

H B

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STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House C+RA

3-30-88

3:00 p.m.

3/14
D

R F P N

BILL PREPARATION/ACTION*

Bill # HB 538 Date Referred: 3/11/8 Out:

Title: Alaska Municipal Bond Bank Authority

Sponsor: (H) STA Referrals: CRA STA FIN

CONTACTS: *****

Name _____

Wm. Dennis Burns ^{aise} 3/23 [~~*3/30~~]

Sterling Gallagher ^{span can} 586-1636 3/23 [~~*3/30~~]; 3/24 ^{mtg} reminder [~~*3/30~~]

Perry Davis ^{Exec Dir. Munic. Bond Bank} 274-7366; ^{relasconf.} testify ~~available to needed.~~ 3/29

OCRA Plummer FN PD 3/29;

REMARKS: _____

MEETINGS: *****

Date _____ Action _____

* 3/30/8 1st time adopt Amend (5) - CS HB 538 (CRA)
passed out 4 DP

*See other side for additional information.

CONTAC.TXT



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Mar. 30, 1988

SIGN-IN

Subject of meeting:

*HB 538 Alaska Municipal Bond Bank Authority

~~HB 381 Approp: FY 89 Revenue Sharing/School Aid~~

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
John Williams	Dpty Comm. DCED Box D Juneau AK 99811	2802	DCED	Yes
Starling Gallagher	John Nussow & Co Juneau AK 99801	586-1636	John Nussow & Co	yes
Jim Peltzman	Dep Dir ALAD PO Box BH Juneau		DCRA	Yes
Scott Bunnies	Juneau	6-1325	AML	Yes
Nels A. Anderson, Jr.	Box 234 Dillingham AK	842-2366	City of Dillingham	Yes
David Hoffman	Commiss. DCRA		Bond Banks	
Bob Sweeney			NEA	

Tam Cook

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

2 HOUSE BILL NO. 538

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank
7 Authority; and providing for an effective date."

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

9 * Section 1. AS 44.85.170(b) is amended to read:

10 (b) Notwithstanding any provision of law, to the extent that any
11 department or agency of the state is the custodian of money payable to
12 a municipality, at any time after written notice to the department or
13 agency head from the bond bank authority that the municipality is in
14 default on the payment of principal or interest on municipal [GENERAL
15 OBLIGATION] bonds [OF THE MUNICIPALITY] then held or owned by the bond
16 bank authority, the department or agency shall withhold the payment of
17 that money from that municipality and pay over the money to the bond
18 bank authority for the purpose of paying principal of and interest on
19 the bonds [OF THE BOND BANK AUTHORITY].

20 * Sec. 2. AS 44.85.410(3) is amended to read:

21 (3) "municipal bond" means a bond or note or evidence of
22 debt that [WHICH] constitutes

23 (A) a general obligation bond that is a direct and
24 general obligation of a political subdivision of the state, all
25 the taxable property within which is subject to taxation to pay
26 the bond, note or evidence of debt, and the interest without
27 limitation, as to rate or amount generally to the extent permit-
28 ted by law or to avoid a default as provided for second class
29 cities under AS 29.45.590; [OR]

1 (B) a revenue bond, except a revenue bond for elec-
2 trical generation purposes other than diesel-powered generation,
3 issued by a municipality which pledges the revenue of a revenue-
4 producing capital improvement and which is payable solely from
5 the revenue of the revenue-producing capital improvement; [OR]

6 (C) a general obligation bond or revenue bond combined
7 or additionally secured; [OR]

8 (D) a bond of a borough issued as a general obligation
9 of a service area under AS 29.47.440 or former AS 29.58.340; or

10 (E) an obligation of a municipality secured only by
11 special assessments on benefited property ^{() tax increments,} or by a lease;

12 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

WOHLFORTH, FLINT & GRUENING
A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

5 HB 538

PETER ARGETSINGER
JULIUS J. BRECHT
CHARLES G. EVANS
ROBERT B. FLINT
CLARK B. GRUENING*
ROBERT M. JOHNSON
ROBERT S. SPITZFADEN*
KENNETH E. VASSAR
ERIC E. WOHLFORTH

ATTORNEYS AT LAW
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ANCHORAGE, ALASKA 99501

TELEPHONE
(907) 276-6401

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(907) 276-6093

JUNEAU OFFICE
217 SECOND STREET
JUNEAU, ALASKA 99801
TELEPHONE (907) 586-8110

JANICE COLEMAN GRAHAM**
STEPHEN E. GREER
THOMAS F. KLINCKER
ROGER A. LUBOVICH
BRADLEY E. MEYER
DANIEL PATRICK O'TIERNEY
PATRICK RUMLEY
JAMES A. SARAFIN
JAMES R. SZENDER

MEMORANDUM

OF COUNSEL
ROGER G. CONNOR
RICHARD W. GARNETT, III

*JUNEAU OFFICE
**ADMITTED IN NEW YORK ONLY

TO: J. Anthony Smith, Commissioner of Commerce and
Economic Development

FROM: Eric E. Wohlforth

DATE: March 30, 1988

SUBJECT: House Bill No. 538

Amend lines 10 and 11, page 2, to read

(E) an obligation of a municipality secured only by
special assessments on benefitted property, tax
increments, or by a lease;

only property

cc: Deputy Commissioner John Williams ✓

HOUSE COMMITTEE REPORT

(5)

Date referred: 3/11/88

FURTHER REFERRALS:

State Affairs
Finance

DATE: MAR 30 1988

The Community and Regional Affairs Committee has considered HB 538

"An Act relating to the Alaska Municipal Bond Bank Authority; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 538 (CRA) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

<u>Adelheid Herrmann</u>	<u>Herrmann</u>
<u>James C. Zawacki</u>	<u>Zawacki</u>
<u>Thomas M. Collins</u>	<u>Collins</u>
<u>Heinrich Springer</u>	<u>Springer</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Springer Heinrich Springer
Chairman's signature

Original sponsor: State Affairs Committee

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 538 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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13 agency head from the bond bank authority that the municipality is in
14 default on the payment of principal or interest on municipal [GENERAL
15 OBLIGATION] bonds [OF THE MUNICIPALITY] then held or owned by the bond
16 bank authority, the department or agency shall withhold the payment of
17 that money from that municipality and pay over the money to the bond
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19 the bonds [OF THE BOND BANK AUTHORITY].

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26 the bond, note or evidence of debt, and the interest without
27 limitation, as to rate or amount generally to the extent permit-
28 ted by law or to avoid a default as provided for second class
29 cities under AS 29.45.590; [OR]

1 (B) a revenue bond, except a revenue bond for elec-
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9 of a service area under AS 29.47.440 or former AS 29.58.340; or

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11 special assessments on benefited property, tax increments, or a
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STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

- | | | | |
|---|---|---|---|
| <input type="checkbox"/> 949 E. 36th AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 561-8586 | <input type="checkbox"/> P.O. BOX 348
BETHEL, ALASKA 99559-0348
PHONE: (907) 543-3475 | <input type="checkbox"/> P.O. BOX 10041
DILLINGHAM, ALASKA 99576-1041
PHONE: (907) 642-5135 | <input type="checkbox"/> 1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701-6286
PHONE: (907) 452-7126 |
| <input type="checkbox"/> P.O. BOX BH
JUNEAU, ALASKA 99811-2110
PHONE: (907) 465-4750 | <input type="checkbox"/> 710 MILL BAY RD.
KODIAK, ALASKA 99615-6340
PHONE: (907) 486-5736 | <input type="checkbox"/> P.O. BOX 350
KOTZEBUE, ALASKA 99752-0350
PHONE: (907) 442-3696 | <input type="checkbox"/> P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457 |

March 30, 1988

POSITION PAPER

RE: ^{CS} House Bill 538

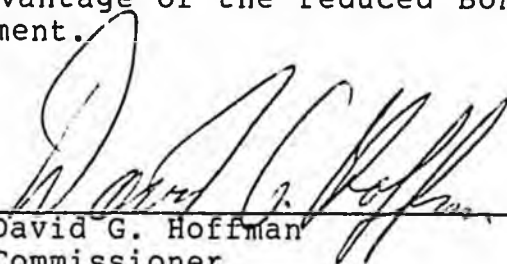
SPONSOR: State Affairs Committee

Program Effects

This bill would expand the list of eligible projects for which Municipal Bond Bank financing would be available. It would include projects secured by leases and projects financed through special assessment districts within a municipality rather than the entire municipality.

Comments

The department strongly supports this bill. The addition of these types of projects would provide additional flexibility to municipalities in this time of reduced state and local government revenues for public projects. Additionally, it will allow municipalities to take advantage of the reduced Bond Bank interest rates to finance equipment.



David G. Hoffman
Commissioner

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: "An Act..Alaska Municipal Bond Bank
Authority..providing..effective date."
Sponsor: State Affairs Committee
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: 3/30/88

Approved by Commissioner: [Signature]
Agency: Community & Regional Affairs

Date: 3-30-88

Distribution (by preparer):

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

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

MUNICIPAL & REGIONAL ASSISTANCE DIVISION

1.2 HB 538
STEVE COWPER, GOVERNOR

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P.O. BOX 41
NOME, ALASKA 99762-0041
PHONE: (907) 443-5457

March 30, 1988

POSITION PAPER

RE: House Bill 538

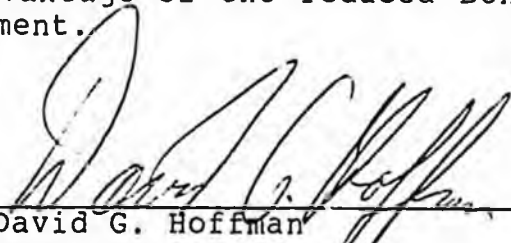
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David G. Hoffman
Commissioner

File Contents

HB 538 - Alaska Municipal Bond Bank Authority

<u>No.</u>	<u>Description</u>
1.	Bill - HB 538
2.	Packet from Sponsor
3.	Fiscal Note - Revenue
4.	Bill Review - Harrison

HB538.FIL
3/29/88

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 538
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: "An Act..Alaska Municipal Bond Bank
Authority..providing..effective date."
Sponsor: State Affairs Committee
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
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CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
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Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: 3/30/88

Approved by Commissioner: [Signature]
Agency: Community & Regional Affairs

Date: 3-30-88

- Distribution (by preparer):
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 - Impacted Agency(ies)



Official Business

Alaska State Legislature

House

(2) HB 538

P.O. BOX V
State Capitol
Juneau, Alaska 99811

TABLE OF CONTENTS HOUSE BILL 538

1. Memorandum from Fran Ulmer to Community and Regional Affairs Committee, dated March 11, 1988
2. Letter to Fran Ulmer from Sterling Gallagher, dated February 18, 1988
3. Letter to Dennis Burns from Perry Davis, Executive Director, Alaska Municipal Bond Bank Authority, dated March 3, 1988
4. Letter to Dennis Burns from Perry Davis, Executive Director, Alaska Municipal Bond Bank Authority, dated March 10, 1988
5. General Information: Bond Bank Authority
6. General Information: Bond Bank Authority



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

March 11, 1988

TO: Community and Regional Affairs Committee

FROM: Representative Fran Ulmer, Chair
House State Affairs

RE: HB 538 "An Act relating to the Alaska Municipal
Bond Bank Authority; and providing for an effective
date."

House Bill 538 extends the authority of the Alaska Municipal Bond Bank.

Section 1

State Aid payable to a municipality which is in default on any bonds held by the Bond Bank shall be paid directly to the Bond Bank.

Section 2

AS 44.85.410(3)(E) allows the Alaska Bond Bank to purchase an obligation of a municipality secured by a special assessment or lease.

Background

According to Perry Davis, Executive Director of the Municipal Bond Bank Authority, the proposed amendment is in response to suggestions that the scope of the Bond Bank be broadened to include bonds for special assessments and other governmental purposes. Current law only allows the purchase of general obligation and revenue bonds.

Special assessment bond financing refers to situations where the bonds are paid by the property being benefitted. For example, if a special service district wishes to build a new fire station and does not want to burden all taxpayers with that debt, the Bond Bank could provide financing for this purpose. Special assessment bond issues tend to be small in amount and the Bond Bank would be a means to finance such debt.

Financing would also be available for equipment leasing. For instance, some communities currently finance equipment at interest rates between 9 and 15 percent. The Bond Bank could finance such debt at a lower interest rate.

February 18, 1988

Fran Ulmer
Chairman
State Affairs Committee
P.O. Box V, C-102
Juneau, AK 99811

RE: Alaska Municipal Bond Bank legislation

Dear Fran,

Last year the Alaska Municipal Bond Bank decided to be more pro-active and had a survey done among the communities to see what new programs they could offer. Two programs were identified.

One program was to have an equipment leasing program to have communities finance their equipment purchases if they so decided through the Alaska Municipal Bond Bank. We found communities were currently financing equipment at an interest rate of 9 to 15% under current market conditions. The Alaska Municipal Bond Bank could perform this function at approximately 7%.

Another program that was desired by the communities was the ability to finance special service districts or as limited improvement districts. A special service district is one where a district wants to have, let's say, a fire station and do not want to burden all of the taxpayers of a municipality with that responsibility. This would give the municipalities the ability to finance, over a twenty-year period, a new fire station if the voters approved it in the district. A limited improvement district is a financing for a one time improvement such as streets in a subdivision if the taxpayers in the district are willing to pay for it. They vote for the improvements and the LID cost is attached to the property payments and is paid off over time.

Because the legislation was late in arriving in the Governor's office and because this subject is not of high political content the bill was not moved. This bill has the unanimous support of the Alaska Municipal Bond Bank Board and all municipalities. It gives them an additional tool to help meet their obligations. I know of no opposition to this bill. There is no fiscal note to the bill for this calendar year because the Alaska Municipal Bond Bank already has adequate reserves. We expect a \$7 million program of each type if this legislation can be passed.

The legislation has two parts. The first is to allow for the offset of municipal aid for any default on municipal debt through the Alaska Municipal Bond Bank for the new programs. These programs are permissive and if they want the advantage of the Alaska Municipal Bond Bank, there is a small price to pay.

Section 2 of the bill allows the Alaska Municipal Bond Bank to purchase "any other obligation of a municipality." Current legislation only allows for general obligation bonds and revenue bond. Leases and Limited improvement district bonds do not fit this definition. By passing this language, the Alaska Municipal Bond Bank would be allowed to purchase the new obligations.

I would like your committee to consider sponsoring this legislation.

Yours truly,


Sterling Gallagher

CHAIRMAN:
GLENDA RHODES

BOARD MEMBERS:
DAVID HOFFMAN
WINTHROP T. HOVEY
HUGH MALONE
MICHAEL B. SALAZAR



801 WEST FIFTH AVENUE
SUITE 430
ANCHORAGE, ALASKA 99501
(907) 274-7356

EXECUTIVE DIRECTOR:
PERRY T. DAVIS

ALASKA MUNICIPAL BOND BANK AUTHORITY

March 3, 1988

Mr. Dennis Burns
House State Affairs Committee
P.O. Box V
Juneau, Alaska 99801

Dear Dennis:

Enclosed is a brief description from Eric Wohlforth on the bill you are considering regarding the Bond Bank.

The Board of Directors authorized the adoption of this new legislation, but of course retains full control and authority over any Bonds issued by the Bond Bank.

Sincerely,

Perry T. Davis
Executive Director

PTD/kdn

WOHLFORTH, FLINT & GRUENING

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS
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DANIEL PATRICK O'TIERNEY
PATRICK RUMLEY
JAMES A. SARAFIN
JAMES R. SZENDER

*JUNEAU OFFICE
**ADMITTED IN NEW YORK ONLY

March 4, 1988

Mr. Perry T. Davis
Executive Director
Municipal Bond Bank Authority

Re: Alaska Municipal Bond Bank Proposed Legislation
(Our File 3742/0001)

Dear Perry:

You have asked for my comments on Proposed Legislation to expand the purposes of the Bond Bank to purchase any obligations of a municipality for a governmental or municipal purpose. The same proposed bill also provides that State Aid payable to a municipality which is in default on any bonds held by the Bond Bank be paid directly to the Bond Bank.

The legislative changes proposed are in response to the suggestion that the purpose of the Bond Bank be broadened beyond general obligation bonds and revenue bonds to include bonds for special assessments and other governmental purposes. Special assessment bond financing where the bonds are paid by the property benefitted are a customary vehicle for raising funds for limited area purposes in other states. It seems appropriate that the Bond Bank's purposes be extended to permit it to purchase such bonds to assist small municipal financings. Special assessment bond issues tend to be small in amount and the Bond Bank would be an efficient vehicle for providing market access for such debt. Other kinds of financings would be available through the Bond Bank such as municipal tax increment and equipment lease financing. Broadening the purposes of the Bond Bank to permit all governmental or municipal purpose financing would assist the Bond Bank in meeting its legislative mandate of providing assistance to Alaska municipalities to lower interest rates and improve market access.

Very truly yours,

Eric E. Wohlforth
Eric E. Wohlforth

A200300

CHAIRMAN:
GLENDA RHODES

BOARD MEMBERS:
DAVID HOFFMAN
WINTHROP T. HOVEY
HUGH MALONE
MICHAEL B. SALAZAR



601 WEST FIFTH AVENUE
SUITE 430
ANCHORAGE, ALASKA 99501
(907) 274-7366

EXECUTIVE DIRECTOR:
PERRY T. DAVIS

ALASKA MUNICIPAL BOND BANK AUTHORITY

March 10, 1988

Dennis J. Burns
House State Affairs Committee
P.O. Box V
State Capitol
Juneau, Alaska 99811

Dear Mr. Burns:

Regarding your question on electrical generation purpose, other than diesel-powered generation. As I understand, the Alaska Power Authority did not want the Bond Bank crossing over into its area of operation, they did not mind our doing small diesel generation projects.

Sincerely,

Perry T. Davis
Executive Director

Revenue Bonds. Revenue bonds are bonds payable from money earned by charging the users of a particular facility or service. Examples of facilities or services financed might include water or sewer service systems, electrical utilities, or public buildings that may be supported from leases or other income.

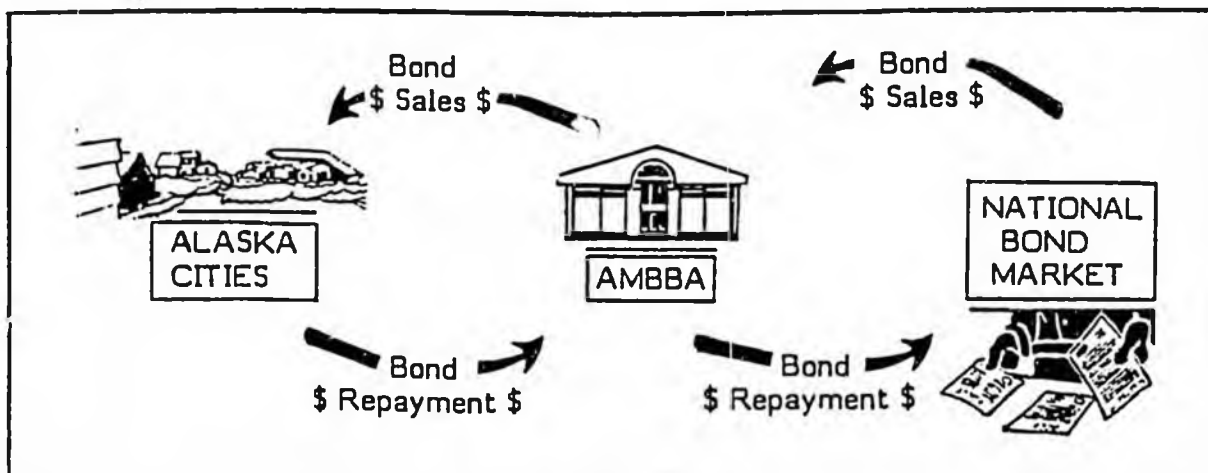
General Obligation Bonds. General obligation bonds are sometimes referred to as G.O. bonds. G.O. bonds are bonds issued by a local government with assurance that they will be repaid by money received from local taxes. The bond is a general obligation of the entire city. The full faith and credit of the city are pledged to pay back the principal and interest. AS 29.47.190 requires voter authorization before G.O. bonds may be issued.

Before entering into the bonding process, the city must employ the professional help of bond council (a bond attorney familiar with bonding practices).

The Alaska Municipal Bond Bank

In addition to the traditional market for municipal bonds, there has been established an Alaska Municipal Bond Bank. The purpose of the bond bank

is to act as a financial backer for smaller Alaskan cities which wish to market bonds. The bond bank sells its own bonds on the national money market and then uses the proceeds of the sale to purchase the bonds of Alaskan cities. Because the bond bank is able to receive a bond rating better than most small municipalities, it can borrow money at a lower interest rate, then pass the savings on to Alaskan cities.



The Bond Bank

General Information

The Bond Bank was established to assist small Alaska communities that would otherwise have difficulty financing capital improvement projects such as schools, sewer systems or public buildings.

It was created because small communities are at a disadvantage in the financial markets. They have low bond ratings; few on Wall Street know anything about their financial condition. Perhaps they never borrowed before and have no bond rating.

The Bond Bank is a public corporation created by State law. It has a legal existence independent of and separate from the State and the full faith and credit of the State is not pledged to secure bonds issued by the Bond Bank; however, the State has pledged its moral obligation to the maintenance of a debt service reserve for the majority of the Bond Bank's bonds.

Operations

Generally the Bank sells its bonds on the national bond market. It uses the proceeds of the sales to purchase the bonds of Alaska cities. The Bond Bank typically collects several bond issues and consolidates them into a single issue which it sells to the national market. This reduces the costs of issuance allocable to each city participating in the bond issue.

Because the Bank has received "A" ratings from the two major bond rating services, it is able to borrow money at lower interest rates than most of Alaska's cities. This low interest rate is passed through to the cities.

As cities pay annual principal and semiannual interest to the Bank to liquidate their debt, the Bank uses these same principal and interest payments to liquidate its debt to its bondholders.

Bonds issued by the Bond Bank are obligations of the Authority and payable only from revenues or funds from the Authority.

Organization

The powers of the Bank are vested in the Directors. The membership of the Bank consists of five Directors: three appointed by the Governor, the Commissioner of Revenue and the Commissioner of Community and Regional Affairs. The three appointees serve four-year terms and must be qualified voting residents of the State.

The Directors elect one of their members as chairman and also elect a secretary and treasurer who need not be Directors. Action may be taken and motions and resolutions adopted by the Bank at any meeting by the affirmative vote of at least three Directors except that no decision to approve an application for a loan shall be made unless at least two of the three public members vote to approve.

The Board of Directors operates in accordance with the Bond Bank Act (AS 44.85), its published regulations and its by-laws.

The Directors appoint an Executive Director to manage the business of the Bank.

The Board of Directors

The Bank's membership is as follows:

Glenda Rhodes—Chairman, Term expires July 15, 1989. Ms. Rhodes is a long-time resident of Alaska, a CPA and Managing Partner of Laventhol & Horwath. She is past president of the Alaska Society of CPAs and served two terms as Alaska's elected member of the Governing Council of the American Institute of CPAs.

Winthrop T. Hovey—Vice Chairman, Term expires July 15, 1990. Mr. Hovey is currently Vice-Chairman of Carr-Gottstein Properties, Inc. and Chief Financial Officer of Carr-Gottstein Co., Inc. He has resided in Alaska since 1974. Prior to arriving in Alaska, Mr. Hovey was employed with Beneficial Standard Corporation in Los Angeles for 25 years.

Michael B. Salazar—Term expired July 15, 1987, however, he continues to serve until he is reappointed or replaced by the Governor. Mr. Salazar is a lifetime resident of Alaska.

an owner of businesses in Ketchikan, and has served on several boards and commissions, including President of the Ketchikan Chamber of Commerce.

Hugh Malone—Commissioner of Revenue, ex-officio Director. Mr. Malone was appointed Commissioner on December 1, 1986. He previously has been the Vice-Chairman of the Alaska Permanent Fund Corporation, the Speaker of the House and Chairman of the Finance Committee in the Alaska State House of Representatives. He has been a resident of the State since 1958.

David G. Hoffman—Commissioner of Community and Regional Affairs, ex-officio Director. Mr. Hoffman has worked as a manager and economic analyst for rural organizations and businesses throughout Alaska and Arctic Canada since 1973. He worked as an Administrative Assistant to the Legislature in 1978 and 1979. He was co-founder and first Executive Director of the Bering Sea Fishermen's Association. From 1983 through 1986 he was co-owner of the management consulting firm D&D Associates Inc.

Management

The Bank has one employee; its Executive Director.

Perry T. Davis—Executive Director. Mr. Davis was appointed by the Directors effective January 6, 1983 and since that date also served as secretary and treasurer of the Bank. Prior to his appointment he was an Investment Consultant. He holds a bachelor's degree in accounting and from 1962-1973 was with Palomar Financial as Executive Financial Vice-President.

Rather than employ staff, the Bank contracts in the private sector for a wide range of professional services. The Executive Director coordinates the activities of these professionals to include bond counsel, financial advisors, underwriters, accountants, auditors, fund trustees and clerical support.

As a matter of policy, bond sale proceeds and municipal debt service payments flow directly between banking institutions. No funds, other than the small operating account, are physically handled by Bank personnel.

Bonds are sold by either competitive bid or negotiated sale depending on market conditions and the objectives of the sale.

The Bond Bank contracts with outside professionals to provide various functions of expertise.

Financial Advisor

Snearson Lehman Brothers Inc.
Foster & Marshall Division

Provides loan analysis service, including recommendations as to adequacy of loan applications, considering credit worthiness, projected capability to repay, and overall effect a proposed loan will have on the credit of the Bond Bank. Assists in preparation of the Official Statements, recommendations as to type and timing of bond sales, negotiations with underwriters and assistance with investment of various funds.

Bond Counsel

Wohlforth, Flint & Gruening

Provides for the preparation of proceedings for the authorization, sale, issuance and delivery of Bond Bank bonds. Prepares series resolutions, notice of sale, assists in preparation of the Official Statement, renders necessary opinions as required, and provides other general legal services required by the Bond Bank.

Trustee/Paying Agent

Rainier National Bank

Acts as custodian of the bond proceeds and supervises their investment uses for the purpose specified in the bond resolutions. The trustee oversees Debt Service Reserve Funds and maintenance of certain coverage ratios required in the contract with the bondholders. As paying agent, makes all necessary interest and principal payments to the bondholders.

③ HB 538

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 538
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 3/11/88
Title: HB538: An Act relating to the Alaska Municipal Bond Bank Authority
Sponsor: State Affairs Committee
Requestor: _____
Agency Affected: Revenue
BRU: Alaska Municipal Bond Bank Authority
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Attached

Prepared by: Perry Davis Phone: 274-7366
Division: Alaska Municipal Bond Bank Authority Date: 3/16/88
Approved by Commissioner: [Signature] Date: 3/16/88
Agency: Department of Revenue

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

At this time, we are unable to determine the extent of participation by communities in this new authority. The Board of Directors of the Bond Bank has not approved issuance of any bonds under these guidelines. At the time that the Board reviews issuance of bonds, it will include costs related to the issuance of bonds under these new definitions.

In the event that bonds are issued under this authority, such costs would be paid by program receipts.

(4) HB 538



Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

March 28, 1988

TO: Rep. Henry Springer, Chairman HCRA

FROM: David C. Harrison, P.A., HCRA *DCH*

Subject: HB 538 "An Act relating to the Alaska Municipal Bond Bank Authority; and providing for an effective date.

Review on HB 538

COMMENTS:

Section 1. AS 44.85.170(b) as amended provides state aid to a municipality which is in default on any bonds held by the bond bank shall be paid directly to the bond bank. The deletion of the following [GENERAL OBLIGATION] & [OF THE MUNICIPALITY] clears the way for amendment in Sec. 2. AS 44.85.410(3) lines 10, 11, page 2, allowing the Alaska Bond Bank to purchase an obligation of a municipality served by a special assessment or lease.

The addition of special assessment and lease opens other opportunities for the Alaska Municipal Bond Bank Authority to provide services to municipalities within Alaska.

Some testimony indicate that financing would also be available for equipment leasing.

Sec. Effective date indicated under AS 01.10.070(c).