

C S H B

5 3 8

Original sponsor: State Affairs Committee

1 IN THE HOUSE  
2 SENATE CS FOR 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  
6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank  
7 Authority, municipal debt for development and rede-  
8 velopment projects; and providing for an effective  
9 date."  
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
11 \* Section 1. AS 29.35.210(a) is amended to read:  
12 (a) A second class borough may by ordinance exercise the follow-  
13 ing powers on a nonareawide basis:  
14 (1) provide transportation systems;  
15 (2) regulate the offering for sale, exposure for sale,  
16 sale, use, or explosion of fireworks;  
17 (3) license, impound, and dispose of animals;  
18 (4) provide garbage, solid waste, and septic waste col-  
19 lection and disposal;  
20 (5) provide air pollution control in accordance with AS  
21 46.03.140 - 46.03.230;  
22 (6) provide water pollution control;  
23 (7) participate in federal or state loan programs for  
24 housing rehabilitation and improvement for energy conservation;  
25 (8) provide for economic development;  
26 (9) provide for the acquisition and construction of local  
27 service roads and trails under AS 19.30.111 - 19.30.251;  
28 (10) establish an emergency services communication center  
29 under AS 29.35.130;

1           (11) subject to AS 28.01.010, regulate the licensing and  
2 operation of motor vehicles and operators;

3           (12) engage in activities authorized under AS 29.47.460.

4 \* Sec. 2. AS 29.47 is amended by adding a new section to read:

5           Sec. 29.47.460. DEBT FOR DEVELOPMENT AND REDEVELOPMENT PROJECTS.

6           (a) In undertaking a development or redevelopment project, a munic-  
7 ipality may issue bonds to finance public improvements for the proj-  
8 ect, including bonds for development or redevelopment purposes in  
9 blighted areas. In this subsection

10           (1) "blighted area" means an area that the municipality  
11 determines to be a blighted area on the basis of the substantial  
12 presence of factors such as excessive vacant land on which structures  
13 were previously located, abandoned or vacant buildings, substandard  
14 structures, and delinquencies in payment of real property taxes;

15           (2) "redevelopment purposes" means

16           (A) the acquisition by the municipality of real prop-  
17 erty located in a blighted area;

18           (B) the clearing and preparation for redevelopment of  
19 land acquired under (A) of this paragraph;

20           (C) the rehabilitation of real property acquired under  
21 (A) of this paragraph; in this subparagraph, "rehabilitation"  
22 does not include construction, other than rehabilitation, of  
23 property or the enlargement of an existing building; and

24           (D) the relocation of occupants of the real property  
25 acquired under (A) of this paragraph.

26           (b) A municipality may provide by ordinance that the tax incre-  
27 ment from the taxes levied each year by or on behalf of the municipali-  
28 ty on the property in an area described in the ordinance shall be  
29 used to repay the principal and interest on bonds, notes, or other

1        indebtedness that is incurred for a development or redevelopment  
2        project, and may irrevocably pledge the tax increment from the area  
3        for that purpose but only if additional security in the form of a  
4        letter of credit or equal security is also pledged. The area de-  
5        scribed in the ordinance may be a service area. In this subsection  
6        "tax increment" means the portion of the tax that is attributable to  
7        the difference between the value of the property shown on the taxing  
8        agency's assessment roll for the year when the taxes are levied and  
9        the value of the property shown on the taxing agency's last assessment  
10       roll that was equalized before the project was authorized.

11       \* Sec. 3. AS 44.85.170(b) is amended to read:

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

22       \* Sec. 4. AS 44.85.410(3) is amended to read:

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

25                        (A) a general obligation bond that is a direct and  
26        general obligation of a political subdivision of the state, all  
27        the taxable property within which is subject to taxation to pay  
28        the bond, note or evidence of debt, and the interest without  
29        limitation, as to rate or amount generally to the extent

1 permitted by law or to avoid a default as provided for second  
2 class cities under AS 29.45.590; [OR]

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

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

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

12 (E) an obligation of a municipality secured only by  
13 (i) special assessments on benefited property;  
14 (ii) tax increments and a letter of credit or  
15 equal security; or  
16 (iii) a lease;

17 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

Original sponsor: State Affairs Committee

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 538 (Finance)

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, municipal debt for development and rede-  
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17 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

SCS for MZL (C+RA)  
BILL VERSION: CSHB 538 (FIN)  
PUBLISH DATE: SENATE 5/6/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act..municipal bonds & other obligations..municipal powers.."  
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						
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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-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

\_\_\_\_\_

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

Phone: 465-4750  
Date: 4/26/88

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

Date: 4/26/88

Distribution (by preparer):

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

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: <sup>SCS for</sup> CSHB 538 <sup>(CIRA)</sup> ~~(FIN)~~  
PUBLISH DATE: SENATE 5/6/88

FISCAL NOTE

REQUEST:

Revision Date: 4/26/88  
Title: An Act relating to the Alaska  
Municipal Bond Bank Authority...  
Sponsor: State Affairs Committee  
Requestor: \_\_\_\_\_

Agency Affected: Revenue  
BkU: Alaska Municipal bond Bank  
Authority  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 86	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

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, Executive Director Phone: 274-7366  
Division: Alaska Municipal Bond Bank Authority Date: April 26, 1988  
Approved by Commissioner: Hugh Malone Date: April 26, 1988  
Agency: Department of Revenue

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

SENATE 5/6/88

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.

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### MUNICIPAL & REGIONAL ASSISTANCE DIVISION

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P.O. BOX 10041  
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P.O. BOX 350  
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P.O. BOX 41  
NOME, ALASKA 99762-0041  
PHONE: (907) 443-5457

April 26, 1988

### POSITION PAPER

RE: CS HB 538

ORIGINAL SPONSOR: State Affairs Committee

#### Program Effects

This bill would combine the content of the original bill with the content of HB 434, dealing with tax increment financing. In so doing, it would expand the list of eligible projects for which Municipal Bond Bank financing would be available to include projects financed through special assessment districts within a municipality, those secured by leases, and projects financed through tax increments. It would also provide guidelines for municipalities to follow if they wish to practice tax increment financing as a method of satisfying bonded indebtedness.

#### Comments

The department strongly supports the additional flexibility this bill would grant the Municipal Bond Bank in financing municipal projects. In this time of reduced state and local revenues, additional sources of funding are especially valuable to municipalities. While the conditions which gave rise to the tax increment financing concept in the Lower 48 might not be present in Alaska, it provides an additional tool to municipalities to fund projects.

  
Marty Rutherford  
Acting Commissioner

# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
TIM KELLY, Vice Chairman  
RICK HALFORD  
MIKE SZYMANSKI  
FRED ZHAROFF



P. O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-4989

## Senate Community and Regional Affairs Committee

May 4, 1988

TO: Members,  
Senate Community and Regional Affairs Committee

FROM: Staff *MJK*  
Senate Community and Regional Affairs Committee

RE: CSHB 538 (Fin) - "An Act relating the Alaska Municipal Bond Bank Authority, municipal debt for development and redevelopment projects; efd."

Included in this packet are zero fiscal notes, a letter of support from the AML that also provides an analysis of the bill, a position paper from DC&RA strongly supporting the bill, a letter from Wohlforth, Flint & Gruening supporting the bill, a letter from John Nuveen & Co. supporting the bill, some background information on the bond bank, and a bill history.

9

**WOHLFORTH, FLINT & GRUENING**

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

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

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

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.

**NUVEEN**

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

**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.

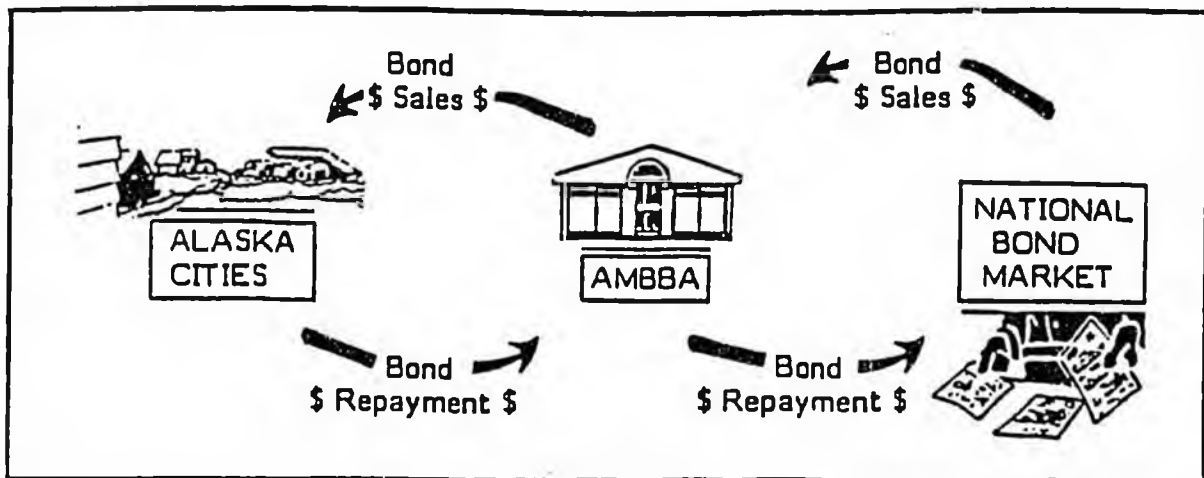
**General Obligation Bonds.** General obligation bonds are sometimes referred to as G.O. bonds. G.O. bonds are bonds issued by a local government with assurance that they will be repaid by money received from local taxes. The bond is a general obligation of the entire city. The full faith and credit 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 5, 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 & Marsnall 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.

BILL: HB 538

NAME: CSHB 538(FIN)

TITLE: "An Act relating to the Alaska Municipal Bond Bank Authority, municipal debt for development and redevelopment projects; and providing for an effective date."

PRIME SPONSOR: STATE AFFAIRS COMMITTEE

FUNDING : \$000 GENERAL(FNOTE) \$000 OTHER(FNOTE)

CURRENT STATUS: (S) CRA STATUS DATE: 04/30/88  
THEN FIN

Selection=>

PF1	PF2	PF3	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
HELP		EXIT	MENU	TEXT	PRINT	BWD	FWD		FIRST	LAST	QUIT
HB 538											

Bill/Resolution Action

Page 2 of 3

Current Status: (S) CRA

	Jrn-Date	Jrn-Pg		Action
1	03/11/88	2536	(H)	READ THE FIRST TIME - REFERRAL(S)
2	03/11/88	2536	(H)	C&RA THEN STATE AFFAIRS, FINANCE
3	03/31/88	2783	(H)	CRA RPT CS(C&RA) 4DP
4	03/31/88	2784	(H)	ZERO FISCAL NOTE PUBLISHED 3/31/88
5	04/14/88	2954	(H)	STA RPT CS(C&RA) 5DP 2NR
6	04/29/88	3248	(H)	FIN RPT CS(FIN) NEW TITLE 8DP 2NR
7	04/29/88	3248	(H)	ZERO FISCAL NOTE PUBLISHED 4/29/88
8	04/29/88	3248	(H)	ZERO FISCAL NOTE/ANALYSIS 4/29/88
9	04/30/88		(H)	RULES TO CALENDAR 4/30/88
10	04/30/88	3299	(H)	READ THE SECOND TIME
11	04/30/88	3299	(H)	FIN CS ADOPTED UNAN CONSENT
12	04/30/88	3300	(H)	ADVANCED TO THIRD READING UNAN CONSENT
13	04/30/88	3300	(H)	READ THE THIRD TIME CSHB 538(FIN)
14	04/30/88	3300	(H)	PASSED Y37 N2 A1
15	04/30/88	3300	(H)	EFFECTIVE DATE SAME AS PASSAGE
16	04/30/88	3309	(H)	TRANSMITTED TO (S)
17	04/30/88	3315	(S)	READ THE FIRST TIME - REFERRAL(S)
18	04/30/88	3315	(S)	CRA, THEN FINANCE

Selection=>

PF1	PF2	PF3	PF4	PF5	PF6	PF7	PF8	PF9	PF10	PF11	PF12
HELP		EXIT	MENU	TEXT	PRINT	BWD	FWD		FIRST	LAST	QUIT
HB 538											

Bill/Resolution Action

Page 3 of 3

Current Status: (S) CRA

	Jrn-Date	Jrn-Pg		Action
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# Alaska MUNICIPAL League

TELEPHONE  
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801

April 26, 1988

TO: Representative Al Adams, Chair  
and Members of the House Finance Committee

FROM: Scott A. Burgess, Executive Director 

SUBJECT: CS HB 538 (Finance) - An Act relating to municipal bonds and other obligations

The Alaska Municipal League strongly supports the proposed Committee Substitute for HB 538 (Finance) because it offers municipalities additional financing options as they strive to serve Alaskan citizens with decreasing financial support from the state and federal governments. The bill effectively combines two related pieces of legislation, HB 434 and HB 538, which the AML has supported this session.

AML has supported the concept of tax increment financing, which would be authorized under Section 3 of the proposed CS HB 538 (Finance), for several years. The AML Policy Statement (X.B.1) directly supports legislation to "encourage local municipalities to adopt and implement incentives for economic development, such as joint public/private sector economic development corporations and tax increment financing authorities."

The proposed CS HB 538 (Finance) would allow municipalities to undertake development or redevelopment projects by setting up public corporations to sell bonds for the improvements, with the bonds paid back by the increment increase in property taxes on the improved property. While such a program may not be appropriate in all development situations or in all municipalities, it would provide another option or tool for municipalities where it is appropriate to encourage economic development. Adequate safeguards are provided through the normal municipal legislative (council/assembly) and financial review processes.

Section 4 of the bill broadens the authority of the Alaska Municipal Bond Bank by allowing it to issue municipal bonds backed by special assessments, tax increments, or leases. This would help municipalities help themselves by providing additional tools to finance local improvement projects, equipment purchases, economic development projects, or other locally identified needs. Because the Bond Bank can obtain more favorable rates than most Alaskan municipalities, this would enable local governments to provide municipal services at the lowest possible cost.

The AML urges your support of the proposed CS HB 538 (Finance) as a no-cost way to give municipalities increased flexibility in providing services at the lowest possible cost. Thank you.

SENATE COMMITTEE REPORT

FURTHER

Finance  
5/6/88

4/30/88

DATE TURNED INTO OFFICE

Mr. President:

C&RA

Committee considered

CSHB 538 (Fin)

Alaska Municipal Bond Bank Authority, municipal debt for development and redevelopment projects; efd

and recommended

replace with CS for. CSAB 538  same title  
 or adopt CS  new title

attached amendment(s) and *+ reports it back as follows*

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous

*2 -*  zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Signature]*

*2 Tim Kelly - No Rec*

*1 Mike Symonds*

*2 [Signature] No Rec*

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*[Signature]*  
Chairman signature and recommendation

Committee Backup attached