

LEG. FINANCE - BILLS 1983 - 1984 1974

CSHB 684 - CSHB 685 1974

COMMITTEE REPORT  
SENATE

FURTHER:

4/19/84

Date 5/26/84

Mr. President

The Committee on FINANCE considered CSHB 684(Fin) and  
special appropriations to the Alaska Power Authority; efd.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt 5 CS for CS for HB 684(Fin)
- new title
- same title and recommends do pass
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
Bob Mulcahy  
\_\_\_\_\_  
Dennis  
\_\_\_\_\_  
Gene C. Pachard  
\_\_\_\_\_  
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\_\_\_\_\_  
Joe J. ... No Rec  
\_\_\_\_\_  
V. ... NR  
\_\_\_\_\_  
\_\_\_\_\_

Jim ... NR  
Chairman

Chairman recommendation \_\_\_\_\_

-SENATE FINANCE COMMITTEE  
LETTER OF INTENT  
FOR  
SCS CSHB 684 (Finance)

---

SCS CSHB 684 (Finance) appropriates funds for construction and rate stabilization for the Bradley Lake hydroelectric project and the Susitna River hydroelectric project.

It is the intent of the legislature that the Alaska Power Authority spend no funds for construction or rate stabilization for either of these projects until power sales contracts have been signed by the utilities that will purchase power from the projects.

Further, it is the intent of the legislature that no funds for construction or rate stabilization shall be spent on either project until (1) the Alaska Power Authority board of directors adopts a written finding that the respective project is economically and financially feasible and recommends that it be constructed and (2) the provisions of AS 44.83.183 and AS 44.83.185, which require submittal by the Alaska Power Authority of a feasibility study, plan of finance, and an independent cost estimate, and submittal by the Office of Management and Budget of a review report recommending approval or disapproval have been complied with. It is the intent of the legislature that the report by the Office of Management and Budget be in a written form.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

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Further, it is the intent of the legislature that no funds for construction or rate stabilization shall be spent on either project until (1) the Alaska Power Authority board of directors adopts a written finding that the respective project is economically and financially feasible and recommends that it be constructed and (2) the provisions of AS 44.83.183 and AS 44.83.185, which require submittal by the Alaska Power Authority of a feasibility study, plan of finance, and an independent cost estimate, and submittal by the Office of Management and Budget of a review report recommending approval or disapproval have been complied with. It is the intent of the legislature that the report by the Office of Management and Budget be in a written form.

Original sponsor: Rules/Governor

Funding Information

General Fund	\$487,200,000
Other Funds	-0-
	<u>\$487,200,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 684 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Alaska  
7 Power Authority; and providing for an effective  
8 date."

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

10 \* Section 1. The sum of \$210,000,000 is appropriated from the general  
11 fund to the power development revolving loan fund established by AS 44.33.-  
12 600, for loans to be made to the Alaska Power Authority.

13 \* Sec. 2. AS 44.83 is amended by adding new sections to read:

14 Sec. 44.83.165. CONTINUING APPROPRIATION FOR POWER COST EQUALI-  
15 ZATION. The sum of \$21,700,000 is appropriated on July 1 of each  
16 fiscal year from the general fund to the power cost equalization fund  
17 (AS 44.83.162).

18 Sec. 44.83.410. CONTINUING APPROPRIATION FOR SUSITNA RIVER  
19 HYDROELECTRIC PROJECT. The sum of \$200,000,000 is appropriated on  
20 July 1 of each fiscal year from the general fund to the authority for  
21 deposit in the power development fund (AS 44.83.382) for the purpose  
22 of equity investment in, and rate stabilization for, the Susitna River  
23 hydroelectric project.

24 Sec. 44.83.420. CONTINUING APPROPRIATION FOR BRADLEY LAKE HYDRO-  
25 ELECTRIC PROJECT. The sum of \$50,000,000 is appropriated on July 1 of  
26 each fiscal year from the general fund to the authority for deposit in  
27 the power development fund (AS 44.83.382) for the purpose of equity  
28 investment in, and rate stabilization for, the Bradley Lake hydroelec-  
29 tric project.

1 \* Sec. 3. The sum of \$5,500,000 is appropriated from the general fund  
2 to the Alaska Power Authority for the purpose of contracting with the City  
3 of Seward for the Seward to Davies Creek intertie and electrical system.

4 \* Sec. 4. The appropriations made in secs. 1, 2 and 3 of this Act are  
5 not one-year appropriations and do not lapse under AS 37.25.010.

6 \* Sec. 5. AS 44.83.410 is repealed June 30, 1991

7 \* Sec. 6. AS 44.83.420 is repealed June 30, 1988.

8 \* Sec. 7. This Act takes effect July 1, 1984.  
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# COMMITTEE REPORT

## SENATE

FURTHER:

FINANCE

4/2/84

Date 4-18-84

Mr. President

The Committee on RESOURCES considered CSHB 684 (Fin) am  
special appropriations to the Alaska Power Authority; efā.

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

- do pass
- do pass with attached amendment(s)
- replace with/or ~~adopt~~ 5 CS for CS HB 684 (Fin) <sup>Res</sup>
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

### MEMBERS SIGNING DO PASS

Zig

Paul Truitt

Bob Mulcahy

V. J. ...

Julius ...

### MEMBERS HAVING OTHER RECOMMENDATIONS

~~Robert ...~~

Dutton ...  
Chairman

Do Pass  
Chairman recommendation

HB 684

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 13, 1984

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

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making a special appropriation to the Alaska Power Authority. This special appropriation is for rate stabilization for the utilities that will be purchasing power from the Lake Tyee, Swan Lake, Terror Lake, and Solomon Gulch hydroelectric facilities. The money will be used to reduce the wholesale power rate for these utilities during the early years of the operation of the hydroelectric facilities when hydroelectric costs will be significantly higher than their projected costs for diesel generation.

At the current stage of negotiations on the power sales agreements the rate stabilization fund is treated as a grant, and the special appropriation bill reflects this approach. However, the authority is still looking at the possibility of funding rate stabilization with a loan rather than a grant. If the loan approach is used, an amendment to this bill will be proposed to reflect the change.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

Offered: 3/29/84  
For Today's Supplemental  
Calendar

Original sponsor: Rules/Governor

Funding Information  
General Fund \$249,000,000  
Other Funds -0-  
\$249,000,000

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 684 (Finance) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Alaska  
7 Power Authority; and providing for an effective  
8 date."

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

10 \* Section 1. The sum of \$49,000,000 is appropriated from the general  
11 fund to the Alaska Power Authority for the purpose of rate stabilization in  
12 accordance with the terms of power sales agreements and bond covenants for  
13 the issuance of revenue bonds for the Lake Tyee, Swan Lake, Terror Lake,  
14 and Solomon Gulch hydroelectric facilities.

15 \* Sec. 2. The sum of \$1,400,000,000 is appropriated from the general  
16 fund to the Alaska Power Authority power development fund for the purpose  
17 of funding the completion of the Watana Dam in the Susitna Hydroelectric  
18 Project and the Bradley Lake Power Project. Beginning July 1, 1984, the  
19 commissioner of revenue shall make monthly deposits to the power develop-  
20 ment fund of the appropriation made by this Section. A monthly deposit  
21 shall be in an amount determined by the commissioner of revenue to be in  
22 excess of the general fund revenues necessary to finance state government  
23 operation for the month in which the deposit is made. Not less than  
24 \$200,000,000 shall be deposited to the power development fund in each  
25 fiscal year beginning with fiscal year 1985 and the entire amount shall be  
26 deposited no later than June 30, 1991.

27 \* Sec. 3. The appropriations made in secs. 1 and 2 of this Act are not  
28 one-year appropriations and do not lapse under AS 37.25.010.

29 \* Sec. 4. Section 1 of this Act takes effect the day after all of the

1 power purchasers served by the Lake Tyee (City of Petersburg and City of  
2 Wrangell), Swan Lake (City of Ketchikan), Terror Lake (Kodiak Electric  
3 Association), and Solomon Gulch (Copper Valley Electric Association) hydro-  
4 electric projects have entered into power sales agreements with the Alaska  
5 Power Authority.

6 \* Sec. 5. Section 2 of this Act takes effect the day after all of the  
7 power purchasers served by the Susitna hydroelectric project enter into  
8 power sale agreements with the Alaska Power Authority.

9 \* Sec. 6. The sum of \$10,000,000 is appropriated from the general fund  
10 to the power cost assistance fund established in AS 44.83.162.

11 \* Sec. 7. Section 6 of this Act takes effect immediately in accordance  
12 with AS 01.10.070(c).

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

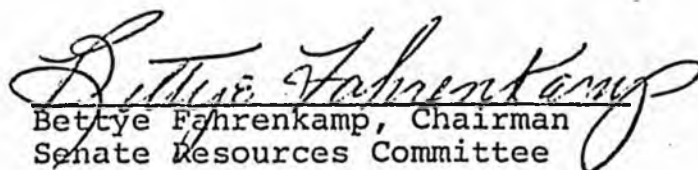
## Senate

### Committee on Resources

SENATE RESOURCES COMMITTEE  
LETTER OF INTENT  
FOR  
SCS CSHB 684 (Resources)

SCS CSHB 684 (Finance) appropriates funds for construction and rate stabilization for the Bradley Lake hydroelectric project and the Susitna River hydroelectric project.

It is the intent of the legislature that the Alaska Power Authority spend no funds for construction or rate stabilization for either of these projects until power sales agreements have been signed by the utilities which will purchase power from the projects. Further, until compliance with the provisions of AS 44.83.183 and AS 44.83.185, which require submittal by the Alaska Power Authority of a feasibility study, plan of finance and an independent cost estimate, and submittal by the Office of Management and Budget of a review report recommending approval or disapproval, no funds shall be spent. It is the intent of the legislature that the report by the Office of Management and Budget be in a written form.

  
Bettye Fahrenkamp, Chairman  
Senate Resources Committee

Offered: 4/19/84  
Referred: Finance

Original sponsor: Rules/Governor

<u>Funding Information</u>	
General Fund	\$309,000,000
Other Funds	-0-
	<u>\$309,000,000</u>

1 IN THE HOUSE BY THE RESOURCES COMMITTEE  
2 SENATE CS FOR CS FOR HOUSE BILL NO. 684 (Resources)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
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14 Lake, and Solomon Gulch hydroelectric facilities.  
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17 HYDROELECTRIC PROJECT. The sum of \$200,000,000 is appropriated on  
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1     \* Sec. 4. The appropriations made in secs. 1 and 2 of this Act are not  
2 one-year appropriations and do not lapse under AS 37.25.010.

3     \* Sec. 5. AS 44.83.410 is repealed June 30, 1991.

4     \* Sec. 6. AS 44.83.420 is repealed June 30, 1988.

5     \* Sec. 7. Section 1 of this Act takes effect the day after the power  
6 purchasers served by the Lake Tyee, Swan Lake, Terror Lake and Solomon  
7 Gulch hydroelectric projects have entered into power sales agreements with  
8 the Alaska Power Authority.

9     \* Sec. 9. Sections 2 - 6 of this Act take effect July 1, 1984.

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

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 685

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

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

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

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

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

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

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

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

1 effect an orderly wind-up of its affairs.

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

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

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

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

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

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

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

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

1 the board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**COMMITTEE REPORT**  
**SENATE**

FURTHER:

5/3/84

Date 5/26/84

Mr. President

The Committee on FINANCE considered CSHB 685(Loans)

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

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

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

**MEMBERS SIGNING  
DO PASS**

[Signature]  
[Signature]  
[Signature]  
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[Signature]  
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**MEMBERS HAVING  
OTHER RECOMMENDATIONS**

[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]

[Signature]  
Chairman

Chairman recommendation



From The

# **SENATE FINANCE COMMITTEE**

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This note went with the fiscal notes:

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date

**REQUEST**

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

**FISCAL DETAIL**

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

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	444.59	-	-	-	-
<b>TOTAL</b>	-	444.59	-	-	-	-

**POSITIONS:**

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

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** Attached page for analysis.

Prepared By: Milt Barker  
 Division: Treasury Division

Phone: 465-2350  
 Date: May 25, 1984

Approved by Commissioner: \_\_\_\_\_  
 Agency: Revenue

Date: May 25, 1984

**Distribution (by Agency preparing fiscal note):**

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date

**REQUEST**

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**FISCAL DETAIL**

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

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	444.59	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	444.59	-	-	-	-

**POSITIONS:**

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

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** Attached page for analysis.

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Date: May 25, 1984

**Distribution (by Agency preparing fiscal note):**

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

Analysis for Alaska Resources Corporation

Personal Services

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

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

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

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

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

Contractual

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

Supplies

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

CS HB 685 (LOANS)

Sectional Analysis

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

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

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

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

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

CS HB 685

Relating to Alaska Resource Corporation

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

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

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


# MEMORANDUM

TO: Norm Staton  
Department of Revenue

DATE: 16 May 1984

FILE NO:

TELEPHONE NO:

FROM: Donald L. Norton   
Alaska Resources Corporation

SUBJECT: Legal Needs

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

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

Norm Staton  
16 May 1984  
Page 2

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

DLN:momk

ASSETS

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

LIABILITIES & FUND BALANCE

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

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

July 1, 1903 - April 30, 1904

INCOME

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

EXPENSES

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

## NOTE A

April 30, 1984

Assets acquired through foreclosure breakdown:Alaska Food Co.

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

Alaska Bait

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

Martins Seafoods

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

Seafoods of Alaska

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

Allowance for assets acquired through foreclosure breakdown:

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

Recap:

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

ALASKA RESOURCES CORPORATION  
INVESTMENT RECAP

April 30, 1984

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

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

## ALASKA RESOURCES CORPORATION

## INVESTMENT ANALYSIS

@ April 30, 1984.

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

for April 1984

Matured Investments:

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

New Investments:

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

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

for April 1984

Matured Investments:

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

New Investments:

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

for April 1984

Loans Receivable:

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

Income From Sale of Owned Assets:

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

Other Income From Owned Assets:

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

Other Revenue:

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

Total Interest on Cash Investments:

184,619.45

Grand Total: 272,934.57

## RE: OWNED ASSETS

for April 1984

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

\*Enstar Natural Gas \$142.61 billed to Roland Schwanke

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

April 30, 1984.

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

Offered: 3/29/84  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 685 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

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

7

8

9

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

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

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

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

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

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

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

Offered: 3/29/84  
Referred: Finance

Original sponsor: Rules/Governor

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

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CS FOR HOUSE BILL NO. 685 (Loans)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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THIRTEENTH LEGISLATURE - SECOND SESSION

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A BILL

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28

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

29

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

1 effect an orderly wind-up of its affairs.

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

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

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

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

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

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

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

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

1 the board.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (2) the issuance of

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

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

29 guaranteed or partially guaranteed by the state;

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

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

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

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

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

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

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date

**REQUEST**

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

**FISCAL DETAIL**

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

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	444.59	-	-	-	-
<b>TOTAL</b>	-	444.59	-	-	-	-

**POSITIONS:**

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

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** Attached page for analysis.

Prepared By: Milt Barker  
 Division: Treasury Division

Phone: 465-2350  
 Date: May 25, 1984

Approved by Commissioner: \_\_\_\_\_  
 Agency: Revenue

Date: May 25, 1984

**Distribution (by Agency preparing fiscal note):**

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

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 BRU, Program of Subprogram(s) Affected: Alaska Resources Corporation

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	444.59	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	444.59	-	-	-	-

**POSITIONS:**

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

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** Attached page for analysis.

Prepared By: Milt Barker  
 Division: Treasury Division

Phone: 465-2350  
 Date: May 25, 1984

Approved by Commissioner: \_\_\_\_\_  
 Agency: Revenue

Date: May 25, 1984

**Distribution (by Agency preparing fiscal note):**

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

Analysis for Alaska Resources Corporation

Personal Services

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

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

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

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

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

Contractual

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

Supplies

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

CS HB 685 (LOANS)

Sectional Analysis

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

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

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

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

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

CS HB 685

Relating to Alaska Resource Corporation

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

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

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

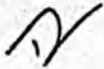
# MEMORANDUM

TO: Norm Staton  
Department of Revenue

DATE: 16 May 1984

FILE NO:

TELEPHONE NO:

FROM: Donald L. Norton   
Alaska Resources Corporation

SUBJECT: Legal Needs

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

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

Norm Staton  
16 May 1984  
Page 2

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

DLN:momk

ASSETS

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

LIABILITIES & FUND BALANCE

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

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

INCOME

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

EXPENSES

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

## NOTE A

April 30, 1984

Assets acquired through foreclosure breakdown:Alaska Food Co.

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

Alaska Bait

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

Martins Seafoods

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

Seafoods of Alaska

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

Allowance for assets acquired through foreclosure breakdown:

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

Recap:

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

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

ALASKA RESOURCES CORPORATION  
 INVESTMENT RECAP

April 30, 1984

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

## ALASKA RESOURCES CORPORATION

## INVESTMENT ANALYSIS

@ April 30, 1984.

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

for April 1984

Matured Investments:

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

New Investments:

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

for April 1984

Loans Receivable:

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

Income From Sale of Owned Assets:

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

Other Income From Owned Assets:

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

Other Revenue:

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

Total Interest on Cash Investments:

184,619.45

Grand Total: 272,934.57

## RE: OWNED ASSETS

for April 1984

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

\*Enstar Natural Gas \$142.61 billed to Roland Schwanke

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

April 30, 1984.

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

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

*Accompanied  
bill into  
committee*

*132*

Page 1 of 2

Revision Date \_\_\_\_\_

REQUEST

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

FISCAL DETAIL

Agency Affected: Revenue  
Program Category Affected: \_\_\_\_\_

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Costs beyond FY 85 cannot be projected at this time.

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker *MB*  
Division: Treasury

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

Approved by Commissioner: *Frank M. Wells*  
Agency: \_\_\_\_\_

Date: 4/2/84

Distribution (by Agency preparing fiscal note):

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

Analysis for Alaska Resources Corporation

Personal Services

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

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

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

Travel

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

Contractual

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

Supplies

Rental of office machines and purchase of office supplies	\$10,000
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STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

*209132*

Revision Date \_\_\_\_\_

**REQUEST**  
 Bill/Resolution No: CS HB 685 (Loans)  
 Title: Alaska Resources Corporation  
 Sponsor: House Loans  
 Requestor: House Finance  
 Date of Request: 3-30-84

**FISCAL DETAIL**  
 Agency Affected: Revenue  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected: Alaska Resources

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

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

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	500.3	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	500.3	-	-	-	-

**POSITIONS:**

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

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

Costs beyond FY 85 cannot be projected at this time.

**ANALYSIS:** Attach a separate page for analysis.

Prepared By: Milt Barker *MB*  
 Division: Treasury

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

Approved by Commissioner: *Ann Mitchell*  
 Agency: \_\_\_\_\_

Date: 4/2/84

**Distribution (by Agency preparing fiscal note):**

- Legislative Finance
- Legislative Sponsor
- Requestor
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- Impacted Agency(ies)

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BILL SHEFFIELD  
GOVERNOR



NB 685

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 13, 1984

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

Dear Representative Hayes:

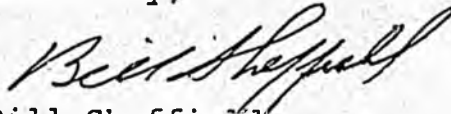
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides for the wind-up of operations and eventual dissolution of the Alaska Resources Corporation (ARC).

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

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

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

Sincerely,

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

Bill Sheffield  
Governor