACT I (AK. F.I.S.H.) | 125,000 | | | | | | | | 125,000 | 125,000 | 13% | 250,000 |
| ALASKA TIMBER | | | | | 1,500,000 | | | | 1,500,000 | | | 1,500,000 |
| ALYESKA CANDY KITCHEN | | | 23,654 | | | | | | 23,654 | | | 23,654 |
| AMERICAN EAGLE | 129,758 | 49,861 | | | | | | | 179,619 | | | 179,619 |
| ANCHOR RENEWABLE FARMS | | | 119,872 | | | | | | 119,872 | | | 119,872 |
| ANDHORAGE TANK | | | | | | 370,000 | | | 370,000 | | | 370,000 |
| ARCTIC FROST SEAFOODS | 19,200 | | | | | | | | 19,200 | | | 19,200 |
| BALL BROTHERS, INC. | 808,664 | 2,564,950 | | | | | | 180,000 | 3,553,614 | 500,000 | 40% | 4,053,614 |
| BALL, ALBERT | 25,000 | | | | | | | | 25,000 | | | 25,000 |
| BALL, GERALD | 25,000 | | | | | | | | 25,000 | | | 25,000 |
| BALL, NEWTON | 25,000 | | | | | | | | 25,000 | | | 25,000 |
| ICICLE SEAFOODS | | 2,159,231 | | | | | 17,378 | | 2,176,609 | 2,222,622 | 39% | 4,399,231 |
| KACHEMAK | 202,502 | | | | | | | | 202,502 | | | 202,502 |
| KOKECHIK | 278,588 | | | | | | | | 278,588 | 490 | 49% | 279,078 |
| CLARK, INC. | | 395,000 | | | | | | | 395,000 | 25,000 | 1% | 420,000 |
| MASTERCRAFT | | | | 255,629 | | | | | 255,629 | | | 255,629 |
| PINES SAWMILL | | | | 5,100 | | | | | 5,100 | | | 5,100 |
| RICE FUR FARM | | | 109,122 | | | | | | 109,122 | | | 109,122 |
| SALAMATOF | | 3,022,442 | | | | | | | 3,022,442 | 976,264 | 35% | 3,998,706 |
| SAYLES MARINE, INC. | 95,126 | | | | | | | | 95,126 | | | 95,126 |
| PACIFIC FOREST PRODUCTS | | | | 1,000,000 | 3,765,066 | | | | 4,765,066 | | | 4,765,066 |
| SEAWARD SHIPYARD | 499,945 | | | | | | | | 499,945 | 150,000 | 22% | 649,945 |
| SMARAGD PARTNERS | 456,340 | | | | | | | | 456,340 | | | 456,340 |
| STEIK ENTERPRISES | | | | 55,000 | | | | | 55,000 | | | 55,000 |
| STERLING SEAFOODS | 125,000 | | | | | | | | 125,000 | 100,000 | 49% | 225,000 |
| TRINITY RESOURCES | | | | | | | | | | 206,100 | 32% | 206,100 |
| WYMAN | 893,642 | | | | | | | | 893,642 | | | 893,642 |
| TOTALS: | 3,708,765 | 8,191,484 | 252,648 | 1,315,729 | 5,265,066 | 370,000 | 17,378 | 180,000 | 19,301,070 | 4,305,476 | | 23,606,546 |

ALASKA RESOURCES CORPORATION

INVESTMENT ANALYSIS

@ April 30, 1984.

| Date Made | Project | Bank | Type of Account | Balance @ 4-30-84 | Interest Yield Rate | Date Interest Paid | Maturity Date |
|------------------------------------|--------------------------------|-----------------|--------------------------|---------------------|---------------------|--------------------|-----------------------|
| MONEY MARKET ACCOUNTS: | | | | | | | |
| 1-10-83 | Funds held for investment | ANB OF NORTH | Money Market - Checking | 100,672.01 | 9.00 | 4-30-84 | End of ea. month |
| 1-12-83 | Ball Brothers(pledged 180,000) | APB | Cash Investment-Checking | 181,368.84 | 9.25 | 4-30-84 | End of ea. month |
| 1-13-83 | Funds held for investment | 1st INTERSTATE | Cash Investment-Savings | 100,889.06 | 9.25 | 4-25-84 | 3rd wk. ea. month |
| 1-13-83 | " " " " | RAINIER | Investor Fund - Checking | 100,954.20 | 9.25 | 4-30-84 | Weekly |
| 1-13-83 | " " " " | AK. MUTUAL | Money Market - Checking | 160,784.15 | 9.00 | 4-30-84 | End of ea. month |
| 1-13-83 | " " " " | AK. STATE | Money Market - Checking | 100,715.27 | 9.120 | 4-30-84 | End of ea. month |
| 1-13-83 | " " " " | DEAN WITTER | Liquid Asset Fund | 347,053.63 | 9.44 | Compounds daily | Every 4-6 days |
| 2-07-83 | " " " " | UBA | Money Market - Checking | 100,912.36 | 9.50 | 5-07-84 | 1st. wk. of ea. month |
| 3-07-83 | " " " " | SNB | Hi Yi Plus - Checking | 100,739.91 | 9.00 | 4-30-84 | End of ea. month |
| 3-14-83 | " " " " | 1st BK OF KETCH | Money Market - Savings | 100,725.08 | 9.109 | 4-30-84 | End of ea. quarter |
| 5-31-83 | " " " " | B.M. BEHREND | Money Market - Checking | 100,748.76 | 9.00 | 4-15-84 | 15th of ea. month |
| | Totals: | | | <u>1,435,563.27</u> | | | |
| CERTIFICATE OF DEPOSIT: | | | | | | | |
| 3-12-84 | Funds held for investment | NBA | Time Certificate Deposit | 100,000.00 | 9.40 | | 5-11-84 |
| 3-13-84 | " " " " | DEAN WITTER | " " " | 150,000.00 | 9.70 | | 5-14-84 |
| 3-13-84 | " " " " | DEAN WITTER | " " " | 100,000.00 | 9.60 | | 5-14-84 |
| 4-02-84 | " " " " | AK. MUTUAL | " " " | 500,000.00 | 10.375 | | 6-01-84 |
| 12-6-83 | " " " " | AK. MUTUAL | " " " | 600,000.00 | 9.625 | | 6-04-84 |
| 4-03-84 | " " " " | AK. MUTUAL | " " " | 250,000.00 | 10.25 | | 6-04-84 |
| 12-12-83 | " " " " | AK. CONTINENTAL | " " " | 100,000.00 | 10.00 | | 6-08-84 |
| 4-23-84 | " " " " | AK. MUTUAL | " " " | 300,000.00 | 10.35 | | 6-22-84 |
| 4-30-84 | " " " " | AK. MUTUAL | " " " | 100,000.00 | 10.50 | | 6-29-84 |
| 1-04-84 | Kodiak Electric (pledged) | ANB OF NORTH | " " " | 40,000.00 | 9.45 | | 7-05-84 |
| 12-15-83 | Pacific Forest Prod.(pledged) | B.M. BEHREND | " " " | 1,000,000.00 | 10.324 | | 5-31-85 |
| | Totals: | | | <u>3,240,000.00</u> | | | |
| TREASURY NOTES & BONDS: | | | | | | | |
| 4-25-84 | Funds held for investment | DEAN WITTER | GNMA - Repo | 2,129,000.00 | 10.44 | | 6-25-84 |
| 9-30-83 | " " " " | " " | U.S. Treasury Note | 1,250,000.00 | 10.41 | | 9-30-85 |
| 2-03-84 | " " " " | " " | Fanny Maye | 1,500,000.00 | 10.86 | | 11-12-85 |
| 12-1-83 | " " " " | " " | U.S. Treasury Note | 1,000,000.00 | 10.60 | | 11-30-85 |
| 7-08-83 | " " " " | " " | Ryan Mtg. Accept. Bond | 1,100,000.00 | 11.375 | | 6-28-2013 |
| 7-28-83 | " " " " | " " | Ryan Mtg. Accept. Bond | 1,000,000.00 | 12.375 | | 7-28-2013 |
| | Totals: | | | <u>7,979,000.00</u> | | | |
| | | | | 105,000.00 | 9.50 | | |

for April 1984

Matured Investments:

| <u>Date</u> | <u>Type of Investment</u> | <u>Amount</u> | <u>Institution</u> | <u>Interest Yield</u> |
|-------------|---------------------------|---------------------|--------------------|-----------------------|
| 4-02-84 | TCD 180 days | 500,000.00 | Ak. Mutual | 9.875% |
| 4-03-84 | Repo Continuous | 250,000.00 | UBA | 9.50% |
| 4-23-84 | TCD 91 days | 300,000.00 | Ak. Mutual | 9.00% |
| 4-25-84 | Fed. Home Loan Bond | 2,000,000.00 | Dean Witter | 9.44% |
| 4-30-84 | TCD 91 days | 100,000.00 | 1st. Nat. of Anch. | 9.25% |
| | Totals: | <u>3,150,000.00</u> | | |

New Investments:

| | | | | |
|---------|---------------------|---------------------|-------------|---------|
| 4-02-84 | TCD 60 days | 500,000.00 | Ak. Mutual | 10.375% |
| 4-03-84 | TCD 62 days | 250,000.00 | Ak. Mutual | 10.25% |
| 4-23-84 | TCD 60 days | 300,000.00 | Ak. Mutual | 10.35% |
| 4-25-84 | GNMA - Repo 61 days | 2,129,000.00 | Dean Witter | 10.44% |
| 4-30-84 | TCD 60 days | 100,000.00 | Ak. Mutual | 10.50% |
| | Totals: | <u>3,279,000.00</u> | | |

for April 1984

Loans Receivable:

| Date | Investee | Principal Payment | Interest Payment | Total Paid |
|---------|----------------------|-------------------|------------------|------------------|
| 4-02-84 | Icicle Seafoods | 7,408.87 | 18,643.85 | 26,052.72 |
| 4-02-84 | Mastercraft | 3,145.24 | 2,454.76 | 5,600.00 |
| 4-04-84 | Alaska Timber | -0- | 15,500.00 | 15,500.00 |
| 4-05-84 | SeaWard Shipyard | 4,827.34 | 5,033.16 | 9,860.50 |
| 4-10-84 | Smaragd Partners | -0- | 10,073.85 | 10,073.85 |
| 4-12-84 | Rice Fur Farm | 5,400.00 | -0- | 5,400.00 |
| 4-17-84 | Anchorage Tank | -0- | 2,906.25 | 2,906.25 |
| 4-26-84 | Alyeska Candy Kitch. | -0- | 775.55 | 775.55 |
| | Totals: | <u>20,781.45</u> | <u>55,387.42</u> | <u>76,168.87</u> |

Income From Sale of Owned Assets:

| Date | Investee | Description | Amount |
|---------|-------------|---------------------------------------|------------------|
| 4-10-84 | Gibson Cove | Pynt. on Equip. purchase-Arctic Frost | 10,000.00 |
| 4-20-84 | Gibson Cove | Purchased desk-Amer. Wood Structure | 300.00 |
| 4-20-84 | Gibson Cove | Purchased PVC pipe-All Ak. Seafoods | 715.00 |
| | | Totals: | <u>11,015.00</u> |

Other Income From Owned Assets:

| Date | Investee | Description | Amount |
|---------|---------------|---------------------------------------|-----------------|
| 4-06-84 | Gibson Cove | Payment on claim-Amer. Seafood Export | 1,000.00 |
| 4-12-84 | Martins plant | Central storage lmo. rent returned | 70.00 |
| | | Totals: | <u>1,070.00</u> |

Other Revenue:

| Date | Description | Amount |
|---------|---------------------------------|--------------|
| 4-02-84 | Brd. Stipend to DLN from Icicle | 50.00 |
| 4-06-84 | Sierra Club photo copy pymt. | 11.25 |
| | Totals: | <u>61.25</u> |

Total Interest on Cash Investments:

184,619.45

Grand Total: 272,934.57

RE: OWNED ASSETS

for April 1984

| Date: | Who To: | What For: | Amount: |
|-----------------------|----------------------|----------------------------------------|-------------------------|
| <u>Alaska Bait #1</u> | | | |
| 4-12-84 | City of Hoonah | Electricity | 218.96 |
| | Hoonah Seafoods | Fuel & materials | 1,392.25 |
| | Rosser Smith | Payroll (4/1 to 4/15/84) | 795.10 |
| 4-19-84 | Cal Kerr | Reimbursement for photos | 6.95 |
| | One hour photo | Additional photo prints | 11.00 |
| 4-25-84 | Rosser Smith | Payroll (4/16 to 4/30/84) | 795.10 |
| | UBA-Fed. Dep. | Fed. & Fica tax for April | 537.80 |
| | Ak. Dept. of Labor | ESC tax for 1st quarter | 259.80 |
| | | | Totals: <u>4,016.96</u> |
| <u>Gibson Cove</u> | | | |
| 4-12-84 | Amer. Tire Warehouse | Tires for Ford pick-up | 179.30 |
| | City of Kodiak | Water, sewer, garbage - Madsen house | 49.00 |
| | Glacier State Tele | Plant phone charges | 157.11 |
| | Kodiak Elect. | Electricity (Madsen & Kalakala) | 941.94 |
| | Jeannie Northcutt | Payroll (4/1 to 4/15/84) | 804.30 |
| | Gil Reel | Payroll (4/1 to 4/15/84) | 1,131.95 |
| 4-25-84 | Jeannie Northcutt | Payroll (4/16 to 4/30/84) | 804.30 |
| | Gil Reel | Payroll (4/16 to 4/30/84) | 1,131.95 |
| | UBA-Fed. Dep. | Fed. & Fica tax for April | 1,766.70 |
| | Gil Reel | Expense reimbursement | 373.37 |
| | IRS-941 | Add'l Federal tax | 88.50 |
| | Ak. Dept. of Labor | ESC tax for 1st quarter | 677.65 |
| | | | Totals: <u>8,106.07</u> |
| <u>Martins Plant</u> | | | |
| 4-06-84 | George Tomberlin | Over charged on welding lead | 41.90 |
| 4-12-84 | Cascade Mach. | Materials | 310.31 |
| | Marsh & McLennan | Insurance | 4,800.00 |
| | Steel Fabricators | Materials | 392.00 |
| 4-25-84 | Gil Reel | Expense Reimbursement | 134.35 |
| | Gil Reel | Per dien 3/10-3/24/84 15days @\$25/day | 375.00 |
| | | | Totals: <u>6,053.56</u> |
| <u>Sterling Plant</u> | | | |
| 4-12-84 | Enstar Natural Gas | March charges | 142.61* |
| 4-25-84 | Homer Electric | 3/02/84 to 4/03/84 service | 1,598.65* |
| | Kenai Peninsula | Borough- Personal Property taxes | 3,539.40 |
| | | | Totals: <u>5,280.66</u> |

*Enstar Natural Gas \$142.61 billed to Roland Schwanke

*Homer Electric \$1,598.65 less \$569.52 = \$1,029.13 billed to Roland Schwanke

April 30, 1984.

| <u>Date:</u> | <u>Disbursed To:</u> | <u>Description:</u> | <u>Amount:</u> |
|----------------------------|----------------------|---------------------|----------------|
| <u>BALL BROTHERS, INC:</u> | | | |
| 4-25-84 | Security-Connecticut | Insurance | 297.27 |

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

*Accompanied
bill into
committee*

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Page 1 of 2

Revision Date _____

REQUEST

Bill/Resolution No: CS HB 685 (Loans)
Title: Alaska Resources Corporation

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: _____

Sponsor: House Loans
Requestor: House Finance
Date of Request: 3-30-84

BRU, Program or Subprogram(s) Affected:
Alaska Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|------------------------|-------|-------|-------|-------|-------|-------|
| <u>OPERATING</u> | | | | | | |
| 100 PERSONAL SERVICES | - | 206.3 | - | - | - | - |
| 200 TRAVEL | - | 50.0 | - | - | - | - |
| 300 CONTRACTUAL | - | 234.0 | - | - | - | - |
| 400 SUPPLIES | - | 10.0 | - | - | - | - |
| 500 EQUIPMENT | - | - | - | - | - | - |
| 600 LANDS & STRUCTURES | - | - | - | - | - | - |
| 700 GRANTS, CLAIMS | - | - | - | - | - | - |
| 800 MISCELLANEOUS | - | - | - | - | - | - |
| <u>TOTAL OPERATING</u> | - | 500.3 | - | - | - | - |
| <u>CAPITAL</u> | - | - | - | - | - | - |
| <u>REVENUE</u> | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|-------|---|---|---|---|
| GENERAL FUND | - | 500.3 | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| <u>TOTAL</u> | - | 500.3 | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | 4 | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Costs beyond FY 85 cannot be projected at this time.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker *MB*
Division: Treasury

Phone: 465-2350
Date: 3-30-84

Approved by Commissioner: *Frank M. Wells*
Agency: _____

Date: 4/2/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Analysis for Alaska Resources Corporation

Personal Services

| | |
|-----------------------------------------|-----------|
| 1 Senior Investment Officer - Range 27 | \$76,935 |
| 1 Investment Officer - Range 23 | \$62,550 |
| 1 Accounting Technician II - Range 14 A | \$30,645 |
| 1 Secretary - Range 14 C | \$36,150 |
| Total | \$206,280 |

Salaries and benefits for four full-time positions. This is a reduction of five positions in the FY 84 operating budget.

People will monitor and wind down ARC's current investments.

Travel

Travel is for investment site inspection and Board meetings of companies where ARC holds equity interest.

Contractual

| | |
|------------------------------|-----------|
| Rent | \$67,891 |
| Telephone | \$17,500 |
| Audit and Accounting Reports | \$15,000 |
| Legal Fees | \$133,609 |
| Total | \$234,000 |

Supplies

| | |
|-----------------------------------------------------------|----------|
| Rental of office machines and purchase of office supplies | \$10,000 |
|-----------------------------------------------------------|----------|

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

209132

Page 1 of 2

Revision Date _____

REQUEST

Bill/Resolution No: CS HB 685 (Loans)
Title: Alaska Resources Corporation

FISCAL DETAIL

Agency Affected: Revenue
Program Category Affected: _____

Sponsor: House Loans
Requestor: House Finance
Date of Request: 3-30-84

BRU, Program or Subprogram(s) Affected:
Alaska Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|------------------------|-------|-------|-------|-------|-------|-------|
| <u>OPERATING</u> | | | | | | |
| 100 PERSONAL SERVICES | - | 206.3 | - | - | - | - |
| 200 TRAVEL | - | 50.0 | - | - | - | - |
| 300 CONTRACTUAL | - | 234.0 | - | - | - | - |
| 400 SUPPLIES | - | 10.0 | - | - | - | - |
| 500 EQUIPMENT | - | - | - | - | - | - |
| 600 LANDS & STRUCTURES | - | - | - | - | - | - |
| 700 GRANTS, CLAIMS | - | - | - | - | - | - |
| 800 MISCELLANEOUS | - | - | - | - | - | - |
| <u>TOTAL OPERATING</u> | - | 500.3 | - | - | - | - |
| <u>CAPITAL</u> | - | - | - | - | - | - |
| <u>REVENUE</u> | - | - | - | - | - | - |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|-------|---|---|---|---|
| GENERAL FUND | - | 500.3 | - | - | - | - |
| FEDERAL FUNDS | - | - | - | - | - | - |
| OTHER | - | - | - | - | - | - |
| <u>TOTAL</u> | - | 500.3 | - | - | - | - |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | - | 4 | - | - | - | - |
| PART-TIME | - | - | - | - | - | - |
| TEMPORARY | - | - | - | - | - | - |

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Costs beyond FY 85 cannot be projected at this time.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker *MB*
Division: Treasury

Phone: 465-2350
Date: 3-30-84

Approved by Commissioner: *Arnie Mitchell*
Agency: _____

Date: 4/2/84

Distribution (by Agency preparing fiscal note):

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| Total | \$234,000 |

Supplies

| | |
|-----------------------------------------------------------|----------|
| Rental of office machines and purchase of office supplies | \$10,000 |
|-----------------------------------------------------------|----------|

BILL SHEFFIELD
GOVERNOR



NB 685

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

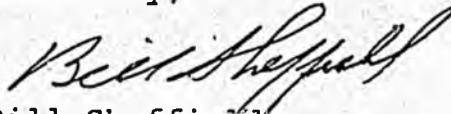
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides for the wind-up of operations and eventual dissolution of the Alaska Resources Corporation (ARC).

The bill retains the corporate structure of ARC for five years but amends the relevant statute to provide that the only corporate purpose is the orderly wind-up of the affairs of the corporation. This five-year period is considered necessary because ARC has substantial equity investments including capital stock investments in a number of businesses and has taken an active management role in some of the businesses. ARC also owns property as a result of foreclosure on loans against businesses in which it also has equity interests. The five-year period will give ARC sufficient time to remove itself from active management roles and then divest itself of these interests.

The corporation is transferred from the Department of Commerce and Economic Development to the Department of Revenue. The board membership is changed to provide that the commissioner of revenue and the commissioners of two other principal departments make up the board. The board is directed to contract with the Department of Revenue to manage the corporation's assets during the wind-up period. Concurrent with ARC's transfer to the Department of Revenue, all but \$500,000 of the unexpended and unobligated money in ARC's development capital fund is transferred to the general fund. The \$500,000 are to be used to cover possible costs that might arise in the course of winding up ARC's affairs.

The bill also repeals the statutes creating the Alaska Resources Corporation (ARC), AS 37.12; and the Alaska renewable resources development fund and Alaska renewable resources investment fund, AS 37.11. The Alaska renewable resources development fund and the Alaska renewable resources investment fund were closed out and the money returned to the general fund several years ago, after they were determined to be unconstitutional dedicated funds, but the statutes have not yet been repealed. Under this bill, the repeal of the corporation statutes will take effect July 1, 1989, and the repeal of the fund statutes will take effect immediately.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield". The signature is written in dark ink and is positioned above the printed name and title.

Bill Sheffield
Governor