

H B

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STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

April 18, 1991

POSITION PAPER

RE: CS for House Bill 256


SPONSOR: Representatives Jacko & Ivan

Program Effects of the Bill

The bill authorizes the department to administer a variety of programs aimed at meeting the needs identified in the Governor's Conference on Small Business in rural Alaska. The authorization and funding of this bill would provide investment capital needed to stimulate economic growth and diversification of rural economies.

Comments

The Department of Community and Regional Affairs supports this bill. Our experience in administering the Redi program has documented the tremendous need for investment funds in remote Alaska. This program has also shown a great deal of economic opportunities exist in rural Alaska. There is a strong desire by rural Alaskans to take control of these opportunities and this bill would provide a major tool to achieve that goal.


Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 256

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: Rural Development Initiative Program BRU: Employment/Training/Rural Development
 Component: Community Development Assistance

Sponsor: Representatives Jacko & Ivan
 Requestor: House C&RA

COMPONENT SERIAL NO.	1	1	7	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	234,169.31	245,877.77	258,171.65	271,080.23	284,634.24	298,865.95
TRAVEL	53,378.04	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
CONTRACTUAL	36,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
SUPPLIES	3,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
EQUIPMENT	12,000.00	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LAND & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -			
TOTAL OPERATING	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.95

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
* OTHER	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.95
TOTAL						

POSITIONS: * PENDING PASSAGE OF HB 222

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
 See attached

Prepared By: Remond Henderson, Director Phone: 465-4708
 Division: Division of Administrative Services Date: 4/18/91
 Approved by Commissioner: Edgar Blatchford
 Agency: Community & Regional Affairs Date: 4/18/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Nome		Election District L2
TYPE OF EXPENDITURE		Amount	Justification	
Salary	58,186.80		<p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of Community & Regional Affairs' Nome Regional Office serving the Northwestern region and the Kotzebue Sound area.</p>	
Benefits	20,416.51			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	78 603.31	78,603.31		
Travel		17,700.00		
Contractual		12,000.00		
Commodities		1,000.00		
Equipment		4,000.00		
Other				
Total Cost		113,303.31		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		113,303.31		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 2 of 4

Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Dillingham		Election District N3
TYPE OF EXPENDITURE		Justification		
Salary	55,263.60	<p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of community & Regional Affairs' Dillingham Regional Office serving the Bristol Bay area.</p>		
Benefits	19,628.33			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	74,891.93			
Travel	17,978.04			
Contractual	12,000.00			
Commodities	1,000.00			
Equipment	4,000.00			
Other				
Total Cost	109,869.97			
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	109,869.97			

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 3 of 4

Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Bethel		Election District M4
TYPE OF EXPENDITURE		Amount		
Salary	59,913.00	<p>Justification</p> <p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of Community & Regional Affairs' Bethel Regional Office serving the Southwestern region, including the Yukon-Kuskokwim Delta area.</p>		
Benefits	20,761.07			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	80,674.07			
Travel	17,700.00			
Contractual	12,000.00			
Commodities	1,000.00			
Equipment	4,000.00			
Other				
Total Cost	115,374.07			
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		115,374.07		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 4 of 4

Revised Date: _____

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 256

Revision Date: _____ Department Affected: Community & Regional Affairs
Title: Rural Development Initiative BRU: Administration & Support
Program Component: Administrative Services

Sponsor: Representatives Jacko & Ivan
Requestor: House C&RA

COMPONENT SERIAL NO.

1	1	7	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	49,452.65	51,925.28	54,521.54	57,247.61	60,110.00	63,115.50
TRAVEL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
CONTRACTUAL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
SUPPLIES	1,000.00	500.00	500.00	500.00	500.00	500.00
EQUIPMENT	3,000.00	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LAND & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TOTAL OPERATING	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.50

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
* OTHER	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.50
TOTAL						

POSITIONS: *PENDING PASSAGE OF HB 222

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
SEE ATTACHED

Prepared By: Raymond Henderson, Director Phone: 465-4708
Division: Division of Administrative Services Date: 4/18/91
Approved by Commissioner: Edgar Bratchford
Agency: Department of Community & Regional Affairs Date: 4/18/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title ACCOUNTANT II			No. of Positions 1	Range / Step 16	Barg. Unit GGU
Time Status FULL-TIME	Staff Months 12		Location JUNEAU	Election District C1	
TYPE OF EXPENDITURE			Justification		
		Amount	<p>This position will be responsible for posting transactions associated with the Rural Economic Development Initiative Fund as well as the monthly reconciliation of of fund activities as recorded in subsidiary ledgers with AKSAS, the state accounting system. This will involve approximately 10 million dollars in funding activities.</p> <p>This position will prepare monthly financial statements to determine the availability of funds for loans and work with the Division of Finance in preparing year end loan receivables and closing adjustments.</p> <p>This position will be based in the Department of Community & Regional Affairs, Division of Administrative Services, Juneau office.</p>		
Salary	35,166.60				
Benefits	14,286.05				
Premium Pay	- 0 -				
Other	- 0 -				
Total Personal Services	49,452.65	49,452.65			
Travel		2,000.00			
Contractual		2,000.00			
Commodities		1,000.00			
Equipment		3,000.00			
Other		- 0 -			
Total Cost		57,452.65			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
!-A Receipts	1007				
CIP Receipts	1061				
Other		57,452.65			

**Request For
New Position**

AGENCY Community & Regional Affairs
 BRU Administration & Support
 COMPONENT Administrative Services

FY 92

Page 2 of 2
 Revised Date: _____

HOUSE COMMITTEE REPORT

(7) Date Referred: April 3, 1991 FURTHER REFERRALS: Finance

Date of Committee Action: 4-17-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: HB 256

HOUSE BILL NO. 256 RURAL DEVELOPMENT INITIATIVE FUND

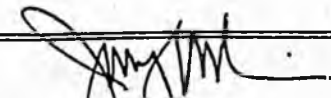
"An Act relating to the rural development initiative program."

RECOMMENDATIONS:
 be replaced with CS HB 256 (CRA) the same title
 a new title
 have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)
 fiscal impact DCRA fiscal note(s) _____
 zero fiscal note _____ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Richard Jones</i>	*	Foster			
<i>Betty Davis</i>	X				
<i>Jerry Baker</i>	✓	Baker			
<i>Jerry Maclic</i>	X	Maclic			
<i>Cheri Davis</i>	X				
<i>John C. Douglas</i>	X				



 CHAIRMAN'S SIGNATURE

POSITION PAPER

RE: HOUSE BILL 256


SPONSOR: REPRESENTATIVE JACKO

Program Effects of the Bill

The bill authorizes the department to administer a variety of programs aimed at meeting the needs identified in the Governor's Conference on Small Business in rural Alaska. The authorization and funding of this bill would provide investment capital needed to stimulate economic growth and diversification of rural economies.

Comments

The Department of Community and Regional Affairs supports this bill. Our experience in administering the Redi program has documented the tremendous need for investment funds in remote Alaska. This program has also shown a great deal of economic opportunities exist in rural Alaska. There is a strong desire by rural Alaskans to take control of these opportunities and this bill would provide a major tool to achieve that goal.


Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 256

Revision Date: _____ Department Affected: Community & Regional Affairs
Title: Rural Development Initiative BRU: Administration & Support
Program _____ Component: Administrative Services

Sponsor: Representatives Jacko & Ivan
Requestor: Representative Jacko

COMPONENT SERIAL NO.

1	1	7	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	49,452.65	51,925.28	54,521.54	57,247.61	60,110.00	63,115.50
TRAVEL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
CONTRACTUAL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
SUPPLIES	1,000.00	500.00	500.00	500.00	500.00	500.00
EQUIPMENT	3,000.00	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LAND & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TOTAL OPERATING	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.50

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
* OTHER	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.50
TOTAL						

POSITIONS: *PENDING PASSAGE OF HB 222

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
SEE ATTACHED

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708

Division: Division of Administrative Services Date: 4/8/91

Approved by Commissioner: *Edgar Blatchford* Commissioner

Agency: Department of Community & Regional Affairs Date: 4/08/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title : ACCOUNTANT II		No. of Positions 1	Range / Step 16	Barg. Unit GGU
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TYPE OF EXPENDITURE		Amount	<p>Justification</p> <p>This position will be responsible for posting transactions associated with the Rural Economic Development Initiative Fund as well as the monthly reconciliation of of fund activities as recorded in subsidiary ledgers with AKSAS, the state accounting system. This will involve approximately 10 million dollars in funding activities.</p> <p>This position will prepare monthly financial statements to determine the availability of funds for loans and work with the Division of Finance in preparing year end loan receivables and closing adjustments.</p> <p>This position will be based in the Department of Community & Regional Affairs, Division of Administrative Services, Juneau office.</p>	
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Premium Pay	- 0 -			
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Commodities		1,000.00		
Equipment		3,000.00		
Other		- 0 -		
Total Cost		57,452.65		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
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Other		57,452.65		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Administration & Support

COMPONENT Administrative Services

FY 92

Page 1 of 1

Revised Date: _____

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 256

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: Rural Development Initiative BRU: Employment/Training/Rural Development
Program Component: Community Development Assistance

Sponsor: Representatives Jacko & Ivan
 Requestor: Representative Jacko

COMPONENT SERIAL NO.	1	1	7	9
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	234,169.31	245,877.77	258,171.65	271,080.23	284,634.24	298,865.95
TRAVEL	53,378.04	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
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EQUIPMENT	12,000.00	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LAND & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -			
TOTAL OPERATING	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.95

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FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director Phone: 465-4708
 Division: Division of Administrative Services Date: 4/9/91
 Approved by Commissioner: [Signature] Commissioner
 Agency: Community & Regional Affairs Date: 4/09/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX	
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TYPE OF EXPENDITURE		Amount			
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**Request For
New Position**

AGENCY Community & Regional Affairs
 BRU Employment/Training/Rural Development
 COMPONENT Community Development Assistance

FY 92

Page 1 of 1
 Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Dillingham		Election District N3
TYPE OF EXPENDITURE		Amount	<p>Justification</p> <p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of community & Regional Affairs' Dillingham Regional Office serving the Bristol Bay area.</p>	
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**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 1 of 1

Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Bethel		Election District M4
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Benefits	20,761.07			
Premium Pay	- 0 -			
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Contractual		12,000.00		
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Other		115,374.07		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 1 of 1

Revised Date: _____

HOUSE BILL 222: A WHITE PAPER

Prepared by
Rural Development Staff
Department of Community and Regional Affairs

BACKGROUND: HB 222 proposes to allocate TEN MILLION DOLLARS (\$10,000,000) to create a Rural Development Initiative Fund (REDIF). Department legislative liaison, Mr. Vern Hurlbert, requested the Department's rural development staff to review the bill and recommend a structure for legislation to implement the REDIF.

NEED: A truism in business is that it takes three elements to make a successful enterprise: ideas, money, and management. Rural Alaska has an abundance of ideas and opportunities. Technical assistance resources to support the management capacity of rural businesses exist to some degree. But clearly the greatest need to "jump start" rural development is the availability of money or capital.

In the early 1980's, the Alaskan banking system was awash with cash and in an expansionist mode. Competition among banks led to increases in services in rural Alaska. Alaska National Bank of the North, United Bank of Alaska, and National Bank of Alaska expanded into rural Alaska. The economic contraction in the mid-80's led to the failure of the most aggressive banks due primarily to the collapsed value of their urban portfolios. Former bank officials for both UBA and ANB contend that the rural portfolios of the two banks were among their strongest assets. The strength of rural investment is reflected in the relative performances of the housing loan portfolios of AHFC compared with that of the DCRA HAD program. When AHFC was faced with huge defaults in the late 1980's, mostly from urban and suburban markets -- into the low double digits -- the HAD portfolio, primarily rural, performed with a default rate under 5%.

Generally it is the case that rural borrowers are lifelong Alaskans with extensive family ties within the state. Such clients are not likely to walk away from a debt. With proper underwriting and servicing of the deal, including the "hometown banker" approach to technical assistance to the client, a rural Alaskan investment can be as solid as any around.

Yet during the Governor's Conference on Small Business, particularly in the rural areas, one of the greatest needs identified was access to capital.

The Department of Community and Regional Affairs currently administers a gap financing program funded with federal Block Grant dollars called the "Rural Development Fund" (RDF) as part of its REDI menu of programs. In the first 9 months of start-up, the program has provided nearly \$400,000 in financing and leveraged over a million dollars for rural and small city entrepreneurs. The Department of Commerce has also been managing a loan program with Federal dollars but has been able to make only a few loans in the past two years because of the constraints placed upon its funding.

While DCRA has been much more aggressive in outreach and marketing of its program than has Commerce, both agencies face the same fundamental constraint with their loan program -- the restriction of federal dollars.

Nevertheless, the RDF and the Small Business Development Loan program remain two of the few financing sources available to rural businesses.

There is no "equity investment" program currently available to rural Alaskan businesses. If debt capital is scarce in rural Alaska, "seed capital" is non-existent.

In other states, models have been developed for equity investment facilities from the Small Business Administration's SBIC/MSBIC (Small/Minority Business Investment Corporation) program to the Michigan Strategic Fund's BIDCO (business and industrial development corporation) to Arkansas' "Good Faith Fund".

HB 222 -- A Rural Economic Development Initiative Fund (REDIF) for Alaska

Both the sponsors of the legislation and the DCRA/REDI staff feel that the REDIF should be structured both as a debt and as an investment (equity) facility. The program could be structured as follows:

A. LOW-INTEREST LOAN PROGRAM.(1.5 Million)

(Est. of 15 deals @ \$100,000 Avg.)

This would match the Federal CDBG funds that are used for the Rural Development Fund program's "Gap" financing. The State dollars will provide new flexibility to that program and allow a better "mix" of funds to generate more deals for Rural Alaskans. The LLP funds will help the REDI/RDF to become the "hometown bank" of rural Alaska. With interest and terms comparable to the REDI/RDF program (currently @ 7% interest), this component of the Rural Economic Development Initiative Fund (REDIF) will provide "full support" for rural borrowers. These services include "packaging", financing, and continuous advice and support.

The program would provide loans to rural businesses for working capital, Machinery and Equipment, construction, leasehold improvement, and site purchase.

The program would be both direct and participatory. Direct loans are made directly by the REDIF to the client; participatory loans are those that involve other lenders and are sometimes made through them. Loans for enterprises that help *diversify* the local economy will be a priority. For example, a loan for an enterprise that promotes tourism, fisheries, timber development, botanicals, small manufacturing; loans that *provide for community multipliers* will be a priority. For example: a cafe where there is not one, a medical service which will pay for itself, a movie theater where none exist. Another priority for the program will be businesses that provide for *import substitution*. Examples include production of wood planks to supply boardwalks and other local construction, a commercial ammunition reloading business to supply local and regional hunters, a local repair business.

B. GOOD FAITH SYNDICATE (\$1.0 Million)

(Estimate 5 rural syndicates @ \$200,000 Avg.)

There will be times when borrowers will not have collateral or tangible assets to contribute to the start-up costs of a new business. When they seek financing one option will be a "good faith syndicate".

This component of the REDIF will be patterned after similar programs developed by the Winthrop Rucker Foundation and the Shorebank Corporation in Arkansas and Chicago, respectively. The good faith syndicate is based upon individuals of good character coming together and, with business planning provided by consultants, securing a line of credit as a syndicate guaranteed by each individual. Although unsecured, the debt that is generated as the credit is "drawn down" becomes the responsibility of the syndicate. If the individual borrower within the syndicate fails to meet his or her obligation, the others in the syndicate lose their credit options until the debt is repaid. This structure has been shown to do several things. First, it creates a solid support base for each business in the syndicate. Second, it tends to diversify resources available to each business as they share market information, equipment, etc. Third, there is a "countercycling of down periods" that balances good times-bad times. Fourth the portfolio of shared liability spreads risk and recovery, which is good for the security of the fund.

Syndicates would be required to go through the entrepreneurial training course discussed briefly below.

C. ENTREPRENEURSHIP LOANS (\$1.5 Million)

(Estimate 30 Entrepreneurship Loans of \$50,000 avg.)

These loans would be made in conjunction with the Entrepreneurship Training Program that will be funded through the Job Training network of Department of Labor/Department of Community and Regional Affairs' STEP program (State Training and Employment Program). Approximately 30 rural entrepreneurs have been trained through the Entrepreneur training program conducted by both the Yukon Kuskokwim Campus of the University of Alaska in Bethel and the UAF SBDC in Fairbanks. A six-week intensive course in business management results in certification and a fundable business plan. The candidates for the limited training slots are drawn from among rural entrepreneurs with new or expanding businesses. The REDIF vision would be to add an actual loan committee review at the end of the training course with funding commitments from the REDIF Entrepreneurial Loan Program contingent upon committee recommendations.

D. VILLAGE CORPORATE CAPITAL POOLING (\$1.0 Million)

(Estimated reserves to guarantee against losses in support of pooling agreements between village corporations and others)

The loss reserves will help to insure capital pooling agreements between village corporations and other investors. The capital pool would be structured to make private-sector reinvestment into rural communities possible. Please find an attached scenario for a capital pool.

E. REDIF VENTURE FUND (\$2.0 Million)

(40 Projects with an investment of \$50.0 K average each)

An equity investment component of the REDIF would provide "seed" capital for promising projects. The REDIF venture fund would be based upon the model of the much-larger Vencap Alberta Corporation, a venture capital corporation created with endowments from Alberta's oil royalties. VenCap provides investments that are secured by capital stock in the venture. Owners of the venture will retain first right of refusal on any stock liquidation by REDIF. The REDIF may subordinate its interest in favor of that of a leveraged participant if it is determined by REDIF Board that there is a "reasonable expectation" that the leveraged capital will enhance the value of REDIF's holdings. Obviously the REDIF venture fund will be looking at "micro" and "mini" projects rather than the larger projects.

A major, but not only, target here is "technology transfer and application" in the rural marketplace. ASTF funded research, for instance, has demonstrated some practical technologies that may be applicable in the rural marketplace. Examples are the low-head hydro demonstration project and the aerobic humus toilet that have been shown to be practical for rural areas.

Each investment will seek to achieve a present value Rate of Return of 12% at the end of a specified term.

F. FUND RESERVES (\$2.5 Million)

\$2.5 Million in principal reserves will be maintained by a contract fund manager in a secure, liquidable portfolio. This reserve will function both as a loss-reserve and contingency fund. The proforma will assume a 9.5% annual earning for the reserve.

G. REDIF OPERATING COSTS (\$0.5 Million)

AS 44.47.155 authorizes the Department to establish rural Loan Information Officers (LIOs). The REDIF should be authorized to utilize no more than 5% of its fund assets for operations as prescribed by law. The LIOs would be placed within the Community Development Assistance component of the Community Development BRU to be supervised by the Statewide Economic Development Specialist.

The funds would be used to hire four LIOs who would work as Economic Development Specialists together with travel, transportation, overhead and equipment costs. These funds would also be used to provide approximately \$24,000 in financial training costs for the LIOs.

CONCLUSION

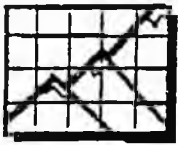
The foregoing represents a recommendation of the Department's Statewide Economic Development Specialist (SEDS) for a diversified financing tool for rural economic development. Legislation required includes the following:

1) Establish a Rural Economic Development Fund under AS 44.47.160 for the following purposes: (a) "Lending" funds to qualified rural enterprises, corporations, and non-profit organizations in conjunction with the REDIF's Rural Development Fund (RDF); (b) "Investing" funds in qualified rural ventures with a reasonable chance of paying an established rate of return to the fund in a specified term; (c) "Capitalizing" risk pools among rural corporations by providing a loss-reserve. Eligibility for such underwriting will be determined by regulation; (d) "Operating" the fund in a prudent manner while maximizing opportunities through innovations in both lending and investing such that local equity and participation is ensured. Operations shall include technical assistance in developing, packaging, financing, and incubating rural ventures.

2) Direct the Commissioner of Community and Regional Affairs to promulgate regulations which delineate the program details including definitions and criteria for qualifications.

3) Establish the Rural Development Loan program (Subsection "(a)" of AS 44.47.160) to authorize a revolving fund for the receipt and expenditure of both state and federal funds. This will permit the REDIF to receive additional funds from the new Federal Rural Investment Partnerships (FRIP) program (PL 101-624 Title XXIII Ch. 2 Sec. 2314) as well as under the current Community Development Block Grant program (CDBG).

4) Authorize the Commissioner of Community and Regional Affairs to utilize no more than five percent (5%) of the fund including principle and receipts from all sources for the administration, management, and operation of the REDIF.



April 9, 1991

George G. Jacko, Jr.
Room 414 Capitol
P.O. Box V
Juneau, Alaska 99811

RE: SUPPORT FOR HB 222 & HB 256

Dear Representative Jacko,

Recently Elsnun Lauesen of DCRA shared with me a White Paper on HB222 and I am moved to send you my heartfelt support and endorsement of the entire concept.

I am currently the director of UAF's Small Business Development Center responsible for small business advocacy and business consulting/training in the Interior, Arctic, Western, and Southwestern Alaska Regions. I observe that HB 222 offers solutions to a number of major barriers facing small business men and women in rural Alaska. The bill not only provides a desperately needed vehicle to capitalize worthwhile under-collateralized ventures, it provides the incentives and supports necessary for entrepreneurs to insure and sustain their success. I have never seen a more comprehensive and well planned program with such specific, measurable, achievable and meaningful goals. I also have tremendous confidence in Mr. Lauesen's ability to deliver on the promises noted in the White Paper based upon my participation with his office on a number of collaborative efforts over the past two years.

I offer you this support also as a 17 year resident of Alaska, graduate from the UAF School of Management's MBA program, former officer of Friendship Air Alaska with extensive rural Alaska travel and experience, and as a business professor for the School of Career and Continuing Education.

One last note, while I don't understand the funding mechanisms, I am truly impressed at the comprehensive and well planned scope of the bill and that HB 222 can be implemented by Mr. Lauesen's office with only a 5% administrative cost! Even without all of the other merit of the program, this fact alone is a real indication of future program success.

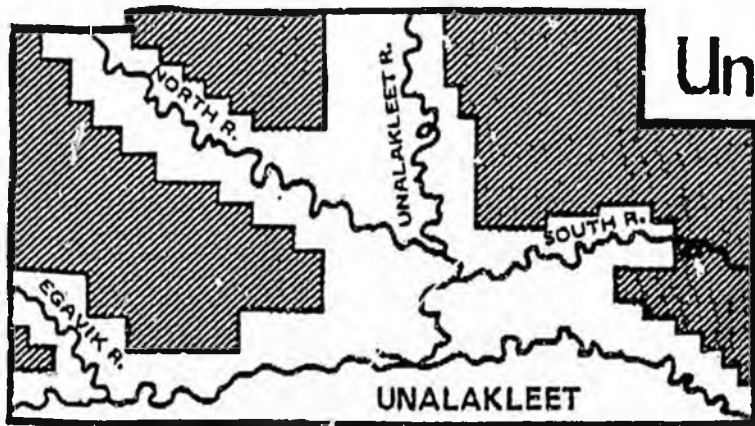
Please feel free to contact me if you so desire.

Best Regards,
UAF SMALL BUSINESS DEVELOPMENT CENTER

Charles N. Dexter,
Director

Post-It™ brand fax transmittal memo 7671 # of pages > 1

To: George Jacko	From: Charles Dexter
Co: UAF Legislative	Ca: SBDC
Dept:	Phone #: 456-1701
Fax #: 465-2997	Fax #: 456-8817



Unalakleet Native Corporation

P.O. BOX 100
 Unalakleet
 Alaska 99684
 (907) 624-3411

Representatives George G. Jacko, JR. & Ivan April 8, 1991
 Alaska State Legislature
 P.O. Box V (MS 3100)
 Juneau, Ak. 99811

Subject: House Bill No. 256;

As referred by Department of Community and Regional Affairs -
 Finance

Dear Representatives Jacko and Ivan;

We, of Unalakleet Native Corporation, have read House Bill No. 256, and are in support of the passage of this bill. Rural Alaska is always looking for financial aid to set-up development programs. We are unquestionably conscious you are aware of the difficulties of which rural Alaska has in dealing with financial institutions in obtaining monetary aid. We are generally required to over-collateralize or our interest rates are greater than our counterparts in the larger cities.

This House Bill No. 256 is designed for rural development only, and is very well thought out and appreciated by the residents who live in rural Alaska. The best of luck in passage of House Bill #256.

Sincerely;

R. L. Gilley
 General Manager/Controller

cc: Senator Al Adams
 Representative Richard Foster
 DCRA - Finance

Development Venture Companies

Appropriate Financial Institutions to Foster the Growth of Private, Job-Creating Companies

by Peter McDowell

Currently rural Alaska is the source of much of Alaska's economic wealth, but it only contains about 10 to 15 percent of Alaska's population and about 12 to 15 percent of the nonseasonal jobs. Those people and jobs, however, produce most of the wealth (60-80 percent depending on the export value of crude oil) enjoyed by the other 85-90 percent who live and work in urban Alaska. With the exception of Kenai and Ketchikan, most urban Alaskans do not live near any basic economic activity other than tourism, and national defense installations at Anchorage and Fairbanks.

Moreover, future expansion and diversification of the Alaskan economy's basic sectors will take place in rural areas, because much of it will depend on the fish, timber, subsurface, and scenic and recreational resource values which are concentrated there.

This concentration of basic economic activity does not appear to have led to any concentration of financial assets or services in rural Alaska. In fact, the opposite seems to be true. Most financial assets and services are in urban areas, particularly Anchorage. Rural financial services appear to consist

mainly of gathering deposits, some of which are in turn used to create financial assets (loans, leases, and securities) in urban places.

Any vision of the future of Alaska's economic growth should be solidly grounded in "fundamentalist economics," i.e., that economic activity in a specific geographic place will be limited to subsistence unless exports to nations, regions, and states outside its boundaries are produced. This also means that a secondary (service) economy cannot exist in the absence of a primary (export) economy. Since contact with the Russians, Alaska has always been an exporter--furs, whalebone, whale oil, gold, salmon, walrus ivory, other minerals, oil and gas, other fish, crab, and forest products. Alaska also exports geopolitical location (to the U.S. military), public domain (to federal civilian agencies), and scenic and recreational resource values (to tourists). Alaskan exports of manufactured goods are principally LNG and urea from the Kenai, and pulp, cants, and heavy timbers from Southeast.

Most Alaska economic activity controlled by residents is secondary (serv-

ice), which is also the principal kind of economic activity financed by Alaskan financial institutions, particularly those which have failed, or are in danger of failing. Successful Alaskan financial institutions of the future probably will not specialize in financing speculative secondary (service) businesses. They will probably specialize in either: investing deposits gathered from Alaska in a blend of federal government and other investment-grade securities, and loans to conservatively-managed Alaskan businesses in urban places; or facilitating the development and/or expansion of economic development projects in rural Alaskan places that involve the export of one or more of Alaska's natural resource values.

This export finance function is currently carried out principally by investment groups and private corporations from Canada, Japan, and the United States and some ANCSA corporations for both resident and nonresident businesses engaged in basic (export) sector activities. There is also some involvement of Canadian, Japanese, and U.S. banks and investment banks.

"The predominant emphasis would be on active lending and investment in export development projects, i.e., asset management, rather than the liability management (deposit-gathering) emphasis of most Alaskan financial institutions."

An Appropriate Financial Institution

Central to an "Alaskan economic strategy" is a vision of Alaska's economic future where a vital, market-driven basic export sector provides opportunity for individuals and businesses to take risks and to use their imagination, knowledge, skills, energy, capital, and technology (the basic stocks of wealth-creating capability) to create new products or services that markets want, or to improve on those already being provided. In other words, to compete.

One potential state economic strategy might be the creation of institutions that would foster the development of private, job-creating businesses.

Such institutions would need to be substantially different from all existing Alaskan financial services agencies, if they were to concentrate on expanding basic export sector activities. They could be structured as a blend of the venture capital fund model successfully operating elsewhere in North America, and the "development finance company" model successfully implemented in other countries by the International Finance Corporation, the private sector affiliate of the World Bank. This blend could be called a "development venture company" (DVC). The key factors for success of a DVC include, in priority order:

1. A viable expanding market for its services, consisting of individuals and

entities with entrepreneurial will, financial capital, and export resources.

2. Personnel to nurture and counsel those persons willing to engage in export sector entrepreneurship. The personnel would be able to identify business opportunities; assess entrepreneurial skills and commitment; develop pragmatic business plans with adequate data about critical success factors including skills, markets, equity, and other financing; evaluate economic development project viability; and restructure or reject nonviable proposals early.

3. A financial capital structure based on a high proportion of equity and stable, low-cost, long-term debt.

This model includes several features which are distinctly unlike any existing Alaskan financial institutions. It would have close links with state government agencies and programs that have a mandate to help promote and develop export base industries--e.g., the Alaska Industrial Development and Export Authority (AIDEA), as recently strengthened, and the Departments of Commerce and Economic Development and Community and Regional Affairs.

The predominant emphasis would be on active lending and investment in export development projects, i.e., asset management, rather than the liability management (deposit-gathering) emphasis of most Alaskan financial institutions

Management Assistance to Borrowers/Investees

A DVC would provide for regular and substantial management assistance to borrowers/investees, much like the nurturing activities of venture capitalists and investment bankers.

Innovative use of technology in computing and communications would distinguish the DVC as well. All day-to-day communications between project locations and the financial institution must be conducted with maximum facility and power. This is only obtainable through leveraging human resources with communication and information technology.

The DVC would have strategic alliances with customers, federal, state, and local governments and other leading economic institutions involved with export base industries.

It would also have strategic alliances with Japanese and other foreign private financial institutions with the wherewithal to participate in the financing of, and technical assistance to, basic export sector economic development projects.

A DVC would promote the recruitment and investment of a pool of financial capital from a variety of sources depending on the organizational form selected. It would also profit from fees for services and risk-sharing, dividends, interest, and capital gains.

A DVC would employ personnel distinctly different from the typical Alaskan bank management staff of the 1980s.

"This people component . . . would open a clear opportunity for Alaskans to grow into the present and future business world of knowledge-based employment and technology-driven services . . ."

The new personnel would need to be recruited and trained to emphasize: advocacy for the ideas and business plans of their customers; export base development project design and technical assistance skills; shared Alaskan values (the "corporate culture" of our state); rural Alaskan factors for success; Alaska Native background, with special emphasis on ANCSA corporations; service and management assistance skills in application of technology, export financing, foreign financial markets and institutions, acquisitions, mergers, divestitures, seafood harvesting and processing, timber harvesting and processing, mineral exploration, extraction, and processing, tourism attractions, accommodations and access, rural construction, rural real estate development, rural governance, energy, and transportation.

This people component represents a commitment to strive for modernization and would open a clear opportunity for Alaskans to grow into the present and future business world of knowledge-based employment and technology-driven services that are already reshaping Alaska's economic opportunities.

Financial Structure

DVC's must have extreme stability of equity and debt capital.

They should rely on equity capital from investors; and long-term bond debt--perhaps issued by AIDEA--to

help capitalize the institutions in as stable a fashion as possible; core deposits from rural areas (at present only six or seven percent of total Alaskan bank deposits), depending on the entity selected; and core deposits from urban places, to the extent available (likely to be limited to public funds), depending on the entity selected.

The Market for Regional Services

A principal mission of such a financial institution would be regional services--development project services including financing and management assistance which add value--to regional and village ANCSA corporations and other entrepreneurs who are actively developing resource export projects in rural places.

For example, DVC's could specialize in regional services for companies that do business in rural Alaska--whether the Interior, North Slope, Northwest Arctic, Bering Sea, Southwest, Gulf Coast, or Southeast regions.

Regional service functions would consist primarily of: information and education about rural, state, and worldwide economics, markets and technology; management assistance for designing the financial infrastructure of development projects; recruitment of equity or long-term debt capital sources; and provision of debt for exploration, development, working capital for operations, and other shorter-term purposes.

The rendering of the services with

quality and excellence must be the foremost value of the institutions and their people.

Leveraging Existing Financial Institutions

As stated, there are no private Alaskan financial institutions currently operating on the development venture company model. In the public sector, AIDEA now has statutory authority to assist in this field, but limited prior experience.

Certain banks do operate (principally as deposit-gatherers) in rural Alaskan places. It is possible to conceive that an existing bank could form the core of an export-oriented rural Alaskan DVC. It would, however, require major management, skill, and technology transfusions to become successful in development project finance activities.

There do not appear to be any other existing domestic financial institutions designed for, or in pursuit of, Alaskan export development project finance activities. There do, however, appear to be numerous offshore institutions so engaged.

These offshore institutions may represent an opportunity for reverse leverage, by capitalizing on their interest in expansion of their DVC activities in association with Alaskan partners. Such partnerships could represent significant access to the human, financial, and technological resources necessary to this proposed expansion of the domestic

Alaskan financial infrastructure.

Entity Forms

Alaskan "development venture companies" could be structured in several ways: from a unit within an existing company, a subsidiary thereof, a joint venture corporation, an investment bank, to a state-chartered commercial bank.

Each organizational form has advantages and disadvantages, including control, economies of scale, financial risk, capital requirements, complexity, and government regulation.

There is an investment opportunity in the establishment of a kind of *private* financial institution dedicated to the strategies outlined. But whether private or public, the creation of appropriate financial institutions to help enhance the wealth-creating capability of Alaskan businesses is a compelling necessity, not a redundant luxury.

Mr. McDowell is a Visiting Associate Professor at the University of Alaska Southeast, School of Business and Public Administration.

-APAJ-



CITY OF CHIGNIK

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April 12, 1991

Honorable George G. Jacko., Jr.
House of Representatives
State of Alaska
P.O. Box V
Juneau, AK 99811

Dear Representative Jacko:

The ability to provide safe water and wastewater facilities is an absolute necessity for both present public health as well as future economic growth and development. Over the years, the Public Health movement has been able to document that one of the greatest contributors to increased life expectancy through decreased incidence and spread of communicable diseases has been the presence of safe and sanitary water and waste-water systems.

We support your efforts to secure the passage of HE 222 for capital projects expenditures for water and sewer systems. We hope other legislators join in your efforts.

Sincerely yours,

Richard Skonberg
Richard Skonberg
Mayor

cc.

Hon. Cliff Davidson
Hon. Fred Zharoff



Alaska State Legislature

Please enter into the record my testimony to the House
Comm. & Reg. Affairs
 committee name

committee on 256, dated April 10, 1991
 bill/subject

many people in the villages have left home for post secondary education, return ~~to~~ overqualified & have to leave again because of lack of work. This could certainly be a step in the right direction in insuring that rural Alaskans have the means to meet the unrealized potential out here.

I have a problem with 44,47.820 in that there may be business already in place in need of this sort of loan.

I urge passage of this bill

Signed: Enid J. Brown Enid J. Brown
 Testifier

Representing (Optional)

P.O. Box 76, White Mountain, Alaska
 Address 99784

Address

(907) 638-3431

Phone No.

BEADS AND THINGS

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Alaskaland

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January 14, 1991

Mr. Glenn Olds, Commissioner
Department of Commerce and Economic Development
P.O. Box D
Juneau, Alaska 99811-0800

Dear Commissioner Olds:

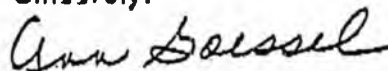
I am writing to you to let you know how valuable Entrepreneurship Training is for rural Alaskans. When I attended the program last session in Bethel, I felt that I had finally found a workshop/course that would really help me improve and expand my business.

Starting my own business in Fairbanks, has been the realization of a long held dream. Once the shop was opened I have had to continually solve problems of running a good business and providing a place for my people to market their handicrafts. I feel that I serve as a bridge between the village craftspeople and buyers, tourists coming to Alaska to experience and see quality Native Arts & Crafts.

A program like this one is invaluable for Native businesspersons, or anyone starting a business in rural Alaska. Unlike college courses this one really gives the entrepreneurs the hands on know how and assistance necessary for success.

I support Tanana Chiefs Conference, Inc. efforts to provide this kind of training for this region. Your endorsement will ensure that this kind of training will be available to others as well.

Sincerely,



Ann Goessel,
Owner



COOPERATIVE EXTENSION SERVICE

UNIVERSITY OF ALASKA FAIRBANKS

Rosa

Community Development Program
2221 E. Northern Lights Blvd., Suite 132
Anchorage, Alaska 99508-4143
Phone: (907) 276-2433
FAX: (907) 277-5242

April 10, 1991

Representative George G. Jacko, Jr.
Room 112, Capitol
P.O. Box V
Juneau, AK 99811

Dear Representative Jacko:

I am contacting your office in support of HB 222.

HB 250 -

I am very supportive of HB 222: A Rural Economic Development Initiative Fund (REDIF) for Alaska. Opportunities exist in rural Alaska. Technical assistance is available. I strongly agree with the concept of a "jump start" program for rural economic development efforts such as the proposed REDIF, and its structuring as both a debt and as an investment mechanism.

Thank you for the opportunity to comment.

Sincerely,

Anthony T. Nakazawa
Community Development and
Home Economics Program Leader

mak

cc: Edgar Blatchford, Commissioner, DCRA
Elstun Laueser, Statewide Economic Development Specialist, DCRA





TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE
FAIRBANKS, ALASKA 99701-4897
PHONE (907) 452-8251 FAX (907) 451-8938

Post-It™ brand fax transmittal memo 7671		# of pages » 5
To: Rep. George Jocko	From: Dinna Scott	
Co. Arctic Slope V. Co.	Co. Tanana Chiefs	
Dept.	Phone # 452-8251	
Fax # 465-2997	Fax # 465	

April 10, 1991

Representative George Jocko
P.O. Box V
State Capitol
Juneau, Alaska 99811

Dear Representative Jocko:

As I am unable to attend today's Legislative Hearing on House Bills 222 and 256, I am writing to you in support of these two pieces of legislation. I cannot stress enough their importance in providing a much needed boost to village economies. Appropriation of these funds would provide a chance for Native people to participate in the arenas of economic development and entrepreneurship which have more often than not been closed.

Although Tanana Chiefs wholeheartedly supports both HB222 and HB256, it is with special interest that we target support of the \$1.5 million earmarked in HB222 for Rural Entrepreneurship Loans for communities of 5,000 or less. This past fall we began offering a three part Entrepreneurship Training Program. Following extensive recruitment in a number of Interior and Arctic Slope villages (Tanana Chiefs administers employment and training programs for the Arctic Slope as well as the Interior), we brought 14 students into Fairbanks for an intense four week training session.

All 14 students completed the program and are now going through the follow-up phase. With completed business plans in hand, they are in the process of "pounding the pavement" in search of small business loans.

Although we were lucky enough to have a Memorandum of Agreement in place with the National Bank of Alaska for the financing of first time small business loans, still we are only talking about a possible \$2,000 to \$5,000 outside of NBA's regular loan process. Obviously this component of the program gave our students an extra incentive; still, it is not even "in the ballpark" with the kind of money that would be available through HB222.

Tanana Chiefs hopes to continue offering our program. We have an excellent curriculum and instructors. We have the support of the BIA and NBA loan programs. We have a real need in our communities with an unemployment rate in many cases as high as 85%. We also want to offer

viable alternatives for people who would like to have the opportunity to work in their village where jobs are limited - and not have to feel they must leave family and friends behind to accept employment in Fairbanks, Anchorage or Juneau. But, the weak link is still helping our graduates to secure the necessary level of funding needed to give them a true chance to succeed.

At a time when Alaska's urban centers are finally beginning to see some economic upturns, Tanana Chiefs Conference hopes you will take this unique opportunity to assist in providing some new and much needed alternatives for our rural residents.

Thank you for your time and attention to this matter.

Sincerely,
TANANA CHIEFS CONFERENCE, INC.

Ted Charles for.

Will Mayo, President



Donna L. Scott, Director
Employment and Training

cc: Representative Mark Boyer

attachments

Bering Strait Economic Council

Post Office Box 1008 - Nome, Alaska 99762 - (907) 443-5252

BOARD OF DIRECTORS RESOLUTION 4-10-91-3

REGARDING SUPPORT FOR HOUSE BILL 256 AND HOUSE BILL 222

WHEREAS, the Bering Strait region has great potential for the development of successful new village-based economic development projects, and

WHEREAS, the Bering Strait region is currently the most poverty-stricken region of the state and is desperately searching for alternatives to welfare programs, and

WHEREAS, economic development in the Bering Strait region is not stymied by the lack of good projects, but by the lack of debt and equity capital for good projects, and

WHEREAS, House Bill 256 sets up the Rural Development Initiative program to provide funding for good rural economic development projects, and

WHEREAS, House bill 222 provides \$10 million in funding for the Rural Development Initiative program,

WHEREAS, the Bering Strait Economic Council is the regional A.R.D.O.R. economic planning organization for the Bering Strait region,

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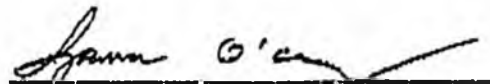
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F.U.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Bering Strait Economic Council strongly supports House Bill 256 and House Bill 322 and urges the Legislature to pass both bills.

Dated at Nome, Alaska this 10th day of April, 1990



LONNIE O'CONNOR
President

★ Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 1267

Fairbanks, Alaska 99707

907/452-4761

April 17, 1991

Honorable George G. Jacko, Jr.
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

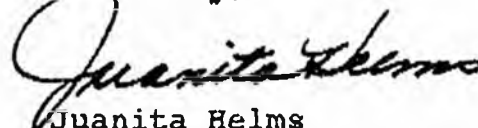
Dear Representative Jacko:

Reference the Fairbanks North Star Borough's stand on HB222, I am supportive of the need and intent of the Bill. However, I believe that if that money could be directed to using the new technology, either developed under ASTF grants, or new technology developed for climates compatible with our bush communities, something more meaningful will be accomplished.

Part of the problem with developing new technology is that the initial capitalization costs are usually higher than the old technology. Marketing is difficult for that reason. Long term savings can be proven, but the initial hurdle of the up front costs are hard to overcome. If this bill would provide the vehicle for using those new technologies which prove to be least cost and least maintenance, you will have accomplished two very noble goals

I wish you good luck in your deliberations.

Sincerely,



Juanita Helms
Borough Mayor

JH:rlf

Carl

Testimony

In Support of House Bills 222/256, To establish the Rural Development Initiative Fund

by Carl Berger, Economic Development Director, Association of Village Council Presidents, Bethel, AK.

I am testifying in support of the effort to appropriate ten million dollars to Dept. of Community & Regional Affairs for capitalization of the Rural Development Initiative fund. It is true that access to capital continues to be the greatest barrier to rural economic development. Providing access to low interest loans for rural business ventures, together with appropriate technical assistance and clear and understandable regulations and guidelines would be an appropriate role for the DCRA. Passage of this legislation will encourage and foster rural small business ventures, strengthen pride in rural people and help to combat social ills by providing viable business enterprise as an alternative. The program will also stimulate the rural economy and provide additional jobs.

Thank you for giving me the opportunity to testify on this important proposed legislation.

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To <i>Ronn Sorenson</i>	From <i>Carl Berger</i>		
Co. <i>Rep. Geo. Jacko</i>	Co. <i>AVCP</i>		
Dept.	Phone # <i>542-3521</i>		
Fax # <i>465-2997</i>	Fax # <i>542-2096</i>		